

Asian Hospital, Inc.
(A Subsidiary of Metro Pacific Health Corporation)

Financial Statements
As at December 31, 2025 and 2024
and for the Years Ended December 31, 2025,
2024 and 2023

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and The Stockholders
Asian Hospital, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Asian Hospital, Inc. (a subsidiary of Metro Pacific Health Corporation) (the Company) which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2025, 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 and 2024, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2025 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 *Auditor's 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), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of financial statements of public interest entities in the Philippines. We have also 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditor's report.



Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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 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 but to do so.

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

Auditor's 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.

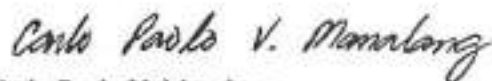
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Asian Hospital, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



SYCIP GORRES VELAYO & CO.



Carlo Paolo V. Manalang

Partner

CPA Certificate No. 111947

Tax Identification No. 210-730-804

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 111947-SEC (Group A)

Valid to cover audit of 2019 to 2023 financial statements,
with extension up to audit of 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-127-2023, January 25, 2023, valid until January 24, 2026

PTR No. 10765080, January 2, 2026, Makati City

March 10, 2026



ASIAN HOSPITAL, INC.
(A Subsidiary of Metro Pacific Health Corporation)
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱1,069,325,618	₱1,041,672,782
Receivables (Notes 5 and 23)	707,609,431	656,068,498
Inventories (Note 6)	167,285,333	160,810,671
Other current assets (Note 7)	59,796,689	59,112,602
Total Current Assets	2,004,017,071	1,917,664,553
Noncurrent Assets		
Property and equipment (Note 8)	6,305,220,503	5,973,333,650
Deferred income tax assets - net (Note 20)	158,638,913	134,715,009
Other noncurrent assets (Note 9)	76,466,883	178,884,334
Total Noncurrent Assets	6,540,326,299	6,286,932,993
TOTAL ASSETS	₱8,544,343,370	₱8,204,597,546
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 10, 11, 13 and 23)	₱1,759,942,282	₱1,496,415,733
Income tax payable	135,803,480	169,003,543
Due to a related party (Note 23)	3,201,365	4,749,475
Total Current Liabilities	1,898,947,127	1,670,168,751
Noncurrent Liabilities		
Liability for purchased land - net of current portion (Note 11)	405,220,633	777,206,454
Lease liability - net of current portion (Notes 24 and 25)	80,633,116	117,165,163
Accrued retirement benefits liability - net (Note 19)	11,126,967	25,794,462
Total Noncurrent Liabilities	496,980,716	920,166,079
Total Liabilities	2,395,927,843	2,590,334,830
Equity		
Capital stock (Note 12)	1,936,669,257	1,936,289,876
Additional paid-in capital	185,465,780	185,465,780
Retained earnings (Note 12)	4,020,062,764	3,489,373,820
Other comprehensive gain (loss) - net of tax (Notes 9, 12 and 19)	(1,782,374)	3,133,240
Total Equity	6,148,415,527	5,614,262,716
TOTAL LIABILITIES AND EQUITY	₱8,544,343,370	₱8,204,597,546

See accompanying Notes to Financial Statements



ASIAN HOSPITAL, INC.
(A Subsidiary of Metro Pacific Health Corporation)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
REVENUE (Note 13)	P6,100,928,254	P5,331,884,568	P4,462,448,455
COST OF SERVICES AND SALES (Note 14)	(3,482,483,623)	(3,077,861,632)	(2,564,833,097)
GROSS PROFIT	2,618,444,631	2,254,022,936	1,897,615,358
Operating expenses (Note 15)	(1,403,846,012)	(1,230,711,620)	(1,042,138,442)
Other operating income - net (Note 16)	104,532,500	89,144,331	63,658,301
OPERATING INCOME	1,319,131,119	1,112,455,647	919,135,217
Interest income (Notes 4 and 5)	10,794,969	25,413,454	20,876,268
Finance costs (Note 17)	(68,474,286)	(49,525,929)	(4,244,316)
INCOME BEFORE INCOME TAX	1,261,455,802	1,088,343,172	935,767,169
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 20)			
Current	342,712,752	309,154,862	232,015,020
Deferred	(22,785,399)	(25,500,157)	9,965,976
	319,927,353	283,654,705	241,980,996
NET INCOME	941,528,449	804,688,467	693,786,173
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods, net of taxes (Notes 9, 12 and 19)	(4,915,514)	24,147,815	(20,016,329)
TOTAL COMPREHENSIVE INCOME	P936,612,935	P828,836,282	P673,769,844
BASIC/DILUTED EARNINGS PER SHARE (Note 26)	P0.4861	P0.4155	P0.3582

See accompanying Notes to Financial Statements.



ASLAN HOSPITAL, INC.*(A Subsidiary of Metro Pacific Health Corporation)***STATEMENTS OF CHANGES IN EQUITY****FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023**

	Capital Stock (Note 12)	Additional Paid-In Capital	Retained Earnings (Note 12)	Other Comprehensive Income (Loss) - net of tax (Notes 9, 12 and 18)	Total
BALANCES AT DECEMBER 31, 2022	P1,934,745,019	P185,465,780	P2,685,216,308	(P998,246)	P4,804,428,861
Application of dividends against subscriptions receivable (Note 12)	775,308	-	-	-	775,308
Net income	-	-	693,786,173	-	693,786,173
Other comprehensive loss (Notes 9, 12 and 19)	-	-	-	(20,016,329)	(20,016,329)
Total comprehensive income (loss)	-	-	693,786,173	(20,016,329)	673,769,844
Total before dividend declaration	1,935,520,327	185,465,780	3,379,002,481	(21,014,575)	5,478,974,013
Cash dividends (Note 12)	-	-	(345,706,018)	-	(345,706,018)
BALANCES AT DECEMBER 31, 2023	1,935,520,327	185,465,780	3,033,296,463	(21,014,575)	5,133,267,995
Application of dividends against subscriptions receivable (Note 12)	769,549	-	-	-	769,549
Net income	-	-	804,688,467	-	804,688,467
Other comprehensive income (Notes 9, 12 and 19)	-	-	-	24,147,815	24,147,815
Total comprehensive income	-	-	804,688,467	24,147,815	828,836,282
Total before dividend declaration	1,936,289,876	185,465,780	3,837,984,930	3,133,240	5,962,873,826
Cash dividends (Note 12)	-	-	(348,611,110)	-	(348,611,110)
BALANCES AT DECEMBER 31, 2024	1,936,289,876	185,465,780	3,489,373,820	3,133,240	5,614,262,716
Application of dividends against subscriptions receivable (Note 12)	379,381	-	-	-	379,381
Net income	-	-	941,528,449	-	941,528,449
Other comprehensive income (Notes 9, 12 and 19)	-	-	-	(4,915,514)	(4,915,514)
Total comprehensive income	-	-	941,528,449	(4,915,514)	936,612,935
Total before dividend declaration	1,936,669,257	185,465,780	4,430,902,269	(1,782,274)	6,551,255,032
Cash dividends (Note 12)	-	-	(402,839,505)	-	(402,839,505)
BALANCES AT DECEMBER 31, 2025	P1,936,669,257	P185,465,780	P4,028,062,764	(P1,782,274)	P6,148,415,527

See accompanying Notes to Financial Statements.



ASIAN HOSPITAL, INC.
(A Subsidiary of Metro Pacific Health Corporation)
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P1,261,455,802	P1,088,343,172	P935,767,169
Adjustments for:			
Depreciation and impairment loss (Notes 8 and 9)	508,989,453	438,284,519	378,256,083
Provision for expected credit losses (Notes 5 and 15)	114,556,811	61,615,452	125,536
Interest expense (Notes 17, 19 and 24)	68,852,892	49,163,656	3,757,778
Amortization of software and licenses (Note 9)	17,671,795	22,231,873	15,658,097
Retirement benefits cost (Notes 18 and 19)	15,136,782	16,631,334	11,114,159
Provision for inventory obsolescence (Note 6)	4,754,690	4,646,857	6,006,172
Unrealized foreign exchange loss (gain) - net	1,821,281	(2,759,401)	1,637,246
Loss/(gain) on disposal of property and equipment (Notes 8 and 16)	915,582	948,397	(1,045,277)
Interest income (Notes 4 and 5)	(10,794,969)	(25,413,454)	(20,876,268)
Operating income before working capital changes and provisions	1,981,759,319	1,655,712,405	1,330,400,715
Decrease (increase) in:			
Receivables	(165,668,914)	(189,417,827)	(161,695,898)
Inventories	(11,229,352)	11,163,554	(20,470,458)
Other current assets	9,457,359	(3,239,960)	(13,173,591)
Increase (decrease) in:			
Accounts payable and other current liabilities Due to a related party	262,146,603	(29,426,170)	166,346,140
	(1,548,118)	(16,068,969)	10,526,276
Cash generated from operations	2,074,916,905	1,428,723,033	1,311,933,184
Interest received	18,794,969	25,413,454	20,876,268
Contribution to the retirement fund (Note 19)	(34,982,428)	(43,283,827)	(13,763,221)
Income taxes paid, including creditable withholding tax	(386,054,261)	(239,508,803)	(186,276,441)
Net cash from operating activities	1,666,675,185	1,171,343,857	1,132,819,790
CASH FLOWS USED IN INVESTING ACTIVITIES			
Additions to:			
Property and equipment (Notes 8 and 25)	(1,168,777,949)	(1,038,891,677)	(374,892,689)
Software and licenses (Notes 9 and 25)	(6,812,986)	(26,480,169)	(20,025,502)
Proceeds from disposal of property and equipment (Note 8)	280,179	164,338	2,973,889
Decrease (increase) in:			
Advances to contractors (Note 25)	(17,498,122)	(95,284,354)	(6,165,805)
Other noncurrent assets	(1,540,915)	(20,585)	(88,582)
Net cash used in investing activities	(1,194,749,793)	(1,160,512,447)	(398,198,689)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Payments of:			
Dividends (Notes 12 and 25)	(402,460,124)	(347,841,361)	(344,930,710)
Lease liability (Note 24)	(39,235,241)	(25,038,537)	(4,159,375)
Cash used in financing activities	(441,695,365)	(372,880,098)	(349,090,085)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(577,191)	3,429,867	(2,508,635)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,652,836	(358,618,821)	385,022,381
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,041,672,782	1,400,291,603	1,017,269,222
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P1,069,325,618	P1,041,672,782	P1,400,291,603

See accompanying Notes to Financial Statements.



ASIAN HOSPITAL, INC.
(A Subsidiary of Metro Pacific Health Corporation)
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of Financial Statements

Corporate Information

The Company is 85.6% owned by Metro Pacific Health Corporation ("the Parent Company" or "MPHC"), a company incorporated and registered in the Philippines.

The registered business address of the Company is 2205 Civic Drive, Filinvest Corporate City, Alabang, Muntinlupa City.

Authorization for Issuance of Financial Statements

The financial statements were authorized for issue by the Board of Directors (BOD) on March 10, 2026.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI). The financial statements are presented in Philippine Peso (Peso), which is the Company's functional currency, and all values are rounded to the nearest Peso except when otherwise indicated.

Statement of Compliance

The financial statements of the Company are prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments effective in 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these amendments did not have an impact on the financial statements of the Company.

• *Amendments to PAS 21, Lack of exchangeability*

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

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements unless otherwise indicated.



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

The Company is currently working to identify all impacts the amendments will have on the financial statements. The initial expected material impacts on the Company's financial statements are, as follows:

- Financial liabilities are derecognized on the 'settlement date', i.e., when the related obligation is actually discharged, cancelled, expires or the liability otherwise qualifies for derecognition.
 - To derecognize financial liabilities that are settled through an electronic payment system before settlement date, certain conditions must be met.
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
 - Annual Improvements to PFRS Accounting Standards - Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*

The Company is currently working to identify all impacts the amendments will have on the financial statements and notes to the financial statements. The initial expected impact on the Company's financial statements are as follows:

- Rental income will be classified in the investing category within the statement of profit or loss.
 - Foreign exchange difference will be classified in the category where the related income and expense form the item giving rising to the foreign exchange difference.
 - New disclosure will be added: (a) management-defined performance measures; and (b) specified expense by nature if expenses are presented by function in the operating category of the statement of profit or loss.
 - Interest received and interest paid will be classified in the investing activities and financing activities, respectively, on the statement of cash flows.
- PFRS 19, *Subsidiaries without Public Accountability*
 - Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

Deferred effectivity

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



Financial Instruments: Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from contracts with customers*.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

As at December 31, 2025 and 2024, the Company's financial assets are categorized at amortized cost.



Financial assets at amortized cost (debt instruments)

This category is most relevant to the Company. Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost includes cash in bank and cash equivalents, receivables and refundable deposits included under "Other noncurrent assets" in the statements of financial position (see Notes 4, 5 and 22).

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the statement of financial position) when:

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

Impairment of financial assets

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Instruments: Financial Liabilities

Initial recognition, measurement and presentation

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.



As of December 31, 2025, and 2024, the Company's financial liabilities include accounts payable and other current liabilities (excluding statutory payables, current portion of lease liability and contract liabilities) and due to a related party (see Notes 10 and 23).

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at amortized cost

This is the category most relevant to the Company. After initial recognition, the financial liabilities at amortized cost are subsequently carried at amortized cost, taking into account the impact of applying the EIR method of amortization (or accretion) for any related premium (or discount) and any directly attributable transaction costs. The EIR amortization is included as finance costs under the "Finance costs" in the statements of comprehensive income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Inventories

Inventories are valued at the lower of cost or net realizable value (NRV). Cost is determined using weighted average method for medicines and medical supplies. NRV is the estimated selling price less the estimated costs necessary to make the sale.

Property and Equipment

The cost of an item of property and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognized as interest over the period of credit.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes, and any costs directly attributable in bringing the asset to its working condition and location for its intended use.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Number of Years
Buildings	40
Building equipment	15 to 25
Medical equipment and instruments	2 to 20
Hospital furniture, fixtures and equipment	3 to 20
Office furniture and equipment	5 to 20
Building improvements	5
Leasehold improvements	5 or lease term, whichever is shorter



Construction in progress and medical equipment for installation are stated at cost less any impairment in value. These include cost of construction, equipment, borrowing costs and other direct costs.

Right-of-use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are amortized on a straight-line basis over the shorter of its estimated useful life and the lease term. The Company classifies right-of-use assets as property and equipment.

Software and Licenses

Following initial recognition, software and licenses, which are included under "Other noncurrent assets", are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method over its estimated useful life of five (5) years.

Investment Properties

Investment properties, pertaining to a condominium unit, included under "Other noncurrent assets" in the statement of financial position, are measured initially at cost, including transaction costs.

Subsequent to initial recognition, it is stated at cost less accumulated depreciation and any impairment in value.

Depreciation on the investment property is calculated using the straight-line method over the estimated useful life of twenty-five (25) years.

Revenue Recognition

The Company has generally concluded that it is principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

Patient service revenue

Patient service revenue qualifies for revenue recognition over time because the patient simultaneously receives and consumes the benefits provided by the Company. The Company elects to use the right to invoice practical expedient in recognizing revenue because the Company has a right to consideration from the patient in an amount that corresponds directly with the value to the patient of the Company's performance completed to date. Payment is due once the Company satisfies its performance obligation except for certain corporate customers which are allowed to settle the payment within 30-90 days.

Pharmacy sales

The Company assessed pharmacy sales to be either combined as one performance obligation with the healthcare services if the medicines are part of a series of distinct goods and services which cannot be separately identified or as a separate performance obligation if the patient can benefit solely from the goods, are readily available to the patient and separately identifiable from other goods and services of the Company. In the former case, pharmacy sales shall have the same measure of progress as the inpatient service revenue (i.e., over time) while in the latter, revenue shall be recognized as these are sold outright (i.e., point in time).



In determining the transaction price for the sale of healthcare services and goods, the Company considers the effects of any variable consideration such as discounts, rebates and implicit price concession. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Other income

The Company applies guidance in the revenue standard related to the transfer of control and measurement of the transaction price, including the constraint on variable consideration, to evaluate the timing and amount of the gain or loss recognized. Included in "Other operating income" are rental income (see accounting policy section on *Leases*), foreign exchange gain, parking fees and other incidental gain/income.

Leases

A lease arrangement is established by a contract (the lease) that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. A portion of an asset is an identified asset if it is physically distinct. If it is not physically distinct, the portion of an asset is not an identified asset, unless the lessee has the right to use substantially all of the capacity of the asset during the lease term.

If a contract contains more than one lease component, or a combination of leasing and selling transactions, the consideration is allocated to each of the lease and non-lease components on conclusion and on each subsequent measurement of the contract on the basis of their stand-alone selling prices.

The Company as a lessee

The Company has certain leases of machinery, office spaces and equipment, and parking lots and spaces of land. Generally, the leases have lease terms of one year or less and are renewable under certain terms and conditions to be mutually agreed upon by the parties. The Company applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Company as a lessor

Leases where the Company retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Rental income under operating leases is accounted for in accordance with the terms of the leases and generally on a straight-line basis and is included under "Other operating income" in the statement of comprehensive income.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) 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 of the amount of the obligation can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.



3. Management's Use of Material Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS Accounting Standards requires management to exercise judgments, make accounting estimates and use assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Future events may occur which can cause the assumptions used in arriving at those judgments and estimates to change. The effects of any changes will be reflected in the financial statements as they become reasonably determinable.

Judgments

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 effects on amounts recognized in the financial statements:

Determining the lease term of contracts with renewal options – the Company as a lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The same economic life is applied to determine the amortization rate of right-of-use assets.

The Company has the option to lease the assets for additional terms. The Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainties at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Estimating the incremental borrowing rate (PFRS 16)

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The present value of the lease payments is determined using the discount rate representing the interest rate implicit in the lease, or the lessee's incremental borrowing rate, if that rate cannot be readily determined. The Company assessed the incremental borrowing rate based on the interest rate that the Company would have to pay over the similar lease term, the fund necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rates used on leases ranged from 6.93% to 7.78%. The carrying amount of the lease liability amounted to ₱116.0 million and ₱150.4 million as of December 31, 2025 and 2024, respectively (see Note 24).

Provision for ECL of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information.



At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed.

The assessment of the correlation between observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

In its ECL model, the Company relies on a broad range of forward-looking information as economic inputs such as gross domestic product and inflation. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Provision for ECL amounted to P114.6 million, ₱61.6 million and ₱0.1 million in 2025, 2024 and 2023, respectively (see Note 15). Trade receivables, net of allowance for ECL amounted to ₱680.7 million and ₱642.4 million as at December 31, 2025, respectively (see Note 5).

Estimation of allowance for inventory obsolescence

Provisions are made for expired and slow-moving medicines and medical supplies pending disposal. Medicines and medical supplies, net of allowance for inventory obsolescence, amounted to ₱167.3 million and ₱160.8 million as at December 31, 2025 and 2024, respectively. Inventory write-off amounted to ₱11.8 million and ₱5.8 million for the year December 31, 2025 and 2024, respectively (see Note 6).

Provision for inventory obsolescence amounted to ₱4.8 million, ₱6.6 million and ₱6.0 million in 2025, 2024 and 2023, respectively (see Notes 6 and 14).

Estimation of retirement benefits cost

The cost of defined benefit pension plans as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, accrued retirement benefits liability are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Net retirement benefit cost recognized in profit or loss amounted to ₱15.1 million, ₱16.6 million and ₱11.1 million in 2025, 2024 and 2023, respectively, while net interest expense from retirement benefit cost amount to ₱0.6 million, ₱4.1 million and ₱3.5 million in 2025, 2024 and 2023, respectively (see Notes 18 and 19). Actuarial loss on accrued retirement benefits liability, net of tax recognized in OCI amounted to ₱3.4 million, and ₱22.5 million in 2025, and 2023, respectively, and actuarial gain on accrued retirement benefits liability, net of tax, recognized in OCI amounted to ₱24.1 million in 2024 (see Note 19). As at December 31, 2025 and 2024, accrued retirement benefits liability amounted to ₱11.1 million and ₱25.8 million, respectively (see Note 19).



Contingencies

The Company is a party to various lawsuits, the outcome of which is presently undeterminable. All such cases are in the normal course of business and are not deemed to be considered as material legal proceedings. Further, those cases are either pending in courts or under protest, the outcome of which are not presently determinable. Management and its legal counsel believe that the liability, if any, that may result from the outcome of these litigations and claims will not materially affect their financial position or performance.

4. Cash and Cash Equivalents

	2025	2024
Cash on hand and in banks	P744,622,647	P728,531,798
Time deposit	324,702,971	313,140,984
	P1,069,325,618	P1,041,672,782

Cash and cash equivalents include cash in banks and temporary placements that are made for varying periods up to three months depending on the immediate cash requirements of the Company. Cash in banks earn interest at the prevailing bank rates.

Interest income earned from cash in banks and cash equivalents amounted to P9.4 million, P24.7 million and P20.5 million in 2025, 2024 and 2023, respectively.

5. Receivables

	2025	2024
Trade:		
Philippine Health Insurance Corporation (PhilHealth)	P342,352,998	P227,057,401
Self-pay	262,336,707	190,384,205
Health maintenance organizations (HMO)	233,415,994	238,718,074
International insurance	70,841,611	77,727,037
Corporate accounts	68,296,176	92,909,097
Unbilled charges	56,844,877	83,710,573
Others	6,003,867	22,122,820
Nontrade	33,856,728	19,085,830
	1,073,948,158	951,715,037
Less allowance for ECL	366,338,727	295,646,539
	P707,609,431	P656,068,498

Trade receivables are noninterest-bearing and normally collectible within 15 to 75 days from the date of billing.

Unbilled charges pertain to receivables from undischarged patients for services already rendered but not yet billed. These are noninterest-bearing and expected to be billed and collected within one year.

The Company's outstanding trade receivables from related parties amounted to P8.1 million and P2.8 million as at December 31, 2025 and 2024, respectively (see Note 23). These are noninterest-bearing and expected to be billed and collected within one year.



Interest income earned from late payment charges totaled ₱1.4 million, ₱0.7 million and ₱0.4 million in 2025, 2024 and 2023, respectively.

Nontrade receivables mainly pertain to rental, rebates, employee accountabilities and advances to vendors. These are noninterest-bearing and are due within the normal operating cycle. While advances to vendors are applied to future billings when the related goods and services are received.

Movements in the allowance for ECL follow:

	2025		2024	
	Trade	Nontrade	Trade	Nontrade
Beginning balances:	₱290,239,022	₱5,407,517	₱261,099,667	₱6,225,575
Provision (reversal) for ECL (Note 15)	112,782,587	1,774,224	61,615,452	(818,058)
Write off	(43,604,209)	(260,414)	(32,476,097)	-
Ending balances	₱359,417,400	₱6,921,327	₱290,239,022	₱5,407,517

Accounts provided with allowance were evaluated on a continuous basis and specifically identified by management on the basis of factors that affect the collectability of each account.

6. Inventories

	2025	2024
At Cost:		
Medicines	₱75,920,336	₱73,080,515
Medical supplies	94,593,107	98,019,490
	170,513,443	171,100,005
Less allowance for inventory obsolescence	3,228,110	10,289,334
	₱167,285,333	₱160,810,671

All inventories carried at net realizable value were fully provided with allowance.

The cost of medicines and medical supplies recognized as part of "Cost of services and sales" account amounted to ₱1,286.0 million, ₱1,105.7 million and ₱1,043.4 million in 2025, 2024 and 2023, respectively (see Note 14).

Movements in the allowance for inventory obsolescence accounts follow:

	2025	2024
Beginning balance	₱10,289,334	₱9,473,362
Provision for inventory obsolescence (Note 14)*	4,754,690	6,646,857
Write off	(11,815,914)	(5,830,885)
	₱3,228,110	₱10,289,334

*Presented as "Others - net" under "Cost of Services and Sales"



7. Other Current Assets

	2025	2024
Prepaid expenses	P29,674,506	P39,907,050
Creditable withholding tax (CWT)	29,346,998	19,205,552
Others	775,185	-
	P59,796,689	P59,112,602

Prepaid expenses mainly pertain to advance payments for subscription, advertising and insurance.

CWT represents amount withheld by counterparty for services rendered by the Company which can be claimed as tax credits.



B. Property and Equipment

As at December 31, 2025:

	Land	Buildings	Building Equipment	Building Improvements	Medical Equipment and Instruments	Hospital Furniture and Equipment	Office Furniture and Equipment	Leasehold Improvements	Right-of-Way Assets	Construction in Progress and Equipment for Installation	Total
Cost											
Beginning balance	P2,078,711,135	P3,518,793,983	P1,215,297,478	P294,293,458	3,877,091,334	P373,589,709	P112,292,754	P-	P134,761,690	P126,219,424	P11,127,665,818
Additions	-	14,529,825	18,654,313	8,915,967	487,972,623	54,262,454	12,478,742	21,054,528	-	222,716,785	843,879,348
Less reclassification	-	-	-	-	-	-	-	-	43,295,938	-	(5,295,938)
Reclassifications	-	111,238,812	14,625,230	-	60,208,808	-	545,142	43,513,943	-	(194,570,497)	-
Deposits	-	-	-	-	(164,822,727)	(26,612,740)	(1,024,642)	-	-	-	(496,343,815)
Ending balance	2,078,711,135	3,644,569,620	1,248,522,708	303,209,425	3,394,231,818	401,223,827	123,741,854	64,572,971	191,465,752	105,445,734	11,786,186,931
Accumulated Depreciation											
Beginning balance	-	1,248,780,861	794,598,720	246,718,823	2,262,488,968	463,648,868	97,661,424	P-	59,579,617	-	4,168,477,477
Depreciation (Items 14 and 15)	-	102,382,781	84,232,842	8,664,684	341,215,491	86,495,379	42,338,373	1,713,681	35,348,544	-	588,879,596
Deposits	-	-	-	-	(161,897,448)	(82,683,876)	-	-	-	-	(1,135,678,823)
Ending balance	-	1,351,163,642	879,831,562	255,383,507	2,341,806,811	467,460,361	140,000,797	1,713,681	94,928,161	-	5,499,375,815
Accumulated Impairment Losses	-	-	-	-	84,327	6,221	137,432	-	-	-	(154,983)
Net Book Value	P2,078,711,135	P3,293,405,978	P368,691,146	P247,825,918	P1,052,424,987	P214,763,466	P93,741,057	P62,858,972	P96,537,591	P105,517,734	P6,286,811,116

As at December 31, 2024:

	Land	Buildings	Building Equipment	Building Improvements	Medical Equipment and Instruments	Hospital Furniture and Equipment	Office Furniture and Equipment	Leasehold Improvements	Right-of-Way Assets	Construction in Progress and Equipment for Installation	Total
Cost											
Beginning balance	P506,088,411	P3,356,678,198	P1,195,657,769	P200,360,373	P2,698,171,211	P348,854,280	P112,783,183	P-	P17,478,543	P121,291,529	P10,844,965,660
Additions	1,331,612,593	-	10,126,707	14,048,276	277,480,118	41,212,394	8,749,046	-	169,242,381	281,232,742	2,334,897,545
Reclassifications	-	148,144,895	11,211,000	-	487,680,680	-	-	-	-	424,321,895	-
Deposits	-	-	-	-	(431,541,817)	(12,484,843)	(2,926,462)	-	-	-	(1,044,200,345)
Ending balance	2,078,711,135	3,504,823,093	1,216,868,769	214,408,649	2,943,709,382	377,571,829	117,565,767	-	186,720,924	402,524,274	11,137,665,810
Accumulated Depreciation											
Beginning balance	-	1,844,248,863	784,462,121	258,295,679	2,106,494,506	461,818,356	98,905,186	-	15,844,893	-	4,128,571,943
Depreciation (Items 14 and 15)	-	61,851,299	52,107,099	7,891,739	209,420,427	11,188,117	9,429,951	-	24,336,414	-	438,119,566
Deposits	-	-	-	-	(131,971,976)	(12,614,463)	(9,871,911)	-	-	-	(185,458,350)
Ending balance	-	1,906,100,162	836,569,220	266,187,418	2,173,942,957	460,381,990	98,463,226	-	40,181,307	-	5,164,172,177
Accumulated Impairment Losses	-	-	-	-	16,129	6,221	137,432	-	-	-	(154,983)
Net Book Value	P2,078,711,135	P3,278,983,823	P380,299,549	P248,221,231	P769,766,425	P217,189,839	P119,102,541	P-	P146,539,617	P402,524,274	P6,052,493,633



The Company has no restrictions on the title to its property and equipment and none of these assets have been pledged as security for any liabilities.

The remaining contractual commitment for the completion of construction in progress and equipment for installation amounted to ₱16.3 million as of December 31, 2025.

On August 15, 2024, the Company acquired a 3,839 square meter parcel of land from an external party for a total purchase price of ₱1,672.6 million, payable in four installments starting August 2024 until June 2027. Total liability for purchased land at amortized cost as at December 31, 2025 and 2024 amounted to ₱848.4 million and ₱1,209.2 million, respectively (see Note 11).

The Company disposed of property and equipment in 2025, 2024 and 2023 as follows:

	2025	2024	2023
Net book value	₱2,072,277	₱1,678,043	₱3,028,612
Less: Proceeds	280,179	164,338	2,973,889
Trade-in value	876,516	565,308	1,100,000
Loss (gain) on disposals	₱915,582	₱948,397	(₱1,045,277)

Trade-in value received by the Company upon sale of property and equipment was included as part of the additions in property and equipment

The cost of fully depreciated property and equipment that are still being used by the Company amounted to ₱2,376.1 million and ₱2,250.9 million as at December 31, 2025 and 2024, respectively.

9. Other Noncurrent Assets

	2025	2024
Advances to contractors	₱27,167,765	₱119,002,369
Software and licenses	20,834,638	31,693,447
Financial assets at FVOCI	18,168,000	19,668,000
Refundable deposits	8,619,470	6,678,555
Investment property	1,677,010	1,841,963
	₱76,466,883	₱178,884,334

- a. Advances to contractors pertains to advance payments to suppliers. These advances will be applied as payment for assets to be classified as property and equipment. The decrease in 2025 resulted from the Company's receipt of purchased medical equipment and completion of renovation projects amounting to ₱72.2 million and ₱33.2 million, respectively

Software and licenses as at December 31 follow:

	2025	2024
Cost		
Beginning balances	₱233,739,463	₱208,642,733
Additions	6,812,986	25,096,730
Retirement	(41,685)	-
Ending balances	240,510,844	233,739,463

(Forward)



	2025	2024
Accumulated Amortization		
Beginning balances	P202,046,016	P179,794,143
Amortization (Notes 14 and 15)	17,671,795	22,251,873
Retirement	(41,605)	-
Ending balances	219,676,206	202,046,016
Net Book Value	P20,834,638	P31,693,447

- b. Movement in the carrying values of financial assets at FVOCI as at December 31 are as follows:

	2025	2024
Beginning balance	P19,668,000	P19,668,000
Unrealized loss on changes in fair value	(1,500,000)	-
Ending balance	P18,168,000	P19,668,000

Movement in the unrealized gain on changes in fair value of financial assets at FVOCI as at December 31 are as follows:

	2025	2024
Beginning balance	P17,035,000	P17,035,000
Unrealized loss on changes in fair value	(1,500,000)	-
Ending balance (Note 12)	P15,535,000	P17,035,000

- c. As at December 31, 2025 and 2024, refundable deposits consist of Meralco deposit equivalent to an estimated one-month billing and a meter deposit made in 2001 for the installation of electricity lines in the Hospital buildings.
- d. Investment property consists of a condominium unit as at December 31:

	2025	2024
Cost	P4,123,808	P4,123,808
Accumulated Depreciation		
Beginning balances	2,281,845	2,116,892
Depreciation (Note 15)	164,953	164,953
Ending balances	2,446,798	2,281,845
Net Book Value	P1,677,010	P1,841,963

The investment property generated rental income amounting to P0.9 million, P0.7 million, and P0.8 million and incurred operating expenses amounting to P0.2 million in 2025, 2024 and 2023, respectively.

No impairment loss was recognized on investment property in 2025, 2024 and 2023.



10. Accounts Payable and Other Current Liabilities

	2025	2024
Trade accounts payable	P572,897,339	P483,898,137
Current portion of liability for purchased land (Note 11)	443,188,254	431,985,309
Accrued expenses	348,943,748	328,140,960
Accrued physician fees	213,067,827	112,815,103
Statutory payables	48,975,382	36,737,847
Current portion of lease liability (Note 24)	35,338,988	33,271,165
Retention payable	29,873,112	23,303,407
Contract liabilities (Note 13)	12,421,351	16,327,044
Refund payable	19,940,744	8,267,831
Others	43,296,337	21,668,930
	P1,759,942,282	P1,496,415,733

- a. Trade payables include unpaid billings of suppliers and contractors. The trade suppliers generally provide 7, 15 or 30-day terms to the Company. Prompt payment discounts of 1%, 1.5%, 2%, 3%, 4%, 5% and 10% are given by a number of trade suppliers.

Related party balances included in "Trade accounts payable" and "Accrued expenses" amounted to P34.0 million and P31.8 million as at December 31, 2025 and 2024, respectively (see Note 23).

- b. Accrued expenses include accruals for various expenses used in the operations of the Company which are normally settled within the next twelve months. Details of accrued expenses as at December 31 are as follows.

	2025	2024
Personnel	P126,146,308	P111,603,355
Rebates	32,975,916	27,614,547
Cost of medical supplies	32,734,730	34,768,473
Maintenance	30,677,897	20,841,778
Outside services	27,044,335	37,779,018
Professional fees	26,483,220	32,690,053
Utilities	15,931,722	18,702,729
General expenses	7,538,924	8,205,661
Rent	1,476,467	2,713,881
Others	39,934,229	33,221,465
	P348,943,748	P328,140,960

Rebates pertain to prompt payment discount and volume discount given by the Hospital to HMOs on which underlying conditions imposed by the former have been met by the latter. The increase in rebate in 2025 is due from the increase in revenue and HMO rates.

- c. Physician fees pertain to professional fees, payable to its physicians and being remitted upon collection of the related receivables from patients. The Company is a party under a 'pass-through' arrangement wherein it acts as a collecting agent from patients and remits professional fees to its physicians upon collection of the related receivables.

- d. Statutory payables pertain to withholding taxes payable on compensation and professional fees, contributions to Social Security System, PhilHealth and Pag-IBIG, and VAT payable which are normally settled within the next twelve months.
- e. Retention payable pertains to amounts withheld on progress billings related to the construction of the fit-outs to be paid upon satisfactory completion of the construction which are normally settled within the next twelve months. The increase in 2025 is mainly due to new contracts entered into by the Company for the renovation of leased property.
- f. Contract liabilities pertain to advances received from patients before they are admitted which can be applied against their billing upon discharge. These are normally applied within the next twelve months (see Note 13).
- g. Refund payable pertains to payments received by the Company in excess of the final invoice amount which are normally settled within the next twelve months.
- h. Others represent deposits and advances from employees and other officers, among others, which are normally settled within the next twelve months.

11. Liability for Purchased Land

The liability for purchased land entered in 2024 is recognized at amortized cost, reflecting the present value of future payments using the effective interest rate of 6.05%. Total accretion recognized in 2025 and 2024 amounted to P57.4 million and P38.0 million, respectively, were presented as interest expense on liability for purchased land under "Finance Costs" (Note 17).

The carrying amount of liability for purchased land as at December 31 follows:

	2025	2024
Beginning balance	P1,209,191,763	P-
Addition	-	1,572,632,703
Interest expense	57,361,004	37,977,185
Payments	(418,143,888)	(401,418,125)
Ending balance	848,408,887	1,209,191,763
Current portion of liability for purchased land	443,188,254	431,985,309
Noncurrent portion of liability for purchased land	P405,220,633	P777,206,454

The liability for purchased land at discounted carrying amount, face value, and unamortized discount are summarized as follows:

	2025	2024
Face value	P893,433,503	P1,311,577,383
Less: unamortized discount	45,024,616	102,385,620
Carrying amount	P848,408,887	P1,209,191,763

A reconciliation of the unamortized discount is presented below:

	2025	2024
Beginning balance	P102,385,620	P140,362,805
Less: amortization	57,361,004	37,977,185
Ending balance	P45,024,616	P102,385,620



Repayment of the undiscounted installment payments is scheduled as follows:

Payment Due Date	2025	2024
April 15, 2025	₱-	₱418,143,880
June 15, 2026	418,143,880	418,143,880
June 15, 2027	434,869,635	434,869,635
	₱853,013,515	₱1,271,157,395

12. Equity

Capital Stock

	Number of Shares	
	2025	2024
Authorized - ₱1 par value	2,000,000,000	2,000,000,000
Issued and subscribed	1,936,728,391	1,936,728,391

Subscription receivable

Movement of subscription receivable as at December 31 are as follows:

	2025	2024	2023
Beginning balance	₱438,515	₱1,208,064	₱1,983,372
Application of dividends against subscription receivable (Note 25)	(379,381)	(769,549)	(775,308)
Ending balance	₱59,134	₱438,515	₱1,208,064

Retained Earnings

As at December 31, 2025 the Company's unappropriated retained earnings exceeded its paid-in capital. The Company plans to declare its excess retained earnings over paid-in capital as at December 31, 2025 as cash dividends in 2026.

Details of the Company's cash dividend declarations are as follows:

BOD Declaration Date	Record Date	Payment Date	Dividend Per Share	Outstanding Shares as of Declaration Date	Total
May 08, 2025	May 16, 2025	May 30, 2025	₱0.208	1,936,728,391	₱402,839,595
Apr 30, 2024	May 13, 2024	May 23, 2024	₱0.180	1,936,728,391	₱348,611,110
May 2, 2023	May 12, 2023	May 26, 2023	₱0.190	1,936,728,391	₱370,470,479
November 20, 2023	December 1, 2023	December 11, 2023	0.0245	1,936,728,391	₱15,235,339
					₱145,706,018

Other Comprehensive Income (Loss) - net

Accumulated other comprehensive income (loss) presented in the statements of financial position consists of the following, net of applicable income taxes:

	2025	2024	2023
Actuarial loss in accrued retirement benefits liability	(P17,317,274)	(P13,901,760)	(P38,049,575)
Unrealized gain on changes in fair value	15,535,000	17,035,000	17,035,000
	(P1,782,274)	P3,133,240	(P21,014,575)

13. Revenue

Disaggregated Revenue Information

Set out below is the disaggregation of the Company's revenue from contracts with customers for the years ended December 31.

	2025	2024	2023
By source			
Patient service revenue	P5,890,505,988	P5,084,009,235	P4,237,897,180
Pharmacy sales	1,057,936,114	959,459,107	815,241,197
Discounts	(847,513,848)	(711,583,774)	(590,689,922)
	P6,100,928,254	P5,331,884,568	P4,462,448,455

	2025	2024	2023
By customers			
Inpatient	P3,944,767,409	P3,511,680,038	P2,923,546,664
Outpatient	3,003,674,693	2,531,788,304	2,129,591,713
Gross revenue	6,948,442,102	6,043,468,342	5,053,138,377
Discounts	(847,513,848)	(711,583,774)	(590,689,922)
	P6,100,928,254	P5,331,884,568	P4,462,448,455

Contract Balances

The Company's trade receivables amounted to P1,040.1 million and P932.6 million as at December 31, 2025 and 2024, respectively (see Note 5).

Contract liabilities include deposits received from patients, amounting to P12.4 million and P16.3 million as at December 31, 2025 and 2024, respectively (see Note 10). Revenue recognized from the beginning balance of contract liabilities included in 2025 and 2024 amounted to P8.4 million and P12.1 million, respectively. The Company expects to fulfil these obligations within the next twelve months of operation.



14. Cost of Services and Sales

	2025	2024	2023
Medical supplies	P699,538,480	P582,472,087	P627,241,305
Personnel costs (Note 18)	674,497,543	628,509,480	481,565,745
Professional fees and outside services (Note 23)	439,185,844	415,278,734	267,423,883
Reader's fee	406,292,498	341,136,303	276,087,436
Depreciation of property and equipment (Notes 8)	272,783,969	234,583,641	199,210,884
Communication, light and water	127,948,841	119,316,426	121,281,767
Repairs and maintenance	104,234,822	62,943,436	41,731,336
Patient meals	64,309,158	58,070,449	46,870,315
Supplies	42,378,293	38,537,539	29,835,372
Rent (Note 24)	9,569,840	14,308,857	12,424,272
Amortization of software and licenses (Note 9)	5,648,308	5,457,431	3,840,260
Others (Note 6)	49,728,387	53,787,433	41,113,053
Cost of services	2,896,089,983	2,554,601,816	2,148,625,628
Cost of sales - Pharmacy	586,473,640	523,259,816	416,207,469
	P3,482,483,623	P3,077,861,632	P2,564,833,097

15. Operating Expenses

	2025	2024	2023
Personnel costs (Note 18)	P462,787,022	P411,562,320	P370,301,278
Depreciation of property and equipment, right-of-use asset and investment property (Notes 8 and 9)	236,285,484	203,700,878	179,045,199
Professional fees and outside services (Note 23)	153,065,240	159,690,772	146,261,288
Repairs and maintenance	115,779,305	95,067,788	87,933,777
Provision for ECL (Note 5)	114,556,811	61,615,452	125,556
Communication, light and water	68,728,381	55,552,654	52,327,530
Taxes and licenses	45,684,797	49,972,828	53,687,935
Supplies	37,323,862	28,940,437	22,067,355
Advertising	33,178,286	27,180,736	21,178,473
Transportation and travel	19,340,876	14,275,810	14,516,903
Insurance	19,331,811	17,969,683	15,492,823
Entertainment, amusement and recreation	15,470,788	18,352,743	16,924,927
Management fee	12,618,059		
Amortization of software and licenses (Note 9)	12,031,487	16,794,442	11,817,837
Rent (Note 24)	2,558,856	9,361,794	9,482,858
Others	63,114,467	60,873,283	40,974,703
	P1,403,846,812	P1,230,711,620	P1,042,138,442



Others pertain to credit card commission expense, maintenance dues and contributions and donations, among others.

Breakdown of depreciation and amortization are as follow:

	2025	2024	2023
Property and equipment	P508,824,500	P438,119,566	P378,091,130
Investment property	164,953	164,953	164,953
Total	P508,989,453	P438,284,519	P378,256,083

	2025	2024	2023
Included in cost of services and sales	P272,783,969	P234,583,641	P199,210,884
Included in operating expenses	236,285,484	203,700,878	179,045,199
Investment property	P508,989,453	P438,284,519	P378,256,083

16. Other Operating Income - Net

	2025	2024	2023
Rent income (Notes 9 and 24)	P36,287,412	P34,062,066	P19,354,904
Foreign exchange gain - net	6,362,983	7,890,712	5,139,745
Gain (loss) on disposal of property and equipment (Note 8)	(915,582)	(948,397)	1,045,277
Recovery of impairment loss on property and equipment	-	(41,582)	-
Others	62,797,677	48,181,532	38,118,375
	P104,532,590	P89,144,331	P63,658,301

Others pertain to other income from hospital services such as Nursing Training, Health Research Office, and Parking, among others.

17. Finance Costs

	2025	2024	2023
Interest expense on liability for purchased land (Note 11)	P57,361,004	P37,977,185	P-
Interest expense on lease liability (Note 24)	10,066,955	7,125,670	216,029
Net interest from retirement benefits cost (Note 19)	624,133	4,060,801	3,541,749
Bank charges	418,194	362,273	486,538
	P68,470,286	P49,525,929	P4,244,316



18. Personnel Costs

	2025	2024	2023
Salaries and wages (Notes 14 and 15)	₱1,122,147,783	₱1,023,440,466	₱840,752,864
Retirement benefits cost (Note 19)	₱5,136,782	₱16,631,334	₱11,114,159
	₱1,137,284,565	₱1,040,071,800	₱851,867,023

Personnel costs are broken down as follow:

	2025	2024	2023
Cost of services and sales (Note 14)	₱674,497,543	₱628,509,480	₱481,565,745
Operating expenses (Note 15)	₱462,787,022	₱411,562,320	₱370,301,278
	₱1,137,284,565	₱1,040,071,800	₱851,867,023



19. Retirement Benefits

The Company has a non-contributory retirement plan which provides retirement benefit equal to one hundred percent (100%) of plan salary for every year of credited service of qualified employees, not less than the regulatory benefit under the Retirement Pay Law (Republic Act No. 7641). The retirement plan trustee, as appointed by the Company in the trust agreement executed between the Company and the duly appointed retirement plan trustee, is responsible for the general administration of the retirement plan and the management of the retirement fund. The retirement plan trustee may seek the advice of counsel and appoint the investment managers to manage the retirement fund, an independent accountant to audit the fund and an actuary to value the retirement fund.

	Net Retirement Benefits Cost in Statement of Comprehensive Income				Reimbursements in Other Comprehensive Income						
	January 1, 2023	Current	Net Interest**	Subtotal	Contributions and Benefits Paid	Return on Plan Assets (Excluding Amount Included in Net Interest)	Actuarial	Actuarial	Experience Adjustments	Subtotal	December 31, 2023
		Service Cost* (Notes 14 and 18)					Changes Arising from Changes in Demographic Assumptions	Changes Arising from Changes in Financial Assumptions			
Present value of defined benefit obligation	₱17,606,708	₱15,116,782	₱10,881,297	₱24,024,679	(₱1,236,726)	₦-	(₱15,161,865)	(₱5,107,458)	₱20,182,616	(₱95,788)	₱199,787,447
Fair value of plan assets	(₱51,812,336)	-	(₱10,263,164)	(₱10,263,164)	(₱1,323,780)	(₱,640,716)	-	-	-	(₱,640,716)	(₱8,960,476)
Accrued retirement benefits liability - net	₱15,794,462	₱15,116,782	₱624,133	₱15,768,915	(₱24,942,418)	₱4,640,716	(₱13,161,865)	(₱5,107,458)	₱20,182,616	₱4,554,018	₱11,826,967

*Presented as retirement benefit cost under "Personnel Cost"

**Presented as an integral from retirement benefit cost under "Finance Cost"

	Net Retirement Benefits Cost in Statement of Comprehensive Income				Reimbursements in Other Comprehensive Income						
	January 1, 2024	Current	Net Interest**	Subtotal	Contributions and Benefits Paid	Return on Plan Assets (Excluding Amount Included in Net Interest)	Actuarial	Actuarial	Experience Adjustments	Subtotal	December 31, 2024
		Service Cost* (Notes 14 and 18)					Changes Arising from Changes in Demographic Assumptions	Changes Arising from Changes in Financial Assumptions			
Present value of defined benefit obligation	₱181,686,831	₱16,631,334	₱11,918,639	₱28,549,965	(₱1,922,271)	₦-	(₱20,213,327)	(₱10,064,725)	₱3,600,705	(₱26,707,347)	₱177,606,198
Fair value of plan assets	(₱101,163,211)	-	(₱18,817,838)	(₱18,817,838)	(₱1,368,566)	(₱,480,719)	-	-	-	(₱1,849,285)	(₱11,812,135)
Accrued retirement benefits liability - net	₱79,523,240	₱16,631,334	₱4,060,841	₱20,692,135	(₱3,293,227)	(₱3,489,739)	(₱20,223,327)	(₱10,064,725)	₱3,600,705	(₱22,197,016)	₱25,794,462

*Presented as retirement benefit cost under "Personnel Cost"

**Presented as an integral from retirement benefit cost under "Finance Cost"

	Net Retirement Benefits Cost in Statement of Comprehensive Income				Reimbursements in Other Comprehensive Income						
	January 1, 2023	Current	Net Interest**	Subtotal	Contributions and Benefits Paid	Return on Plan Assets (Excluding Amount Included in Net Interest)	Actuarial	Actuarial	Experience Adjustments	Subtotal	December 31, 2023
		Service Cost* (Notes 14 and 18)					Changes Arising from Changes in Demographic Assumptions	Changes Arising from Changes in Financial Assumptions			
Present value of defined benefit obligation	₱135,527,856	₱11,814,859	₱10,665,979	₱23,780,138	(₱4,831,991)	₦-	(₱5,884,158)	(₱2,340,281)	₱1,087,813	(₱28,814,255)	₱131,666,451
Fair value of plan assets	(₱5,858,275)	-	(₱1,824,230)	(₱7,324,230)	(₱1,311,723)	(₱,210,517)	-	-	-	(₱1,522,240)	(₱10,802,211)
Accrued retirement benefits liability - net	₱49,669,288	₱11,714,859	₱1,541,349	₱14,655,904	(₱13,762,221)	₱1,210,517	(₱5,884,158)	(₱2,340,281)	₱1,087,813	(₱29,024,772)	₱40,397,240

*Presented as retirement benefit cost under "Personnel Cost"

**Presented as an integral from retirement benefit cost under "Finance Cost"

The principal actuarial assumptions used to determine retirement benefits are as follows:

	2025	2024	2023
Discount rate	6.42%	6.13%	6.56%
Salary increase rate	6.00%	6.00%	7.00%
Employees covered	1,981	1,908	1,641
Mortality rate	2017 Philippine Intercompany Mortality Table		
Disability rate	The Disability Study, Period 2 Benefit 5		

Withdrawal rates are as follows:

Age	Nurse			Non-Nurse		
	2025	2024	2023	2025	2024	2023
19 - 24	18.30%	26.94%	31.41%	17.08%	21.86%	22.13%
25 - 29	42.53%	34.62%	35.58%	27.01%	24.80%	24.86%
30 - 34	48.34%	38.00%	39.32%	17.17%	16.25%	15.89%
35 - 39	41.58%	43.81%	56.52%	11.82%	9.37%	9.53%
40 - 44	38.98%	38.71%	47.83%	7.62%	6.47%	6.17%
45 - 49	15.81%	13.07%	16.22%	7.66%	6.04%	6.40%
50 - 54	0.50%	0.50%	0.50%	3.05%	2.72%	0.85%
≥ 55	0.50%	0.50%	0.50%	1.79%	1.30%	0.00%

The composition of the fair value of plan assets by each class as at December 31 is as follows:

	2025	2024
Cash and cash equivalents	₱20,979,045	₱12,367,887
Government securities	165,304,309	137,648,245
Others	2,377,122	1,776,204
Fair value of plan assets	₱188,660,476	₱151,812,336

The plan assets do not have quoted market prices in active markets. The plan assets consist mainly of government securities that are risk-free.

The retirement plan trustee has no specific matching strategy between the plan assets and the plan liabilities but the plan trustee is generally assumed to use an approach that would meet the goals of the fund.

The Company is not required to pre-fund the future defined benefits payable under the retirement plan before they become due. For this reason, the amount and timing of contributions to the retirement fund are at the Company's discretion. However, in the event a benefit claim arises and the retirement fund is insufficient to pay the claim, this will then be due and payable from the Company to the retirement fund.

The weighted average duration of the defined benefit obligation is 8.7 years and 9.7 years on December 31, 2025 and 2024, respectively.

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring accrued retirement benefits liability at the end of the reporting period after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the accrued retirement benefits liability.



	2025		2024	
	Increase (Decrease)	Accrued Retirement Benefits	Increase (Decrease)	Accrued Retirement Benefits
Discount rates	1.0% (1.0%)	(P16,114,507) 18,539,170	1.0% (1.0%)	(P15,874,642) 18,431,317
Future salary increases	1.0% (1.0%)	18,431,332 (16,317,676)	1.0% (1.0%)	18,269,762 (16,033,218)

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31:

	2025	2024
Not exceeding one year	P33,446,866	P20,689,301
More than one year but not exceeding two years	5,370,853	10,697,113
More than two years but not exceeding five years	47,400,282	25,440,820
More than five years but not exceeding ten years	134,071,407	125,473,486
	P220,289,408	P182,300,720

The Company does not expect to contribute to the fund in 2026.

The latest actuarial valuation report of the Company is as at December 31, 2025.

20. Income Taxes

a. The components of the Company's provision for income tax are as follows:

	2025	2024	2023
Current:			
RCIT	P340,832,203	P304,225,391	P227,921,838
Final tax on interest income	1,880,549	4,929,471	4,093,182
	342,712,752	309,154,862	232,015,020
Deferred	(22,785,399)	(25,500,157)	9,965,976
	P319,927,353	P283,654,705	P241,980,996

b. The components of the Company's net deferred income tax assets are as follows:

	2025	2024
Deferred income tax assets on:		
Allowance for:		
ECL	P91,584,682	P73,911,635
Inventory obsolescence	807,026	2,572,334
Lease liability	28,993,026	37,609,082
Liability for purchased land	23,834,547	9,494,296
Accrued service incentive	19,367,747	15,443,424
Unamortized past service cost	13,716,599	10,801,073
Accrued retirement benefits liability - net	2,781,742	6,448,616
Accrued expenses	2,163,225	12,313,562
Rental deposit	832,169	832,169

(Forward)



	2025	2024	
Unrealized foreign exchange loss - net	P255,321	P-	
Difference between the depreciation expense per books and the depreciation expense deducted for income tax purposes	147,878	2,449,926	
Allowance for possible loss of equipment	39,996	39,996	
	<u>184,523,958</u>	<u>171,916,113</u>	
Deferred income tax liability on:			
Right-of-use asset	(25,885,045)	(36,795,416)	
Unrealized foreign exchange gain - net	-	(405,688)	
	<u>(25,885,045)</u>	<u>(37,201,104)</u>	
	<u>P158,638,913</u>	<u>P134,715,009</u>	
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Deferred tax asset recognized in other comprehensive (income) loss - actuarial (income) loss on accrued retirement benefits liability	P1,138,505	(P8,049,271)	P7,505,443

- c. A reconciliation of the Company's provision for income tax computed at the statutory income tax rate based on income before income tax to the provision for income tax is as follows:

	2025	2024	2023
Provision for income tax computed at the statutory income tax rate	P315,363,950	P272,085,793	P233,941,792
Additions to (reductions in) income tax resulting from:			
Non-deductible deficiencies and penalties	3,659,803	9,070,657	7,033,201
Interest income subjected to final tax	(2,349,381)	(6,165,985)	(5,117,922)
Effect of income tax holiday	(347,046)	-	-
Non-deductible expenses	1,719,478	3,734,769	2,030,743
Final tax on interest income	1,880,549	4,929,471	4,093,182
Provision for income tax	<u>P319,927,353</u>	<u>P283,654,705</u>	<u>P241,980,996</u>

On August 14, 2025, the Board of Investments (BOI) approved the Company's registration as a domestic market enterprise pursuant to the BOI Charter and Title XIII of the National Internal Revenue Code of 1997, as amended. Under the terms of its Registration Agreement, the Company is entitled to certain incentives and tax benefits.

As defined in the Registration Agreement, the Company's BOI-registered activity is the Cyberknife Radiotherapy service. As of December 31, 2025, the Company's net revenue and expenses under the BOI-registered activity amounted to P23.4 million and P22.4 million, respectively.



21. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize stockholder value.

The Company monitors capital using the liabilities to tangible net worth ratio. Ratio should not be greater than 1:1. The details follow:

	2025	2024
Liabilities (a):		
Accounts payable and other current liabilities	P1,281,415,840	P1,031,159,259
Accrued retirement benefits liability - net	11,126,967	25,794,462
Income tax payable	135,803,480	169,003,543
Due to a related party	3,281,365	4,749,475
Liability for purchased land	848,408,887	1,209,191,763
Lease liability	115,972,104	150,436,328
	P2,395,927,843	P2,590,334,830
Tangible net worth (b):		
Capital stock	P1,936,669,257	P1,936,289,876
Additional paid-in capital	185,465,780	185,465,780
Retained earnings	4,028,062,764	3,489,373,820
Other comprehensive income (loss) - net of tax	(1,782,274)	3,133,240
	6,148,415,527	5,614,262,716
Less software and licenses - net	20,834,638	31,693,447
	P6,127,580,889	P5,582,569,269
Liabilities to tangible net worth ratio (a/b)	0.39:1.0	0.46:1.0

22. Financial Instruments and Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise mainly of cash and cash equivalents. The Company has various other financial assets and financial liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year, the Company's policy that no free-standing derivatives or trading in financial instruments shall be undertaken.

Fair Value Information

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Current financial assets and financial liabilities

Due to the short-term nature of the transactions, the fair value of cash and cash equivalents (excluding cash on hand), receivables, accounts payable and other current liabilities (excluding liability for purchased land, statutory payables, lease liability and contract liabilities) and amounts due to a related party approximate the carrying amount as of the reporting date.

Refundable deposits

The carrying value approximates the fair value of refundable deposits included under "Other noncurrent assets" in the statements of financial position to reflect the current market conditions and the amount to be paid when the liability is settled.



Financial asset at FVOCI

The fair value of equity financial assets designated at FVOCI included under "Other noncurrent assets" in the statement of financial position is based on the quoted prices in the active market.

Liability for purchased land

The fair value of liability for purchased land represents the present value of future cash flows discounted using prevailing market benchmark rates ranged from 5.04% to 5.37% and 6.05% to 6.18% as of December 31, 2025 and 2024, respectively.

Fair Value Hierarchy

The Company's financial assets that are carried at fair value are the quoted shares classified as equity financial assets as at December 31, 2025, and 2024, the fair value of these investments amounting to ₱18.2 million and ₱19.7 million respectively, are determined and disclosed using Level 2 inputs, which are quoted in inactive markets indicated by the low volume or level of activity and sizes of transactions for a particular share.

The fair value of liability for purchased land amounting to ₱811.9 million and ₱1,171.3 million as at December 31, 2025, and 2024, respectively, are determined and disclosed using Level 3 inputs.

The remaining financial assets and liabilities are determined and disclosed using Level 3 inputs.

In 2025 and 2024, there were no transfers into and out of the different levels of fair value measurements.

Financial Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and foreign currency risk. The BOD reviews and approves policies for managing these risks and they are summarized as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Company extends credit only to reputable HMO, corporate or insurance companies. The receivable balances are regularly monitored. Credit limits are set in the system and a regular review of these limits is being done by management.

As a healthcare provider, the Company is exposed also to credit risk on patients who are unable to pay their medical bills upon discharge. The Company has a policy to require deposits from patients upon admission and to require top-ups from patients whose bills have exceeded deposited amount. To lessen the exposure on credit risk, the Company closely monitors its receivables on an on-going basis. The Company's exposure to credit risk arises from default of the counterparty.

The table below provides the maximum credit risk exposure of the Company as at December 31:

	Gross Maximum Exposure ⁽¹⁾		Net Maximum Exposure ⁽²⁾	
	2025	2024	2025	2024
Cash and cash equivalents*	₱1,006,394,042	₱1,025,198,300	₱998,394,042	₱1,021,198,300
Receivables	707,609,431	656,068,498	707,609,431	656,068,498
Refundable deposits**	8,619,470	6,678,555	8,619,470	6,678,555
Financial asset at FVOCI**	18,168,000	19,668,000	18,168,000	19,668,000
	₱1,740,790,943	₱1,707,613,353	₱1,732,790,943	₱1,700,613,353

⁽¹⁾Gross financial assets before taking into account any collateral held or other credit enhancements or insurance in case of bank deposits

⁽²⁾Net financial assets after taking into account any collateral held or other credit enhancements or insurance in case of bank deposits

*Excluding cash on hand amounting to ₱62.9 million and ₱16.5 million as at December 31, 2025 and 2024, respectively.

**Included as part of "Other noncurrent assets" previous.



For cash and cash equivalents (excluding cash on hand), the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type or by payors). The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Based on the Company's credit risk experience, the ECL rate increases as the age of receivables also increases.

Credit Quality

The financial assets of the Company are grouped according to stage whose description is explained as follows:

Stage 1 - Those that are considered current and up to 120 days past due and based on change in rating delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - Those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 120 to 360 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - Those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The table below shows determination of ECL stage of the Company's financial assets:

	December 31, 2023			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Cash and cash equivalents*	P1,006,394,042	P-	P-	P1,006,394,042
Nontrade receivables	19,523,038	4,273,690	-	33,856,728
Refundable deposits**	8,619,470	-	-	8,619,470
Total financial assets	P1,044,596,550	P4,273,690	P-	P1,048,870,240

* Excluding cash on hand amounting to P62.9 million

** Included as part of "Other noncurrent assets" account.

	December 31, 2024			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Cash and cash equivalents*	P1,025,198,300	P-	P-	P1,025,198,300
Nontrade receivables	14,578,576	4,507,254	-	19,085,830
Refundable deposits**	6,678,553	-	-	6,678,553
Total financial assets	P1,046,455,431	P4,507,254	P-	P1,050,962,685

* Excluding cash on hand amounting to P10.3 million

** Included as part of "Other noncurrent assets" account.



Set out below is the information about the credit risk exposure on the Company's trade receivables using simplified approach (provision matrix):

	December 31, 2023						Total
	Days past due					Specific Impairment	
	Current	<30 days	30-60 days	61-90 days	>90 days		
Expected credit loss rate	4.33%	8.75%	16.19%	19.90%	36.70%	100%	34.55%
Estimated total gross carrying amount at default	€185,976,772	€206,673,849	€186,987,989	€54,298,956	€388,334,646	€16,824,587	€1,066,096,799
Expected credit loss	€8,065,954	€17,905,348	€30,257,391	€10,821,016	€141,156,194	€16,824,587	€257,017,489

	December 31, 2024						Total
	Days past due					Specific Impairment	
	Current	<30 days	30-60 days	61-90 days	>90 days		
Expected credit loss rate	4.98%	8.79%	16.13%	30.13%	19.54%	100%	31.82%
Estimated total gross carrying amount at default	€126,851,555	€194,191,212	€16,466,325	€91,921,241	€184,692,325	€18,610,333	€632,629,291
Expected credit loss	€6,311,695	€17,091,574	€2,674,343	€27,897,801	€36,136,376	€18,610,333	€99,722,922

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. The Company's objective is to be able to finance its working capital requirements and capital expenditures. To cover the Company's financing requirements, the Company uses internally-generated funds. Projected and actual cash flow information are regularly evaluated to ensure it meets these requirements.

The tables on the next page summarizes the maturity profile of the financial liabilities of the Company based on remaining undiscounted contractual obligations. The table also analyzes the maturity profile of the Company's financial assets in order to provide a complete view of the Company's contractual commitments and liquidity:

Financial liabilities

The maturity grouping is based on the remaining period for the end of the reporting period to the contractual maturity date.

	December 31, 2025						TOTAL
	On demand	Within 12 months	1-2 years	2-3 years	3-4 years	More than 4 years	
Cash and cash equivalents*	€461,699,871	€324,782,371	-	-	-	-	€786,482,242
Trade receivables	412,443,575	268,238,455	-	-	-	-	€680,682,030
Non-trade receivables	-	26,975,881	-	-	-	-	€26,975,881
Refundable deposits	-	-	€219,476	-	-	-	€219,476
Financial assets at FVOCI	18,148,806	-	-	-	-	-	€18,148,806
Total financial assets	€1,122,392,646	€619,996,607	€219,476	-	-	-	€1,742,792,646
Accounts payable and other current liabilities**	-	€120,018,347	-	-	-	-	€120,018,347
Liability for purchased land	-	418,143,886	434,849,679	-	-	-	€853,022,515
Lease liability	-	43,079,246	75,676,836	12,922,154	-	-	€131,678,437
Due to related party	-	3,391,365	-	-	-	-	€3,391,365
Total financial liabilities***	-	€584,632,796	€510,526,515	€12,922,154	-	-	€1,108,081,465
Liquidity position (gap)	€1,122,392,646	(€1,044,823,971)	(€291,047,039)	(€12,922,154)	-	-	(€467,826,279)

* Excluding cash and cash equivalents at FVOCI and cash at December 31, 2023

** Excluding accounts payable and current liabilities amounting to €291 million and €12 million, respectively, as at December 31, 2025

*** Includes finance leases payments



	On demand	Within 300 year	1-2 years	2-3 years	3-4 years	More than 4 years	TOTAL
Cash and cash equivalents*	₱762,857,316	₱913,140,974	₱-	₱-	₱-	₱-	₱1,675,998,290
Trade receivables	428,358,615	243,839,970	-	-	-	-	672,198,585
Nontrade receivables	-	15,678,313	-	-	-	-	15,678,313
Refundable deposits	-	-	6,678,555	-	-	-	6,678,555
Prepaids made at FVOCI	19,668,800	-	-	-	-	-	19,668,800
Total financial assets	₱1,210,884,731	₱1,172,659,257	₱6,678,555	₱-	₱-	₱-	₱2,390,222,543
Accounts payable and other current liabilities**	-	918,094,268	-	-	-	-	918,094,268
Liability for purchased land	-	416,143,880	448,143,880	414,869,831	-	-	1,279,157,599
Lease liability	-	42,041,149	79,953,863	51,624,862	-	-	173,619,874
Due to a related party	-	4,749,473	-	-	-	-	4,749,473
Total financial liabilities***	-	₱1,480,028,770	₱528,097,743	₱466,494,693	₱-	₱-	₱2,474,621,206
Liquidity position (gap)	₱1,210,884,731	(₱307,369,513)	(₱461,419,188)	(₱466,494,693)	₱-	₱-	(₱1,145,378,554)

*Excluding cash on hand amounting to ₱16.7 million as of December 31, 2024

**Excluding accounts payable and current liabilities amounting to ₱16.7 million and ₱16.7 million respectively as of December 31, 2024

***Including lease liability

The Company expects that the cash generated from operations will adequately cover those immediately maturing obligations. All expected collections, check disbursements and other cash payments are determined daily to arrive at the projected cash position to cover its obligations and to ensure that obligations are met as they fall due. The Company monitors its cash flow position, particularly collections from receivables and the funding requirements of operations to ensure an adequate balance of inflows and outflows. The Company has online facilities with its depository banks wherein bank balances are monitored daily to determine the Company's actual cash balances at any time. The Company also has available credit facilities from which it can draw to ensure sufficient available funding for its projects amounting to ₱1,854.0 million and ₱2,554.0 million as of December 31, 2025 and 2024, respectively.

Foreign Currency Risk

Foreign exchange risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Company has foreign currency risk arising from its cash and cash equivalents and international insurance included under receivables. The Company also has transactional currency exposures arising from purchases of medical equipment or supplies in currencies other than the Peso. The Company relies on its ability to generate dollar-based revenue from its foreign patients to mitigate this risk.

The table below shows the details of the Company's currency exposure in US dollar (US\$) on its cash and cash equivalents and receivables:

	2025		2024	
	Original Currency	Peso Equivalent	Original Currency	Peso Equivalent
Cash and cash equivalents	US\$778,180	₱45,749,191	US\$365,401	₱21,138,462
Receivables	763,860	44,907,352	1,207,846	69,873,902
	US\$1,542,040	₱90,656,543	US\$1,573,247	₱91,012,364

As at December 31, 2025, and 2024, the exchange rates used were ₱58.79 and ₱57.85 per US\$1.00, respectively.



The tables below represent the impact on the Company's profit or loss before income tax due to changes in fair value of monetary assets brought about by a change in Peso to US dollar exchange rates (holding all other variables constant):

	Foreign Exchange Rate	Increase (Decrease) in Foreign Currency	Impact on Income Before Tax
2025	₱58.79	1.63% (1.63%)	₱1,477,792 (1,477,792)
2024	₱57.85	4.47% (4.47%)	₱4,068,253 (4,068,253)

There is no other effect on the Company's equity other than those already affecting the profit or loss.

23. Significant Related Party Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors or its stockholders.

On December 6, 2011, MPIC entered into an Assignment and Accession Agreement with Bumrungrad International Limited (BIL), former parent of the Company, and Bumrungrad International Holdings Pte Ltd. (BIHPL). BIL and BIHPL transferred to MPIC all their rights and obligations under the Consultancy Services Agreement and Service Agreement, respectively.

The consultancy services agreement with BIL provide for fees equivalent to 3% of net revenue and 5% of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of the Company, payable in cash to the extent of US\$70,572 annually, with the balance payable by way of issuance of the Company's shares or shall be deemed to be payment for subscription of the Company's shares based on a subscription price at the higher of (a) ten times the earnings per share of the Company during the previous fiscal year or (b) ₱1.13 as may be adjusted by reason of any change in par value.

Under the services agreement with BIHPL, the fees shall be payable in cash to the extent of US\$70,572 annually.

For both the Consultancy Services Agreement and Service Agreement, the basis of the cash payment to be made to MPIC, previously entered with the Company, shall be amended annually based on the change in the Philippine Consumer Price Index (CPI) for the most recent past twelve months. On January 1, 2015, the right to collect management fee was transferred to MPHC.

On February 24, 2015, the Company changed the currency denomination from US Dollar to Philippine Peso using the foreign exchange rate as at February 16, 2015.

Increase in CPI by 3% and 5% in 2025 and 2024, respectively, resulted to increase in management fee in 2025 and 2024.



The tables below provide the total amount of transactions, and their outstanding balances included in "Due to a related party" with MPHIC as of and for the years ended December 31, 2025 and 2024.

Status of transactions	Transactions for the year		Outstanding balances		Terms	Conditions	
	2025	2024	2025	2024			
Partial							
MPHIC/MPNI	Management fee	\$12,614,999	\$12,246,138	\$1,627,427	\$1,731,119	Due every month; Cash payment adjusted for the changes in the CPI	Unsecured
	Group purchasing	808,000	809,890	691,857	1,383,714	Due upon receipt of invoice	Unsecured
	Legal	47,300	47,300	66,000	1,117,143	Due upon receipt of invoice	Unsecured
	Other services	663,300	211,897	813,861	788,500	Due upon receipt of invoice	Unsecured
	Total	\$14,143,999	\$13,321,335	\$3,299,145	\$4,789,475		

On September 22, 2023, the Company entered into a Memorandum of Agreement with Medi Link Laboratory, Inc. (MLLI) to avail their diagnostic testing services to clinicians, patients and external customers. The Company also entered into a Contract of Lease whereby MLLI was awarded the concession to operate a centralized diagnostic laboratory on a portion of the hospital's premises.

The Company also avails of and provides several services from its affiliates under normal terms and conditions, and which are also offered to third parties (see Note 14).

The tables below and in the next page provide the total amount of transactions and their outstanding balances, included in "Receivables" and "Accounts payable and other current liabilities", with other related parties as of and for the years ended December 31, 2025 and 2024.

Nature of transaction	Transactions for the year		Outstanding balances		Terms	Conditions	
	2025	2024	2025	2024			
Receivables							
Affiliate Under Common Control							
MLLI	Rental income / Hospital Bills	\$74,024,473	\$20,868,472	\$7,752,956	\$2,320,454	30 days; noninterest-bearing	Unsecured
MPIC	Hospital Bills	1,817,930	1,817,049	507,088	513,035	30 days; noninterest-bearing	Unsecured
		\$75,842,403	\$22,685,521	\$8,260,044	\$2,833,489		
Payable							
Affiliate Under Common Control							
MLLI	Laboratory services and purchase of reagents	\$213,107,690	\$188,838,694	\$33,986,803	\$31,746,874	30 days; noninterest-bearing	Unsecured
		\$213,107,690	\$188,838,694	\$33,986,803	\$31,746,874		

Outstanding balances at year end are normally settled in cash. The Company did not make any provision for impairment loss relating to amounts owed by related parties.

The compensation of key management personnel follows:

	2025	2024
Salaries and short-term employee benefits	P204,721,902	P181,281,392
Retirement benefit	8,377,100	1,483,634
	P213,099,002	P182,765,026



24. Leases

The Company as a lessor

- a. The Company entered into various lease agreements with its concessionaires. These leases generally provide for either (a) a fixed monthly rent or (b) a minimum rent or a certain percentage of gross revenue. Fixed rent income from leases amounted to ₱15.7 million, ₱13.8 million and ₱12.3 million in 2025, 2024 and 2023, respectively. Contingent rent income recognized in profit or loss amounted to ₱3.0 million, ₱2.9 million and ₱2.4 million in 2025, 2024 and 2023, respectively. Generally, the lease term is 1 year and renewable annually.
- b. The Company entered into lease agreement with Medi Linx Laboratory, Inc. for the rent of hospital floor. The lease contract is for a period of 5 years, expiring on October 7, 2028 subject to renewal upon agreement of both parties in writing. The Company earned rent income of ₱16.7 million in 2025 and 2024, respectively and ₱3.9 million in 2023.
- c. The Company entered into lease agreement with its doctors for the rent of one condominium unit as clinics. The condominium unit is located in the Medical Office Building and is owned by the Company. The Company earned rent income of ₱0.9 million, ₱0.7 million and ₱0.8 million in 2025, 2024 and 2023, respectively.

The Company as a lessee

- a. In 2024, the Company renewed its two-year lease agreement for commercial operation parking lots and spaces of land at Block 40, Lot 4, Civic Drive, Filinvest Corporate City. The agreement is renewable for another two years, subject to mutual agreement between the lessor and the Company.
- b. In 2024, the Company entered into a two-year lease agreement relating to the lease of parking lots and spaces of land located at Lot 3, Block 40, Civic Plaza, Filinvest City, Alabang, Muntinlupa City. The agreement is renewable for another two years, subject to mutual agreement between the lessor and the Company.
- c. In 2024, the Company entered into a five-year lease agreement relating to the lease of certain premises of a ten-story commercial and residential building and parking lots as operational and administrative space located at 2409 Civic Drive District, Filinvest City, Alabang, Muntinlupa City. The agreement is renewable for another three years, subject to mutual agreement between the lessor and the Company. The Company is restricted from assigning and subleasing the leased assets without written consent from the lessor.
- d. The Company also has certain leases of machineries, office equipment, and parking lots and spaces of land. Generally, the leases have lease terms of one year or less and are renewable under certain terms and conditions to be mutually agreed upon by the parties. The Company applies the "short-term lease" and 'lease of low-value assets' recognition exemptions for these leases. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The following are the amounts recognized in the statement of comprehensive income:

	2025	2024
Amortization expense of right-of-use asset (Note 15)	₱38,345,544	₱24,538,414
Interest expense on lease liability (Note 17)	10,066,955	7,125,670
Expenses relating to leases of short-term leases (Notes 14 and 15)	12,110,736	23,870,651
	₱60,523,235	₱55,534,735



As of December 31, 2025 and 2024, carrying amounts and movements in the Company's lease liability follow:

	2025	2024
Beginning balance	P150,436,328	P2,164,796
Lease modification	(5,295,938)	-
Addition	-	166,184,399
Interest expense on lease liability (Note 17)	10,066,955	7,125,670
Lease payments	(39,235,241)	(25,038,537)
Ending balance	115,972,104	150,436,328
Current portion of lease liability (Note 10)	35,338,988	33,271,165
Noncurrent portion of lease liability	P80,633,116	P117,165,163

The lease liabilities were measured at the present value of the remaining lease payments discounted at the Company's incremental borrowing rates at the inception of the lease contract.

The adjustment in lease liability in 2025 is due to the additional lease-free period related to the office rental for executive and administrative offices, and medical clinics (Rehab services and Brain Wellness consultation).

Shown below is the maturity analysis of lease liabilities pertaining to contractual undiscounted cash flows is included in Note 22 to the financial statements.

25. Note to Statements of Cash Flows

a. Shown below is the principal non-cash investing activities of the Company as of December 31:

	2025	2024
Unpaid acquisitions of property and equipment	P965,543,329	P1,395,574,436
Unpaid acquisition of software and licenses	192,902	151,429
Transfer from advances to contractors to property and equipment	109,332,726	-
	P1,075,068,957	P1,395,725,865

Cash outflow on additions to property and equipment also includes payment of liability for purchased land during the year amounting to P418,143,880 and P401,418,125 in 2025 and 2024, respectively (see Note 11).

b. Changes in liabilities arising from financing activities

	Dividends Payable (Note 12)	Lease Liability (Note 24)
Balance as at December 31, 2022	P-	P6,108,142
Cash flow (see Statements of Cash Flows)		
Payments of for:		
Lease liability	-	(4,159,375)
Dividends	(344,930,710)	-
Non-cash:		
Interest expense on lease liability	-	216,029
Dividend declaration	345,706,018	-
Application of dividends against subscriptions receivable	(775,308)	-
	344,930,710	216,029
Balance as at December 31, 2023	P-	P2,164,796

(Forward)



	Dividends Payable (Note 12)	Lease Liability (Note 24)
Cash flow (see Statements of Cash Flows) Payments of/for:		
Lease liability	P-	(P25,038,537)
Dividends	(347,841,561)	-
Non-cash:		
Addition to lease liability	P-	P166,184,399
Interest expense on lease liability	-	7,123,670
Dividend declaration	348,411,110	-
Application of dividends against subscriptions receivable	(769,549)	-
	347,841,561	173,310,069
Balance as at December 31, 2024	P-	P150,436,328
Cash flow (see Statements of Cash Flows) Payments of/for:		
Lease liability	P-	(P39,235,241)
Dividends	(402,460,124)	-
Non-cash:		
Addition to lease liability	P-	(P5,295,938)
Interest expense on lease liability	-	10,066,955
Dividend declaration	402,839,505	-
Application of dividends against subscriptions receivable	(379,381)	-
	402,460,124	4,771,017
Balance as at December 31, 2025	P-	P115,972,104

26. Basic/Diluted Earnings per Share

The table below represents information necessary to compute the basic/diluted earnings per share:

	2025	2024	2023
(a) Net income	P941,528,449	P804,688,467	P693,786,173
(b) Adjusted weighted average number of shares	1,936,728,391	1,936,728,391	1,936,728,391
Basic/diluted earnings per share (a/b)	P0.4861	P0.4155	P0.3582

There were no potentially dilutive shares as at December 31, 2025, 2024 and 2023. Thus, the basic earnings per share is equal to the diluted earnings per share as of those dates.

27. Disclosures Required Under Revenue Regulations (RR) No. RR 15-2018 of the Bureau of Internal Revenue

The Company reported and/or paid the following taxes, duties and license fees during the year:

Value Added Tax (VAT)

The Company is primarily engaged in the sale of medical and hospital services and lease of properties which is incidental to its operation. Sec. 109(l) of the 1997 Tax Code, as amended, provides that "Medical and hospital services are VAT Exempt". However, lease of properties which are not connected to medical and hospital services are subject to VAT.



Output VAT

The breakdown of the Company's sales transaction for the year ended December 31, 2025 is as follows:

	Base Amount	Output VAT
Vatable sales:		
Lease income	P34,771,356	P4,172,563
Others	172,671,810	20,720,617
VAT exempt	6,014,757,511	-
Total	P6,222,200,677	P24,893,180

Others pertains to sale of medicines and medical supplies to outpatient.

VAT exempt revenues from hospital services account for 97% of the total sales; hence the Company does not recognize input VAT from purchases of goods and services from different suppliers/vendor except purchases related to outpatient pharmacy and purchases of power from Meralco wherein the Company claims 7.69% of the total bill as tenant's share which is directly connected to vatable rental income. Any VAT passed on by VAT registered suppliers of goods and services (except outpatient pharmacy purchases and 7.69% VAT on Meralco bill) are recorded as part of the cost as mandated by existing laws and regulation.

Input VAT

The amount of VAT input taxes claimed are broken down as follows:

Balance at January 1, 2025	P-
Current year's domestic purchases/payments for:	
Domestic purchase of goods other than capital goods	
Domestic purchase of services	6,303,170
Applied against output VAT	(6,303,170)
Balance at December 31, 2025	P-

Input VAT claimed from Meralco for the year ended December 31, 2025 amounted to P1,225,843.

VAT payments made during the year amounted to P18,590,010.

Outstanding balance of output VAT and input VAT as at December 31, 2025 amounted to nil and nil, respectively. Output VAT and input VAT are presented as part of "Statutory payables" under "Accounts payables and other current liabilities" and "Other current assets", respectively, in the statements of financial position.

The Company's Vatable revenue are based on actual cash collections, hence may not be the same with the amounts accrued in the statements of comprehensive income.

Withholding Taxes

The categories of the Company's withholding taxes for the year ended December 31, 2025 are as follows:

Expanded withholding taxes	P218,463,812
Compensation and benefits	48,838,340
Final taxes	6,378,698
Total	P273,680,850



Taxes and Licenses and Other Matter

The Company did not have any importations nor purchases of products subject to excise tax in 2025.

The components of the Company's taxes and licenses for the year ended December 31, 2025 are as follows:

Business taxes	P34,755,245
Real estate taxes	4,852,069
Fringe benefits tax	222,413
Community tax certificate	10,500
Barangay permit	15,015
Other taxes	6,578,767
Total	P46,434,009

Permits and licenses included as part of business taxes amounted to P749,212 is presented as "Others" under "Cost of Sales and Services"

Deficiency Tax Assessments and Tax Cases

The Company does not have any outstanding deficiency tax assessments as at December 31, 2025.





STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of Asian Hospital, Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, 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.

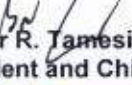
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.


Augusto P. Palisoc, Jr.
Chairman of the Board


Beaver R. Tamesis, MD
President and Chief Executive Officer



Robert D. Martinez
Chief Finance Officer

Signed this 24th day of February, 2026

SUBSCRIBED AND SWORN to before me this 26 FEB 2026 day of _____ affiants exhibiting to me their respective Evidence of Identity, as follows:

Names	Evidence of Identity	Date of Issue	Place of Issue
Augusto P. Palisoc, Jr.	PP P6294589A	March 7, 2018	Manila
Beaver R. Tamesis, MD	PP P6844863A	April 19, 2018	La Union
Robert D. Martinez	UMID CRN-0111-0254738-9		Manila

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ATTY. ADONAI JAN R. ASLARONA
Notary Public
Until December 31, 2026
IBP O.R No. 591537/01-07-2026/Pampanga
Appointment No. 4136 (2025-2026)
Roll of Attorney No. 84603
MCLE Compliance No. VIII-0033436
PTR No. 10769145/1-06-2026/Makati City
Unit 1009 Philippine AXA Life Centre, Sen. Gil Puya
Avenue Corner, Tindalo Street, Makati City 1286