

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended ... December 31, 2025
2. SEC Identification Number ... CS201423451 3. BIR Tax Identification No. 008-917-666-000
4. Exact name of issuer as specified in its charter...Allied Care Experts (ACE) Medical Center-Tacloban
Inc.
5. Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. Address of principal office: Brgy 78, Marasbaras Tacloban City Postal Code: 6500
8. 053- 8844322 / 09670124954
Issuer's telephone number, including area code
9. N/A
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	208,700 shares
Total Debt Outstanding	Php 584,867,655

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

Yes [] No [x]

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

12. Check whether the issuer:

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

Yes [x] No []

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

Yes [x] No []

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

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

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

Yes [] No []

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

ACE Medical Center – Tacloban, Inc. is a stock corporation duly organized under the laws of the Republic of the Philippines on December 2, 2014. ACEMC-Tacloban originally had an authorized capital stock of One Hundred Twenty Million Pesos (120,000,000.00) divided into Six Hundred (600) Founders' shares and One Hundred Nineteen Thousand Four Hundred (119,400) Common shares both with a par value of One Thousand Pesos (P1,000.00) per share.

On May 10, 2018, the Securities and Exchange Commission approved the Company's increase in its authorized capital stock from One Hundred Twenty Million Pesos (120,000,000.00) divided into Six Hundred (600) Founders' shares and One Hundred Nineteen Thousand Four Hundred (119,400) Common shares both with a par value of One Thousand Pesos (P1,000.00) per share to Two Hundred Forty Million Pesos (240,000,000.00) divided into Six Hundred (600) Founders' shares and Two Hundred Thirty Nine Thousand Four Hundred (239,400) Common shares both with a par value of One Thousand Pesos (P1,000.00) per share.

On September 27, 2019, the Company was issued its Permit to Sell securities consisting of Two Hundred Twenty-Eight Thousand (228,000) common shares covered under SEC MSRD No.37, series of 2019.

ACE Medical Center-Tacloban, 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, 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.

ACE Medical Center - Tacloban is a Level 2 health care facility with an organized, systematic, and with a cost-effective, sympathetic and holistic approach to its goal in providing the best quality and justifiable medical services to its clients and stakeholders. It is a 10-storey, 152-bed capacity hospital with total floor area of 14,026sq.m. constructed in a 2,153sq.m. property located along National Road, Barangay 78, Marasbaras, Tacloban City. Another property located adjacent and behind the hospital, with a total lot area of 5,643 sq. m., will serve as the parking lot that can accommodate up to 150 cars. It will also serve as the site for Laundry Room, Generator Set Room, Fire Pump Room, Waste Segregation and ECODAS for treatment of medical waste,

The hospital serves the medical needs of the residents of Tacloban City, especially in Barangay Marasbaras, nearby Barangays and Municipalities, and the whole of Leyte, Samar and Biliran Provinces. It consists of medical specialists who are competent and fully qualified in their line of work and equally efficient and well-motivated employees and management staff, some of which are subscribers to the capital stock of the Corporation.

The Company is not expected to be dependent upon one or a limited number of suppliers for its hospital equipment and essential raw materials. ACE Medical Center – Tacloban, Inc. has entered into several contracts for the construction of the hospital building:

1. Shimadzu Philippines Corporation - for the supply of X-ray equipment package. This covers several equipment such as: X-ray High Voltage Generator, X-ray Table, X-ray Tube support assembly, Bucky unit, Canon Digital Radiography and other accessories.
2. Siemens Healthcare Inc. - for the supply of CT Scan and MRI equipment – Magnetom Sempra with Syngo, Plaza, SomatomGo and Mammomat Fusion.

3. Biosolutions Inc. - for the sublease of Multi-Specialty Ultrasound Machine and Cardiovascular dedicated Ultrasound Machine. The Package shall be under a financial lease agreement with Biosolutions (leasing company). The leasing company shall be the legal owner of the unit until all payment has been cleared, after which a formal turnover of ownership will be made to ACE Tacloban.
4. Medparc Pharmacy - for the supply of Manual 3 Cranks Push Button Bed (set).
5. PUA Generator Technologies Phils. Co. - for the supply and installation of 1 unit brand new 750KVA cummins 3phase silent type generator.

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

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

2025

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Advances	₱ 9,925,938	₱135,311,988	(3)	(4)

2024

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Advances	₱ 6,089,122	₱125,386,050	(3)	(4)

2023

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Advances	₱ 34,806,190	₱119,296,928	(3)	(4)

Cash Advances

The Company obtains cash advances from shareholders to finance the construction of its hospital building. These are unsecured, payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from shareholders account in the statements of financial position.

Required permits were secured by the Company from the Department of Health (DOH) for the hospital operations. ACE Medical Center - Tacloban, Inc. has secured the necessary permits

needed by the Hospital. This includes Building Permit, Mechanical, Electrical, Plumbing, Fire and Electronics permit, as well as Business permit and BIR registration. The Occupancy Permit was issued by the Office of the Building Official last March 20, 2019. The Fire Permit and the Sanitary Permit were granted last September 27, 2021 and March 22, 2021, respectively.

In the course of its operation, ACE Medical Center – Tacloban, Inc. secured permits and licenses from national and local government entities such as Environmental Compliance Certificate and Hazardous Waste Permit from DENR and Business Permit from BPLO of Tacloban City.

The DOH conducted ocular inspection of the facilities of the Hospital, as well as the operation procedures of ACE Medical Center – Tacloban last June 13, 2019. This is to ensure that the hospital is compliant with the standards of the Department prior to issuance of the LTO. The License to Operate (LTO) was received last January 1, 2025 with License Number 08-002-25-H2-2.

Total Number of Full Time-Employees (As of December 31, 2025):

	CBA	Non-CBA	Total
Rank and File		350	350
Supervisors		19	19
Managers and Top Management		25	25
Total		394	394

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

Major Risks	Measures Undertaken
Difficulty to collect from patients	The Issuer mitigates such risk through effective monitoring of the Hospital’s finances and receivables to ensure that its exposure to unpaid promissory notes is maintained at manageable levels.
Scarcity of Hospital Staff especially Nurses	The Human Resources Department maintains a program that will enhance and develop the career path of hospital employees to ensure continued stay and loyalty to the Company.

Item 2. Properties –

ACE Medical Center – Tacloban is a 10-storey, 152-bed capacity hospital. The total floor area is around 14,026sq.m. constructed in a 2,154sq.m. property located along National Road, Barangay 78, Marasbaras, Tacloban City. The property is covered by Transfer Certificate of Title No. 122-2015000303 and Tax Declaration No. 2012-01-0009-09713 registered in the name of Allied Care Experts (ACE) Medical Center

The land where the Company built a multidisciplinary special medical facility is the subject of a real estate mortgage covered by TCT No. 122-2015000303 amounting to ₱25,964,426 .

In 2016, the Company purchased on installment additional lot adjacent to the Company’s hospital building. This serve as the parking lot and site for other hospital facilities like the Laundry Room, Generator Set Room, Fire Pump Room, Waste Segregation and ECODAS for treatment of medical waste, Cistern Tank and LPG Room. It has a total lot area of 5,643 sq.m. and is covered by Transfer Certificate of Title No. 122-2018-000738 and Tax Declaration No. 2012-01-0009-10796 registered in the name of Allied Care Experts (ACE) Medical Center Tacloban, Inc.

This was fully paid in June 2018 and is likewise the subject of a real estate mortgage.

Management has reviewed the carrying values of property and equipment as of December 31, 2025 for any impairment. Based on the results of its evaluation, there are no indications that these assets are impaired.

Item 3. Legal Proceedings

The Company is not involved in any legal proceeding.

PART II – SECURITIES OF THE REGISTRANT

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

(1) Market Information

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

(2) Holders

There are approximately 1,713 holders of common shares and 50 holders of founders shares of the Company as of December 31, 2025.

Top 20 Stockholders (As of December 31, 2025)

<i>STOCKHOLDER</i>	<i>NATIONALITY</i>	<i>NUMBER OF SHARES</i>	<i>PERCENT OF OWNERSHIP</i>
1. Amado Manuel C. Enriquez, Jr	Filipino	27930 C 70 F	11.66%
2. Fernando P. Carlos	Filipino	15960 C 40 F	6.67%
3. Marietta T. Samoy	Filipino	7980 C 20 F	3.33%
4. Ma. Lourdes C. Agosto	Filipino	3990 C 10 F	1.67%
5. Roberto De Leon	Filipino	3990 C 10 F	1.67%
6. Esther Maderazo	Filipino	3990 C 10 F	1.67%
7. Fe G, Merin	Filipino	3990 C 10 F	1.67%
8. Michael Edward R. Enriquez	Filipino	3990 C 10 F	1.67%
9. Rosario Latorre	Filipino	3990 C 10 F	1.67%
10. Joyce Rosario Matoza	Filipino	3990 C 10 F	1.67%
11. Juliet Carlos	Filipino	3990 C 10 F	1.67%

12. Marilyn Enriquez	Filipino	3990 C 10 F	1.67%
13. Felix Nolasco	Filipino	3990 C 10 F	1.67%
14. La Rhaine G. Viernes	Filipino	3990 C 10 F	1.67%
15. Maria Pilipinas D. Jaya	Filipino	3990 C 10 F	1.67%
16. Nimfa L. Nuevas	Filipino	3990 C 10 F	1.67%
17. Evangeline Zozobrado	Filipino	3990 C 10 F	1.67%
18. Florentina Ty	Filipino	3990 C 10 F	1.67%
19. Ma. Rosita Adolfo	Filipino	3990 C 10 F	1.67%
20. Geanie Cerna-Lopez	Filipino	3990 C 10 F	1.67%
Total		120,000	50.00%

(3) Dividends

Dividend Information on the Two Most Recent Fiscal Years

No dividends were declared by the Company since its incorporation in 2014 considering that the company has started its commercial operations on July 2019.

Under Section 12.2 of the Company's Loan Agreement with the Land Bank of the Philippines dated October 15, 2018, the Company shall not, without the prior consent of Land Bank of the Philippines, declare any cash dividends and/or make, allow advances, or return any capital, or authorize or make any other distribution, payments of cash or property to its officers/stockholders/affiliate company/subsidiary(ies).

PART III. FINANCIAL INFORMATION

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

The following table shows the consolidated financial highlights of the Company for the years then ended December 31, 2025, 2024 and 2023:

	<i>As of December 31</i>		
	<i>2025</i>	<i>2024</i>	<i>2023</i>
Income Statement Data			
Revenue	P 564,090,073	P 455,837,312	P 364,100,011
Other Income	6,535,941	5,425,361	7,466,725
Cost of Sales and Services	(394,863,051)	(328,686,909)	(288,007,061)
Operating expenses	(135,716,567)	(84,331,824)	(61,307,678)
Finance cost	(43,251,588)	(33,666,716)	(29,605,529)
Operating Loss	(3,205,193)	14,577,224	(7,353,532)
Net Loss	(24,212,676)	8,901,280	(6,038,489)

Revenue

The revenue in 2025 is higher by 23.7% from the 2024 revenue of ₱455.8M, this was due to increase in hospital fees and sale of medicines.

Cost of sales

Cost of sales and services in 2025 is higher by 20.1% than in 2024. This is primarily due to increase in the majority of the expenses.

Expenses

Expenses in 2025 are higher by 60.9% compared to 2024. This is primarily due to the significant increase salaries and wages, advertising and promotion, repairs and maintenance, meetings and conferences, taxes and licenses office supplies and miscellaneous expense.

Other income

Other income for the year 2025 increases by 20.5% as compared with the year 2024. This is mainly due to the in income from cafeteria.

Finance costs

Finance cost increased by 28.5%. This was due to the increase in interest rate since the rates are subject to quarterly repricing.

Income tax expense

Income tax expense amounts to 21M in 2025 due to expired NOLCO during the year.

Income for the year

The hospital recognized net loss in 2025, 372% lower compared in 2024. This was primarily due to increased expense.

Financial Condition

Total assets increased from ₱956.6M to ₱1,008.9M. The minimal increase was primarily due to the increased in cash, inventories, other current assets and property and equipment. This was negated by the decreased in trade and other receivables and deferred tax assets.

Cash increased by ₱53.3M primarily due to the proceeds from issuance of shares negated by payment of trade and other payables, acquisition of property and equipment, payment of loans payable and advances from shareholders

The decreased in trade and other receivables by ₱3.2M were directly related to the increase in collection in 2025.

The increased in inventories by ₱5,152,964 pertains mainly to the purchased in hospital supplies.

Other current assets increased by ₱1,043,733 due to the increased in prepaid income tax partly negated by the increased in the prepaid supplies.

Property and equipment increased by ₱13.8M This was primarily due to the depreciation for the period amounting to ₱52M net of the 65.8M additional cost of hospital building and acquisition of medical equipment, office equipment/furniture and fixtures and other hospital equipment.

The decrease in intangible asset pertains to yearly amortization during the year.

Deferred tax asset decreased by ₱17.5M due to the expired NOLCO and MCIT for the period.

Total liabilities increased by ₱8.8M. The increase was primarily due to the increased in trade and other payables net of payment of loans and advances from shareholders.

The increase in trade and other payables by ₱75.7M was mainly due to increase in other payables.

Loans payable represents interest-bearing loan from Banks in support of the construction of the Company's hospital building, acquisition of hospital and medical equipment, transportation equipment and furniture and fixtures and permanent working capital requirement of the hospital operation. The Company paid ₱76.8M of its loans payable to Land Bank of the Philippines resulting to a decrease in loan of 22.9%.

The increase of ₱9.9M in advances from shareholders was due to additional advances in 2025.

The increased in equity was primarily due to the increase in share capital and share premium due to issuances of shares and by decrease in accumulated deficits due to net loss incurred by the Company as of 2025.

Key Performance Indicators

	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2023
1. Liquidity			
a. Quick ratio - capacity to cover its short-term obligations using only its most liquid assets. [(cash + receivables) / current liabilities]	0.496:1	0.423:1	0.335:1
b. Current ratio - capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)	0.595:1	0.52:1	0.425:1
2. Solvency			
a. Debt to equity ratio - indicator of which group has the greater representation in the assets of the Company. (total liabilities / equity)	1.379:1	1.513:1	1.898:1
3. Profitability			
a. Net profit margin - ability to generate surplus for stockholder (net income / sales)	(0.057):1	0.02:1	(0.017):1
b. Return on equity - ability to generate returns on investment of stockholders. (net income / average equity)	(0.06):1	0.025:1	(0.019):1
4. Leverage			
b. Debt to total asset ratio - the proportion of total assets financed by creditors.	0.579:1	0.602:1	0.655:1

(total liabilities / total assets)			
c. Asset to equity ratio - indicator of the overall financial stability of the Company. (total assets / equity)	2.379:1	2.513:1	2.898:1
Interest Rate Coverage Ratio			
a. Interest rate coverage ratio - measure of the company's ability to meet its interest payments (earnings before interest and taxes / interest expense) -Remarks: The Company was able to meet its interest payments.	0.926:1	1.433:1	0.752:1

DECEMBER 31, 2024 COMPARED TO DECEMBER 31, 2023

	For The Year Ended		Horizontal Analysis		Vertical Analysis	
	31-Dec-2024	31-Dec-2023	Inc (Dec)	%age	31-Dec-2024	31-Dec-2023
Revenue	₱ 455,837,312	₱ 364,100,011	₱ 91,737,301	25.20%	100%	100%
Cost of sales and services	(328,686,909)	(288,007,061)	(40,679,848)	14.12%	-90%	-87%
Other income	5,425,361	7,466,725	(2,041,364)	-27.34%	1%	2%
Operating expenses	(84,331,824)	(61,307,678)	(23,024,146)	37.56%	-23%	-19%
Finance costs	(33,666,716)	(29,605,529)	(4,061,187)	13.72%	-9%	-9%
Income tax benefit (expense)	(5,675,944)	1,315,043	(6,990,987)	-531.62%	-2%	0%
Net income (loss)	₱ 8,901,280	₱ (6,038,489)	₱ 14,939,769	-247.41%	2%	-2%

The revenue in 2024 is higher by 25.20% from the 2023 revenue of ₱91.74M, this was due to increase in hospital fees and sale of medicines.

Cost of sales and services in 2024 is higher by 14.12% than in 2023. This is primarily due to increase in the majority of the expenses.

Expenses in 2024 are higher by 37.56% compared to 2023. This is primarily due to the significant increase salaries and wages, advertising and promotion, repairs and maintenance, meetings and conferences, taxes and licenses office supplies and miscellaneous expense.

Other income for the year 2024 decreases by 27.34% as compared with the year 2023. This is mainly due to the absence of miscellaneous income and recovery of credit losses during the year.

Finance cost increased by 13.72%. This was due to the increase in interest rate since the rates are subject to quarterly repricing.

Income tax expense amounts to 5.6M in 2024 due to increase of revenue during the year.

The hospital recognized net income in 2024, 247.41% higher compared in 2023. This was primarily due to increased revenue.

Changes in Financial Condition

	31-Dec-2024		31-Dec-2023		Horizontal Analysis		Vertical Analysis		
					Inc(Dec)	%age	31-Dec-2024	31-Dec-2023	
ASSETS									
Current Assets									
Cash	₱	30,122,720	₱	41,335,673	₱	(11,212,953)	-27%	3%	4%
Trade and other receivables		104,082,262		69,522,663		34,559,599	50%	11%	7%
Inventories		23,069,545		22,093,981		975,564	4%	2%	2%
Other current assets		7,624,419		7,962,432		(338,013)	-4%	1%	1%
Total Current Assets		164,898,946		140,914,749		23,984,197	17%	17%	14%
Non-current Assets									
Property and equipment		766,597,972		798,267,798		(31,669,826)	-4%	79%	81%
Intangible asset		950,000		1,277,858		(327,858)	-26%	0%	0%
Other noncurrent asset		7,000		7,000		-	0%	0%	0%
Deferred tax asset, net		24,246,046		27,270,742		(3,024,696)	-11%	3%	3%
Total Non-Current Assets		791,801,018		826,823,398		(35,022,380)	-4%	82%	84%
Total Assets	₱	956,699,964	₱	967,738,147	₱	(11,038,183)	-1%	100%	100%
LIABILITIES AND EQUITY									
Current Liabilities									
Trade and other payables	₱	115,170,323	₱	101,061,239	₱	14,109,084	14%	18%	15%
Loans payable - current		76,828,367		110,917,112		(34,088,745)	-31%	12%	16%
Advances from shareholders		125,386,050		119,296,928		6,089,122	5%	20%	18%
Total Current Liabilities		317,384,740		331,275,279		(13,890,539)	-4%	50%	49%
Non-Current Liabilities									
Loans payable - non current		258,638,905		302,477,829		(43,838,924)	-14%	41%	45%
Total Liabilities		576,023,645		633,753,108		(57,729,463)	-9%	91%	94%
Equity									
Share capital		154,780,000		153,430,000		1,350,000	1%	46%	49%
Share premium		362,710,000		326,270,000		36,440,000	11%	109%	105%
Revaluation surplus		17,297,193		17,297,193		-	0%	5%	6%
Accumulated deficits		(154,110,874)		(163,012,154)		8,901,280	-5%	-46%	-52%
Equity, Net		380,676,319		333,985,039		46,691,280	14%	114%	107%
Total Liabilities and Equity	₱	956,699,964	₱	967,738,147	₱	(11,038,183)	-1%	100%	100%

Total assets decreased from ₱967.73M to ₱956.6M. The minimal decrease was primarily due to the decreased in cash, inventories, other current assets and property and equipment and deferred tax assets. This was negated by the increased in trade and other receivables.

Cash decreased by ₱11.2M primarily due to the payment of trade and other payables, acquisition of property and equipment and intangible assets and payment of loans payable partly negated by proceeds from issuance of shares and advances from shareholders

The increase in trade and other receivables by ₱34.55M were directly related to the increase of revenue in 2024.

The increase in inventories by ₱975,564 pertains mainly to the purchased in hospital supplies.

Other current assets decreased by ₱338,013 due to the decreased in prepaid supplies partly negated by the increased in the prepaid income tax.

Property and equipment decreased by ₱31.6M This was primarily due to the depreciation for the period amounting to ₱46.2M net of the additional cost of hospital building and acquisition of medical equipment, office equipment/furniture and fixtures and other hospital equipment.

The decrease in Intangible asset pertains to yearly amortization during the year.

Deferred tax asset decreased by ₱3.024M due to the application of NOLCO partly negated by the recognition of DTA from MCIT for the period.

Total liabilities decreased by ₱57.7M. The decrease was primarily due to the payment of loans net of the increased in trade and other payables and advances from shareholders.

The increase in trade and other payables by ₱14.1M was mainly due to increase in other payables.

Loans payable represents interest-bearing loan from Banks in support of the construction of the Company's hospital building, acquisition of hospital and medical equipment, transportation equipment and furniture and fixtures and permanent working capital requirement of the hospital operation. The Company paid ₱77.9M of its loans payable to Land Bank of the Philippines resulting to a decrease in loan of 18.85%.

The increase of ₱6M in advances from shareholders was due to additional advances in 2024.

The increase in equity was primarily due to the increase in share capital and share premium due to issuances of shares and by decrease in accumulated deficits due to net income incurred by the Company as of 2024

DECEMBER 31, 2023 COMPARED TO DECEMBER 31, 2022

	For The Year Ended		Horizontal Analysis		Vertical Analysis	
	31-Dec-2023	31-Dec-2022	Inc (Dec)	%age	31-Dec-2023	31-Dec-2022
Revenue	₱ 364,100,011	₱ 329,513,927	₱ 34,586,084	10.50%	100%	100%
Cost of sales and services	(288,007,061)	(274,356,899)	(13,650,162)	4.98%	-79%	-83%
Other income	7,466,725	4,586,556	2,880,169	62.80%	2%	1%
Operating expenses	(61,307,678)	(67,881,154)	6,573,476	-9.68%	-17%	-21%
Finance costs	(29,605,529)	(31,671,778)	2,066,249	-6.52%	-8%	-10%
Income tax benefit	1,315,043	7,352,291	(6,037,248)	-82.11%	0%	2%
Net income (loss)	₱ (6,038,489)	₱ (32,457,057)	26,418,568	-81.40%	-2%	-10%

The revenue in 2023 is higher by 10.5% from the 2022 revenue of ₱34.5M, this was due to increase in hospital fees and sale of medicines.

Cost of sales and services in 2023 is higher by 4.98% than in 2022. This is primarily due to increase in salaries and wages, depreciation, utilities, dietary, equipment rentals partly negated by the decrease in professional fees, hospital, pharmacy and laboratory supplies, and service fees

Expenses in 2023 are lower compared to 2022 by 9.68%. This is primarily due to the significant decrease input tax expense, credit losses, waste disposal expense, advertising/promotion/marketing. This was negated by the significant increases in director's and officers' compensation, salaries and wages, loss on inventory obsolescence and other operating expenses.

Other income for the year 2023 increases by 62.80% as compared with the year 2022. This is primarily due to increase in miscellaneous income and recovery of credit losses.

Finance cost decreased by 6.52%. This was due to partial payment of loans in 2023 coupled with the decrease in interest rate since the rates are subject to quarterly repricing.

Income tax benefit decrease by 82.11% due to lower taxable loss in 2023 than in 2022.

Loss for the year for the year 2023 is lower than losses suffered in 2022 by 81.40%. This is primarily due to the increase in revenue coupled with lower finance costs in 2023.

Changes in Financial Condition

	31-Dec-2023		31-Dec-2022		Horizontal Analysis		Vertical Analysis		
					Inc(Dec)	%age	31-Dec-2023	31-Dec-2022	
ASSETS									
Current Assets									
Cash	₱	41,335,673	₱	21,410,802	₱	19,924,871	93%	4%	2%
Trade and other receivables		69,522,663		68,481,601		1,041,062	2%	7%	7%
Loans receivable		-		-		-	0%	0%	0%
Inventories		22,093,981		21,353,171		740,810	3%	2%	2%
Other current assets		7,962,432		16,249,912		(8,287,480)	-51%	1%	2%
Total Current Assets		140,914,749		127,495,486		13,419,263	11%	15%	13%
Non-current Assets									
Property and equipment		798,267,798		833,347,756		(35,079,958)	-4%	82%	85%
Intangible asset		1,277,858		205,715		1,072,143	521%	0%	0%
Other noncurrent asset		7,000		7,000		-	0%	0%	0%
Deferred tax asset, net		27,270,742		24,183,113		3,087,629	13%	3%	2%
Total Non-Current Assets		826,823,398		857,743,584		(30,920,186)	-4%	85%	87%
Total Assets	₱	967,738,147	₱	985,239,070	₱	(17,500,923)	-2%	100%	100%
LIABILITIES AND EQUITY									
Current Liabilities									
Trade and other payables	₱	101,061,239	₱	96,212,751	₱	4,848,488	5%	16%	14%
Loans payable - current		110,917,112		79,167,112		31,750,000	40%	18%	12%
Advances from shareholders		119,296,928		84,490,738		34,806,190	41%	19%	13%
Total Current Liabilities		331,275,279		259,870,601		71,404,678	27%	52%	39%
Non-Current Liabilities									
Loans payable - non current		302,477,829		413,394,941		(110,917,112)	-27%	48%	61%
Total Liabilities		633,753,108		673,265,542		(39,512,434)	-6%	100%	100%
Equity									
Share capital		153,430,000		152,400,000		1,030,000	1%	46%	49%
Share premium		326,270,000		299,250,000		27,020,000	9%	98%	96%
Revaluation surplus		17,297,193		17,297,193		-	0%	5%	6%
Accumulated deficits		(163,012,154)		(156,973,665)		(6,038,489)	4%	-49%	-50%
Equity, Net		333,985,039		311,973,528		22,011,511	7%	100%	100%
Total Liabilities and Equity	₱	967,738,147	₱	985,239,070	₱	(17,500,923)	-2%	100%	100%

Total assets decreased from ₱985.24M to ₱967.73M. The minimal decrease was primarily due to the decreased in other current assets and property and equipment. This was negated by the increased in cash, trade and other receivables, inventories, intangible assets and deferred tax assets.

Cash increased by ₱19.92M primarily due to the proceeds from issuance of shares and advances from shareholders. This was partly negated by the payment of trade and other payables, acquisition of property and equipment and intangible assets and payment of loans payable.

The increased in trade and other receivables by ₱1.04M were due to recovery of credit losses.

The increased in inventories by ₱740,810 pertains mainly to the purchased in pharmacy supplies.

Other current assets decreased by ₱8.28M due to the decreased of the value added tax on purchases of goods and services negated by the increased of prepaid income tax and prepaid supplies.

Property and equipment decreased by ₱35M This was primarily due to the depreciation for the period amounting to ₱45.16M net of the additional cost of hospital building and acquisition of medical equipment, office equipment/furniture and fixtures and other hospital equipment.

The increase in Intangible asset pertains to purchase of new information system during the year.

Deferred tax asset increased by ₱3.087M due to the recognition of DTA from MCIT for the period and NOLCO for 2023.

Total liabilities decreased by ₱39.51M. The decrease was primarily due to the payment of loans net of the increased in trade and other payables and advances from shareholders.

The increase in trade and other payables by ₱8.23M was mainly due to payment made on purchases to suppliers of goods and services, increase on accrued expenses and partial payment of retention payable for the period.

Loans payable represents interest-bearing loan from Banks in support of the construction of the Company's hospital building, acquisition of hospital and medical equipment, transportation equipment and furniture and fixtures and permanent working capital requirement of the hospital operation. The Company paid ₱79.16M of its loans payable to Land Bank of the Philippines resulting to a decrease in loan of 19.15%.

The increase of ₱34.8M in advances from shareholders was due to additional advances in 2023.

The increased in equity was primarily due to the increase in share capital and share premium due to issuances of shares. This is negated by increase in accumulated deficits due to net loss incurred by the Company as of 2023.

Material Changes in Financial Condition

<i>From January 1, 2025 to December 31, 2025</i>	<i>From January 1, 2024 to December 31, 2024</i>	<i>From January 1, 2023 to December 31, 2023</i>
<p>a. Cash decreased by ₱53.3M primarily due to the proceeds from issuance of shares negated by payment of trade and other payables, acquisition of property and equipment, payment of loans payable and advances from shareholders</p>	<p>a. Cash decreased by ₱11.2M primarily due to the payment of trade and other payables, acquisition of property and equipment and intangible assets and payment of loans payable partly negated by proceeds from issuance of shares and advances from shareholders</p>	<p>a. Cash increased by ₱19.92M primarily due to the proceeds from issuance of shares and advances from shareholders. This was partly negated by the payment of trade and other payables, acquisition of property and equipment and intangible assets and payment of loans payable.</p>
<p>b. Trade and other receivables increased by ₱3.2M The increased in trade and other receivables by ₱3.2M were directly related to the increase in collection in 2025</p>	<p>b. Trade and other receivables increased by ₱34.55M The increased in trade and other receivables by ₱34.55M were directly related to the increase of revenue in 2024.</p>	<p>b. Trade and other receivables increased by ₱1.04M primarily due to recovery of credit losses.</p>
<p>d. Inventories increased by ₱5,152,964 pertains mainly to the purchased in hospital supplies.</p>	<p>d. Inventories increased by ₱975,564 pertains mainly to the purchased in hospital supplies.</p>	<p>d. Inventories increased by ₱740,810 due to the purchased in pharmacy supplies.</p>
<p>f. Other current assets decreased by ₱1,043,733 due to the increased in prepaid income tax partly negated by the increased in the prepaid supplies.</p>	<p>f. Other current assets decreased by ₱338,013 due to the decreased in prepaid supplies partly negated by the increased in the prepaid income tax.</p>	<p>f. Other current assets decreased by ₱8.28M due to the decreased of the value added tax on purchases of goods and services negated by the increased of prepaid income tax and prepaid supplies.</p>

<p>g. Property and equipment decreased by ₱13.8M primarily due to the depreciation for the period amounting to ₱52M net of the 65.8M additional cost of hospital building and acquisition of medical equipment, office equipment/furniture and fixtures and other hospital equipment.</p>	<p>g. Property and equipment decreased by ₱31.6M primarily due to the depreciation for the period amounting to ₱46.2M net of the additional cost of hospital building and acquisition of medical equipment, office equipment/furniture and fixtures and other hospital equipment.</p>	<p>g. Property and equipment decreased by ₱35M primarily due to the depreciation for the period amounting to ₱45.16M net of the additional cost of hospital building and acquisition of medical equipment, office equipment/furniture and fixtures and other hospital equipment.</p>
<p>h. Intangible asset decreased by ₱370,714 pertains to yearly amortization</p>	<p>h. Intangible asset decreased by ₱327,858 pertains to yearly amortization</p>	<p>h. Intangible asset increased by ₱1.07M The increase in Intangible asset pertains to purchase of new information system during the year</p>
<p>i. Deferred tax asset decreased by ₱17.5M due to the expired NOLCO and MCIT for the period.</p>	<p>i. Deferred tax asset decreased by ₱3,024M due to the application of NOLCO partly negated by the recognition of DTA from MCIT for the period.</p>	<p>i. Deferred tax asset increased by ₱3.087M due to the recognition of DTA from MCIT for the period and NOLCO for 2023.</p>
<p>j. Trade and other payables increased by ₱75.7M mainly due to increase in other payables.</p>	<p>j. Trade and other payables increased by ₱14.1M mainly due to increase in other payables.</p>	<p>j. Trade and other payables increased by ₱8.23M mainly due to payment made on purchases to suppliers of goods and services, increase on accrued expenses and partial payment of retention payable for the period.</p>
<p>k. Loans payable decreased by ₱76.8M Represents its payment of loans payable to Land Bank of the Philippines resulting to a decrease in loan of 22.9%.</p>	<p>k. Loans payable decreased by ₱77.9M Represents its payment of loans payable to Land Bank of the Philippines resulting to a decrease in loan of 18.85%.</p>	<p>k. Loans payable decreased by ₱79.16M Represents its payment of loans payable to Land Bank of the Philippines resulting to a decrease in loan of 19.15%.</p>
<p>l. Advances from shareholders increased by ₱9.9M</p>	<p>l. Advances from shareholders increased by ₱6M</p>	<p>l. Advances from shareholders increased by ₱34.8M</p>
<p>was due to additional advances in 2025</p>	<p>was due to additional advances in 2024</p>	<p>was due to additional advances in 2023</p>
<p>m. Equity increased by ₱43.4M primarily due to the increase in share capital and share premium due to issuances of shares and by decrease in accumulated deficits due to net loss incurred by the Company as of 2025.</p>	<p>m. Equity increased by ₱46.69M primarily due to the increase in share capital and share premium due to issuances of shares and by decrease in accumulated deficits due to net income incurred by the Company as of 2024</p>	<p>m. Equity increased by ₱22M primarily due to the increase in share capital and share premium due to issuances of shares. This is negated by increase in accumulated deficits due to net loss incurred by the Company as of 2023.</p>

Material Changes in Operations

2025 vs. 2024	2024 vs. 2023	2023 vs. 2022
<p>a. Revenue increased by 23.7% this was due to increase in hospital fees and sale of medicines.</p>	<p>a. Revenue increased by 25.20% this was due to increase in hospital fees and sale of medicines.</p>	<p>a. Revenue increased by 10.50% this was due to increase in hospital fees and sale of medicines.</p>
<p>b. Cost of sales and services increased by 20.1% primarily due to increase in the majority of the expenses directly related to the revenue.</p>	<p>b. Cost of sales and services increased by 14.12% primarily due to increase in the majority of the expenses directly related to the revenue.</p>	<p>b. Cost of sales and services increased by 4.98% primarily due to increase in salaries and wages, depreciation, utilities, dietary, equipment rentals partly negated by the decrease in professional fees, hospital, pharmacy and laboratory supplies, and service fees</p>
<p>c. Expenses increased by 60.9% primarily due to the significant increase salaries and wages, advertising and promotion, repairs and maintenance, meetings and conferences, taxes and licenses office supplies and miscellaneous expense.</p>	<p>c. Expenses increased by 37.56% primarily due to the significant increase salaries and wages, advertising and promotion, repairs and maintenance, meetings and conferences, taxes and licenses office supplies and miscellaneous expense.</p>	<p>c. Expenses decreased by 9.68% primarily due to the significant decrease input tax expense, credit losses, waste disposal expense, advertising/promotion/marketing. This was negated by the significant increases in salaries and wages, loss on inventory obsolescence and other operating expenses.</p>
<p>d. Other income decreased by 20.5% mainly due to the income from cafeteria</p>	<p>d. Other income decreased by 27.34% mainly due to the absence of miscellaneous income and recovery of credit losses during the year.</p>	<p>d. Other income increased by 62.80% primarily due to increase in miscellaneous income and recovery of credit losses.</p>
<p>e. Finance cost increased by 28.5% This was due to the increase in interest rate since the rates are subject to quarterly repricing.</p>	<p>e. Finance cost increased by 13.72% This was due to the increase in interest rate since the rates are subject to quarterly repricing.</p>	<p>e. Finance cost decreased by 6.52% This was due to partial payment of loans in 2023 coupled with the decrease in interest rate since the rates are subject to quarterly repricing.</p>
<p>f. Income tax expense increase by 531.62% due to increase of revenue during the year.</p>	<p>f. Income tax expense increase by 531.62% due to increase of revenue during the year.</p>	<p>f. Income tax benefit decrease by 82.11% due to lower taxable loss in 2023 than in 2022.</p>
<p>g. Income for the year increased by 372%. expired NOLCO during the year.</p>	<p>g. Income for the year increased by 247.41%. The hospital recognized net income in 2024, 247.41% higher compared in 2023. This primarily due to increased revenue.</p>	<p>g. Loss for the year decreased by 81.40%. primarily due to the increase in revenue coupled with lower finance costs in 2023.</p>

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

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

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

There were no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations except for the possible impact of Covid 19 Pandemic.

The Company continues to spend for capital expenditures in relation to the hospital operation.

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

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

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

Financial Risks

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

The Company has no investments in foreign securities.

Material changes on line items in the financial statements are included in "Management's Discussion and Analysis" above.

B. Information on Independent Accountant and Other Related Matters

The Company's external auditor is the auditing firm of PEREZ, SESE, VILLA AND CO.. For the year 2025, the same auditing firm of PEREZ, SESE, VILLA AND CO. is being recommended by the Board, based on the recommendation of the Audit Committee composed of Dr. Ma. Lourdes C. Agosto(Chairman/Independent Director), Dr. Rosario E. Latorre (Independent Director/Member) Dr. Felix Nolasco (IndependentDirector/member), Dr. Esther Maderazo(member) and Dr. Juliet Carlos for a fee of P 120,000.00 (exclusive of VAT and out-of-pocket expenses).

- a. The Audit committee evaluates proposals based on the quality of service, commitment for deadline and fees. The committee may require a presentation from each proponent to clarify some issues.
- b. PEREZ, SESE, VILLA AND CO., represented by its engagement partner, Ms. Ethel Martinez, is the external auditor of the Company for the most recently completed year 2025. Pursuant to SRC Rule 68 (3) (b) (iv) of the Amended Implementing Rules and Regulations of the Securities Regulation Code (SRC) (re: rotation of external auditors), the Company has not engaged Ms. Martinez for more than five years.
- c. Representatives of PEREZ, SESE, VILLA AND CO. are expected to be present during the stockholders' meeting. The representatives will have the opportunity to make statements if they desire to do so and will be available to respond to appropriate questions from the security holders.
- d. During the two (2) most recent fiscal years or any subsequent interim period, the independent auditor has not resigned nor was dismissed or has declined to stand for reappointment after the completion of the current audit.
- e. The aggregate annual external audit fees billed for each of the last two (2) fiscal years for the audit of the registrant's annual financial statements or services that are normally provided by the external auditor are as follows:

For the year 2025	- P 431,800.00 (billed and paid in 2025)
For the year 2024	- <u>P 330,200.00</u> (billed and paid in 2024)
- f. The above audit fees are inclusive of the following: (a) audit, other assurance and related services by the External Auditor that are reasonably related to the performance of the audit or review of the Company's financial statements (P 431,800.00).

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

PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS

(A) Directors, Executive Officers

(1) Directors

There are fifteen (15) members of the Board, three (3) of whom are independent directors. The term of office of each member is one (1) year; they are elected at the annual stockholders' meeting to hold office until the next succeeding annual stockholders' meeting and until his/her successor is elected and qualified. A director who is elected to fill any vacancy holds office only for the unexpired term of his predecessor. The following are the current members of the Board of Directors:

1. Carlos, Fernando P.
2. Samoy, Marietta
3. De Leon, Roberto
4. Enriquez, Amado Manuel C., Jr.
5. Enriquez, Michael Edward
6. Enriquez, Marilyn
7. Nolasco, Felix - Independent Director

8. Carlos, Juliet
9. Jaya, Maria Pilipinas
10. Agosto, Lourdes - Independent Director
11. Matoza, Joyce Rosario
12. Maderazo, Esther
13. Merin, Fe G.
14. Latorre, Rosario - Independent Director
15. Viernes, La Rhaine

1. AMADO MANUEL C. ENRIQUEZ JR. - 73 years old, Filipino

Graduated from University of the Philippines, College of Medicine, 1978;
 Doctor of Medicine

POSITIONS HELD FOR THE PAST 5 YEARS:

Chairman of the Board –
 ACE Medical Center Baliwag (2015-Present)
 ACE Medical Center Pateros (2013-Present)
 ACE Malolos Center Doctors (2015-Present)
 ACE Medical Center Mandaluyong (2016-Present)
 ACE Medical Center Palawan (2017-Present)
 ACE Medical Center Tacloban (2014-Present)
 ACE Medical Center Bohol (2014-Present)
 ACE Medical Center Butuan (2016-2023)
 ACE Medical Center CDO (2016-Present)
 ACE Medical Center Bayawan (2015-Present)
 ACE Medical Center Legazpi (2016-Present)
 ACE Medical Center Dipolog (2017-Present)
 ACE Medical Center Quezon City (2012-Present)
 ACE Medical Center Tuguegarao ((2016-Present)
 Tagum Global Medical Center,Inc. (2018-Presents)

2. CARLOS, FERNANDO P. – 64 YEARS OLD, FILIPINO

Graduated from Remedios Trinidad Romualdez Medical Foundation, 1986

POSITIONS HELD FOR THE PAST 5 YEARS:

President:
 ACE Medical Center – Pateros (2011 – Present)
 ACE Medical Center –QC (2012 – Present)
 ACE Medical Center – Tacloban,Inc. (2014-Present)
 ACE Medical Center – Dipolog (2017 – Present)
 ACE medical Center- Sariaya (2019- Present)
 ACE Medical Center San Miguel (2023-Present)

Director:
 ACE Medical Center Pateros (2013-Present)
 ACE Malolos Center Doctors (2015-Present)
 ACE Medical Center Mandaluyong (2016-Present)
 ACE Medical Center Palawan (2017-Present)
 ACE Medical Center-Tacloban (2014-Present)
 ACE Medical Center Bohol (2014-Present)
 ACE Medical Center Dumaguete (2014-Present)
 ACE Medical Center General Santos (2016-Present)
 ACE Medical Center CDO (2016-Present)
 ACE Medical Center Butuan (2016-Present)
 ACE medical Center Bayawan (2016-Presnt)

ACE Medical Center Legazpi (2016-Present)
ACE Medical Center Dipolog (2017-Present)
ACE Medical Center Tuguegarao (2016-Present)
ACE Medical Center Quezon City(2012-Present)
Tagum Global Medical Center,Inc (2016-Present)

3.DE LEON, ROBERTO.- 73 YEARS OLD, FILIPINO
41 6 Calo St. Ayala Alabang, Village Muntinlupa City

POSITIONS HELD FOR THE PAST 5 YEARS:

Retired Banker

4. CARLOS, JULIET 61 YEARS OLD, FILIPINO
Graduated from Manila Central University

POSITIONS HELD FOR THE PAST 5 YEARS

Allied Care Experts (ACE) Medical Center Pateros Purchasing Department Head;, Allied Care Experts (ACE) Medical Center Quezon City – Purchasing Head; Allied Care Experts (ACE) Medical Center Mandaluyong- Corporate Treasurer; Allied Care Expert Medical Center-Tacloban Board of Director

5. DE LEON, ROBERTO 64YEARS OLD, FILIPINO
Graduated from UST Faculty of Medicine

POSITIONS HELD FOR THE PAST 5 YEARS:

ACE Medical center Valenzuela- President and CEO; ACE Medical Center Baypointe- Chairman of the Board; ACE Medical Center- Tacloban, Inc. – Founder Director

6. ENRIQUEZ, MICHAEL EDWARD R. 37 YEARS OLD, FILIPINO
Graduated from University of Sto, Tomas

POSITION HELD FOR THE PAST 5 YEARS;

ACE Medical Centre Quezon City – Vice President; ACE Medical Centre Quezon City - Assistant Finance Officer Ace Medical Center – Quezon City
Hospital Affiliations:
ACE Hospitals

7. ENRIQUEZ, MARILYN. 77 YEARS OLD, FILIPINO
Graduated from Cebu Institute of Medicine

POSITIONS HELD FOR THE PAST 5 YEARS:

Founder: Allied Care Experts (ACE) Medical Center-Pateros; Founder: Allied Care Experts (ACE) Medical Center-Quezon City; Founder: Allied Care Experts (ACE) Medical Center-Tacloban,Inc.

Hospital Affiliations:
ACE Group of Hospitals

8. LATORRE, ROSARIO 54 YEARS OLD, FILIPINO
Graduated from Remedios Trinidad Romualdez Medical Foundation (RTRMF)

POSITIONS HELD FOR THE PAST 5 YEARS:

Chief of Clinics and Training Officer Department of Pediatrics - Allied Care Experts (ACE) Medical Center- Tacloban, Inc, (2022-Present) Founder Director Dietary Department – Allied Care Experts(ACE) Medical Center- Tacloban, Inc.

Affiliation:

Mother of Mercy Hospital (MMH) Remedios Trinidad Romualdez Hospital (RTR) Divine Word Hospital (DWUH); Allied Care Experts (ACE) Medical Center- Tacloban, Inc

9. NOLASCO, FELIX 72 YEARS OLD, FILIPINO

Graduated from Remedios Trinidad Romualdez Medical Foundation (RTRMF)

POSITIONS HELD FOR THE PAST 5 YEARS:

President, Philippine Board of Otolaryngology-HNS, 2020; President of Philippine Society of Otolaryngology – HNS, 2005 Founding President of Philippine Academy of Craniomaxillofacial Surgery (PSO-HNS inc) Former Faculty of UP College of Medicine – PGH Med Center Chairman; Emeritus of Department of ORL-HNS, East Ave Med Center Founding Director, Otolaryngologic Maxillofacial and Aesthetic Center, EAMC-DOH Former Exec Off - ENT-HNS, JRRRMC Former Head - ENT, SJDH, MCM Chairman, Sto. Tomas Doctor Hospital and Medical Center Former President, Allied Care Experts Med Center – Baypointe Former Vice President, Medical Director Administrator, CFO of Various ACEMC and UPHMC Hospitals

10. JAYA, MARIA PILIPINAS D. , 57 YEARS OLD, FILIPINO

Graduated from Remedios Trinidad Romualdez Medical Foundation Cebu Institute of Medicine

POSITIONS HELD FOR THE PAST 5 YEARS:

Allied Care Experts (ACE) Medical Center- Tacloban, Inc. – Hospital Administrator; Remedios Trinidad Romualdez (RTR) Hospital- Training officer; Mother of Mercy Hospital – Active consultant; Divine Word University Hospital (DWUH)- Active Consultant

Hospital Affiliation:

Remedios Trinidad Romualdez (RTR Hospital) Mother of Mercy Hospital (MMH) Divine Word Hospital

11. MERIN, FE G. 70 YEARS OLD, FILIPINO

Graduated from Cebu Institute of Medicine

POSITIONS HELD FOR THE PAST 5 YEARS:

Affiliations:

Mother of Mercy Hospital (MMH)
Remedios Trinidad Romualdez (RTR) Hospital
Mother of Mercy Hospital (MMH)

12. MADERAZO, ESTHER C., 57 YEARS OLD, FILIPINO

Graduated from Remedios Trinidad Romualdez Medical Foundation

POSITIONS HELD FOR THE PAST 5 YEARS:

Rheumatoid Consultant- Eastern Visayas Medical Center; Rheumatoid Consultant – Divine Word Hospital (DWUH), Founder Director Rehabilitation Medicine and Laboratory Department – Allied Care Experts (ACE) Medical Center- Tacloban, Inc.

Affiliation:

Divine Word Hospital (DWUH) Mother of Mercy Hospital (MMH)

Remedios Trinidad Romualdez Hospital (RTR) Eastern Visayas Medical Center (EVMC)
Allied Care Experts (ACE) Medical Center-Tacloban, Inc.

13. MATOZA, JOYCE ROSARIO 49 YEARS OLD, FILIPINO
Graduated from Remedios Trinidad Romualdez Medical Foundation, 1976

POSITIONS HELD FOR THE PAST 5 YEARS:

Founder Director of Hemodialysis Unit and Active Consultant, Internal Medicine and Adult Nephrology – Allied Care Experts (ACE) Medical Center- Tacloban, Inc.; Hemodialysis Unit Head and Chairman of the Internal Medicine Department- Remedios Trinidad Romualdez (RTR) Hospital; Hemodialysis Unit Head – Christ the Healer

Hospital Affiliation:
Divine Word Hospital (DWUH) Mother of Mercy Hospital (MMH)
United Shalom Hospital

14. VIERNES, LA RHAINE G. 50 YEARS OLD, FILIPINO
Graduated from Remedios Trinidad Romualdez Medical Foundation, 2000

POSITIONS HELD FOR THE PAST 5 YEARS:

President -Tagum Global Medical Center, Inc. (2018- Present); Founder Director ACE Plawan (2017- Present); Founder Director ACE Legaspi (2016- Present); ACE Council President (2021- 2023); Chairman of Pediatric Department- ACE Medical Center- Tacloban, Inc.; Founder Director- ACE Medical Center Palawan, Board of Director (2017-Present); Council Secretary (2017-2019); Active Consultant - Mother of Mercy Hospital (MMH) 2014-Present); Consultant Staff – Divine Word Hospital (DWUH) 2001-Present) Advisory Board Philippine Pediatric Society, Eastern Visayas (2019-Present)

Affiliation:
Divine Word Hospital (DWUH) Mother of Mercy Hospital (MMH)
Remedios Trinidad Romualdez Hospital (RTR)

15. SAMOY, MARIETTA 68 YEARS OLD, FILIPINO
Graduated from Remedios University of Perpetual Help, 1983

POSITIONS HELD FOR THE PAST 5 YEARS:

Administrator – MCM Muntinlupa Medical Center (2021-Present);
Board Member – Parañaque Doctors Hospital (2021- Present);
Business Office Head – Las Piñas City Medical Center (2021-Present);
Board Member- ACE Group of Hospitals;
Medical Director- Unihealth Hospital & Medical Center, Inc. (2021- Present);
Board Member of all ACE Group of Hospitals.

(2) Executive Officers

The Company's key executive officers as of 31 December 2025, are as follows:

President - Dr. Fernando P. Carlos
Vice-President - Dr. Maria Pilipinas D. Jaya
Secretary - Dr. La Rhaine G. Viernes
Treasurer - Dr. Michael Edward C. Enriquez
Assistant Corporate Secretary - Dr. Joyce Rosario Matoza
Assistant Corporate Treasurer - Dr. Ma. Rosita Adolfo

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

INCUMBENT OFFICERS

Chairman - Dr. Amado Manuel C. Enriquez, Jr.
Vice Chairman - Dr. Fe G. Merin
President - Dr. Fernando P. Carlos
Vice-President - Dr. Maria Pilipinas D. Jaya
Secretary - Dr. La Rhaine G. Viernes
Asst. Secretary - Dr. Joyce Rosario Matoza-Serna
Treasurer - Dr. Michael Edward C. Enriquez
Asst. Treasurer - Dr. Ma. Rosita Adolfo

(3) Significant Employees

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

(4) Family Relationships

Except for Drs. Amado Manuel Enriquez, Jr., Marilyn Enriquez, Michael Edward Enriquez and Miguel Antonio R. Enriquez, who are father, wife and sons, respectively, Dr. Fernando P. Carlos, first cousin of Dr. Amado Manuel Enriquez and the uncle of Dr. Miguel Enriquez and Dr. Michael Edward Enriquez; Drs. Earl Courtney Viernes and La Rhaine Viernes, who are husband and wife, Eng. Generoso Orillaza and Dr. Marissa Orillaza who are husband and wife, Dr. Geanie Cerna-Lopez and Mark Joseph Lopez who are mother and son, and Dr. Evangeline Zozobrado and Augustin Zozobrado who are husband and wife and Dr. Florentina Ty and Virginia Ty who are mother and daughter, there are no other family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, persons nominated or chosen by the Company to become directors, or executive officers, any security holder of certain record, beneficial owner or management.

(5) Certain Relationships and Related Transactions

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

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

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

2025					
Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Advances	₱ 9,925,938	₱135,311,988	(3)	(4)
2024					
Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Advances	₱ 6,089,122	₱125,386,050	(3)	(4)
2023					
Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Advances	₱ 34,806,190	₱119,296,928	(3)	(4)

(6) Involvement in Certain Legal Proceedings

As of December 31, 2025, the following Directors are parties to legal proceedings in their capacity as Directors of the Company:

1. Geanie A. Cerna-Lopez
2. Amado Manuel C. Enriquez, Jr.
3. Marietta T. Samoy
4. Roberto M. de Leon
5. Felix Nolasco

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

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

The Defendants have already filed their Answer to the Complaint.

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

The judicial dispute resolution (JDR) failed. The case is up for pre-trial conference on April 13, 2023

The 13 April 2023 pre-trial of the case was cancelled and moved to 02 June 2023 at 10:45am. The 02 June 2023 pre-trial was cancelled and moved to 11 August 2023 at 10:45am. The 11 August 2023 pre-trial was cancelled and moved to 20 October 2023 at 10:00 in the morning.

During the 20 October 2023, the plaintiffs' counsel asked the Court to render a partial judgment recognizing the sale in installment as a subscription contract. We objected and requested that their request for partial judgment be put into writing so that we can make an informed comment on the matter. Plaintiffs were given 15 days to file and the same number of days was granted to us to comment on their filing. The next pre-trial is scheduled on 22 December 2023 at 10:00 in the morning. The 22 December 2023 hearing was reset to 15 March 2024 at 10:30 am.

On October 17, 2024, Baduel Espina & Associates confirmed their appearance during the October 16, 2024 hearing. The court needed more time to resolve the plaintiff's Motion for Partial Summary Judgment, and the pre-trial conference was rescheduled to February 05, 2025.

On May 23, 2025, during the pre-trial hearing, the Court informed the parties and counsels that the draft resolution on the motion for partial summary judgment had not yet been finalized. Consequently, the pre-trial conference was rescheduled to July 25, 2025, at 10:00 a.m.

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

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

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

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

The Court rendered on August 9, 2022 a partial summary judgement on plaintiff's prayer for issuance of certificate of stock leaving the other issues sought for trial on the merits. However, instead of presenting his evidence plaintiff filed a motion to submit the case for decision based on legal issues through the filing of memorandum which is still pending for resolution.

Plaintiff has submitted his motion to submit case for decision based on legal issues, which was submitted to the Court on October 24, 2022. We filed our comment on November 7, 2022. We received an order dated 30 June 2023 where the Court has granted the motion to submit case for decision based on legal issues dated 18 October

2022. The Presiding Judge has granted both parties to file their respective memorandum, which shall be limited to the issue of the extent of plaintiff's preemptive right to purchase/subscribe to shares of stock in view of the defendant Corporation's increase in its capital stock, within 30 days from receipt of said order.

Our Counsel filed a Motion for Reconsideration to set aside and deny Plaintiff's motion to submit case for decision based on the sole issue of whether the plaintiff is entitled to the preemptive right to subscribe to one block of share equivalent to 10 shares or only for 3 shares for utter lack of merit. The Plaintiff's Counsel opposed the Motion for Reconsideration filed by our Counsel. Awaiting decision of the Court on both Motion's.

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

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

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

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

Petitioners have submitted their motion to submit case for decision based on legal issues, which was submitted on November 7, 2022. Case has been submitted for resolution. Last February 3, 2023, the scheduled hearing pushed through, and Counsel appeared for and on behalf of ACEMCCEBU, despite the pending motion.

On February 15, 2023, the Court denied the request of the Petitioners' motion to submit the case for decision based on the remaining sole legal issue. As stated in the Order, the presentation of evidence for the petitioners will push through as scheduled on 03 March 2023 at 10:45 in the morning. The hearing was cancelled upon receipt of a Constancia dated 27 February 2023 and reset to 28 April 2023 at 10:45 in the morning.

During the 28 April 2023 hearing, the Court still needs to resolve the pending Motion for Reconsideration filed by the Petitioners. Without prejudice to the resolution of the pending incident, the next hearing is set at on 30 June 2023 at 10:45am for presentation of Petitioners' evidence. Considering petitioners' motion for reconsideration has yet to be resolved, the 30 June 2023 hearing was reset to 28 July 2023 at 10:45 am. Due to the pending motion for reconsideration, the 28 July 2023 hearing was reset to 25 August 2023 at 10:45am. The 25 August 2023 was rescheduled to 29 September 2023 at 10:45am. The 29 September 2023 hearing was reset to 14 December 2023 at 10:45am. The 14 December 2023 hearing was reset to 15 March 2024 at 8:30am.

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

On September 26, 2024, Court hearing where the cross-examination of Mr. Peter Sylianco was continued. The petitioners were granted five days to file their Reply to the opposing party's Motion for Production, Inspection, and Photocopying of Documents, with the opportunity for the opposing side to file a rejoinder within the same period. Reimbursement requests for transcript costs were also submitted. The next scheduled, October 24, 2024, hearing for the continuation of petitioners' evidence presentation, with unspecified subsequent procedural activities. November 28, 2024, attendance confirmed for a hearing focusing on the continuation of the presentation of

evidence. Petitioners intended to present Atty. Jarred Cabilte. December 12, 2024, the parties confirmed their appearance to continue cross-examination of Leo Sumatra and other petitioners' evidence. Additional scheduled dates include March 28, April 25, and May 23, 2025, among others, for various stages of evidence presentation and testimony.

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

(B) Compensation of Directors and Executive Officers

(a)	(b)	(c)	(d)	(e)
Name & Principal Position	Year	Salary	Bonus	Other Compensation
Fernando P. Carlos President	2025	-	-	-
Maria Pilipinas Jaya Vice-President	2025	-	-	-
Ma. Rosita Adolfo Treasurer	2025	-	-	-
Ma. Lourdes F. Opinion Corporate Secretary	2025	-	-	-
Aggregate For The Above Named CEO & Officers	2026-Estim.	5,940,000	-	-
	2025	-	-	-
	2024	-	-	-
Aggregate For The Officers And Directors As A Group	2026-Estim.	5,940,000	-	-
	2025	-	-	-
	2024	-	-	-

The directors receive a per diem of P10,000.00 per board/committee meetings. Likewise, on December 23, 2020, the Board approved a compensation package for the following officers of the Company:

Chairman	- Php75,000.00
Vice-Chairman	- Php70,000.00
President	- Php75,000.00
Vice President	- Php70,000.00
Treasurer	- Php50,000.00
Assistant Treasurer	- Php50,000.00
Corporate Secretary	- Php50,000.00
Assistant Secretary	- Php50,000.00

However, the officers have not yet received their compensation, and the same shall be released by the corporation upon availability of funds.

Aside from the above, there are no other bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as director, or executive officers of the registrant will participate.

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

(C) Security Ownership of Certain Record and Beneficial Owners

- (1) The persons known to the registrant to be directly or indirectly the record or beneficial owner of more than 5% of the registrant's voting securities as of December 31, 2025 are as follows:

Title of Class	<i>Name, Address of record owner and Relationship with Issuer</i>	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Miguel Antonio Enriquez- son 73 West Ave. Quezon City Michael Edward-son /stockholder Marilyn Enriquez- Wife stockholder Fernando P. Carlos/stockholder 19B Penhurst Condominium Bonifacio Global City, Taguig	Amado Manuel Enriquez, Jr. /Father/husband/first cousin	Filipino	27,930 -C 70 - F (Direct) 28,000 (Indirect)	11.66%
Common	Amado Manuel Enriquez,Jr. – stockholder 73 West Avenue Quezon City Marilyn Enriquez – Stockholder 73 West Ave. Quezon City	Fernando P. Carlos -first degree cousin	Filipino	15,960-C 40-F (Direct) 40,000 (Indirect)	6.67%

- (2) Ownership of Directors and Management as of 31 December 2025:

(1) Title of Class	(2) Name of Beneficial Owner	Position	(3) Amount and Nature of Beneficial Ownership	(4) Citizenship	(5) Percentage (%) of Class
	Board of Directors:				
Common	Enriquez, Amado Manuel Jr. .	Director	27,930,000 -C 70,000 - F (Direct) 28,000,000 (Indirect)	Filipino	11.66%
Common	Carlos, Fernando P.	Director	15,960,000-C 40,000-F (Direct) 40,000,000 (Indirect)	Filipino	6.67%
Common	Agosto, Ma. Lourdes C.	Director	3,990,000-C 10,000-F [Direct]	Filipino	1.67%
Common	Samoy, Marietta	Director	7,980,000-C 20,000-F [Direct]	Filipino	3.33%
Common	Viernes, La Rhaine G.	Director	3,990,000-C 10,000-F [Direct] 4,000,000	Filipino	1.67%

			[Indirect]		
Common	Enriquez, Michael Edward R.	Director	3,990,000-C 10,000-F [Direct] 52,000,000 (Indirect)	Filipino	1.67%
Common	Carlos, Juliet	Director	3,990,000-C 10,000-F [Direct] 40,000,000 [Indirect]	Filipino	1.67 %
Common	De Leon, Roberto	Director	3,990,000-C 10,000-F [Direct] 4,000,000 [Indirect]	Filipino	1.67%
Common	Latorre, Rosario	Director	3,990,000-C 10,000-F [Indirect]	Filipino	1.67%
Common	Jaya, Maria Pilipinas D.	Director	3,990,000-C 10,000-F [Indirect]	Filipino	1.67%
Common	Maderazo, Esther	Director	3,990,000-C 10,000-F [Indirect]	Filipino	1.67%
Common	Matoza, Joyce Rosario	Director	3,990,000-C 10,000-F [Indirect]	Filipino	1.67%
Common	Merin, Fe G.	Director	3,990,000-C 10,000-F [Indirect]	Filipino	1.67%
Common	Nolasco, Felix	Director	3,990,000-C 10,000-F [Direct] 4,000,000 [Indirect]	Filipino	1.67%
Common	Enriquez, Marilyn	Director	3,990,000-C 10,000-F [Direct] 36,000,000 [Indirect]	Filipino	1.67%
Total for Directors			100,000,000		41.67%

Executive Officers:					
Common Shares	Fernando P. Carlos	President	15,960,000-C 40,000-F (Direct) 40,000,000 (Indirect)	Filipino	6.67%
Common Shares	La Rhaine G. Viernes	Corporate Secretary	3,990,000-C 10,000-F [Direct] 4,000,000 [Indirect]	Filipino	1.67%

Common Shares	Michael Edward Enriquez	Corporate Treasurer	3,990,000-C 10,000-F [Direct] 52,000,000 [Indirect]	Filipino	1.67 %
Common Shares	Ma. Rosita O. Adolfo	Assistant Corp Treasurer	3,990,000-C 10,000-F [Direct]	Filipino	1.67%
Common Shares	Joyce Rosario Matoza	Assistant Corp Secretary	3,990,000-C 10,000-F [Direct]	Filipino	1.67%
Total for Officers			32,000,000		13.33%
Common Shares	Directors and Exec. Officers as a Group		132,000,000		55%

- (3) Except for Dr. Amado Manuel Enriquez Jr., who owns 23.33% Dr. Fernando P. Carlos who owns 23.33%, and Dr. Miguel Antonio Enriquez who owns 23.33%, Dr. Geanie Cerna Lopez who owns 3.33%, Dr. Marissa Orilaza who own 3.33%, Dr. Marietta Samoy who owns 3.33%, Dr. Florentina Ty who owns 3.33% and Dr. La Rhaine G. Viernes who owns 3.33% (through direct and indirect ownership), none of the other Company's directors and management owns directly or indirectly 2.0% or more of the outstanding capital stock of the Company.
- (4) The Company is not aware of any voting trust agreement/s or similar agreement/s which may result in a change in control of the Company.
- (5) No change in control of the registrant has occurred since the beginning of its last fiscal year.

(D) Certain Relationships and Related Transactions

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

2025

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Advances	₱ 9,925,938	₱135,311,988	(3)	(4)

2024

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Advances	₱ 6,089,122	₱125,386,050	(3)	(4)

2023

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
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Advances from Major Shareholders	Advances	₱ 34,806,190	₱119,296,928	(3)	(4)
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Cash Advances

The Company obtains cash advances from shareholders to finance the construction of its hospital building. These are unsecured, payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from shareholders account in the statements of financial position.

PART V – CORPORATE GOVERNANCE

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

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

PART VI - EXHIBITS AND SCHEDULES

(a) Exhibit

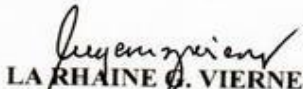
Y2025 Audited Financial Statements

(b) Reports on SEC Form 17-C [January-December 2025]

Date	Events Disclosed
March 6,2025	Postponement Annual Stockholders' Meeting
May 8,2025	Postponement Annual Stockholders' Meeting from June 5,2025 to July 3,2025
July 3,2025	Appointment of External Auditor
	Election of Directors
	Election of Officers
	Appointment of Members of Various Committees

SIGNATURES

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


LA RHAINÉ G. VIERNES
Corporate Secretary

NOTE: There is no "Comptroller" position in the existing organizational structure of ACE-Tacloban.

Upon the written request of the stockholder, the Company undertakes to furnish said stockholder a copy of SEC Form 17-A free of charge, except for exhibits attached thereto 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-Tacloban Inc.
Barangay 78, Marasbaras Tacloban City
Attention: The Corporate Secretary

MAY 11 2026

SUBSCRIBED AND SWORN to before me this ___th day of May 2026, affiants exhibiting to me their Tax Identification Number (TIN)/Social Security System (SSS) ID Nos., as follows:

AFFIANTS	TIN/SSS Nos.
La Rhaine G. Viernes	PRC 0082395

Doc. No.
Page No.
Book No.
Series of 2026.

192
38
1

17A_2025v2
February 2001



NOTARY PUBLIC


ATTY. JOHN VERGEL A. ELJERA

Notary Public for and within the Jurisdiction of RTC Tacloban
Notarial Commission No. 2026-02-73
Until December 31, 2027
Roll of Attorneys No. 85565 / 05-02-2023
BP No. INV 571681 / 12-24-2025 / Eastern Samar Chapter
PTR No. 8822961 / 01-06-2026 / Tacloban City 39
MCLE Compliance No. VIII-0008856
2/F Himalayan Business Center, Nat'l Highway
Brgy. 78 Marasbaras, Tacloban City, Leyte

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

FINANCIAL STATEMENTS
December 31, 2025, 2024 and 2023


and

Report of Independent Auditors

SIGNATURES

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


FERNANDO P. CARLOS
President


MICHAEL EDWARD R. ENRIQUEZ
Treasurer

NOTE: There is no "Comptroller" position in the existing organizational structure of ACE-Tacloban.

Upon the written request of the stockholder, the Company undertakes to furnish said stockholder a copy of SEC Form 17-A free of charge, except for exhibits attached thereto 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-Tacloban Inc.
Barangay 78, Marasbaras Tacloban City
Attention: The Corporate Secretary

SUBSCRIBED AND SWORN to before me this ____th day of May 2026, affiants exhibiting to me their Tax Identification Number (TIN)/Social Security System (SSS) ID Nos., as follows:

AFFIANTS	TIN/SSS Nos.
Fernando P. Carlos	127-368-839
Michael Edward Enriquez	247-931-117

NOTARY PUBLIC

Doc. No. 207
Page No. 69
Book No. 36
Series of 2026.


ATTY. ERNESTO S. BAYOG
Notary Public Manila / Dec. 31, 2026
Notarial Commission No. 2025-075
Merchant Bldg. 509 Padre Faura St. Ermita, Manila
Roll of Attorney's No. 77572
PTR NO. MLA-0342938 Jan. 05, 2026: City of Manila
IBP O.R No. INV 583191: Jan. 02, 2026
MCLE Compliance No. VIII-0023702
Issued on March. 6, 2025
Valid until April 14, 2028



Allied Care Experts (ACE) Medical Center – Tacloban

“A Member of ACE Group of Hospitals”

Brgy. 78 Marasbaras, Tacloban City

STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025, 2024 and 2023, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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


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



AMADO MANUEL C. ENRIQUEZ JR.
Chairman of the Board



FERNANDO P. CARLOS
President



MICHAEL EDWARD ENRIQUEZ
Treasurer


Signed this 5th day of May 2026.

SUBSCRIBED AND SWORN to before me, a Notary Public for and in the **CITY OF MANILA** Philippines, **MAY 11 2026**, affiants who are personally known to me and whose identity I have confirmed through their competent evidence of identity bearing the affiants photograph and signature.

NAMES

COMPETENT EVIDENCE OF
IDENTITY

DATE AND PLACE ISSUED



ATTY. ERNESTO S. BAYOG
Notary Public Manila / Dec. 31, 2026
Notarial Commission No. 2025-075
Merchant Bldg. 509 Padre Burgos St. Ermita, Manila
Roll of Attorneys No. 77572
PTR NO. MLA-0342938 Jan. 05, 2026: City of Manila
IBP O.R No. INV 583191: Jan. 02, 2026
MCLE Compliance No. VIII-0023702
Issued on March. 6, 2025
Valid until April 14, 2028

DOC NO: 308
PAGE NO. 637
BOOK NO. 361
Series of: 2026



**SUPPLEMENTAL STATEMENT
OF INDEPENDENT AUDITORS**

**To the Board of Directors and Shareholders
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER – TACLOBAN, INC.**
Barangay 78, Marasbaras,
Tacloban City, Leyte

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.** (the Company) for the year ended December 31, 2025, on which we have rendered the attached report dated May 5, 2026.

In compliance with the Revised Securities Registration Code Rule No. 68, we are stating that the Company has fifty (50) shareholders owning one hundred (100) or more shares of the Company's capital stock as at December 31, 2025, as disclosed in Note 15 to the financial statements.

PEREZ, SESE, VILLA & CO.

BY:  **ETHEL F. MARTINEZ**
PARTNER

CPA Reg. No. 0144003

TIN 306-435-247-000

PTR No. 0368868, Issued on January 8, 2026, Manila City

SEC Accreditation No:

Partner - 144003-SEC Group B, Issued on April 21, 2026.

valid until June 30, 2026 covering the audit of 2025 Financial Statements

Firm - 0222-SEC Group B, Issued on December 01, 2022

valid for five (5) years covering the audit from 2022 to 2026 Financial Statements

BOA/PRC Accreditation No. 0222, Issued on September 13, 2023

valid until October 12, 2026

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

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

Manila, Philippines

May 5, 2026



REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

**To the Board of Directors and Shareholders
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER – TACLOBAN, INC.**
Barangay 78, Marasbaras,
Tacloban City, Leyte

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.** (the Company) for the year ended December 31, 2025 and have issued our report thereon dated May 5, 2026. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of Financial Soundness Indicators, Reconciliation of Retained Earnings Available for Dividend Declaration, and Supplementary Schedules required by Annex 68-J, are the responsibility of the Company's management. This supplementary schedule is presented for the purpose of complying with the Revised Securities Regulation Code (SRC) Rule No. 68, and is not part of the basic financial statements. This supplementary schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

BY:  **ETHEL B. MARTINEZ**
PARTNER

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Manila, Philippines

May 5, 2026



REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER – TACLOBAN, INC.
Barangay 78, Marasbaras,
Tacloban City, Leyte

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.** (the Company), which comprise the statements of financial position as at December 31, 2025, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2025 required by the Bureau of Internal Revenue as disclosed in Note 27 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

BY:  **ETHEL V. MARTINEZ**
PARTNER

CPA Reg. No. 0144003

TIN 306-435-247-000

PTR No. 0368868, Issued on January 8, 2026, Manila City

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

Manila, Philippines

May 5, 2026

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

STATEMENTS OF FINANCIAL POSITION

December 31, 2025, 2024 and 2023

	<i>Notes</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>				
Current Assets				
Cash	<i>4,5,6</i>	₱ 83,424,718	₱ 30,122,720	₱ 41,335,673
Trade and other receivables	<i>4,5,7</i>	100,899,223	104,082,262	69,522,663
Inventories	<i>4,8</i>	28,222,509	23,069,545	22,093,981
Other current assets	<i>4,9</i>	8,668,152	7,624,419	7,962,432
Total Current Assets		<u>221,214,602</u>	<u>164,898,946</u>	<u>140,914,749</u>
Non-current Assets				
Property, plant and equipment	<i>4,5,10</i>	780,386,792	766,597,972	798,267,798
Intangible asset	<i>4,5,11</i>	579,286	950,000	1,277,858
Other noncurrent asset	<i>4,5,12</i>	7,000	7,000	7,000
Deferred tax asset, net	<i>4,22</i>	6,753,618	24,246,046	27,270,742
Total Non-Current Assets		<u>787,726,696</u>	<u>791,801,018</u>	<u>826,823,398</u>
TOTAL ASSETS		<u>₱ 1,008,941,298</u>	<u>₱ 956,699,964</u>	<u>₱ 967,738,147</u>
<u>LIABILITIES AND EQUITY</u>				
Current Liabilities				
Trade and other payables	<i>4,13</i>	₱ 190,916,762	₱ 115,170,323	₱ 101,061,239
Loans payable - current	<i>4,14</i>	45,464,286	76,828,367	110,917,112
Advances from shareholders	<i>4,21</i>	135,311,988	125,386,050	119,296,928
Total Current Liabilities		<u>371,693,036</u>	<u>317,384,740</u>	<u>331,275,279</u>
Non-Current Liabilities				
Loans payable - non current	<i>4,14</i>	213,174,619	258,638,905	302,477,829
Total Liabilities		<u>584,867,655</u>	<u>576,023,645</u>	<u>633,753,108</u>
Equity				
Share capital	<i>4,15</i>	209,240,000	154,780,000	153,430,000
Share premium	<i>4,15</i>	375,860,000	362,710,000	326,270,000
Revaluation reserve	<i>4,15</i>	17,297,193	17,297,193	17,297,193
Accumulated deficits	<i>4</i>	(178,323,550)	(154,110,874)	(163,012,154)
Equity, net		<u>424,073,643</u>	<u>380,676,319</u>	<u>333,985,039</u>
TOTAL LIABILITIES AND EQUITY		<u>₱ 1,008,941,298</u>	<u>₱ 956,699,964</u>	<u>₱ 967,738,147</u>

(See accompanying Notes to Financial Statements)

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

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For The Years Ended December 31, 2025, 2024 and 2023

	<i>Notes</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
REVENUES	4,16	P 564,090,073	P 455,837,312	P 364,100,011
COST OF SALES AND SERVICES	4,17	<u>(394,863,051)</u>	<u>(328,686,909)</u>	<u>(288,007,061)</u>
GROSS PROFIT		169,227,022	127,150,403	76,092,950
OTHER INCOME	4,19	<u>6,535,941</u>	<u>5,425,361</u>	<u>7,466,725</u>
GROSS INCOME		175,762,963	132,575,764	83,559,675
OPERATING EXPENSES	4,18	<u>(135,716,567)</u>	<u>(84,331,824)</u>	<u>(61,307,678)</u>
FINANCE COST	4,14	<u>(43,251,588)</u>	<u>(33,666,716)</u>	<u>(29,605,529)</u>
INCOME (LOSS) BEFORE TAX		(3,205,192)	14,577,224	(7,353,532)
INCOME TAX (EXPENSE) BENEFITS	4,22			
Current		(3,515,056)	2,651,248	1,772,586
Deferred		<u>(17,492,428)</u>	<u>3,024,696</u>	<u>(3,087,629)</u>
		<u>(21,007,484)</u>	<u>5,675,944</u>	<u>(1,315,043)</u>
INCOME (LOSS) AFTER INCOME TAX (BENEFITS)		<u>(24,212,676)</u>	<u>8,901,280</u>	<u>(6,038,489)</u>
OTHER COMPREHENSIVE INCOME	4,11			
Item that will not be reclassified to profit or loss				
Fair value gains on land		-	-	-
Tax effect		-	-	-
		-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		<u>P (24,212,676)</u>	<u>P 8,901,280</u>	<u>P (6,038,489)</u>

(See accompanying Notes to Financial Statements)

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

STATEMENTS OF CHANGES IN EQUITY

For The Years Ended December 31, 2025, 2024 and 2023

	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
SHARE CAPITAL	<i>4,15</i>			
Balance, beginning of the year		₱ 154,780,000	₱ 153,430,000	₱ 152,400,000
Issuance of shares		<u>54,460,000</u>	<u>1,350,000</u>	<u>1,030,000</u>
Balance, end of the year		<u>209,240,000</u>	<u>154,780,000</u>	<u>153,430,000</u>
SHARE PREMIUM	<i>4,15</i>			
Balance, beginning of the year		362,710,000	326,270,000	299,250,000
Additional		<u>13,150,000</u>	<u>36,440,000</u>	<u>27,020,000</u>
Balance, end of the year		<u>375,860,000</u>	<u>362,710,000</u>	<u>326,270,000</u>
REVALUATION RESERVE	<i>4,15</i>			
Balance, beginning of the year		17,297,193	17,297,193	17,297,193
Additional		<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of the year		<u>17,297,193</u>	<u>17,297,193</u>	<u>17,297,193</u>
ACCUMULATED DEFICITS	<i>4</i>			
Balance, beginning of the year		(154,110,874)	(163,012,154)	(156,973,665)
Income (loss) for the year		<u>(24,212,676)</u>	<u>8,901,280</u>	<u>(6,038,489)</u>
Balance, end of the year		<u>(178,323,550)</u>	<u>(154,110,874)</u>	<u>(163,012,154)</u>
EQUITY, net		<u>₱ 424,073,643</u>	<u>₱ 380,676,319</u>	<u>₱ 333,985,039</u>

(See accompanying Notes to Financial Statements)

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

STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2025, 2024 and 2023

	<i>Notes</i>	<u>2025</u>	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		P (3,205,192)	P 14,577,224	P (7,353,532)
Adjustment to reconcile net loss to net cash provided by operating activities:				
Depreciation	<i>4,5,10</i>	52,036,608	46,420,375	45,164,310
Amortization	<i>4,5,11</i>	370,714	370,714	115,357
Finance costs	<i>4,14</i>	43,251,588	33,666,716	29,605,529
Interest income	<i>4,6</i>	(10,142)	(13,364)	(13,135)
Operating income before changes in working capital		92,443,576	95,021,665	67,518,529
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Trade and other receivables	<i>4,5,7</i>	3,183,039	(34,559,599)	(1,041,062)
Inventories	<i>4,8</i>	(5,152,964)	(975,564)	(740,810)
Prepayments and other current assets	<i>4,9</i>	(1,043,733)	837,775	10,437,997
Increase (decrease) in:				
Trade and other payables	<i>4,13</i>	75,367,709	24,874,658	8,511,673
Cash generated from operation		164,797,627	85,198,935	84,686,327
Interest received	<i>4,6</i>	10,142	13,364	13,135
Interest expense paid	<i>4,14</i>	(42,872,858)	(44,432,290)	(33,268,714)
Income tax paid	<i>4,22</i>	(3,515,056)	(3,151,009)	(3,923,103)
Net cash provided by operating activities		118,419,855	37,629,000	47,507,645
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	<i>4,5,10</i>	(65,825,428)	(14,750,549)	(10,084,352)
Additions to intangible assets	<i>4,5,11</i>	-	(42,857)	(1,187,500)
Net cash used in investing activities		(65,825,428)	(14,793,406)	(11,271,852)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	<i>4,15</i>	67,610,000	37,790,000	28,050,000
Proceeds from loans	<i>4,14</i>	-	-	-
Proceeds from advances from shareholders	<i>4,21</i>	9,925,938	6,089,122	34,806,190
Payment of loans	<i>4,14</i>	(76,828,367)	(77,927,669)	(79,167,112)
Net cash provided by (used in) financing activities		707,571	(34,048,547)	(16,310,922)
NET (DECREASE) INCREASE IN CASH		53,301,998	(11,212,953)	19,924,871
CASH AT THE BEGINNING OF THE YEAR		30,122,720	41,335,673	21,410,802
CASH AT THE END OF THE YEAR		P 83,424,718	P 30,122,720	P 41,335,673

(See accompanying Notes to Financial Statements)

**ALLIED CARE EXPERTS (ACE) MEDICAL CENTER –
TACLOBAN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025, 2024 and 2023**

NOTE 1 - GENERAL INFORMATION

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC. (the Company) is a stock corporation organized and registered with the Philippine Securities and Exchange Commission (SEC) on December 2, 2014 under SEC Registration No. CS201423451.

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

On September 27, 2019, the SEC En Banc under SEC MSR Order No. 37 approved effective the registration statement of the Company for 228,000 shares broken down as follows: the primary offering to be sold by way of initial public offering for thirty six thousand (36,000) commons shares equivalent to 3,600 blocks or 10 shares per block at an offer price ranging from ₱200,000.00 per block up to a maximum offer price of ₱400,000.00 per block with an aggregate principal amount of One Billion Pesos (₱1,000,000,000.00); six hundred (600) founder shares – not included in the offer; and one hundred ninety-one thousand four hundred (191,400) common shares – not included in the offer. These shares have been registered and may now be offered for sale or sold to the public subject to full compliance with the provisions of the Securities Regulation Code and its Amended Implementing Rules and Regulations, Revised Code of Corporation Governance, and other applicable laws and orders as may be issued by the Commission.

The Company is a BOI – Registered Non-Pioneer Status Hospital certified by the Board of Investments covered by Certificate of Registration No. 2019-075 issued on April 16, 2019.

Pursuant to the abeyance of the provisions of Executive Order No. 226 (otherwise known as the Omnibus Investments Code of 1987), the Company is eligible to enjoy certain grants, particularly, but not limited to – Income Tax Holiday – for a period of 4 years starting from June 2019 or actual start of commercial operations, whichever is earlier (the availment of which shall not be earlier than the date of registration). The Company commenced official operation on July 2019.

The registered office of the Company and place of business is located at Barangay 78, Marasbaras, Tacloban City, Leyte.

Approval of the Financial Statements

The financial statements of the Company for the year ended December 31, 2025 including its comparative figures for the year ended December 31, 2024 were approved and authorized for issue by the Board of Directors on May 5, 2026.

NOTE 2 - BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

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

Basis of Preparation and Measurement

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

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

The financial statements of the Company have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset or fair value of consideration received in exchange for incurring liability.

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

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

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

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

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

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

- Note 5 - Significant Accounting Judgements and Estimates
- Note 25 - Fair Value Measurement

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

NOTE 3 - ADOPTION NEW AND REVISED ACCOUNTING STANDARDS

The Company adopted all applicable accounting standards and interpretations as at December 31, 2025. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the Financial and Sustainability Reporting Standards Council (FSRSC) in the Philippines, that were assessed by the Management to be applicable to the Company's financial statements are as follows:

Adoption of Amended Standards Effective Beginning on or after January 1, 2025:

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

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

- Amendments to PAS 21, *Lack of exchangeability*

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

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

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

Effective beginning on or after January 1, 2026

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

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

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

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is

expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

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

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

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

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

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

- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*

The amendments only apply to contracts that reference nature-dependent electricity such as contracts to buy or sell nature-dependent electricity, as well as financial instruments that reference such electricity. This amendment cannot be applied by analogy to other contracts, items or transactions.

The amendments clarify the application of the 'own-use' requirements for in-scope contracts, amend the designation requirements for a hedge item in a cash flow hedging relationship for in-scope contracts and include new disclosure requirements.

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

- Annual Improvements to PFRS Accounting Standards—Volume 11

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

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

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

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

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

○ Amendments to PFRS 9

▪ Lessee Derecognition of Lease Liabilities

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

▪ Transaction Price

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

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

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

○ Amendments to PAS 7, *Cost Method*

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

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

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

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

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

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

- PFRS 19, *Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS Accounting Standards.

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

The application of the standard is optional for eligible entities.

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

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

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

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

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FSRSC deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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

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

NOTE 4 - MATERIAL ACCOUNTING POLICY INFORMATION

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

Classification of financial instruments

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

An asset is current when it is:

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

The Company classifies all other assets as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

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

The Company also modifies classification of prior year amounts to conform to current year's presentation.

Financial Instruments

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

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

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

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

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

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

As at December 31, 2025, 2024 and 2023, the Company does not have financial assets classified as FVOCI and FVTPL.

Financial Assets at Amortized Cost

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

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025, 2024 and 2023, the Company's cash, trade and other receivables, loans receivables and miscellaneous deposit under other non-current asset are classified under this category. (Notes 6, 7 and 12)

Cash

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

Receivables

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

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

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

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

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

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

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

Financial liabilities

Classification and presentation

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

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

Financial Liabilities at Amortized Cost

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

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

As at December 31, 2025, 2024 and 2023, the Company's trade and other payables, (excluding payable to government), loans payable, and advances from shareholders are classified under this category.

Trade and Other Payables

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

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

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

Reclassification

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

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

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

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

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

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

Impairment of Financial Assets

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

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

Simplified approach

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

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

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

General approach

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

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

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Write-off

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

off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Derecognition of Financial Assets and Liabilities

Financial Assets

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

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

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

Financial Liabilities

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

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

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

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

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability

simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Classification of Financial Instrument between Liability and Equity

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

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

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

Inventories

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

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

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

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

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

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

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

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

Other Current Assets

Other current assets consist of prepaid expenses, prepaid income tax and advances for liquidation. These are initially measured at cost and are subsequently carried at cost less the portion already utilized.

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

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

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

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

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

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

Property, Plant and Equipment

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

Items of property, plant and equipment are initially measured at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment except for Land are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses. Land is subsequently measured at revalued amounts, being its fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional appraisers.

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

Properties in the course of construction are carried at cost, less any recognized impairment loss. Cost includes property development and construction costs and for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these

assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use. Any impairment loss from the construction project is immediately recognized in profit and loss.

Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives. Land is not depreciated.

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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

Intangible Assets

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

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

Deferred Tax Assets

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Previously unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Impairment of Non-Financial Assets

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

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

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

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

Contract liabilities

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

Loans payable

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

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

Advances from Shareholders

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

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

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

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

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

Equity

Share Capital

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

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

Share Premium

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

Revaluation Reserve

Revaluation reserve represents the cumulative net increase in the fair value of property, plant and equipment arising from revaluation, recognized in other comprehensive income and accumulated in equity.

Increases in the carrying amount of revalued assets are credited to revaluation reserve, except to the extent that such increases reverse previously recognized revaluation decreases of the same asset in profit or loss. Conversely, decreases in carrying amounts are recognized in profit or loss, except where such decreases relate to an existing revaluation surplus for the same asset, in which case they are charged against the revaluation reserve to the extent of the available balance.

The revaluation reserve is not distributable as dividends. It may be transferred directly to retained earnings upon disposal of the related asset or as the asset is used, representing the difference between depreciation based on the revalued amount and that based on the asset's original cost. Such transfers are made directly within equity and are not recognized in profit or loss.

The revaluation reserve is presented as a separate component of equity in the statement of financial position.

Accumulated Deficits

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

Revenue

Revenue recognition

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

Revenue is recognized as follows:

Hospital revenue

Hospital revenue represents income derived from the provision of primary healthcare and medical services. Revenue is recognized over time as the services are rendered, since the patient

simultaneously receives and consumes the benefits provided by the Company as the performance obligation is satisfied.

Amounts collected on behalf of third parties are excluded from revenue. Professional fees of doctors collected from patients on behalf of the physicians are recognized as a liability and subsequently remitted to the respective doctors; accordingly, these amounts are not recognized as part of hospital revenue.

Sale of drugs and medicines

Revenue from the sale of drugs and medicines is recognized at a point in time when control of the goods is transferred to the customer, generally upon dispensing or delivery of the medicines to the patient or customer.

Other income

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

Interest income

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

Other Comprehensive Income (OCI)

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

Cost and Expenses Recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Expenses are generally recognized when the services are received or when the expenses are incurred.

Cost of sales and services

Cost of sales and services represent the direct costs attributable to the sale of goods and the rendering of services. These costs are recognized in profit or loss in the same period in which the related revenues are recognized.

Operating expenses

Operating expenses consist of selling and general and administrative expenses incurred in the normal course of business.

Selling expenses include costs directly related to marketing, promotion, and distribution of goods and services to customers.

General and administrative expenses include costs associated with the overall administration and management of the Company's operations. These include, among others, directors' allowances, employees' salaries and benefits, transportation and travel, meetings and conferences, advertising and promotions, professional fees, taxes and licenses, office supplies, communication, light and water, repairs and maintenance, bank charges, insurance, representation, interest expense, fines and penalties, and other miscellaneous administrative expenses.

Borrowing cost

Borrowing costs consist of interest and other costs incurred by the Company in connection with the borrowing of funds.

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of that asset. Capitalization of borrowing costs commences when expenditures for the assets are being incurred, borrowing costs are being incurred, and activities necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

A qualifying asset is an asset that necessarily takes a substantial period to get ready for its intended use or sale.

Any investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

Income Tax

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

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

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

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

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

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

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

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

Earning per Share

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

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

Employee Benefits

Short-term benefits

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

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

Retirement Benefits

The Company does not have a formal retirement benefit plan. The Company provides retirement benefits to qualified employees in accordance with Republic Act No. 7641 (Retirement Pay Law). The retirement benefit obligation is computed based on the employees' current salary multiplied by their years of service, consistent with the minimum retirement benefit prescribed under the law.

The Company accounts for retirement benefits using the **accrual method**. The cost of providing retirement benefits is recognized as an expense over the period in which employees render the related services. The retirement liability is measured as the present value of the defined benefit obligation at the end of the reporting period. As of December 31, 2025 and 2024 none of the Company's employees is entitled to retirement benefits based on the provision of RA7641.

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

Related Party Transactions and Relationships

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

Parties are considered to be related if one party has the ability to control the other party or exercise

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

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

Leases

A lease is a contract that conveys the right to use an identified asset for a period of time in exchange for a consideration.

Determination as to whether a contract is, or contains, a lease is made at the inception of the lease. Accordingly, the Company assesses whether the contract meets three key evaluations which are:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the lessee;
- the lessee has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the lessee has the right to direct the use of the identified asset throughout the period of use. The lessee assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Company as Lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed), variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability is increased for interest incurred and reduced for lease payments made.

The right-of-use asset is initially measured at the amount of lease liability adjusted for any initial direct costs incurred by the lessee, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Provisions and contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the

obligation. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including risks and uncertainties associated with the present obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

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

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

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

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

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

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

Subsequent events

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

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards requires the Company to make estimates and assumptions

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

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

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

Judgment

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

Determination of ECL on Financial Assets

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

Details about the ECL on the Company's financial assets are disclosed in Note 24.

Assessment of Impairment of Nonfinancial Assets

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

No impairment loss of nonfinancial assets was recognized in the Company's financial statements in either 2025, 2024 or 2023.

Determination of Net Realizable Value of Inventories

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

There was no objective evidence of impairment of inventory in either 2025 and 2024, and therefore no impairment loss was recognized in either of those years.

Estimates

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

Estimation of Allowance for Credit Losses

The measurement of the allowance for Credit Losses on financial assets at amortized cost and at FVOCI is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring Credit Losses is further detailed in Note 24.

Estimating useful lives of property and equipment

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

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

Description	Useful Lives
Hospital Building	50 years
Land improvements	10 years
Medical equipment	5 – 10 years
Laboratory equipment	5 – 10 years
Other hospital equipment	5 years
Transportation equipment	5 years
Office equipment/furniture and fixtures	5 years

Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2025 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 22.

NOTE 6 - CASH

This account consists of:

	2025	2024	2023
Cash on hand	₱ 5,794,169	₱ 1,451,402	₱ 2,782,323
Cash in banks	77,630,549	28,671,318	38,553,350
	<u>₱ 83,424,718</u>	<u>₱ 30,122,720</u>	<u>₱ 41,335,673</u>

Cash in bank earns interest based on the prevailing interest rates, these are unrestricted and available for current operations. Interest income earned from cash in banks amounted to

₱10,142, ₱13,364, and ₱13,135 for the years 2025, 2024 and 2023, respectively, and are presented under other income in the statements of comprehensive income (Note 19).

NOTE 7 - TRADE AND OTHER RECEIVABLES

This account consists of:

	2025	2024	2023
Trade receivables	₱ 110,568,364	₱ 104,388,819	₱ 77,319,315
Others	2,138,878	2,138,878	1,830,486
	<u>112,707,242</u>	<u>106,527,697</u>	<u>79,149,802</u>
Allowance for credit losses	(11,808,019)	(2,445,435)	(9,627,138)
	<u>₱ 100,899,223</u>	<u>₱ 104,082,262</u>	<u>₱ 69,522,663</u>

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

Accrued interest receivable represents interest accrued on loans extended to related parties (Note 21).

Other receivables pertain to advances to employees that are collectible thru salary deduction.

A reconciliation of the allowance for expected credit losses at the beginning and end of 2025, 2024 and 2023 is shown below:

	2025	2024	2023
Balance at January 1	₱ 2,445,435	₱ 9,627,138	₱ 10,401,292
Credit losses (Note 18)	9,362,584	932,124	-
Recovery of allowance (Note 19)	-	-	(774,154)
Written off	-	(8,113,827)	-
Balance, December 31	<u>₱ 11,808,019</u>	<u>₱ 2,445,435</u>	<u>₱ 9,627,138</u>

NOTE 8 - INVENTORIES

This account consists of:

	2025	2024	2023
Pharmacy supplies	₱ 17,905,078	₱ 15,064,568	₱ 17,857,481
Hospital supplies	9,832,412	7,710,418	4,074,546
Dietary supplies	485,019	294,559	161,954
	<u>₱ 28,222,509</u>	<u>₱ 23,069,545</u>	<u>₱ 22,093,981</u>

Pharmacy, laboratory, hospital and dietary supplies pertain to unused supplies as of reporting period.

The Company recognized as expense, inventories costing ₱201,708,462 in 2025, ₱150,226,331 in 2024, and ₱138,334,077 in 2023. (Note 17)

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

NOTE 9 - OTHER CURRENT ASSET

This account consists of:

	2025	2024	2023
Prepaid income tax (Note 22)	₱ 7,447,945	₱ 5,968,405	₱ 5,468,644
Prepaid supplies	653,922	998,683	1,876,175
Advances	566,285	657,331	617,613
	<u>₱ 8,668,152</u>	<u>₱ 7,624,419</u>	<u>₱ 7,962,432</u>

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

Prepaid supplies consist of unused office supplies, housekeeping supplies and engineering supplies which are expected to be consumed in the succeeding months.

Advances pertains to outstanding cash advances for corporate activities made for specific project. These are liquidated within 30 days from release or upon actual payment of expenses whichever comes first.

Input VAT are value added tax on purchases of goods and services. These are creditable to VAT liability of the Company.

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

A reconciliation on the carrying amounts at the beginning and end of year 2025, 2024 and 2023 of property, plant and equipment is shown below:

2025

	Land	Land improvements	Hospital Building	Medical Equipment	Transportation Equipment	Subtotal
Cost						
January 1, 2025	₱ 94,383,000	₱ 1,285,163	₱ 575,088,465	₱ 221,186,453	₱ 3,635,041	₱ 895,578,122
Additions	-	-	-	3,262,055	-	3,262,055
Disposals	-	-	-	-	-	-
December 31, 2025	<u>94,383,000</u>	<u>1,285,163</u>	<u>575,088,465</u>	<u>224,448,508</u>	<u>3,635,041</u>	<u>898,840,177</u>
Accumulated depreciation						
January 1, 2024	-	283,122	61,638,961	115,012,143	2,406,500	179,340,726
Depreciation	-	129,443	11,447,696	21,510,070	360,467	33,447,676
Disposals	-	-	-	-	-	-
December 31, 2025	<u>-</u>	<u>412,565</u>	<u>73,086,657</u>	<u>136,522,213</u>	<u>2,766,967</u>	<u>212,788,402</u>
Carrying amounts						
December 31, 2025	<u>₱ 94,383,000</u>	<u>₱ 872,598</u>	<u>₱ 502,001,808</u>	<u>₱ 87,926,295</u>	<u>₱ 868,074</u>	<u>₱ 686,051,775</u>
Carrying amounts						
December 31, 2024	<u>₱ 94,383,000</u>	<u>₱ 1,002,041</u>	<u>₱ 513,449,504</u>	<u>₱ 106,174,310</u>	<u>₱ 1,228,541</u>	<u>₱ 716,237,396</u>

	Subtotal	Laboratory Equipment	Office Equipment/ Furnitures and Fixtures	Other Hospital Equipment	Grand Total
Cost					
January 1, 2025	₱ 895,578,122	₱ 5,676,895	₱ 29,192,626	₱ 75,308,576	₱ 1,005,756,219
Additions	3,262,055	-	1,065,741	61,497,632	65,825,428
Disposals	-	-	-	-	-
December 31, 2025	898,840,177	5,676,895	30,258,367	136,806,208	1,071,581,647
Accumulated depreciation					
January 1, 2024	179,340,726	2,904,227	23,357,797	33,555,497	239,158,247
Depreciation	33,447,676	558,839	2,498,686	15,531,407	52,036,608
Disposals	-	-	-	-	-
December 31, 2025	212,788,402	3,463,066	25,856,483	49,086,904	291,194,855
Carrying amounts					
December 31, 2025	<u>₱ 686,051,775</u>	<u>₱ 2,213,829</u>	<u>₱ 4,401,884</u>	<u>₱ 87,719,304</u>	<u>₱ 780,386,792</u>
Carrying amounts					
December 31, 2024	<u>₱ 716,237,396</u>	<u>₱ 2,772,668</u>	<u>₱ 5,834,829</u>	<u>₱ 41,753,079</u>	<u>₱ 766,597,972</u>

2024

	Land	Land improvements	Hospital Building	Medical Equipment	Transportation Equipment	Subtotal
Cost						
January 1, 2024	₱ 94,383,000	₱ 1,285,163	₱ 573,375,285	₱ 221,159,257	₱ 3,635,041	₱ 893,837,746
Additions	-	-	1,713,180	27,196	-	1,740,376
Disposals	-	-	-	-	-	-
December 31, 2024	94,383,000	1,285,163	575,088,465	221,186,453	3,635,041	895,578,122
Accumulated depreciation						
January 1, 2024	-	153,679	50,028,457	92,748,234	2,046,034	144,976,404
Depreciation	-	129,443	11,610,504	22,263,909	360,466	34,364,322
Disposals	-	-	-	-	-	-
December 31, 2024	-	283,122	61,638,961	115,012,143	2,406,500	179,340,726
Carrying amounts						
December 31, 2024	<u>₱ 94,383,000</u>	<u>₱ 1,002,041</u>	<u>₱ 513,449,504</u>	<u>₱ 106,174,310</u>	<u>₱ 1,228,541</u>	<u>₱ 716,237,396</u>
Carrying amounts						
December 31, 2023	<u>₱ 94,383,000</u>	<u>₱ 1,131,484</u>	<u>₱ 523,346,828</u>	<u>₱ 128,411,023</u>	<u>₱ 1,589,007</u>	<u>₱ 748,861,342</u>

Continuation	Subtotal	Laboratory Equipment	Office Equipment/ Furnitures and Fixtures	Other Hospital Equipment	Grand Total
Cost					
January 1, 2024	P 893,837,746	P 5,676,895	P 29,009,062	P 62,481,967	P 991,005,670
Additions	1,740,376	-	183,564	12,826,609	14,750,549
Disposals	-	-	-	-	-
December 31, 2024	895,578,122	5,676,895	29,192,626	75,308,576	1,005,756,219
Accumulated depreciation					
January 1, 2024	144,976,404	2,345,388	19,808,950	25,607,130	192,737,872
Depreciation	34,364,322	558,839	3,548,847	7,948,367	46,420,375
Disposals	-	-	-	-	-
December 31, 2024	179,340,726	2,904,227	23,357,797	33,555,497	239,158,247
Carrying amounts					
December 31, 2024	P 716,237,396	P 2,772,668	P 5,834,829	P 41,753,079	P 766,597,972
Carrying amounts					
December 31, 2023	P 748,861,342	P 3,331,507	P 9,200,112	P 36,874,837	P 798,267,798

2023

	Land	Land improvements	Hospital Building	Medical Equipment	Transportation Equipment	Subtotal
Cost						
January 1, 2023	P 94,383,000	P 170,650	P 572,384,776	P 214,553,846	P 3,635,041	P 885,127,313
Additions	-	1,114,513	990,509	6,605,411	-	8,710,433
December 31, 2023	94,383,000	1,285,163	573,375,285	221,159,257	3,635,041	893,837,746
Accumulated depreciation						
January 1, 2023	-	68,260	38,530,887	70,694,774	1,685,567	110,979,488
Depreciation	-	85,419	11,497,570	22,053,460	360,467	33,996,916
December 31, 2023	-	153,679	50,028,457	92,748,234	2,046,034	144,976,404
Carrying amounts						
December 31, 2023	P 94,383,000	P 1,131,484	P 523,346,828	P 128,411,023	P 1,589,007	P 748,861,342
Carrying amounts						
December 31, 2022	P 94,383,000	P 102,390	P 533,853,889	P 143,859,072	P 1,949,474	P 774,147,825

Continuation	Subtotal	Laboratory Equipment	Office Equipment/ FURNITURES and Fixtures	Other Hospital Equipment	Grand Total
Cost					
January 1, 2023	P 885,127,313	P 5,668,646	P 28,185,057	P 61,940,302	P 980,921,318
Additions	8,710,433	8,249	824,005	541,665	10,084,352
December 31, 2023	893,837,746	5,676,895	29,009,062	62,481,967	991,005,670
Accumulated depreciation					
January 1, 2023	110,979,488	1,788,840	15,547,186	19,258,048	147,573,562
Depreciation	33,996,916	556,548	4,261,764	6,349,082	45,164,310
December 31, 2023	144,976,404	2,345,388	19,808,950	25,607,130	192,737,872
Carrying amounts					
December 31, 2023	P 748,861,342	P 3,331,507	P 9,200,112	P 36,874,837	P 798,267,798
Carrying amounts					
December 31, 2022	P 774,147,825	P 3,879,806	P 12,637,871	P 42,682,254	P 833,347,756

The Company bought a parcel of lands consisting of 7,797 sq. m. with TCT No. 122-2015-000303 and TCT No. 122-2018000738 situated at Brgy. 78, Marasbaras, Tacloban, Leyte. The hospital building was constructed in this lot. The land together with all the buildings and improvements were used as collateral in the bank loan (Note 14). Land is stated at revalued amount based on the valuation performed by an independent appraiser on March 31, 2019. The fair value was determined by reference to market transactions on an arm's length term at the date of valuation.

The value of the parcels of land was arrived using a combination of cost and market (or direct sales comparison) approach. Cost approach is based on the principle of substitution, which holds that an informed buyer would not pay more for a given property than the cost of an equally desirable alternative. Market data approach is an appraisal technique in which the market value estimate is predicted based upon prices paid in actual market transactions and current listings, the former fixing the lower limit of value in a static or advancing market (pricewise) and fixing the higher limit of value in a declining market; and the latter fixing the higher limit in any market. Revaluation surplus net of deferred tax recognized in Other Comprehensive Income (Loss) amounted to ₱16,144,047 in 2019.

The total carrying value of the land, land improvements and hospital building used as collateral for the loan amounted to ₱597,257,406, ₱608,834,544, and ₱618,861,312 as at December 31, 2025, 2024 and 2023 (Note 14).

Medical equipment, hospital equipment, laboratory equipment and hospital furniture and fixtures with a total carrying value of ₱177,859,428, ₱156,534,887, and ₱177,817,479 as at December 31, 2025, 2024 and 2023 were used as collateral for a loan (Note 14).

Management has reviewed the carrying values of property, plant and equipment as at December 31, 2025, 2024, 2023 for any impairment. Based on the result of its evaluation, there are no indications that these assets are impaired.

NOTE 11 - INTANGIBLE ASSET – net

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

A reconciliation of the carrying amounts at the beginning and end of year 2025, 2024 and 2023 of intangible asset is shown below:

	2025	2024	2023
Cost			
Balance, beginning of the year	₱ 1,807,142	₱ 1,764,286	₱ 576,786
Additions	-	42,856	1,187,500
Disposal	-	-	-
Balance, end of the year	<u>1,807,142</u>	<u>1,807,142</u>	<u>1,764,286</u>
Accumulated Amortization			
Balance, beginning of the year	857,142	486,428	371,071
Amortization	370,714	370,714	115,357
Disposal	-	-	-
Balance at end of year	<u>1,227,856</u>	<u>857,142</u>	<u>486,428</u>
Carrying amount	<u>₱ 579,286</u>	<u>₱ 950,000</u>	<u>₱ 1,277,858</u>

No impairment loss was recognized in 2025, 2024 and 2023 on intangible asset. The amortization of intangible asset is presented as part of operating expenses. The Company's intangible asset is expected to be amortized over its useful life of five (5) years.

NOTE 12 - OTHER NON-CURRENT ASSETS

This account pertains to utility deposit refundable at the end of services agreement amounting to ₱7,000 as of December 31, 2025, 2024 and 2023.

NOTE 13 - TRADE AND OTHER PAYABLES

This account consists of:

	2025	2024	2023
Trade payable	₱ 104,671,694	₱ 54,239,163	₱ 61,534,262
Accrued expense	76,756,258	27,693,422	32,033,704
Retention payable	4,386,241	4,386,241	4,386,241
Payable to government	3,807,336	2,617,569	2,463,069
Security deposit	300,000	300,000	300,000
Others	995,233	25,933,928	343,963
	<u>₱ 190,916,762</u>	<u>₱ 115,170,323</u>	<u>₱ 101,061,239</u>

Trade payable pertain to unpaid balance on the progress billings of contractors and payable to suppliers on purchases of medical/hospital equipment and supplies. These are non-interest bearing and has a term of 30 to 60 days.

Accrued expenses pertain to expenses incurred but not yet paid as of reporting period. These are normally due within 30 days and do not bear interest. Details of accrued expenses are shown below:

	2025	2024	2023
Manpower	₱ 21,296,987	₱ -	₱ -
Advertising and promotions	17,092,918	9,106,410	3,313,118
Interest	14,006,442	2,862,138	13,627,712

Repairs and maintenance	12,095,226	-	-
Professional fees	4,162,850	5,198,308	7,576,976
Utilities	1,882,705	5,833,040	1,977,900
Environmental expense	787,795	787,795	787,795
Directors' allowances and officers' compensation	-	1,634,000	1,634,000
Security services	487,641	1,305,454	584,805
Housekeeping services	467,524	467,524	467,524
Rental	360,000	360,000	1,981,076
Internet, cable & communication	116,170	138,753	82,798
	₱ 76,756,258	₱ 27,693,422	₱ 32,033,704

Retention payable pertains to amounts retain by the Company on its payment to the contractor. This is equivalent to 10% of progress billing as provided in the construction contract. This will be paid upon turnover of the project and acceptance by Company of the workmanship of the contractor.

Payable to government agencies pertains to VAT and withholding taxes due to BIR and statutory compliance due to SSS, PHIC and HDMF.

NOTE 14 - LOANS PAYABLE

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

	2025	2024	2023
Current	₱ 45,464,286	₱ 76,828,367	₱ 110,917,112
Non-current	213,174,619	258,638,905	302,477,829
Total	₱ 258,638,905	₱ 335,467,272	₱ 413,394,941

First loan

The first loan is payable in ten (10) years inclusive of three (3) – year grace period on the principal repayment. The principal is payable in thirty-six (36) quarterly amortizations commencing at the end of the thirteenth (13th) quarter from the date of initial loan release until fully paid. The interest is based on LBP's prevailing rates on the date of loan release ranging from 6.00% to 6.50% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to partially finance the construction of a 10-storey tertiary Hospital Building which is located in Brgy. 78, Marasbaras, Tacloban City. The loan was collateralized by a by a Real Estate Mortgage (REM) with TCT Nos. T-112-2015000303 with an area of 2,154 sq. m. registered under the name of Allied Care Experts (ACE) Medical Center - Tacloban, Inc.

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt-to-equity ratio of 75:25 during the term of the loan and maintenance of LBP as the major depository bank of the Company. As at December 31, 2025, the Company is in compliance with the terms of its loan agreement.

Second loan

The second loan is payable in seven (7) years inclusive of a one (1) – year grace period on the principal repayment. The principal is payable in twenty-four (24) quarterly amortizations commencing at the end of the fifth (5th) quarter from the date of initial loan release until fully paid. The interest is based on LBP's prevailing rates on the date of loan release ranging from 6.00% to

6.67% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to finance the acquisition of medical equipment, hospital furniture and fixtures. The loan was collateralized by a by a Real Estate Mortgage (REM) with TCT Nos. T-112-2015000303 with an area of 2,154 sq. m. registered under the name of Allied Care Experts (ACE) Medical Center - Tacloban, Inc. and a Chattel Mortgage (CHM) on various medical equipment of the medical center.

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt-to-equity ratio of 75:25 during the term of the loan and maintenance of LBP as the major depository bank of the Company. As at December 31, 2025, the Company is in compliance with the terms of its loan agreement.

Third loan

The third loan is payable in seven (7) years inclusive of a one (1) – year grace period on the principal repayment. The principal is payable in twenty-four (24) quarterly amortizations commencing at the end of the fifth (5th) quarter from the date of initial loan release until fully paid. The interest is based on LBP's prevailing rates on the date of loan release ranging from 6.00% to 6.68% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to finance the acquisition of additional hospital equipment, hospital furniture and fixtures. The loan was collateralized by a by a Real Estate Mortgage (REM) with TCT Nos. T-112-2015000303 with an area of 2,154 sq. m. registered under the name of Allied Care Experts (ACE) Medical Center - Tacloban, Inc. and a Chattel Mortgage (CHM) on various medical equipment, hospital furniture and fixtures of the medical center.

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt-to-equity ratio of 80:20 during the term of the loan and maintenance of LBP as the major depository bank of the Company. As at December 31, 2025, the Company is in compliance with the terms of its loan agreement.

Fourth loan

The fourth loan is payable in five (5) years inclusive of a one (1) – year grace period on the principal repayment. The principal is payable in twenty-four (24) quarterly amortizations commencing at the end of the fifth (5th) quarter from the date of initial loan release until fully paid. The interest is based on LBP's prevailing rates on the date of loan release ranging from 6.00% to 7.00% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to finance the permanent working capital for the acquisition of the hospital/medical supplies and inventory build-up for medicine and laboratory supplies. The loan was collateralized by a by a Real Estate Mortgage (REM) with TCT Nos. T-112-2015000303 with an area of 2,154 sq. m. registered under the name of Allied Care Experts (ACE) Medical Center - Tacloban, Inc. and a Chattel Mortgage (CHM) on various medical equipment, hospital furniture and fixtures of the medical center.

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt-to-equity ratio of 80:20 during the term of the loan and maintenance of LBP as the major depository bank of the Company. As at December 31, 2025, the Company is in compliance with the terms of its loan agreement.

The total carrying value of the land, land improvements and hospital building used as collateral for the first and second term loan amounted to ₱597,257,406, ₱608,834,544, and ₱618,861,312 as at December 31, 2025, 2024 and 2023 (Note 10).

Medical equipment, hospital equipment, laboratory equipment and hospital furniture and fixtures with a total carrying value of ₱177,859,428, ₱156,534,887, and ₱177,817,479 as at December 31, 2025, 2024 and 2023, respectively were used as collateral for the second, third and fourth term loan (Note 10).

Movement of loans payable is as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Beginning balance	₱ 335,467,272	₱ 413,394,941	₱ 492,562,053
Proceeds	-	-	-
Payments	(76,828,367)	(77,927,669)	(79,167,112)
Ending balance	<u>₱ 258,638,905</u>	<u>₱ 335,467,272</u>	<u>₱ 413,394,941</u>

Total interest incurred from these loans for the years ended December 31, 2025, 2024 and 2023 amounted to ₱43,251,588, ₱33,666,716 and ₱29,605,529, respectively. These are presented under finance cost in the statements of comprehensive income.

The Company was granted deferred payment of unpaid interest from its First and Second Loan under the “Bayanihan to Recovery As One Act”, unpaid interest from January 2020 to September 2020 were deferred and is payable in 13 equal monthly installments starting on December 2020.

NOTE 15 - EQUITY

Capital Stock

The details of the Company’s authorized, issued and outstanding capital as of December 31, 2025, 2024 and 2023 are as follows:

	<u>December 31, 2025</u>		<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares
Authorized capital stock:						
Common shares - ₱1,000 par value	₱239,400,000	239,400	₱239,400,000	239,400	₱239,400,000	239,400
Founder’s shares – ₱1,000 par value	<u>600,000</u>	<u>600</u>	<u>600,000</u>	<u>600</u>	<u>600,000</u>	<u>600</u>
	<u>240,000,000</u>	<u>240,000</u>	<u>240,000,000</u>	<u>240,000</u>	<u>240,000,000</u>	<u>240,000</u>
Subscribed:						
Common shares - ₱1,000 par value	208,640,000	208,640	208,180,000	208,180	206,830,000	206,830
Founder’s shares – ₱1,000 par value	<u>600,000</u>	<u>600</u>	<u>600,000</u>	<u>600</u>	<u>600,000</u>	<u>600</u>
	<u>209,240,000</u>	<u>209,240</u>	<u>208,780,000</u>	<u>208,780</u>	<u>207,430,000</u>	<u>207,430</u>
Less: Subscription receivable						
Common shares - ₱1,000 par value	-	-	(54,000,000)	(54,000)	(54,000,000)	(54,000)
Issued and outstanding	<u>209,240,000</u>	<u>209,240</u>	<u>154,780,000</u>	<u>154,780</u>	<u>₱153,430,000</u>	<u>153,430</u>

A reconciliation of the outstanding shares at the beginning and end of 2025, 2024 and 2023 is shown below:

	2025	2024	2023
Outstanding, beginning	154,780	153,430	152,400
Issuance	54,460	1,350	1,030
Reacquisition	-	-	-
Outstanding, ending	<u>209,240</u>	<u>154,780</u>	<u>153,430</u>

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

In 2019, the Company filed a Registration Statement covering its proposed Initial Public Offering (IPO) of 228,000 common shares. Said registration statement was approved on June 28, 2019, in accordance with the provisions of the SEC's Securities Regulation Code. (Note 1)

As at December 31, 2023, the Company issued through public offering additional **One Thousand Thirty (1,030)** common shares. The related share premium arising from this sale, amounted to ₱27,020,000. Total share premium paid as at December 31, 2023 amounted to ₱326,270,000.

As at December 31, 2024, the Company issued through public offering additional **One Thousand Three Hundred Fifty (1,350)** common shares. The related share premium arising from this sale, amounted to ₱36,440,000. Total share premium paid as at December 31, 2024 amounted to ₱362,710,000.

As at December 31, 2025, the Company issued through public offering additional **Fifty Four Thousand Four Hundred Sixty (54,460)** common shares. The related share premium arising from this sale, amounted to ₱13,150,000. Total share premium paid as at December 31, 2025 amounted to ₱375,860,000.

As at December 31, 2025, the Company has fifty (50) shareholders owning one hundred (100) and more shares of the Company's capital stock.

Revaluation Reserve

This account pertains to the cumulative revaluation gains on Land. (Note 10)

	2025	2024
Balance at beginning of year	₱ 17,297,193	₱ 17,297,193
Fair value gains	-	-
Other comprehensive income after tax	-	-
Balance at end of year	<u>₱ 17,297,193</u>	<u>₱ 17,297,193</u>

NOTE 16 - REVENUES

Details of the Company's revenues are as follows:

	2025	2024	2023
Hospital fees, net			
Hospital fees	₱ 542,246,809	₱ 415,561,279	₱ 321,702,271
Less: Hospital Discounts	<u>(58,704,622)</u>	<u>(36,372,055)</u>	<u>(26,671,598)</u>
	<u>483,542,187</u>	<u>379,189,224</u>	<u>295,030,673</u>
Sale of drugs and medicines, net			
Sale of drugs and medicines	85,709,144	86,236,647	76,486,298

Less: Sales Discounts	<u>(5,161,258)</u>	<u>(9,588,559)</u>	<u>(7,416,960)</u>
	<u>80,547,886</u>	<u>76,648,088</u>	<u>69,069,338</u>
	<u>₱ 564,090,073</u>	<u>₱ 455,837,312</u>	<u>₱ 364,100,011</u>

Hospitals discounts and sales discounts are discount extended to senior citizen, PWD and other government mandated beneficiaries, it also includes discounts to shareholders, shareholder's spouse and dependents based on the company prospectus.

Breakdown of hospital fees are as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Pulmonary Center Services	<u>₱ 132,849,691</u>	<u>₱ 92,929,011</u>	<u>₱ 82,072,759</u>
Imaging	<u>109,185,487</u>	<u>76,752,699</u>	<u>51,655,460</u>
Clinical Lab	<u>93,919,837</u>	<u>81,197,995</u>	<u>65,171,086</u>
CSR	<u>77,454,675</u>	<u>66,743,480</u>	<u>46,739,195</u>
Room and board	<u>56,182,886</u>	<u>45,414,110</u>	<u>39,800,897</u>
Ancillary income	<u>39,928,197</u>	<u>30,418,146</u>	<u>16,697,642</u>
Cardiology	<u>31,857,843</u>	<u>21,955,182</u>	<u>19,344,037</u>
Linen and laundry	<u>868,193</u>	<u>150,656</u>	<u>221,195</u>
	<u>₱ 542,246,809</u>	<u>₱ 415,561,279</u>	<u>₱ 321,702,271</u>

NOTE 17 - COST OF SALES AND SERVICES

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Hospital, pharmacy and laboratory supplies (Note 8)	<u>₱ 201,708,462</u>	<u>₱ 150,226,331</u>	<u>₱ 138,334,077</u>
Salaries and wages	<u>69,985,206</u>	<u>62,477,236</u>	<u>58,278,677</u>
Depreciation (Note 10)	<u>46,054,731</u>	<u>40,277,974</u>	<u>38,626,772</u>
Professional fees	<u>43,744,715</u>	<u>39,875,270</u>	<u>12,676,145</u>
Utilities	<u>13,653,978</u>	<u>16,600,524</u>	<u>18,658,944</u>
Dietary (Note 8)	<u>10,030,976</u>	<u>10,142,166</u>	<u>10,957,688</u>
SSS/PIIIC/IIDMF contributions	<u>6,677,681</u>	<u>5,527,666</u>	<u>4,319,367</u>
Equipment rentals	<u>2,296,645</u>	<u>1,892,171</u>	<u>3,850,121</u>
Housekeeping and room supplies (Note 8)	<u>710,657</u>	<u>1,433,461</u>	<u>1,976,689</u>
Service fees	<u>-</u>	<u>234,110</u>	<u>328,581</u>
	<u>₱ 394,863,051</u>	<u>₱ 328,686,909</u>	<u>₱ 288,007,061</u>

NOTE 18 - OPERATING EXPENSES

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Salaries and wages	<u>₱ 23,583,728</u>	<u>₱ 22,589,527</u>	<u>₱ 18,739,311</u>
Meeting and conferences	<u>24,523,600</u>	<u>5,927,000</u>	<u>3,869,000</u>
Repairs and maintenance	<u>23,477,856</u>	<u>7,212,454</u>	<u>4,690,494</u>
Advertising/promotion/marketing	<u>12,892,178</u>	<u>10,804,802</u>	<u>2,792,278</u>
Credit losses (Note 7)	<u>9,362,584</u>	<u>932,124</u>	<u>-</u>
Utilities	<u>6,419,923</u>	<u>2,750,012</u>	<u>2,432,368</u>
Depreciation (Note 10)	<u>5,981,877</u>	<u>6,142,403</u>	<u>6,537,538</u>
Taxes and licenses (Note 27)	<u>3,310,629</u>	<u>5,730,660</u>	<u>2,494,806</u>
Waste disposal expense	<u>3,126,278</u>	<u>2,446,774</u>	<u>2,612,164</u>
SSS/PHIC/HDMF contributions	<u>2,872,563</u>	<u>2,414,214</u>	<u>1,839,209</u>
Office supplies	<u>2,797,940</u>	<u>2,199,320</u>	<u>1,769,742</u>

Security services	2,240,341	2,593,061	2,519,825
Professional fees	1,684,047	956,507	696,995
Insurance	1,325,258	871,756	1,240,260
System maintenance expense	1,058,840	1,351,991	1,291,844
Fuel, oil and lubricants	859,653	719,195	604,302
Bank service charge	853,993	879,533	840,586
Training and development	506,295	524,965	468,433
Transportation and travel	394,619	941,188	659,623
Amortization (Note 11)	370,714	370,714	115,357
Representation expense	122,000	40,918	-
Fines and penalties	53,600	1,004,690	145,738
Employee benefits	30,644	1,123,173	113,229
Loss on inventory obsolescence	-	1,312,315	1,477,980
Uniforms	-	19,500	226,954
Outside services	-	-	1,650,429
Miscellaneous	7,867,407	2,473,028	1,479,213
	<u>₱ 135,716,567</u>	<u>₱ 84,331,824</u>	<u>₱ 61,307,678</u>

NOTE 19 - OTHER INCOME

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

	2025	2024	2023
Income from cafeteria	₱ 6,525,799	₱ 5,411,997	₱ 4,375,974
Interest income (Note 6)	10,142	13,364	13,135
Recovery of credit losses (Note 7)	-	-	774,154
Miscellaneous income	-	-	2,303,462
	<u>₱ 6,535,941</u>	<u>₱ 5,425,361</u>	<u>₱ 7,466,725</u>

NOTE 20 - DEPRECIATION, AMORTIZATION, AND EMPLOYEE BENEFITS

Depreciation and employee benefits were presented as follows:

2025

	Cost of Sales and Services	Operating Expense	Total
Depreciation	₱ 46,054,731	₱ 5,981,877	₱ 52,036,608
Amortization	-	370,714	370,714
Employee benefits*	76,662,887	26,486,935	103,149,822

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

2024

	Cost of Sales and Services	Operating Expense	Total
Depreciation	₱ 40,277,973	₱ 6,142,402	₱ 46,420,375
Amortization	-	370,714	370,714
Employee benefits*	68,004,902	25,003,741	93,008,643

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

2023

	Direct Costs	Operating Expense	Total
Depreciation	₱ 38,626,772	₱ 6,537,538	₱ 45,164,310
Amortization	-	115,357	115,357
Employee benefits*	62,598,044	20,691,749	83,289,793

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

NOTE 21 - RELATED PARTY TRANSACTIONS

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

2025					
Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Advances	₱ 9,925,938	₱135,311,988	(3)	(4)
2024					
Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Advances	₱ 6,089,122	₱125,386,050	(3)	(4)
2023					
Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Advances from Major Shareholders	Advances	₱ 34,806,190	₱119,296,928	(3)	(4)

Terms and Conditions:

- (1) Interest bearing, collectible in cash in 3-months
- (2) Interest bearing, collectible in cash
- (3) Non-interest bearing, no scheduled repayment terms
- (4) Unsecured

Cash Advances

The Company obtains cash advances from shareholders to finance the construction of its hospital building. These are unsecured, payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from shareholders account in the statements of financial position.

Key Management Personnel Compensations

Key management includes members of the board of directors and heads of various departments. The breakdown of key management compensation is as follows:

	2025	2024	2023
Short-term benefits	₱ 18,177,692	₱ 10,960,189	₱ 9,955,132
Retirement benefits	-	-	-
	₱ 18,177,692	₱ 10,960,189	₱ 9,955,132

NOTE 22 - INCOME TAXES

Income tax expense for the years ended December 31 consists of:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current tax expense:			
MCIT	₱ 3,515,056	₱ 2,651,248	₱ 1,772,586
Deferred tax expense (income) arising from:			
Temporary differences	17,492,428	3,024,696	(3,087,629)
Income tax expense (benefit)	<u>₱ 21,007,484</u>	<u>₱ 5,675,944</u>	<u>₱ (1,315,043)</u>

Reconciliation between statutory tax and effective tax follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Income tax at statutory rate	₱ (801,299)	₱ 3,644,306	₱ (1,838,383)
Tax effect of income subject to final tax	(2,535)	(3,341)	(3,284)
Tax effect of non-deductible interest expense	634	835	821
Tax effect of non-deductible expense	13,400	502,095	36,435
Tax effect expired NOLCO	20,894,419		
Tax effect of non-deductible loss on inventory obsolescence	-	328,079	369,495
Tax effect expired MCIT	902,865	1,203,970	119,873
Effective income tax	<u>₱ 21,007,484</u>	<u>₱ 5,675,944</u>	<u>₱ (1,315,043)</u>

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Income (loss) before tax	₱ (3,205,192)	₱ 14,577,224	₱ (7,353,532)
Permanent differences:			
Interest income	(10,142)	(13,364)	(13,135)
Interest arbitrage	2,535	3,341	3,284
Non-deductible fines and penalties	53,600	2,008,380	145,738
Non-deductible loss on inventory obsolescence	-	1,312,315	1,477,980
Temporary differences:			
Credit losses (recovery on credit losses)	9,362,584	932,124	(774,154)
Written off receivables	-	(8,113,827)	-
Application of NOLCO	(6,203,385)	(10,706,193)	-
Taxable income (loss)	-	-	(6,513,819)
Tax rate	25%	25%	25%
	<u>₱ -</u>	<u>₱ -</u>	<u>₱ (1,628,455)</u>

Minimum Corporate Income

Tax:

Taxable gross income	₱ 175,752,822	₱ 132,562,400	₱ 118,172,386
Tax rate	2%	2%	1.5%
	₱ 3,515,056	₱ 2,651,248	₱ 1,772,586

Tax due (Higher of RCIT or MCIT)

	₱ 3,515,056	₱ 2,651,248	₱ 1,772,586
Less: Tax credits			
Prior year excess credits	(5,968,405)	(5,468,644)	(3,318,127)
Creditable withholding tax	(4,994,594)	(3,151,009)	(3,923,103)
Prepaid income tax (Note 12)	₱ (7,447,945)	₱ (5,968,405)	₱ (5,468,644)

The net deferred tax assets pertain to the following as of December 31, 2025, 2024, and 2023 and the related deferred tax expense (income) for the year ended December 31, 2025, 2024 and 2023.

	Statements of Comprehensive Income					
	Statements of Financial Position		Profit or Loss		Other Comprehensive Income	
	2025	2024	2025	2024	2025	2024
MCIT	₱ 7,938,891	₱ 5,326,699	₱ 2,612,192	₱ 1,447,278	₱ -	₱ -
NOLCO	1,628,454	24,073,720	(22,445,266)	(2,676,548)	-	-
Credit Losses	2,952,004	611,358	2,340,646	(1,795,426)	-	-
Revaluation gains on land	(5,765,731)	(5,765,731)	-	-	-	-
Net deferred tax assets	₱ 6,753,618	₱ 24,246,046				
Deferred tax expense (income)			₱ (17,492,428)	₱ (3,024,696)	₱ -	₱ -

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

Details of NOLCO which can be claimed as deduction from gross income for the next five (5) consecutive taxable years pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR No. 25-2020 follows:

Date Incurred	Date of Expiration	Amount	Applied	Expired	Balance
31-Dec-2020	2025	<u>₱ 73,127,389</u>	<u>₱ (16,909,578)</u>	<u>₱ (56,217,811)</u>	<u>₱ -</u>

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

Date Incurred	Date of Expiration	Amount	Applied	Expired	Balance
31-Dec-2023	2026	₱ 6,513,819	₱ -	₱ -	₱ 6,513,819
31-Dec-2022	2025	27,359,864	-	(27,359,864)	-
		<u>₱ 33,873,683</u>	<u>₱ -</u>	<u>₱ (27,359,864)</u>	<u>₱ 6,513,819</u>

Deferred tax asset from MCIT, is the carry forward benefit of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT). Excess MCIT can be used within three taxable years from the date of payment.

Details of MCIT follow:

Date Incurred	Date of Expiration	Amount	Applied	Expired	Balance
31-Dec-2025	2028	₱ 3,515,056	₱ -	₱ -	₱ 3,515,056
31-Dec-2024	2027	2,651,248	-	-	2,651,248
31-Dec-2023	2026	1,772,586	-	-	1,772,586
31-Dec-2022	2025	902,865	-	(902,865)	-
		<u>₱ 8,841,755</u>	<u>₱ -</u>	<u>₱ (902,865)</u>	<u>₱ 7,938,890</u>

NOTE 23 - LEASE AGREEMENT

The Company entered into a lease agreement with Equilife Medical Equipment, Supplies and Services Inc. (“Lessor”) for the use of medical equipment on a daily and monthly basis, depending on the operational requirements of the hospital.

The Company elected not to recognize lease liabilities for short-term leases with variable lease payments. Payments made under such leases are recognized as expense on a straight-line basis over the lease term.

Lease payments recognized as Equipment Rentals under Cost of Sales and Services in the statements of comprehensive income amounted to ₱2,296,645, ₱1,892,171, and ₱3,850,121 for the years ended December 31, 2025, 2024, and 2023, respectively (Note 17).

NOTE 24 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Liquidity Risk

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

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

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

The table below summarizes the maturity profile of the Company's financial liabilities as at December 31, 2025, 2024 and 2023 based on contractual undiscounted payment.

	December 31, 2025		
	Within 1 Year	Above 1 Year	Total
Trade and other payables	P 187,109,425	P -	P 187,109,425
Loans payable	45,464,286	213,174,619	258,638,905
Advances from shareholders	135,311,988	-	135,311,988
	<u>P 367,885,699</u>	<u>P 213,174,619</u>	<u>P 581,060,318</u>
	December 31, 2024		
	Within 1 Year	Above 1 Year	Total
Trade and other payables	P 112,552,754	P -	P 112,552,754
Loans payable	76,828,367	258,638,905	335,467,272
Advances from shareholders	125,386,050	-	125,386,050
	<u>P 314,767,171</u>	<u>P 258,638,905</u>	<u>P 573,406,076</u>
	December 31, 2023		
	Within 1 Year	Above 1 Year	Total
Trade and other payables	P 98,598,170	P -	P 98,598,170
Loans payable	137,077,573	321,624,342	458,701,915
Advances from shareholders	119,296,928	-	119,296,928
	<u>P 354,972,671</u>	<u>P 321,624,342</u>	<u>P 676,597,013</u>

*Trade and other payables exclude government statutory payables amounting to P3,807,336, P2,617,569, and P2,463,069 for 2025, 2024 and 2023, respectively.

Market Risks

Interest Rate Risk

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

The Company's financial instrument that are exposed to cash flow interest rate risk pertains to its bank loans amounting to P258,638,905, P335,467,272, and P413,394,941 as of December 31, 2025, 2024 and 2023, respectively, which are subject to interest rate repricing. (Note 14)

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

Increase/Decrease in Interest Rate	Effect on Income Before Income Tax		
	2025	2024	2023
+1%	P (2,586,389)	P (3,354,673)	P (4,133,949)
-1%	2,586,389	3,354,673	4,133,949

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework of the Company. The risk management policies are established to identify

and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities of the Company.

Credit Risk

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

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

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

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

The tables below show the credit quality per class of financial asset and an aging analysis of past due but not impaired accounts as at December 31, 2025, 2024 and 2023.

Credit Quality per Class of Financial Asset

December 31, 2025						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 77,630,549	₱ -	₱ -	₱ -	₱ -	₱ 77,630,549
Trade and other receivables	2,138,878	12,268,528	-	98,299,836	-	112,707,242
	<u>₱ 79,769,427</u>	<u>₱ 12,268,528</u>	<u>₱ -</u>	<u>₱ 98,299,836</u>	<u>₱ -</u>	<u>₱ 190,337,791</u>
December 31, 2024						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 28,671,318	₱ -	₱ -	₱ -	₱ -	₱ 28,671,318
Trade and other receivables	2,138,878	46,792,361	-	57,596,458	-	106,527,697
	<u>₱ 30,810,196</u>	<u>₱ 46,792,361</u>	<u>₱ -</u>	<u>₱ 57,596,458</u>	<u>₱ -</u>	<u>₱ 135,199,015</u>
December 31, 2023						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 38,553,350	₱ -	₱ -	₱ -	₱ -	₱ 38,553,350
Trade and other receivables	1,830,486	21,923,612	-	55,395,703	-	79,149,801
	<u>₱ 40,383,836</u>	<u>₱ 21,923,612</u>	<u>₱ -</u>	<u>₱ 55,395,703</u>	<u>₱ -</u>	<u>₱ 117,703,151</u>

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

December 31, 2025					
Past due account but not impaired					
	1-30 days past due	31-60 days past due	61-90 days past due	91 and over days past due	Total
Trade receivables	<u>12,268,528</u>	<u>30,806,277</u>	<u>11,951,954</u>	<u>55,541,606</u>	<u>110,568,364</u>
December 31, 2024					
Past due account but not impaired					
	1-30 days past due	31-60 days past due	61-90 days past due	91 and over days past due	Total
Trade receivables	<u>7,631,942</u>	<u>2,113,675</u>	<u>3,267,604</u>	<u>42,136,631</u>	<u>57,596,458</u>
December 31, 2023					
Past due account but not impaired					
	1-30 days past due	31-60 days past due	61-90 days past due	91 and over days past due	Total
Trade receivables	<u>P 7,902,724</u>	<u>P 3,098,296</u>	<u>P 2,130,743</u>	<u>P 42,263,940</u>	<u>P 55,395,703</u>

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

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

	2025	2024	2023
Cash in banks	<u>P 77,630,549</u>	<u>P 28,671,318</u>	<u>P 38,553,350</u>
Trade and other receivables	<u>112,707,242</u>	<u>106,527,697</u>	<u>79,149,801</u>
	<u>P 190,337,791</u>	<u>P 135,199,015</u>	<u>P 117,703,151</u>

Cash excludes cash on hand amounting to P5,794,168, P1,451,402, and, P2,782,323 in December 31, 2025, 2024 and 2023.

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

(a) Cash

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1,000,000 for every depositor per banking institution.

(b) Trade and other receivables

Trade Receivables

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

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Company has therefore concluded that

the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets.

The Company has established a provision matrix in computing the expected rate loss which are based on its historical loss experience, adjusted for current and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations in interior fit-out industry.

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

December 31, 2025							
	Current	1-30 days	31-60 days	61-90 days	91-120 days	121 days and over	Total
Expected loss rate	2%	5%	7%	10%	15%	100%	
Trade receivables	P 12,268,528	P 30,806,277	P 11,951,954	P 18,801,712	P 34,628,668	P 2,111,226	P 110,568,365
Loss allowance	<u>P 245,371</u>	<u>P 1,540,314</u>	<u>P 836,637</u>	<u>P 1,880,171</u>	<u>P 5,194,300</u>	<u>P 2,111,226</u>	<u>P 11,808,019</u>

December 31, 2024							
	Current	1-30 days	31-60 days	61-90 days	91-120 days	121 days and over	Total
Expected loss rate	2%	5%	7%	10%	15%	100%	
Trade receivables	P 46,792,360	P 7,631,942	P 2,113,675	P 3,267,604	P 42,136,631	P 2,446,606	P 104,388,818
Loss allowance	<u>P 935,847</u>	<u>P 381,597</u>	<u>P 147,957</u>	<u>P 326,760</u>	<u>P 6,320,495</u>	<u>P 2,446,606</u>	<u>P 10,559,262</u>

December 31, 2023							
	Current	1-30 days	31-60 days	61-90 days	91-120 days	121 days and over	Total
Expected loss rate	2%	5%	7%	10%	15%	100%	
Trade receivables	P 21,923,612	P 7,902,724	P 3,098,296	P 2,130,743	P 39,882,782	P 2,381,158	P 77,319,315
Loss allowance	<u>P 438,472</u>	<u>P 395,136</u>	<u>P 216,881</u>	<u>P 213,074</u>	<u>P 5,982,417</u>	<u>P 2,381,158</u>	<u>P 9,627,138</u>

A reconciliation of the closing loss allowance for trade receivables as at December 31, 2025, 2024 and 2023 are presented below:

	2025	2024	2023
Balance at January 1	P 2,445,435	P 9,627,138	P 10,401,292
Credit losses	9,362,584	932,124	-
Recovery of allowance	-	-	(774,154)
Write off	-	(8,113,827)	-
Balance, December 31	<u>P 11,808,019</u>	<u>P 2,445,435</u>	<u>P 9,627,138</u>

Other Receivables

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

(c) Loans receivables and miscellaneous deposit

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

Capital Management

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

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

	2025	2024	2023
Liabilities	₱ 584,867,655	₱ 576,023,645	₱ 633,753,108
Equity	424,073,643	380,676,319	333,985,039
Debt-to-Equity Ratio	1.38:1	1.51:1	1.90:1

NOTE 25 - FAIR VALUE MEASUREMENT

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as at December 31, 2025, 2024 and 2023:

		December 31, 2025			
		Carrying Amount	Fair Value		
Note	Quoted prices in active markets (Level 1)		Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets for which fair values are disclosed:					
Cash in banks	6	₱ 77,630,549	₱ -	₱ 77,630,549	₱ -
Trade and other receivables	7	100,899,223	-	100,899,223	-
Land	10	94,383,000	-	-	94,383,000
		<u>₱272,912,772</u>	<u>₱ -</u>	<u>₱190,337,791</u>	<u>₱ 94,383,000</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	14	₱187,109,425	₱ -	₱187,109,425	₱ -
Loans payable	21	258,638,905	-	258,638,905	-
Advances from shareholders	6	135,311,988	-	135,311,988	-
		<u>₱581,060,318</u>	<u>₱ -</u>	<u>₱581,060,318</u>	<u>₱ -</u>
		December 31, 2024			
		Carrying Amount	Fair Value		
Note	Quoted prices in active markets (Level 1)		Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets for which fair values are disclosed:					
Cash in banks	6	₱ 28,671,318	₱ -	₱ 28,671,318	₱ -
Trade and other receivables	7	104,082,262	-	104,082,262	-
Land	10	94,383,000	-	-	94,383,000
		<u>₱ 227,136,580</u>	<u>₱ -</u>	<u>₱ 132,753,580</u>	<u>₱ 94,383,000</u>

		December 31, 2024			
		Fair Value			
Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	₱ 112,552,754	₱ -	₱ 112,552,754	₱ -
Loans payable	14	335,467,272	-	335,467,272	-
Advances from shareholders	21	125,386,050	-	125,386,050	-
		<u>₱ 573,406,076</u>	<u>₱ -</u>	<u>₱ 573,406,076</u>	<u>₱ -</u>
		December 31, 2023			
		Fair Value			
Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets for which fair values are disclosed:					
Cash in banks	6	₱ 38,553,350	₱ -	₱ 38,553,350	₱ -
Trade and other receivables	7	69,522,663	-	69,522,663	-
Land	10	94,383,000	-	-	94,383,000
		<u>₱ 202,459,013</u>	<u>₱ -</u>	<u>₱ 108,076,013</u>	<u>₱ 94,383,000</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	₱ 98,598,170	₱ -	₱ 98,598,170	₱ -
Loans payable	14	413,394,941	-	413,394,941	-
Advances from shareholders	21	119,296,928	-	119,296,928	-
		<u>₱ 631,290,039</u>	<u>₱ -</u>	<u>₱ 631,290,039</u>	<u>₱ -</u>

*Trade and other payables exclude government statutory payables amounting to ₱2,617,569, ₱2,463,069, and ₱1,829,132 for 2025, 2024 and 2023, respectively.

NOTE 26 - RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

2025

	Loans Payable (Note 14)	Interest Payable (Notes 13, 14)	Advances from Shareholders (Note 21)	Total
Balance as of January 1, 2025	₱ 335,467,272	₱ 2,862,138	₱ 125,386,050	₱ 463,715,460
Cash flow from Financing Activities:				
Additional Borrowing	-	43,251,588	9,925,938	53,177,526
Repayment of Borrowing	(76,828,367)	(42,872,858)	-	(119,701,225)
Balance, December 31, 2025	<u>₱ 258,638,905</u>	<u>₱ 3,240,868</u>	<u>₱ 135,311,988</u>	<u>₱ 397,191,761</u>

2024

	Loans Payable (Note 14)	Interest Payable (Notes 13, 14)	Advances from Shareholders (Note 21)	Total
Balance as of January 1, 2024	P 413,394,941	P 13,627,712	P 119,296,928	P 546,319,581
Cash flow from Financing Activities:				
Additional Borrowing	-	33,666,716	6,089,122	39,755,838
Repayment of Borrowing	(77,927,669)	(44,432,290)	-	(122,359,959)
Balance, December 31, 2024	<u>P 335,467,272</u>	<u>P 2,862,138</u>	<u>P 125,386,050</u>	<u>P 463,715,460</u>

2023

	Loans Payable (Note 14)	Interest Payable (Notes 13, 14)	Advances from Shareholders (Note 21)	Total
Balance as of January 1, 2023	P 492,562,053	17,290,897	84,490,738	P 594,343,688
Cash flow from Financing Activities:				
Additional Borrowing	-	29,605,529	34,806,190	64,411,719
Repayment of Borrowing	(79,167,112)	(33,268,714)	-	(112,435,826)
Balance, December 31, 2023	<u>P 413,394,941</u>	<u>P 13,627,712</u>	<u>P 119,296,928</u>	<u>P 546,319,581</u>

NOTE 27 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

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

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

(a) Output VAT

	Tax Base	Amount
VATable sales	P 7,175,136	P 861,016
Exempt sales	556,915,937	-
	<u>P 564,090,073</u>	<u>P 861,016</u>

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

(b) Input VAT

	Amount
Balance at beginning of year	P -
Goods other than capitals goods	24,670,382
Capital goods subject to amortization	-
Services lodged under other accounts	439,457
Input VAT allocable to exempt sales	(24,561,784)
Applied against output VAT	(547,799)
Balance at end of year	<u>P -</u>

(c) Taxes and Licenses for 2025

Taxes and licenses for 2025 consist of:

	<u>Amount</u>
Business permits and licenses	₱ 2,026,572
Real property tax	1,284,057
Regulatory fees	-
Documentary stamp tax	-
	<u>₱ 3,310,629</u>

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

(d) Withholding Taxes for 2025

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

	<u>Amount</u>
Compensation and employee benefits	₱ 398,932
Expanded	16,075,209
	<u>₱ 16,474,141</u>

(e) Tax Assessments and Cases

On December 1, 2022, the Company received a Letter of Authority (LOA No.201900021832) from the Bureau of Internal Revenue for the examination of its books of accounts and accounting records for all internal revenue taxes for the period covered January 1, 2021 and December 31, 2021. The examination was completed in 2024 with the payment of tax deficiency, interest and compromise penalty amounting to ₱499,867. (Note 18)

On January 10, 2024, the Company received a Letter of Authority (LOA No.201900022766) from the Bureau of Internal Revenue for the examination of its books of accounts and accounting records for all internal revenue taxes for the period covered January 1, 2022 and December 31, 2022. The examination was completed in 2024 with the payment of tax deficiency, interest and compromise penalty amounting to ₱503,823. (Note 18)

On July 11, 2025, the Company received a Letter of Authority (LOA No.202400016556) from the Bureau of Internal Revenue for the examination of its books of accounts and accounting records for all internal revenue taxes for the period covered January 1, 2023 and December 31, 2023. The Company has provided the requirements and the examination was still on-going. (Note 18)

(f) Related Party Transaction

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

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE
REVISED SRC RULE 68

FINANCIAL SOUNDNESS INDICATORS

For The Years Ended December 31, 2025, 2024 and 2023

Current Ratio

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total current assets	₱ 221,214,601	₱ 164,898,946	₱ 140,914,749
Total current liabilities	<u>371,693,036</u>	<u>317,384,740</u>	<u>331,275,279</u>
Current ratio	<u>0.595:1</u>	<u>0.52:1</u>	<u>0.425:1</u>

Quick Ratio

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total liquid asset	₱ 184,323,941	₱ 134,204,982	₱ 110,858,336
Total current liabilities	<u>371,693,036</u>	<u>317,384,740</u>	<u>331,275,279</u>
Quick ratio	<u>0.496:1</u>	<u>0.423:1</u>	<u>0.335:1</u>

Working Capital to Total Asset

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Working capital	₱ (150,478,435)	₱ (152,485,794)	₱ (190,360,530)
Total assets	<u>1,008,941,298</u>	<u>956,699,964</u>	<u>967,738,147</u>
Working capital ratio	<u>-0.149:1</u>	<u>-0.159:1</u>	<u>-0.197:1</u>

Solvency Ratio

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Net income (loss) after tax + Depreciation and amortization	₱ 27,823,932	₱ 55,692,369	₱ 39,241,178
Total liabilities	<u>584,867,655</u>	<u>576,023,645</u>	<u>633,753,108</u>
Solvency ratio	<u>0.048:1</u>	<u>0.097:1</u>	<u>0.062:1</u>

Debt-to-equity Ratio

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total liabilities	₱ 584,867,655	₱ 576,023,645	₱ 633,753,108
Total equity	<u>424,073,643</u>	<u>380,676,319</u>	<u>333,985,039</u>
Debt-to-equity ratio	<u>1.379:1</u>	<u>1.513:1</u>	<u>1.898:1</u>

Asset-to-equity Ratio

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total assets	₱ 1,008,941,298	₱ 956,699,964	₱ 967,738,147
Total equity	<u>424,073,643</u>	<u>380,676,319</u>	<u>333,985,039</u>
Asset to equity ratio	<u>2.379:1</u>	<u>2.513:1</u>	<u>2.898:1</u>

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE
REVISED SRC RULE 68
FINANCIAL SOUNDNESS INDICATORS
For The Years Ended December 31, 2025, 2024 and 2023

Interest Rate Coverage Ratio

	2025	2024	2023
Pre-tax profit (loss) before interest	₱ 40,046,396	₱ 48,243,940	₱ 22,251,997
Interest	43,251,588	33,666,716	29,605,529
Interest rate ratio	<u>0.926:1</u>	<u>1.433:1</u>	<u>0.752:1</u>

Profitability Ratios

	2025	2024	2023
Net profit (loss) after tax	₱ (24,212,676)	₱ 8,901,280	₱ (6,038,489)
Total equity	424,073,643	380,676,319	333,985,039
	<u>-0.057:1</u>	<u>0.023:1</u>	<u>-0.018:1</u>

a.) *Return on asset ratio*

	2025	2024	2023
Net income (loss) after tax	₱ (24,212,676)	₱ 8,901,280	₱ (6,038,489)
Average assets	982,820,631	380,676,319	333,985,039
	<u>-0.025:1</u>	<u>0.023:1</u>	<u>-0.018:1</u>

b.) *Return on equity ratio*

	2025	2024	2023
Net profit (loss) after tax	₱ (24,212,676)	₱ 8,901,280	₱ (6,038,489)
Average equity	402,374,981	357,330,679	322,979,284
	<u>-0.06:1</u>	<u>0.025:1</u>	<u>-0.019:1</u>

c.) *Gross Profit Margin Ratio*

	2025	2024	2023
Net profit (loss) before tax	₱ (3,205,192)	₱ 14,577,224	₱ (7,353,532)
Gross profit	169,227,022	127,150,403	76,092,950
	<u>-0.019:1</u>	<u>0.115:1</u>	<u>-0.097:1</u>

d.) *Net Profit Margin*

	2025	2024	2023
Net profit (loss) after tax	₱ (24,212,676)	₱ 8,901,280	₱ (6,038,489)
Revenue	564,090,073	455,837,312	364,100,011
	<u>-0.043:1</u>	<u>0.02:1</u>	<u>-0.017:1</u>

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

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.
Barangay 78, Marasbaras, Tacloban City, Leyte

Unappropriated Retained Earnings, beginning of reporting period	(P154,110,874)
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	
• Reversal of Retained Earnings Appropriation/s	-
• Effect of restatements or prior-period adjustments	-
• Others	-
	-
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
• Dividends declaration during the reporting period	-
• Retained Earnings appropriated during the reporting period	-
• Effect of restatements or prior-period adjustments	-
• Others	-
	-
Unappropriated Retained Earnings, as adjusted	(154,110,874)
Add/Less: Net Income (Loss) for the current year	(24,212,676)
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
• Equity in net income of associate/joint venture, net of dividends declared	-
• Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-
• Unrealized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
• Unrealized fair value gain of Investment Property	-
• Other unrealized gains or adjustments to retained earnings as a result of certain transactions accounted for under the PFRS Accounting	-
• Sub-total	-
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
• Realized foreign exchange gain, except those attributable to cash and cash equivalents	-
• Realized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
• Realized fair value gain of Investment Property	-
• Other realized gains or adjustments to retained earnings as a result of certain transactions accounted for under the PFRS Accounting	-
• Sub-total	-

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

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.
Barangay 78, Marasbaras, Tacloban City, Leyte

Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)	
• Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
• Reversal of previously recorded fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
• Reversal of previously recorded fair value gain of Investment Property	-
• Reversal of other unrealized gains or adjustments to retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards	-
• Sub-total	-
Adjusted Net Income (Loss)	(24,212,676)
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
• Depreciation on revaluation increment (after tax)	-
• Sub-total	-
Add/Less: Category E: Adjustments related to relief granted by SEC and BSP	
• Amortization of the effect of reporting relief	-
• Total amount of reporting relief granted during the year	-
• Others	-
• Sub-total	-
Add/Less: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution	
• Net movement of treasury shares (except for reacquisition of redeemable shares)	-
• Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
• Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
• Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
• Others	-
• Sub-total	-
TOTAL RETAINED EARNINGS, END OF THE REPORTING PERIOD AVAILABLE FOR DIVIDEND DECLARATION	₱ - nil -

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-TACLOBAN, INC.
SUPPLEMENTARY SCHEDULES AS PER PART II SRC RULE 68

Schedule A. Financial Assets

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Income received and accrued
Cash in banks			
Land Bank of the Philippines	₱ 38,649,793	₱ 38,649,793	-
Metro Bank	9,346,064	9,346,064	3,910
China Bank	8,019,611	8,019,611	3,397
Banco de Oro	4,418,781	4,418,781	-
Eastwest Bank	4,053,189	4,053,189	2,290
Bank of the Philippine Islands	1,247,787	1,247,787	-
Security Bank	11,634,198	11,634,198	-
Philippine National Bank	261,126	261,126	545
	₱ 77,630,549	₱ 77,630,549	₱10,142

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders

(Other than Related Parties)

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

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

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

Schedule D. Intangible Assets-Other Assets

Description (i)	Beginning of period balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Current	Ending balance
Hospital Information System	₱ 950,000	₱ -	(₱370,714)	-	-	₱ 579,286

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-TACLOBAN, INC.
SUPPLEMENTARY SCHEDULES AS PER PART II SRC RULE 68

Schedule E. Long Term Debt

Title of Issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-term Debt" in related balance sheet (iii)
Bank Loans	₱ 258,638,905	₱ 45,464,286	₱ 213,174,619

Schedule F. Indebtedness to Related Parties (Current)

Name of related party (i)	Balance at beginning of period	Balance at end of period (ii)
Various Shareholders	₱ 125,386,050	₱ 135,311,988

Schedule G. Guarantees of Securities of Other Issuers

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

Schedule H. Capital Stock

Title of issue (i)	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet Caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and Employees	Others (iii)
Founders' Common	600	600	-	-	300	-
Preferred	239,400	154,180	-	-	74,430	-
Total	-	-	-	-	-	-
	240,000	154,780	-	-	74,730	-

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – TACLOBAN, INC.
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
December 31, 2025 and 2024

		Current Year	Prior Year
Total Audit Fees	P	120,000	120,000
Non-audit services fees:			
Other assurance services		120,000	120,000
Tax services		-	-
All other services		-	-
Total Non-audit Fees		120,000	120,000
Total Audit and Non-audit Fees	P	240,000	240,000

Audit and Non-audit fees of other related entities

		Current Year	Prior Year
Audit fees	P	-	-
Non-audit services fees:			
Other assurance services		-	-
Tax services		-	-
All other services		-	-
Total Audit and Non-audit Fees of other related entities	P	-	-



