

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b)
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

Preliminary Information Statement

Definitive Information Statement

2. Name of Registrant as specified in its charter

DAVAO DOCTORS HOSPITAL (CLINICA HILARIO), INC. ("DDH")

3. Province, country or other jurisdiction of incorporation or organization

Davao City, Philippines

4. SEC Identification Number 29840

5. BIR Tax Identification Code 005-985-874-000

6. Address of principal office

118 E. Quirino Ave., Davao City 8000

7. Registrant's telephone number, including area code

(082) 222-9820; (082) 222-8000 Loc1107

(082) 226-4770 – Fax

8. Date, time and place of the meeting of security holders

May 9, 2026

1:30 PM

Davao Convention and Trade Center

F. Torres St., Davao City

9. Approximate date on which the Information Statement is first to be sent or given to security holders

April 17, 2026.

10. **In case of Proxy Solicitations: No proxy solicitation is being made.**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Common, P100 par value 904,776 ¹ shares outstanding
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12. Are any or all of registrant's securities listed on a Stock Exchange?

Yes _____ No **X**

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

¹This includes shares that have been repurchased but are still in process with the BIR and therefore have not yet been entered into the Stock and Transfer Book of the corporation.

**DAVAO DOCTORS HOSPITAL (CLINICA HILARIO), INC.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

Notice is hereby given that, pursuant to Article II, Section 1 of the By-Laws, the **Annual Meeting of Stockholders** of Davao Doctors Hospital (Clinica Hilario), Inc. will be held on **Saturday, May 9, 2026, at 1:30 P.M.** at the **Davao Convention and Trade Center, F. Torres Street, Davao City.**

Agenda:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on May 10, 2025
4. Management Report for the year ended December 31, 2025
5. Ratification of the acts and proceedings of the Board of Directors and Corporate Officers for the year ended December 31, 2025
6. Confirmation of the Appointment of External Auditors
7. Election of the Board of Directors
8. Other Business
9. Adjournment

Access to Meeting Materials:

The Minutes of the 2025 Annual Meetings, and the Information Statement and Management Report will be available for examination at the Office of the Corporate Secretary and on the Company's website (<http://www.ddh.com.ph>, Stockholders Portal) beginning **April 17, 2026.**

Voting and Proxy Validation:

Only stockholders of record as of the close of business on **April 18, 2026** shall be entitled to vote at the meeting. Stockholders unable to attend in person may appoint proxies. All proxies must be submitted to the Corporate Secretary's Office and validated no later than **May 4, 2026.** Proxies not validated within this period shall not be recognized for voting purposes.

Registration:

Registration will open onsite at **10:00 A.M.**


ATTY. PERCY JANE P. ABIAN-FUÑE
Corporate Secretary

INFORMATION REQUIRED IN INFORMATION STATEMENT

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

PART I

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

The Annual Meeting of stockholders shall be held at:

Date : Saturday, May 9, 2026
Time : 1:30 PM
Place : Davao Convention and Trade Center, F. Torres St., Davao City

Principal Office: Davao Doctors Hospital, 118 E. Quirino Avenue, Davao City

This Information Statement will be first sent or given to security holders on April 17, 2026.

Item 2. Dissenter's Right of Appraisal

Under Section 80 and 81 of the Revised Corporation Code of the Philippines (the "RCC"), any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of the shares in the following instances: (a) an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; (c) merger or consolidation; and (d) investment of corporate funds for any purpose other than the primary purpose of the corporation. The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken.

There are no corporate matters or actions that will trigger the exercise by the stockholders of their right of appraisal at the May 9, 2026 meeting.

Item 3. Interest of Certain Persons in Matters to Be Acted Upon

No director or executive officer of the DDH, nominee for election as a director, or associate of any of the foregoing persons, has, at any time since the beginning of the last calendar year, any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than those election to office and ratification of acts of management.

No director has informed DDH that he/she intends to oppose any action intended to be taken by the corporation.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) The total number of outstanding shares as of March 31, 2026 is 904,776 shares with par value of P100.00 per share. All these shares are common shares, with each share entitled to one vote. Only stockholders of record on the books of the corporation at the close of business on April 18, 2026, will be entitled to vote at the Annual Stockholders Meeting. The presence of stockholders owning a majority of the shares of the outstanding capital stock on the record date is required for a quorum.
- (b) The record date for purposes of determining the stockholders entitled to vote at the May 9, 2026 Annual Meeting is April 18, 2026 the ("Record Date"). There are eleven (11) members of the Board to be elected. As required by SEC Memorandum Circular No. 24, Series of 2019, at least one-third of the members of the Board, or three (3) members, shall be independent directors, and the

remaining eight (8) are regular directors. Stockholders are entitled to cumulative voting in the election of the members of the Board.

- (c) Pursuant to Section 23 of the RCC, stockholders entitled to vote may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit: Provided, That the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the corporation multiplied by the whole number of directors to be elected.

There is no condition precedent to the exercise of the stockholders' cumulative voting right.

- (d) (i) Security Ownership of Certain Record and Beneficial Owners

The stockholder holding more than 5% of the DDH's voting shares (all common) as of March 31, 2026 is:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Metro Pacific Health Corporation (MPH) 5 ^F . Tower 1 Rockwell Business Center, Ortigas Ave., Pasig Stockholder	MPH	Filipino	451,252	49.87%

Metro Pacific Health Corporation has issued a proxy appointing Augusto P. Palisoc Jr. to represent it at all regular and special meeting of the corporation, which shall be valid for a period of five (5) years.

Except as stated above, the Board and Management of DDH have no knowledge of any person who, as of the Record Date, was directly or indirectly the beneficial owner of more than 5% of DDH's outstanding shares of common stock.

- (d)(ii) Security Ownership of Management

The following are the number of shares beneficially owned by individual directors of March 31, 2026:

Title of Class	Name of Owner	Amount and Nature of Ownership	Citizenship	Percent
Common	Augusto P. Palisoc Jr. Chairman of the Board	₱ 100.00 Direct	Filipino	0.00%
Common	Celso Bernard G. Lopez President and CEO	100.00 Direct	Filipino	0.00%
Common	Daniel Agapito C. de la Paz, MD Director	95,300.00 Direct	Filipino	0.10%
Common	Crispin C. Go, MD Treasurer	504,100.00 Direct	Filipino	0.55%
Common	Reymundo S. Cochangco Director	100.00 Direct	Filipino	0.00%
Common	Maureen Elizabeth H. Anzures Director	500,000.00 Direct	Filipino	0.54%
Common	Rizalina Maria Karis M. Mata Director	181,400.00 Direct	Filipino	0.20%
Common	Anatole J. Garcia Director	145,700.00 Direct	Filipino	0.16%
Common	Julia Susan B. Castillo Independent Director	1,645,800.00 Direct	Filipino	1.80%
Common	Paul G. Dominguez Independent Director	100.00 Direct	Filipino	0.00%
Common	Eduardo M. Pangan Independent Director	66,300.00 Direct	Filipino	0.07%

(d)(iii) Voting Trust Holders of 5% or More

No directors and officers hold 5% or more of the outstanding shares of DDH. The company is also not aware of any person holding 5% or more of DDH's outstanding shares under a voting trust or similar agreement.

e. **Changes in Control**

There has been no change in control of the Company since the beginning of the Company's last fiscal year.

Item 5. (1) Directors and Executive Officers

The Members of the Board of Directors shall hold office for one (1) year and until their respective successors have been qualified and elected. The following are the current directors of DDH, who were elected at the Annual Stockholders' Meeting, and its Executive Officers, stating their respective period of service and business experience:

(a) Regular Directors

1. **AUGUSTO P. PALISOC JR.**, 68 years old, Filipino is the Chairman of the Board since 2008. He earned his Bachelor of Arts degree major in Economics (With Honors) from De La Salle University, and his Master's Degree in Business Management from the Asian Institute of Management.

He is currently the Vice Chairman and President of Metro Pacific Health Corporation. He is a Board Director of Metro Pacific Investments Corporation. He also either Chairs, or is a Board Director, of the following hospitals and healthcare companies all over the Philippines: Medical Doctors, Inc., Colinas Verdes Hospital Managers Corporation, Colinas Healthcare Inc., Davao Doctors College Inc., Asian Hospital, Inc., AHI Hospital Holdings, Inc., Riverside Medical Center, Inc., Riverside College, Inc., Central Luzon Doctors Hospital, Inc., De Los Santos Medical Center, Inc., East Manila Hospital Managers Corporation, Inc., Metro Pacific Zamboanga Hospital Corporation, Western Mindanao Medical Center, Inc., Marikina Valley Medical Center, Inc., Delgado Clinic, Inc., Sacred Heart Hospital, Inc., Manila Medical Services, Inc., St. Elizabeth Hospital, Inc., Santos Clinic, Inc., Los Baños Doctors Hospital and Medical Center, Inc., Luther Z. Ramiro Community Hospital, Ramiro Community Hospital, Calamba Medical Center Inc., Commonwealth Hospital and Medical Center Inc, Health Global International, Inc., Metro Matutum Hospital, Inc. (Howard Hubbard Hospital), Inter-Medical United Systems (Medical Center Imus), Antipolo Doctors, Inc., Lucena United Doctors, Inc., UHBI Paranaque Doctors Hospital, Inc., San Francisco Doctors Hospital, Inc., Diliman Doctors Hospital Inc., City of General Trias Doctors Medical Center, Inc., Metro Antipolo Hospital and Medical Center, Inc., Tanza Specialists and Medical Center, Inc., Metro Radlinks Network, Inc., Metro SEHI Cancer Center Corporation, Metro RMCI Cancer Center Corporation, Metro CLDH Cancer Center, West Metro Cancer Center Corporation, Medi Linx Laboratory, Inc., and MetroPac Apollo Holding Inc.

His previous positions include: Executive Vice President of Berli Jucker Public Company Ltd. in Thailand, Group Managing Director of FP Marketing (Malaysia) Sdn. Bhd. in Malaysia, Group Vice President for Corporate Development of First Pacific Company Ltd. In Hongkong, and Vice President of Monte Real Investors, Inc. in the Philippines.

2. **CELSO BERNARD G. LOPEZ**, 53 years old, Filipino, is a Director and the President and Chief Executive Officer of Davao Doctors Hospital since May 8, 2021. He is a member of the Quality & Safety Compliance Committee and Environmental, Economic, Social & Governance Committee of Davao Doctors Hospital. He is also a member of the Board of Davao Doctors College, Inc. and Allied Professionals Development Corp., both subsidiaries of Davao Doctors Hospital.

He is concurrently the Chief Transformation and Operations Officer for Metro Pacific Health (MPH), a position he has held since 2022. In addition, Mr. Lopez also serves as one of two of MPH's Regional Clusters Heads, overseeing the strategic and operational management of 19 out of 29 MPH hospitals. Mr. Lopez has been with MPH since 2016, previously holding the position of Special Projects Director, a role that saw him lead MPH's outpatient clinics business, Metro Sanitas Corporation, as its President and CEO while leading the acquisitions and, eventually, the management of MPH's hospitals in Mindanao.

Mr. Lopez has been with the Metro Pacific Group since 2012. He was the Bid Director of the group's successful bid for the Automatic Fare Collection System – Private Public Partnership Project of the Republic Philippines in 2013. He was then seconded to AF Payments Inc., a joint venture with the Ayala Group, from 2014 to 2015 as its Chief Operating Officer tasked with delivering the completion of the fare collection system for the three light rail lines of Metro Manila.

Prior to joining Metro Pacific, he was Executive Vice President of East West Banking Corporation, First Vice President of Security Bank Corporation, and Head of Asset Distribution of HSBC, all in the Philippines.

Mr. Lopez earned his Bachelor of Arts degree, major in Management Economics from Ateneo de Manila University, and his Executive Master's in Business Administration (EMBA) degree from the Asian Institute of Management (with Distinction).

3. **DANIEL AGAPITO C. DELA PAZ, M.D.**, 78 years old, Filipino, is a Director since November 1997. He is a medical doctor and earned his medical degree from the University of the Philippines in 1973.

He is currently the Chairman of the Board of Davao Doctors College, Inc., a Director and the Corporate Secretary of the Allied Professionals Development Corporation. He is a member of the Nomination and Election Committee, Quality & Safety Compliance Committee, and Compensation and Remuneration Committee of DDH.

He was the Corporate Secretary of DDH from November 2000 to July 2022 and the longest serving member of the DDH Board of Directors.

He is still actively practicing as a Neurologist and involved in the Residency Training Program of Internal Medicine at DDH.

4. **CRISPIN C. GO, M.D.**, 90 years old, Filipino, is a Director and Treasurer since 1998. He is a Medical Doctor and earned his medical degree from the University of Santo Tomas. He is a Certified Philippine Board of Surgery and American Board of Surgery and a Fellow of Philippine College of Surgeon and American College of Surgeon.

He is also a member of the Board and the Treasurer of Davao Doctors College, Inc. and Allied Professional Development Corporation. He is also a member of the Nomination and Election Committee, and Compensation and Remuneration Committee of DDH.

His previous positions include: Chairman of the Department of Surgery of Davao Doctors Hospital, Chairman of the Department of Surgery of Davao Medical School Foundation, Board Examiner of Philippine College of Surgeon, Surgical Staff of Southern Philippine Medical Center, Surgical Staff of San Pedro Hospital, and Chairman and Board of Trustee of Davao Christian High School Foundation.

5. **REYMUNDO S. COCHANGCO**, 58 years old, Filipino is a Director since March 2, 2020. He has over 30 years of experience in finance, treasury, controllership, audit, and business operations.

He is the Chief Financial Officer of Metro Pacific Health Corporation, a post he has held since MPH's inception. He sits in the Board of most Metro Pacific Hospitals.

6. **MAUREEN ELIZABETH H. ANZURES**, 73 years old, Filipino, is a Director since May 2011. She earned her Bachelor of Science in Business Administration major in Management from Ateneo de Davao University and her Certified Hospital Administrator from the University of the Philippines.

She is also a member of the Board of Davao Doctors College, Inc. and Allied Professionals Development Corporation. She is the President of Allied Professionals Development Corporation

She was the Assistant Administrator/Personnel Manager from 1976 to 1982, the Hospital Administrator from 1982 to 2008, and the Director of the Strategic Business Planning of Davao Doctors Hospital from 2008 to 2012 of DDH. She was also the General Manager of Allied Professional and Development Corporation from January 1991 up to September 2011. She was the past Board Member of the Philippine Women's College. She was a Fellow of the Phil. College of Hospital Administrators, a Member of the Phil. Hospital Administration, a Member of the Private Hospital Association of the Philippines, a Charter Member of the Ventures Club of Davao, and a Member of the Soroptimist Club International.

7. **RIZALINA MARIA KARIS V. MAGPANTAY- MATA, M.D.**, 62 years old, Filipino is a Director since May 2011. She earned her medical degree from the University of Santo Tomas, Manila in 1988. She is a Fellow of Philippine Pediatrics Society, a Lifetime Member of the Philippine Medical Association and the UST Medical Alumni Association, and a Member of the Davao Metropolitan Society.

She is also a member of the Board of Trustees of Davao Doctors College, Inc., and a Director of the Allied Professionals Development Corporation since July 2022. She is the Vice-Chairperson of the Hospital Ethics Committee of Davao Doctors Hospital. She is also the Head of the Therapeutics Committee of the Department of Pediatrics from 2014 to present. She is affiliated as consultant with the following hospitals: Davao Doctors Hospital, San Pedro Hospital, Brokenshire

Hospital Integrated Health Ministries, Davao Medical School Foundation, Metro Davao Medical and Research Center, Medical Mission Group Hospital, and Anda Riverview Medical Center.

Her past positions in DDH include: Chief of Clinics from July 2008 to November 2010; DDHMSO Officers Council Vice President from 2008 to 2009; Residency Training Director from March 2008 to September 2008; Vice Chair - Department of Pediatrics from January 2007 to December 2009; and Training Officer Department of Pediatrics from January 2004 to December 2007. She was also the Secretary DDH Medical Staff Organization from January 2000 to December 2001 and a Board of Director of Philippine Pediatrics Society.

8. **ANATOLE J. GARCIA, M.D.**, age 66, Filipino, Board of Director. He received his Bachelor of Science in Biology as Cum Laude from the Ateneo de Davao University. He took up Doctor of Medicine at the Davao Medical School Foundation. He passed the Philippine Medical Licensure Examination in 1984 soon after his medical internship at Davao Doctors Hospital. He had his residency training in Pathology at San Pedro Hospital and residency training in Radiology at Davao Doctors Hospital. His subspecialty training CT/MRI was at Chinese General Hospital while subspecialty training in Ultra Sound was at Davao Doctors Hospital. He became a Diplomate of Philippine CT and MRI Society in 1993; and Fellow of the Philippine College of Radiology in 1994.

He is the Training Officer of the Department of Radiology of Davao Doctors Hospital since 2016 to present. He is also an Associate Professor of the Radiology Section of Department of Medicine of Davao Medical School Foundation. He is the Research Radiologist of Metro Davao Medical Research Center Inc. He is the Founding Member and President of the Philippine Society of Thoracic and Cardiovascular Radiology (PSTCR). Present member of the Philippine College of Radiology Accreditation Committee.

His past positions in DDH include: Board of Director from 2015-2017; Board of Trustee of Davao Doctors College, Inc. from 2017-2020; Chairman of the Department of Radiology of Davao Doctors Hospital from 2012-2014; President of the Davao Doctors Hospital Medical Staff Organization from 2010-2011. He used to be a Board Examiner of the Board of the Philippine College of Radiology from 2007-2009; President of the Philippine College of Radiology Southern Mindanao Chapter from 2005-2006; Dean of the College of Radiation Technology of Davao Doctors College from 1992-1996.

(b) Independent Directors

1. **PAUL C. DOMINGUEZ**, 76 years old, Filipino is an Independent Director since May 2021. He received his degree in Bachelor of Arts, Major in Economics from Ateneo De Manila University.

He is currently a member of the Board of Trustees of the Davao Doctors College, Inc. He is also the Chairperson of the Audit, Board Risk Oversight, Corporate Governance and Compliance Committee; a member of the Nomination and Election Committee, and Environmental, Economic, Social & Governance (ESG) Committee of Davao Doctors Hospital. He served as the Executive Director/ Alternate Executive Director of the Asian Development Bank, 2016 to 2022 representing the Philippines and six (6) other countries.

His previous positions include: Vice Chairman of Philippine Business for Social Progress from 2007 to 2017; President of Sagittarius Mines Incorporated from 2004 to 2007; Presidential Adviser for Regional Department and Special Envoy to Brunei Darussalam, Malaysia and Indonesia Minister for the Philippines, Brunei-Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) from 2001 to 2004; Asian Advisory Board of Southeast Asia Colonial Insurance and Commonwealth Bank of Australia; Department of Trade and Industry Country Director, BIMP-EAGA Business Council from 1998 to 2001; President of C. Alcantara and Sons, Inc. from 1985 to 1992; Executive Vice President of Sarangani Agricultural

Development Corporation from 1979 to 1985; Assistant General Manager of Lapanday Agricultural Development Corporation from 1972 to 1979; and Executive Assistant to the President of Davao Light and Power Company, Inc. from 1971-1972. He was a Lecturer in Economics in Ateneo de Davao University from 1970 to 1971.

2. **JULIA SUSAN B. CASTILLO**, 74, is an Independent Director since May 2022. She was raised by medical professionals from Batangas & Cebu who migrated to Davao in the 1940s. After studies at the University of the Philippines in Diliman, she practiced freelance journalism and editorial consultancy for 35 years in the private and government sectors. She co-owns & operates a laundry & dry-cleaning business established in the 1980s.

She remains actively engaged in the farming/ agribusiness industry.

3. **ATTY. EDUARDO M. PANGAN**, 64 years old, Filipino, is an Independent Director since November 2022. He earned his Bachelor of Arts in Philosophy at the Ateneo de Manila University and his Bachelor of Laws at the Ateneo de Manila School of Law.

He is a Partner at Mendoza & Pangan Law Office since 2010 to the present. He currently serves as Director of the following companies: NHK Spring Philippines, Inc., Driven Solutions, Inc. and Beam Suntory Philippines, Inc. He is also a Trustee of non-profit organizations, namely: Kasagana-ka Development Center, Inc. and Sr. Baptista Battig Music Foundation, Inc. He was a member of the Board of Directors (Private Sector Representative) of the Philippine Deposit Insurance Corporation from December 2017 to March 2022.

He started his legal career at Quisumbing Torres (Baker & McKenzie), where he practiced Corporate & Commercial Law. Prior to completing his law studies, he worked with PHILDHRRRA, a network of NGOs involved in social development with the rural sector, and served as chief of staff of the first Fisherfolk Sectoral Representative to the House of Representatives in 1990.

(c) Executive Officers

CELSO BERNARD G. LOPEZ is the President and Chief Executive Officer of the company since May 8, 2021. (*please see profile above*)

MIRASOL B. TIU, 57 years old, Filipino, is the Chief Operating Officer of the company since July 1, 2020. She earned her Bachelor of Science Major in Accounting at the University of San Carlos, and her Master in Management Major in Business Management at the University of San Jose Recoletos. She also earned her Diploma in Human Resource Management at Jose Rizal College, and her Doctor in Business Administration at the Ateneo de Davao University.

She is currently affiliated with the following organizations: Fellow of the Philippine College of Hospital Administrators, Inc.; Certified Hospital Administrator, President of the Davao Chamber of Commerce and Industry Inc; National Trustee for the People Management Association of the Philippines; Member of the Hospital Personnel Management Association; Member of the Philippine Medical Records Association; Member of the Private Hospitals Association of the Philippines, Inc.; Past President of the People Management Association of the Philippines – Davao Chapter;

She is currently one of the Part-time Faculty at the Ateneo de Davao University School of Business and Governance. She used to be a Part-time faculty member for the Master's Degree in Radiological Technology at Davao Doctors College, Inc.

MARY JOY P. TACAY, 58 years old, Filipino is the Chief Finance Officer of DDH since November 2017. She is a Certified Public Accountant. She earned her Bachelor of Science in Commerce as Cum Laude and Leadership Awardee at the Ateneo de Davao University, and her Master in Management at the University of the Philippines. She took up Basic Management Program at the Asian Institute of Management.

She is currently affiliated with the following organizations: Philippine Institute of Certified Public Accountants (PICPA), Toastmaster International, and the Light of Jesus Family.

Prior to joining DDH, she was the Finance Controller for NEH Philippines group handling the following companies: Nader & Ebrahim S/O Hassan Philippines, Inc., Dana Farms Aviation Company, Dana Fresh Agri-Development Inc., RP-Bahrain Harvest, Inc., NE Holdings Philippines, Inc., and Dana Foundation, Inc. She was the Group Head of Lapanday Foods Corporation, and also handled controllership for marketing companies of the said company. In the Davao Sugar Central Co., Inc. (DASUCECO), an affiliate of Filinvest Development

Corporation, she was the Manager for Systems and Internal Audit in January 2000, and then effective October 2002 she handled mill controllership for DASUCECO and system and internal audits for its affiliates, Filinvest Farm Corporation (FFC) and Cotabato Sugar Central Company, Inc. (CSCC). She joined the Isla, Lipana & Co. (formerly Joaquin Cunanan & Co., also known as PricewaterhouseCoopers-Philippines) in December 1988 as the Junior Auditor, and became the Manager in July 1994, and the Senior Manager in July 1998.

JAMES EDWARD R. MANGAOIL, M.D., 51 years old, Filipino, is the Medical Director of DDH since January 1, 2023. He is a Medical Doctor and received his medical degree at the Davao Medical School Foundation. He finished his Postgraduate Internship and Residency in General Surgery both at the Davao Doctors Hospital. He also finished his Surgical Oncology Fellowship at Vicente Sotto Memorial Medical Center, Cebu City, and his Soudavar Visiting Fellowship in Surgical Oncology at Memorial Sloan Kettering Cancer Center, New York, New York, U.S.A. He also earned his Master in Management Major in Hospital Administration at the Philippine Christian University.

He is currently a Fellow of the following organizations: Philippine College of Surgeons; Philippine Society of General Surgeons; Surgical Oncology Society of the Philippines; Philippine Association of Training Officers in Surgery. He has been a Part-time Professor of Davao Medical School Foundation since 2013 to present. He has also been a Medical Specialist II of PNP Camp Sgt Quintin Mecerido M. Hospital since 2021 to present.

He handled different positions in DDH: Secretary and Training Officer of the Department of Surgery; Disaster Marshal; Medical Director of the Davao Doctors Care Center Dumoy Ambulatory Surgical Clinic. He also held the position of President of the Philippine College of Surgeons, Davao Chapter.

MARILYN C. TALDE-DONAYRE, 42 years old, a highly accomplished professional in the field of compliance and audit, is known for her extensive expertise and unwavering commitment to corporate governance and risk management. A proud Filipino and a Certified Public Accountant, Marilyn holds a Bachelor of Science in Accountancy from Holy Cross of Davao College, Davao City, and further enhanced her academic qualifications by earning a Master in Business Administration (MBA) with a Major in Corporate Governance from the University of Southeastern Philippines, Davao City.

Currently serving as the Compliance Officer since July 2021, Marilyn's breadth of experience and qualifications shines in her leadership role as Division Head, overseeing Internal Audit, Compliance & Risk Management, and the Data Privacy Office. She also serves as the Data Protection Officer at Davao Doctors Hospital, Inc. (DDH) and is a key figure as the Chief Internal Auditor and Compliance Officer at Davao Doctors College, Inc. (DDC). Her career journey is complemented by her membership in the Institute of Internal Auditors in the Philippines, underscoring her commitment to professional development.

An advocate for corporate responsibility, Marilyn champions the governance aspects of the Environmental, Social, and Governance (ESG) initiatives, reflecting her commitment to ethical business practices and sustainable growth. Her expertise in data protection is further demonstrated through her certification as a PSQ Certified Data Protection Officer (Level 1) in November 2021. Marilyn is also working toward her certification as a Certified Internal Auditor, continually striving to improve and excel in her profession.

Marilyn's career began with roles such as Junior Internal Auditor at DDH and DDC, where she gained valuable insights into auditing practices. Earlier in her career, she honed her skills as an Accounting Staff at Davao ECB Agri-Venture, Inc. and Davao Fruits Corporation, further building a diverse and robust professional background that informs her work today. Marilyn's unwavering dedication to her craft and her proactive approach to compliance, audit, and risk management make her a standout leader in the industry.

PERCY JANE P. ABIAN-FUÑE, 50, Filipino, has served as the Corporate Secretary of DDH since 2022. She earned her Bachelor of Arts in Philosophy and Bachelor of Laws from Ateneo de Davao University, where she also earned academic units for a Master of Science in Psychology. She was admitted to the Philippine Bar in 2002.

She is currently the Legal and Regulatory Affairs Division Head of DDH. She likewise serves as Corporate Secretary for several healthcare institutions within the Metro Pacific Health network, including: Santos Clinic, Inc.; St. Elizabeth Hospital, Inc.; Metro Pacific Zamboanga Hospital Corporation; Metro SEHI Cancer Center Corporation; Western Mindanao Medical Center, Inc.; Sacred Heart Hospital of Malolos, Inc.; Los Baños Doctors Hospital and Medical Center, Inc.;

Metro Matutum Hospital, Inc.; Inter-Medical Unified Systems, Inc.; Antipolo Doctors, Inc.; San Francisco Doctors' Hospital, Inc.; and East Manila Hospital Managers Corporation.

Previously, she was a Partner at the Law Firm of Angos Jumao-as Abian-Fuñe. She served as Legal Officer of the Department of Education (DepEd) Region XI from 2004 to 2006 and began her legal career in 2002 as an Associate Lawyer at Rodrigo, Berenguer & Guno. Her earlier professional experience includes working as a Legal Researcher for a Davao City Councilor in and as a Researcher for the Growth with Equity in Mindanao (GEM) Policy Advocacy and Monitoring Team.

RACHEL B. REMPERAS, 48 years old, Filipino, is the Assistant Corporate Secretary of DDH since November 2022. She earned her Bachelor of Science in Business Administration Major in Marketing at the University of the Philippines in the Visayas, Iloilo City. She successfully completed the requirements as a Certified Lean Six Sigma Yellow Belt in October 2025.

She is currently the Regulatory Affairs Manager of DDH handling the stockholders-related matters and monitoring the licenses, permits, and accreditation of the hospital facilities with the different regulatory agencies. She is the Chairperson of the Productivity and Improvement Committee under the DDH Labor and Management Cooperation. She is also the Chairperson of the Board of Directors of Davao Doctors Multipurpose Cooperative effective March 1, 2025 to present.

She first joined DDH as the Staff Assistant to the Office of the President in March 2007. She became the Executive Assistant to the Medical Director from January 2008 to July 2013. She was also the Executive Assistant to the Institutional Ethics Review Committee when the hospital applied for the national and international accreditations as Level 3 Research Ethics Committee. She then assumed the position as the Regulatory Compliance Officer in 2015 and promoted to her current position. She was awarded as the Top 3 Outstanding Participant in Davao Doctors Hospital's Management Development Program in 2017. She also received the Customer Service Excellence Award from Davao Doctors Hospital in December 2011.

Prior to joining the company Davao Doctors Hospital, she was the Accounts Receivable Head of Davao Unified Corporation (The Paper Tree) from September 2005 to March 2007, and the Plant/ Production Manager of Wilboy Snackfoods, Inc., Talomo, Davao City, from January 2000 to May 2004.

(2) Significant Employee

DDH has no employee who is not an executive officer but is expected to make significant contribution to the business.

(3) Family Relationship

As required under SEC rules, DDH hereby discloses that there are no family relationships up to the fourth civil degree of consanguinity or affinity among its directors, officers, and persons nominated for election as director.

(4) Involvement in Certain Legal Proceedings

DDH is not aware that any of the incumbent or nominated directors or the executive officers has been the subject of any bankruptcy petition, conviction by final judgment in a criminal proceedings, any order judgment or decree of any court enjoining or suspending his/her in any type of business, securities, commodities or banking activities, or found to have violated a securities or commodities law or regulation during the past five (5) years that may affect his/her ability or integrity to serve as director or officer.

(5) Certain Relationship and Related Transactions.

DDH has no related party transactions during the last two years. DDH has no parent company.

(6) Resignation of Directors.

To date, no director has resigned or declined to stand for re-election for the Board due to any disagreement with the DDH relative to its operations, policies and practices.

(7) Election of Directors

There will be an election of the members of the Board during the Annual Meeting. In accordance with the corporation's By Laws and Manual of Corporate Governance, the Nomination and Election Committee sent a letter to all individual stockholders last February 6, 2026 requesting them to nominate their candidates for the election of Regular and Independent Directors, which must be submitted not later than 45 days from the date of the Annual Stockholders Meeting or until March 24, 2026.

The following are the nominees for directors of DDH for 2026-2027:

Regular Directors

- 1.) Maureen Elizabeth H. Anzures
- 2.) Reymundo S. Cochangco
- 3.) Daniel Agapito C. dela Paz
- 4.) Crispin C. Go
- 5.) Celso Bernard G. Lopez
- 6.) Rizalina Maria Karis M. Mata
- 7.) Augusto P. Palisoc, Jr.
- 8.) Anatole J. Garcia

All were nominated by Daniel Agapito C. dela Paz

Independent Directors

- 1.) Julia Susan B. Castillo
Nominated by Rizalina Maria Karis M. Mata
- 2.) Paul G. Dominguez
Nominated by Daniel Agapito C. dela Paz
- 3.) Eduardo M. Pangan
Nominated by Daniel Agapito C. dela Paz

The brief description of the background and the business experience of all the nominees for directors who are also the incumbent directors are provided above.

The Nomination and Election Committee of DDH has pre-screened all nominated candidates and has determined that all the above-enumerated nominees have all the qualifications and none of the disqualifications to be elected as regular and as independent directors, respectively. Also, the Nomination and Election Committee has not received any notice of unwillingness to be re-elected from any of the incumbent directors.

The nominees for independent director as submitted to and pre-screened by the Nomination and Election Committee who has accepted and confirmed their nominations to the Board. As such, the Nomination and Election Committee has no reason to believe that the nominees will be unwilling or unable to serve if elected as independent director. They are neither officers nor substantial owners of the Company. Mr. Dominguez, Ms. Castillo, and Atty. Pangan have served as Independent Directors of DDH for 5 years, 4 years, 3 years, respectively. The nominees for independent director are not related by affinity or consanguinity to Dr. Daniel Dela Paz and Dr. Rizalina Maria Karis M. Mata. The Certification of the Independent Director submitted to the SEC through the [eFAST](#) on March 27, 2026 for Mr. Paul G. Dominguez, Ms. Julia Susan B. Castillo, and Atty. Eduardo M. Pangan, which are attached hereto as Annexes "C-1", "C-2" and "C-3".

The following are the members of the Nomination and Election Committee:

- | | |
|-----------------------------------|--------------------------------------|
| 1. Atty. Eduardo M. Pangan | – Chairperson (Independent Director) |
| 2. Ms. Julia Susan B. Castillo | – Member (Independent Director) |
| 3. Mr. Paul G. Dominguez | – Member (Independent Director) |
| 4. Dr. Daniel Agapito C. Dela Paz | – Member |
| 5. Mr. Augusto P. Palisoc Jr. | – Member |
| 6. Dr. Crispin C. Go | – Non-Voting Member |
| 7. Atty. Manuel S. Nitorreda | – Non-Voting Member |
| 8. Ms. Mirasol B. Tiu | – Non-Voting Member |
| 9. Dr. Marie Yvette C. Barez | – Non-Voting Member |
| 10. Dr. Miriam Emily P. Soriano | – Non-Voting Member |

Only the nominees whose names appear in this Information Statement shall be eligible for election as for Directors and Independent Directors. No further nomination shall be entertained or allowed on the floor during the actual Annual Meeting.

Item 6. Compensation of Directors and Executive Officers

1. Compensation of Directors and Executive Officers

Except for the executive officers included under the compensation table below, all other directors do not receive salaries. They received only an honorarium for each attendance at Board meetings. Effective October 29, 2015, the Board approved the grant of honorarium in the amount of P25,000.00 to each director for attendance in the Board meetings.

Below is the summary of the annual compensation of the executive officers of DDH:

Name and Principal Position	Year	Salary	Honorarium	Bonus
<u>Most Highly Compensated Executive Officers:</u> 1. Celso Bernard G. Lopez President/CEO 2. Mirasol B. Tiu Chief Operating Officer 3. James Edward Mangaoil Medical Director 4. Mary Joy P. Tacay Chief Finance Officer	Projected 2026	12.4M	.15K	3.3M
	2025	11.6M	.13K	3.1M
	2024	10.4M	.13K	2.8M
	Projected 2026	3.4M	2.1M	4.6M
All Other Officers and Directors as a Group Unnamed	2025	3.1M	2.1M	4.5M
	2024	3.0M	2.0M	4.5M

2. Employment Contracts and Termination of Employment and Change-In-Control Arrangements

There is no employment contract between the company and its executive officers except as stated under the Summary Compensation Table.

3. Warrants and Options Outstanding

As of December 31, 2025, there are no warrants and/or options outstanding.

Item 7. Appointment of Independent Public Accountants

The Board of Directors, with the recommendation of the members of the Audit Committee, appointed **SyCip, Gorres, Velayo & Co.** as the Independent Public Accountant for the calendar year ended December 31, 2025.

A representative of **SyCip, Gorres, Velayo & Co.** is expected to be present at the Annual Meeting to respond to appropriate questions from the stockholders. They will have the opportunity to make a statement if they so desire.

For the last two (2) calendar years ended December 31, 2025 and 2024, there had been no disagreements with the Independent Public Accountant on any matter of accounting principles or practices, financial statement disclosure, auditing scope or procedure, and other similar matters.

Belinda T. Beng Hui, a partner at **SyCip, Gorres, Velayo & Co.** was the partner-in-charge for the audit of calendar years ended December 31, 2025 and 2024.

With the designation of **Belinda T. Beng Hui** as the partner-in-charge for the calendar year ended December 31, 2025, the Company is in compliance with SRC Rule 38 (3)(b)(ix) (Revised Rule 68, as amended approved on August 19, 2019) requiring the rotation of engagement partner every five (5) years.

Audit fees for calendar year 2025 amounted to ₱1,344,000 plus ₱134,400 out of pocket expenses. For the calendar year 2024, audit fees amounted to ₱784,000 plus ₱78,400 out of pocket expenses.

The Corporation availed other services (tax accounting, compliance, planning and other tax-related services) from the External Auditor in calendar year ended December 31, 2018.

The Audit Committee approves any engagement for the services of the External Auditors. After reviewing the need for the services of the External Auditor, the Audit Committee reviews the engagement proposal submitted. The Audit Committee then agrees on the fees to be charged by the External Auditors. Other than regular audit engagement, the Audit Committee has not approved any other services by the External Auditor.

Members of Audit Committee

The following are the members of the Audit Committee:

- | | | |
|----|----------------------------------|------------|
| 1. | Mr. Paul G. Dominguez | – Chairman |
| 2. | Atty. Eduardo M. Pangan | – Member |
| 3. | Mr. Reymundo S. Cochangco | – Member |
| 4. | Ms. Maureen Elizabeth H. Anzures | – Member |
| 5. | Ms. Julia Susan B. Castillo | – Member |

Item 8. Compensation Plans

There is a minimal change in the current compensation plan for the next calendar year. The Company's Executive Officers are remunerated with salary, honorarium and bonus comprising of twelve (12) months base pay.

The members of the Board of Directors who are not Executive Officers do not receive any compensation but only honorarium for every attendance in meetings of the Board.

The estimated honorarium of directors and executive officers are indicated in Item 6 no.3.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other Than Exchange

There are no matters involving authorization or issuance of securities.

Item 10. Modification or Exchange of Securities

There are no matters involving modification or exchange of securities.

Item 11. Financial and Other Information

a. Consolidated Financial Statements

The Company's financial statements for the year ended December 31, 2025, 2024 and 2023, together with the Independent Auditor's Report are attached as **Annex A**. The financial statements were discussed by the External Auditors with the members of the Audit Committee, which recommended their adoption to the Board of Directors. The adoption of the financial statements by the Board of Directors shall be ratified by the stockholders during the annual meeting.

b. Management's Discussion and Analysis or Plan of Operations

Management's Discussion and Analysis or Plan of Operations is attached hereto as **Annex B**.

Item 12. Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction.

There are no matters to be taken under this item.

Item 13. Merger, Consolidations, Acquisitions and Similar matters

There are no matters to be taken under this item.

Item 14. Acquisition or Disposition of Property

There were no material acquisitions or dispositions of property by the company during the period covered by this report.

Item 15. Restatements of Accounts

There are no matters to be taken under this item.

D. OTHER MATTERS

Item 16. Action With Respect To Reports

The following reports are submitted for approval/ ratification:

1. Minutes of the 2025 Annual Stockholders' Meeting

Copy of the draft Minutes of the 2025 Annual Stockholders' Meeting held on May 10, 2025 is posted in the Davao Doctors Hospital website <http://www.ddh.com.ph> under Stockholders Portal.

2. Approval of the December 31, 2025 Financial Statements and Annual Reports

The audited financial statements of the Company for the calendar year ended December 31, 2025 are included in the annual report of management.

3. Appointment of the Company's External Auditor for 2026; and

4. General Ratification of the acts and proceedings of the Board of Directors and Corporate Officers for calendar year ended December 31, 2025. These acts are covered by resolutions of the Board duly adopted during the normal course of trade or business of the Company.

Except for the election of directors which is discussed in other parts of the report, there are no other matters that require the approval of stockholders.

Item 17. Matters Not Required To Be Submitted

There are no matters to be taken under this item.

Item 18. Amendment of Charter, By-laws or Other Documents

There are no matters to be taken under this item.

Item 19. Other Proposed Actions

There is no other action to be taken with respect to any matter not specifically referred above.

Item 20. Voting Procedures

- a. Each stockholder shall be entitled to one vote for each share.
- b. The items in the agenda require the affirmative vote of the stockholders entitled to vote representing a majority of the outstanding capital stock of the company.
- c. The majority vote for the ratification or approval of items that need to be ratified shall be determined by counting only the dissenting votes. If the dissenting shares (votes) do not exceed 50% of the total present or represented shares (vote), the action or motion shall be carried.
- d. In the election of directors, each stockholder entitled to vote may cumulate and distribute his votes in accordance with the Revised Corporation Code. A stockholder may vote such number of his shares for as many persons as there are directors to be elected or he/she may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he/she may distribute them in the same principle among as many candidates as he/she shall see fit.

UNDERTAKING

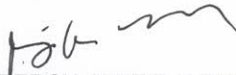
Upon the written request of a stockholder, the Company undertakes to furnish said stockholder a copy of the Company's Annual Report on SEC Form 17-A free of charge. All such requests for a copy of the Annual Report shall be directed to Atty. Percy Jane P. Abian-Fuñe, Corporate Secretary, Davao Doctors Hospital (Clinica Hilario), Inc., 118 Quirino Ave., Davao City 8000, Philippines.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Davao on April 14, 2026.

DAVAO DOCTORS HOSPITAL (CLINICA HILARIO), INC.

By:



ATTY. PERCY JANE P. ABIAN-FUÑE

CORPORATE SECRETARY

MANAGEMENT REPORT**BUSINESS OF ISSUER**

Davao Doctors Hospital (Clinica Hilario), Inc. (DDH) was incorporated on July 12, 1966 as Clinica Hilario, Inc. by a group of young medical doctors, fresh from their specialized training in the United States, with the purpose of establishing a hospital that would address the needs of a growing population, raise and promote specialty lines and at the same time quell the raging controversy against hospitals practicing medicine. After three years of cautious planning, the two (2)-storey concrete 50-bed hospital started to admit patients on July 1, 1969. In 1975, the Corporation put up a Nursing School, as a department, to ensure the availability of quality nurses for the Hospital.

56 years after it opened, DDH is the largest and the most modern private hospital in Mindanao, offering state-of-the-art diagnostic, therapeutic and intensive care facilities in a one-stop medical center. DDH is the leader in all medical specialties in the region, particularly in cardiovascular medicine, orthopedics, gastroenterology and endocrinology, neurology and neurosurgery, ophthalmology, nephrology, digestive and liver diseases, oncology and radiation oncology, internal medicine, pediatrics, ob-gyne and surgery, making it the healthcare provider of choice for both patients and medical practitioners alike. In 2025, it was recognized by newsweek as top 14 best hospital in the country and first in Mindanao.

Currently, it has the following subsidiaries:

1. Davao Doctors College, Inc. (DDCI) - 100%-owned
2. Allied Professional Development Corporation (APDC) – 100%-owned

Principal Products/Services**1.a Hospital Operations**

DDH is a privately owned, tertiary level, and multi-specialty hospital located in the heart of Davao City, the business hub of Mindanao with a DOH-authorized bed capacity of 250 beds that provides Health Care Operations and an approved Medical Residency Training Program in Anesthesiology, Internal Medicine, Obstetrics and Gynecology, Pediatrics, Radiology, Surgery, Neurosurgery, and Pathology. With PhilHealth accreditation as a Level 4 Tertiary Facility, DDH continues to move towards higher standards of patient care in Mindanao and the Southeast Asian Region, by providing excellent service, the most comprehensive facilities, the latest technology, and world-class medical and clinical expertise.

DDH earns its revenues from the use of its various facilities, equipment, and accommodation, the performance of diagnostic and therapeutic procedures, the sale of pharmaceutical drugs, and medical and surgical supplies, and various medical services to patients mostly belonging to the higher economic strata (A, B, and C). The following are the major revenue centers: Pharmacy, Laboratory, Nuclear Medicine, Orthopedics and Rehabilitation Center, Cardiac Diagnostic Center, Endoscopy Center, In-patient Services, Radiology, Radiation Oncology, Dialysis Center and Outpatient Care Centers. In addition, it also earns rental income from the doctors' occupying clinics and other commercial leased spaces. The Hospital operates in Davao City but it caters to patients coming from all over Mindanao.

With the commitment to reach out to other areas in the city, DDH has expanded its healthcare services with the opening of its first out-patient facility – the DDH Satellite, strategically located along the highway of Dumoy, Toril, Davao City. Initially, services offered are laboratory examinations, x-ray procedures, and out-patient consultations. In October 2011, the Dumoy satellite station was inaugurated and started its operation. In 2019, DDH Dumoy Satellite inaugurated its Dialysis Unit as part of its expansion program.

In 2022, DDH expanded its outpatient services and operated two mall-based Care Centers in SM Lanang Premier and in SM City Davao. These Care Centers offer consultation, laboratory and imaging procedures, and pharmacy.

In 2024, in order to cater and cure more patients, DDH operated to full bed capacity at 250 beds compared to 230 beds in 2023. The commitment to expansion and improvement was evident through various strategic initiatives. DDH also started to expand its multi-disciplinary stations with the deployment of clinical coders and ward-based pharmacists. DDH also enhanced its diagnostic service by engaging into a Hospital Laboratory outsourcing partnership with Medilinx Laboratory Inc., which specializes in optimized and centralized Laboratory Operations. These improvements and developments mark significant milestones in providing comprehensive healthcare services to a wider population base.

Several programs were also initiated to sustain the workforce, this includes the Enrollment to Employment program in collaboration with Davao Doctors College. DDH also recognized the pivotal role of continuous education and training in maintaining excellence in healthcare delivery. In fact, in 2025, a total of 10.7M is invested to support the educational pursuits and continuous training of the Hospital's healthcare workers.

In addition to enhancing our clinical facilities, DDH has also addressed the crucial aspect of infrastructure by expanding its Steel Parking facility with an additional 73 parking slots, providing a total of 253 parking spaces for vehicles and 70 slots for Motorcycles.

Davao Doctors Hospital is actively upgrading its service delivery, focusing on improving the patient journey. The main hospital's ground floor is being renovated to house an Urgent Care Center, which will streamline patient flow and provide dedicated areas for outpatient and emergency cases. Concurrently, plans are in development for a Level 1 hospital in Mintal, Davao City, to extend healthcare services to the southern community.

1.b School Operations

DDH wholly owns Davao Doctors College, Inc., a non-sectarian academic institution that provides quality health and wellness education in Mindanao. From its modest beginnings some 50 years ago, DDC has metamorphosed into a prestigious institution of learning. From a student population of only 52 students when it started operations, it now has over 7,152 students. From a school offering only one program, it has now grown into a college with a senior high school program, 15 undergraduate programs, and two graduate programs.

1.c Leasing Operations

Allied Professionals Development Corporation, a wholly owned subsidiary of DDH, is primarily engaged in leasing business.

Government Approval on Services

The operation of DDH is governed by the Department of Health (DOH). Certain requirements are to be complied with before the hospital is allowed to operate and admit patients. Ancillary services such as Pharmacy, Radiology, Nuclear Medicine services, Radio Therapy services, and Laboratory services require individual and independent licenses from the concerned DOH agency. The Pharmacy, X-ray Facilities (e.g. MRI, Therapeutic, Mobile Clinic), and Medical Oxygen Plant must secure the License to Operate from the Food and Drug Administration (FDA). The Philippine Drug Enforcement Agency (PDEA) is ensuring that the hospital has its License to Handle Controlled Substances (S3 License). All the required approvals and licenses have been acquired by DDH these are renewed periodically. The operation of the Nuclear Medicine Department is supervised by the Philippine Nuclear Research Institute (PNRI).

In addition, Philippine Health Insurance Corporation (PHIC) has accredited DDH for the treatment of Philhealth members and their dependents and has approved DDH as a Center for Quality in their latest accreditation. It is the only private hospital in the region that is PHIC Z benefit accredited for Kidney Transplant, Coronary Artery By-Pass Graft, Post Kidney Transplant, Peritoneal Dialysis and Mental Health.

Davao Doctors College, Inc.'s operation is governed by the Commission on Higher Education Department (CHED).

Effect of Existing or Probable Governmental Regulations on the Business

DDH has been implementing applicable governmental regulations in its business operations. The following laws significantly affect the operations of DDH: Imposition of Maximum Drug Retail Price (MDRP)/Government Mediated Access Price (GMAP) and Republic Act No. 9994, otherwise known as “The Expanded Senior Citizens Acts of 2010”

Estimated Amount Spent for Research and Development

The Company is not engaged in any research and development activities.

Costs and Effects of Compliance with Environmental Laws

Sustainability is a cornerstone of operational practices at DDH. As such, the hospital has prioritized energy efficiency by upgrading water pumps with Variable Frequency Drive (VFD) controllers and adopting inverter and Variable Refrigerant Flow (VRF) air conditioning systems. LED lighting and VFD-equipped motors further bolster energy conservation efforts. DDH is also preparing to install solar panels, with plans beginning at the Oncology Building in early 2025.

In waste management, DDH implements stringent strategies such as banning single-use plastics, promoting reusable gowns, and transitioning to paperless transactions. The hospital effectively manages medical waste using a First-In-First-Out (FIFO) system, ensuring disposal adheres to rigorous standards set by DENR-EMB-accredited collectors.

Water conservation is another priority, with DDH employing rain catchment tanks and installing dual flush toilets to minimize water usage. It ensures a dependable water supply and collaborates closely with suppliers to address possible water issues.

The hospital is also committed to reducing emissions, closely monitoring those from generators and electricity consumption. This commitment extends to phasing out HCFC-22 refrigerants and installing solar energy systems, starting with high-consumption areas like the Oncology Building to decrease the hospital’s carbon footprint.

Contingent Financial Obligations/ Off-Balance Sheet Accounts

There are no events that will trigger significant direct or contingent financial obligations. Similarly, there are no events identified that will result to the acceleration of contractual obligations.

There are no off-balance sheet transactions during the reporting period. Similarly, there are no off-balance sheets transactions expected in the near future.

Market Price of and Dividends of the Company’s Equity and Related Stockholder Matters

The Company has only one type of share – common share, which is not traded in any stock exchange. Exchanges occur only between stockholder-sellers and their respective buyers at prices mutually agreed upon by the parties. Management is not privy to the selling price of shares between the parties. In 2025, the hospital offered to buy back 25,000 shares at P5,000/share. A total of 4,799 shares were purchased and recorded as part of treasury shares.

The Company has declared cash dividends on various years as follows:

December 31, 2025 – Php 248,569,209
December 31, 2024 – Php 176,735,076
December 31, 2023 – Php 112,848,154

On April 10, 2025, the Board of Directors approved the declaration of cash dividends amounting to Php 124,672,121 to all stockholders on record as of March 31, 2025, which was released during the Annual Stockholder’s Meeting on May 10, 2025, then on December 2, 2025, the Board again approved the declaration of cash dividends amounting to Php 123,897,088 to all stockholders on record as of November 24, 2025, which was released on December 12, 2025.

On March 4, 2024, the Board of Directors approved the declaration of cash dividends amounting to Php 88,366,907 to all stockholders on record as of March 31, 2024, which was released during the Annual Stockholder's Meeting on May 11, 2024, then on November 21, 2024, the Board again approved the declaration of cash dividends amounting to Php 88,368,169 to all stockholders on record as of November 30, 2024, which was released on December 18, 2024.

On March 21, 2023, the Board of Directors approved the declaration of cash dividends amounting to Php 56,424,077 to all stockholders on record as of March 31, 2023, which was released during the Annual Stockholder's Meeting on May 13, 2023, then on November 24, 2023, the Board again approved the declaration of cash dividends amounting to Php 56,424,077 to all stockholders on record as of November 30, 2023, which was released on December 15, 2023.

The declaration of any dividend by the Company is not restricted by any loan obligations. The Board of Directors is empowered to declare dividends in accordance with the provisions of the law, subject to the availability of funds and other planned capital expenditures.

Approximate Number of Security Holders

As of March 31, 2026, there are 2,700 shareholders on record, with at least 904,776 outstanding shares, net of treasury stock. The top twenty (20) shareholders on record are as follows:

No.	NAME OF STOCKHOLDER	SHARES	%
1	METRO PACIFIC HEALTH CORPORATION	451,252	49.87%
2	CASTILLO ,JULIA SUSAN B	16,458	1.82%
3	GO ,CRISPIN C	5,041	0.56%
4	ANZURES ,MAUREEN ELIZABETH H	5,000	0.55%
5	MAGAR ENTERPRISES, INC. ,	4,943	0.55%
6	MAGPANTAY ,BENSON V	4,612	0.51%
7	PANGAN ,RIZALINA M	4,387	0.48%
8	ISIP ,JOIE DJ Q	4,361	0.48%
9	GO ,CECILIA U	4,304	0.48%
10	ECHEVARRIA ,RAMON N	4,235	0.47%
11	BELISARIO ,CORAZON S	3,910	0.43%
12	CENTENO ,LAURO	3,806	0.42%
13	NG ,ANITA C	3,431	0.38%
14	DELA CRUZ ,CRISTINA B	3,381	0.37%
15	DELA CRUZ ,HONORIO JR B	3,381	0.37%
16	RIVERA ,SONIA D	3,381	0.37%
17	VICENTE ,PILAR MYNTHIA B	3,301	0.36%
18	PELI ,ZENNY A	3,089	0.34%
19	CABATAN ,MARIA CONCEPCION D	3,081	0.34%
20	MAGPANTAY ,BENJAMIN V.	2,997	0.33%
TOTAL		538,351	59.50%

Key Performance Indicators

The major key performance indicators (KPI) of the DDH are as follows:

- Various financial ratios
- Patient satisfaction rate
- Census/ statistics on the following:
 - a. admissions and discharges
 - b. procedures in various revenue areas
 - c. prescriptions at the pharmacy
- Patient days

The following are the major financial ratios of DDH for the year ended **December 31, 2025 and 2024**:

Key Performance Indicator	(2 0 2 5)	(2 0 2 4)	Details
Current ratio	5.68:1	5.25:1	Calculated by dividing current assets over current liabilities. This ratio measures the company's ability to pay short term obligations.
Debt to equity ratio	0.17:1	0.18:1	Calculated by dividing total debt over total stockholders' equity. This ratio measures the percentage of funds provided by the creditors.
Return on equity	0.24:1	0.20:1	Calculated by dividing net income over average stockholder's equity. This indicates the earning power of stock equity.
Net income to revenues	0.20:1	0.18:1	Calculated by dividing net income over total revenues. This measures the efficiency of operations and pricing policy.
Revenue growth	1.27:1	1.18:1	Calculated by dividing current period revenues over prior year's revenues. This measures revenue growth.
Net income growth	1.37:1	1.30:1	Calculated by dividing current period net income over prior year's net income. This measures net income growth.

The other performance indicators (KPI) of the **DDH** are as follows:

Key Performance Indicator	(2 0 2 5)	(2 0 2 4)	Details
Patient Satisfaction Rate In-Patient Out-Patient Department Emergency Department Doctor's Clinic	88% 91% 88% 91%	88% 92% 86% 92%	To determine patient's satisfaction based on their perceptions on the services rendered by the hospital considering the attributes on communication, waiting time, courtesy, friendliness, and skills.
Census / Statistics: Admission Discharges	13,341 13,317	11,554 11,538	This measures patient load or occupancy rate which is a significant factor in measuring patient satisfaction rate or index.
Patient Days	61,819	52,723	The measurement of routine service provided to inpatients expressed in days of care.

A Metro Pacific Health (MPH) standard NPS survey was used in 2024 in measuring Patient experience (PEX) through a third-party system (CEMPIA – The Decision Labs (TDL)), which was introduced last February 18, 2023. The NPS objectives are to standardize and improve Patient experience (PEX) measurement and management across the network; enhance actual PEX by addressing key customer pain points, redesigning key operational bottlenecks, and recognizing excellent service delivery. A standard network online tool will collect more unbiased surveys ensuring higher confidence in reliability given less direct solicitation of survey responses. Analysis of data will be done from across the different touchpoints of the journey and from all types of patients - IP, OP, ER, and Doctors clinic.

Davao Doctors Hospital (Clinica Hilario), Inc. overall Net Promoter Score (NPS) based on TDL results for January to December 2025 is 74. On the other hand, for **In-Patient** NPS is 69 with an **Experience Score of 88%**. Data was generated from 6114 respondents who answered the survey from January to December 2025, with a Promoter score of 76.74%, Passive score is 20.64% & Detractors is 2.62%. Lastly, 48.09% of responses to the standard questions were Very Good, the highest rating on the scale.

Meanwhile, our **Outpatient Service** Net Promoter Score is 76 with an **Experience Score of 91.26%**. Data was generated from 3030 respondents who answered the survey from January to December 2025. 79.11% of the respondents are Promoters, 17.95% are Passives, and 2.94% are Detractors. Lastly, 53.73% of responses to the standard questions were Very Good, the highest rating on the scale.

For **Emergency Department Service** Net Promoter Score is 65 with an **Experience Score of 88%**. Data was generated from 776 respondents who answered the survey from January to December 2025. 68.69% of the respondents are Promoters, 28.09% are Passives, and 3.22% are Detractors. Lastly, 34.92% of responses to the standard questions were Very Good, the highest rating on the scale.

In addition, our **Doctor's Clinic** Net Promoter Score is 85 with an **Experience Score of 90.56%**. Data was generated from 753 respondents who answered the survey from January to December 2025. 86.06% of the respondents are Promoters, 13.01% are Passives, and 0.93% are Detractors. Lastly, 49.27% of responses to the standard questions were Very Good, the highest rating on the scale.

As a result, a focus area is established. DDH has been able to satisfy its customers despite the numerous factors considered in the survey and other issues encountered. To have great patient experience and good clinical outcomes, occupancy rate with proper manning, improving waiting time, improved and innovative processes, state-of-the-art facilities, and compassionate communication should improve the delivery of quality patient care and focus on patient-centered care.

The major key performance indicators of one of the Group's subsidiary, **Davao Doctors College**, are as follows:

- Licensure Examination Performance
- Accreditation Level
- Financial Results

The performance of DDC is monitored on a periodic basis using these KPIs. Monthly financial and growth reports are submitted to the Board of Trustees.

Licensure Examination Performance

Eleven of the offered programs by Davao Doctors College, Inc. conducted a licensure examination for the year 2025. We are proud to report that six of our graduates from our three programs (BS Occupational Therapy and Radiologic Technology) were able to reach the top 10 in their respective licensure examinations. Below is the list of DDC board exam topnotchers for 2025:

Occupational Therapists Licensure Examination, June 2025:

5th place – Franzlen S. Legarde
9th place – Raizza Llona T. Orias
10th place – Pauline Yzabel O. Alinsub

Radiologic Technologists Licensure Examination, December 2025:

5th – Katherine Anne E. Betonio
7th – Earl Pantaleon V. Serdon
9th – Julia Rosylle S. Desierto

PROGRAMS	PASSING RATES			
	2025		2024	
	National Passing %	National Passing %	National Passing %	DDC Passing %
1. Physical Therapists' Licensure Exam a. June b. December	66.03 77.19	63.64 66.67	63.63 70.94	63.63 70.94
2. Occupational Therapists' Licensure Exam a. June b. December	42.26 73.77	57.14 63.64	35.96 65.86	35.96 65.86
3. Medical Technologists' Licensure Exam a. March b. August	80.27 71.20	86.11 42.11	80.6 69.47	80.6 69.47
4. Optometrists' Licensure Exam a. October	94.63	100.00	90.83	90.83
5. Psychometrician's Licensure Exam a. August	86.99	84.85	69.78	69.78
6. Philippine Nurses' Licensure Exam a. May b. November	64.40 90.05	77.55 93.75	69.72 85.01	69.72 85.01
7. Radiologic Technologists' Licensure Exam December	59.49	64.24	57.55	57.55
8. Pharmacists' Licensure Exam a. April b. November	60.30 80.57	100.00 96.77	55.19 76.89	55.19 76.89

Accreditation Level

Consistent with its emphasis on quality education, DDC subjects its academic degree programs to accreditation by the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA). At present, the following programs and their corresponding accreditation level are as shown in the table below:

Programs	Accreditation Status
BS Nursing	Level IV – Reaccredited Status
BS Biology	Level III – Reaccredited Status
BS Radiologic Technology	Level III – Reaccredited Status
BS Hospitality Management	Level I – Formal Accredited Status
BS Physical Therapy	Level I – Formal Accredited Status
Doctor of Optometry	Level I – Formal Accredited Status
BS Psychology	Level I – Formal Accredited Status
BS Occupational Therapy	Candidate Status
Master of Arts in Nursing	Candidate Status

International Accreditation

DDH was first granted its international accreditation in August 2017 when it was awarded Gold Level by Accreditation Canada International (ACI).

In June 2022, ACI awarded DDH its Platinum Level of international accreditation, which is higher than Gold. DDH is commended for its commitment to usings accreditation to improve the quality and safety of the services it offers to its clients and its community.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion summarizes the significant factors affecting the consolidated operating results, financial condition and liquidity and cash flows of DDH and its subsidiaries (the Company) for the three (3) year period ended December 31, 2025. The discussions should be read in conjunction with the attached audited financial statements of the Company as of and for the period ended December 31, 2025.

The Company's financial statements for the year ended December 31, 2025 and 2024, together with the Independent Auditor's Report are attached as **Annex A**. The financial statements were discussed by the External Auditors with the members of the Audit Committee, which recommended their adoption to the Board of Directors. The adoption of the financial statements by the Board of Directors shall be ratified by the stockholders during the annual meeting.

Results of Operations

2025 vs 2024

A. Sales/Revenue

<i>InPhpMillion</i>	Year-to-date	
	2025	2024
Revenue, Gross <i>% inc./(dec.) vs last year</i>	4,693.20 27%	3,707.14

The consolidated gross revenues of the company (Parent and Subsidiaries) totaled **P4.7 billion**. The year-to-date figure is 27% increase from last year's **P3.7 billion**. The **P986 million** growth against last year's figure is accounted for as follows: The Parent Company reported a substantial increase of **P879 million** or **28%** higher than last year's figure and its subsidiary also contributed an increase of **P107 million** or **20%**. The revenues for the current year contributed by the Parent Company are attributed to the increase in operations generated by the following departments as follows: Nursing Services contributed **P378.94 million** or **37%** increase; Ancillary Services revenues generated **P236.69 million** or **17%** increase; and Pharmacy Services gave **P261.48 million** or **35%** increase, while Rental revenues generated **P1.5 million** or **13%** increase.

Also, the growth of its subsidiary by **P107 million** or **20%** is mainly attributed to an increase in enrollment.

B. Cost of Sales and Services

<i>InPhpMillion</i>	Year-to-date	
	2025	2024
Cost of sales & services <i>% inc./(dec.) vs last year</i>	2,363.63 21%	1,957.22

On a year-to-date basis, the total cost of sales and services of **P2.4 billion** for the current period increased by **P406 million or 21%** higher compared to last year.

C. General and Administrative Expenses

<i>InPhpMillion</i>	Year-to-date	
	2025	2024
Operating Expenses <i>% inc./(dec.) vs last year</i>	644.51 22%	527.31

The Consolidated General and Administrative expenses totaled **P645 million** in 2025, **22% or P117 million** higher than last year.

D. Net Income

<i>InPhpMillion</i>	Year-to-date	
	2025	2024
N.P.A.T. <i>% inc./(dec.) vs last year</i>	931.79 37%	681.42

The consolidated NPAT for the current period of **P932 million** is a **P250 million** increase against last year's figure due to percentage increase in census on both in-patient and out-patient. The increase was contributed by the parent company, DDH, which reported a growth in net income of **P220 million**. The subsidiary, Davao Doctors College, Inc., on the other hand, registered an increase in net income of **P30 million** due to an increase in enrollment.

Balance Sheet

The Company's consolidated assets stood at **P4.98 billion**. It increases by **P764 million** or **18%** as compared to the previous year.

- Total current assets totaled **P3.1 billion** while total current liabilities are reported at **P545 million**.
- Receivable balance reached **P936 million**, **29%** higher than 2024 year-end balance. The hospital implements a rigorous admission policy to evaluate financial capability of patients prior to admission. At the same time, policies on advance payment, progress billing, and collection of accounts are strictly adhered to.
- Inventory balance of **P161 million** is **13%** higher compared to the 2024 year-end balance. The increase in inventory is attributed mainly due to the management of stocks.
- Trade payables, accruals, and other payables reached **P465 million** with an equivalent number of days-in-payable of 44 days (December 2024 – 44 days). This is higher by **P76 million** or **19%** compared to the 2024 year-end balance mainly due to the management of payables to suppliers.

Cash Flows

Total capital spending for the year 2025 totaled **P315 million**, **80%** higher than last year, all of which were funded by cash generated from operations. Net increase in cash for the period totaled **P535 million** higher compared to 2024, the cash balance as at December 2025 from **P1.4 billion** to **P1.9 billion**.

Results of Operations

2024 vs 2023

A. Sales/Revenue

<i>InPhpMillion</i>	Year-to-date	
	2024	2023
Revenue, Gross <i>% inc./(dec.) vs last year</i>	3,707.14 18%	3,142.85

The consolidated gross revenues of the company (Parent and Subsidiaries) totaled **P3.7 billion**. The year-to-date figure is a 18% increase from last year's **P3.1 billion**. The **P564 million** growth against last year's figure is accounted for as follows: The Parent Company reported a substantial increase of **P478 million** or **18%** higher than last year's figure and its subsidiary also contributed an increase of **P86 million** or **19%**. The revenues for the current year contributed by the Parent Company are attributed to the increase in operations generated by the following departments as follows: Nursing Services contributed **P161.37 million** or **19%** increase; Ancillary Services revenues generated **P161.27 million** or **13%** increase; and Pharmacy Services gave **P156.84 million** or **26%** increase, while Rental revenues generated (**P1.3**) million or (**11%**) decrease.

Also, the growth of its subsidiary by **P86 million** or **19%** is mainly attributed to an increase in enrollment.

B. Cost of Sales and Services

<i>InPhpMillion</i>	Year-to-date	
	2024	2023
Cost of sales & services <i>% inc./(dec.) vs last year</i>	1,957.22 15%	1,698.22

On a year-to-date basis, the total cost of sales and services of **P1.96 billion** for the current period increased by **P259 million** or **15%** higher compared to last year.

C. General and Administrative Expenses

<i>InPhpMillion</i>	Year-to-date	
	2024	2023
Operating Expenses <i>% inc./(dec.) vs last year</i>	527.31 4%	506.21

The Consolidated General and Administrative expenses totaled **P527 million** in 2024, **4%** or **P21 million** higher than last year.

D. Net Income

<i>InPhpMillion</i>	Year-to-date	
	2024	2023
N.P.A.T. <i>% inc./(dec.) vs last year</i>	681.42 30%	525.13

The consolidated NPAT for the current period of **P681 million** is a **P156 million** increase against last year's figure due to gradually recovering from the Covid-19 pandemic. The increase was contributed by the parent company, DDH, which reported a growth in net income of **P145 million**. The subsidiary, Davao Doctors College, Inc., on the other hand, registered an increase in net income of **P11 million**.

Balance Sheet

The Company's consolidated assets stood at **P4.2 billion**. It increases by **P505 million** or **14%** as compared to the previous year.

- Total current assets totaled **P2.3 billion** while total current liabilities are reported at **P447 million**.
- Receivable balance reached **P723 million**, **12%** higher than 2023 year-end balance. The hospital implements a rigorous admission policy to evaluate financial capability of patients prior to admission. At the same time, policies on advance payment, progress billing, and collection of accounts are strictly adhered to.
- Inventory balance of **P142 million** is **8%** higher compared to the 2023 year-end balance. The increase in inventory is attributed mainly due to the management of stocks.
- Trade payables, accruals, and other payables reached **P389 million** with an equivalent number of days-in-payable of 44 days (December 2023 – 49 days). This is lower by **(P26) million** or **(6%)** compared to the 2023 year-end balance mainly due to the management of payables to suppliers.

Cash Flows

Total capital spending for the year 2024 totaled **P175 million**, **18%** lower than last year, all of which were funded by cash generated from operations. Net increase in cash for the period totaled **P451 million** higher compared to 2023, the cash balance as at December 2024 from **P962.98 million** to **P1.4 billion**.

Known Trends

The healthcare needs of the Davao City and adjacent provinces and regions continue to increase. This is due to the growing population and economic growth. This trend is expected to continue for more years in both private and public sectors as shown in various hospital expansion and opening of new hospital and healthcare facilities in the region.

The ongoing exodus of healthcare professionals for employment abroad also contributes to the difficulties being encountered by the hospital (health care) industry.

There were no material events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

Commitments for Capital Expenditures

The planned significant capital expenditures by the Corporation for the next twelve (12) months amounting to about **P2.02 billion** are mostly for patient service consolidation and renovations of the hospital building, Dumoy Satellite and DDH Mintal, expansion; Urgent Care Center in Main Hospital, Carpark extension, CT Scan Machine and other various medical equipment. The source of funds will be internally generated from the Corporation.

Equipment not identified above may be acquired later depending on the prevailing market conditions during the latter part of the next twelve months. The source of funds may also be changed as a result of certain circumstances.

Significant Elements of Income or Loss/ Other Information

There is no significant income that did not arise from DDH and its subsidiaries' operations.

There are no seasonal aspects that have had material effect on the financial condition or results of operations of the Group as a whole.

CORPORATE GOVERNANCE

DDH has established several measures to ensure continuous compliance by the Board of Directors and top-level management with its corporate governance policies and principles. The Board of Directors undergoes a structured annual self-assessment of their performance. Performance evaluation of the President and CEO (PCEO) and Chief Operating Officer (COO) is based on the balanced scorecard (BSC) with defined key performance indicators (KPIs), which include compliance with governance standards, ethical conduct, and alignment with corporate objectives. The management committee also has its own BSC, which is aligned with the BSC of the PCEO and COO.

DDH Internal Audit, in coordination with the Compliance Officer and/or Corporate Secretary, regularly reviews governance practices to identify gaps or deviations. Any findings from the Annual Corporate Governance Report (ACGR) or any governance reviews are reported to the Board of Directors with recommendations for corrective action. DDH requires the Board of Directors, PCEO, COO, CFO, Corporate Secretary, and Compliance Officer to attend an annual corporate governance enhancement session/training to ensure awareness and compliance with evolving standards and regulations and for continuing professional education. Since DDH is accredited by Accreditation Canada International (ACI), corporate governance practices are regularly monitored and evaluated as it is one of its key accreditation standards and part of the accreditation process. The results of the governance evaluations are disclosed in the Annual Corporate Governance Report (ACGR), which is submitted to the SEC annually.

DDH is committed to upholding the highest standards of corporate governance by adopting and implementing best practices and measures. DDH maintains an updated board-approved Corporate Governance Manual that outlines the duties, roles, and responsibilities of the board, management, and stakeholders. DDH has also cascaded robust compliance program policies (i.e., Anti-Bribery and Corruption, Conflict of Interest, Gifts and Hospitality, Whistleblowing, etc.) to its stakeholders. The Manual and policies are regularly reviewed and updated to align with new regulatory requirements and best practices. DDH has also established board standing committees such as the Audit Committee, Board Risk Oversight Committee, Corporate Governance and Compliance Committee, and the ESG Committee, which are chaired by an Independent Director. A Compliance Officer has been appointed to monitor compliance with compliance program policies and reports directly to the board through the Audit Committee, Board Risk Oversight Committee, and Corporate Governance and Compliance Committee on any issues and violations. DDH ensures timely and accurate disclosures to the SEC and its stakeholders, including the regular maintenance of an updated DDH website with governance policies, annual reports, and other relevant information. DDH enforces a Whistleblowing Policy that protects employees who report unethical or illegal activities within the organization, offering multiple reporting channels such as QR code, mail, email, phone call, and face-to-face dialogue, which are regularly disseminated and monitored for compliance. The DDH Patient Experience Division regularly monitors complaints from patients and functionally reports to the Hospital Ethics Committee and the Quality and Safety Compliance Committees of the Board. DDH recognizes the importance of stakeholders' interests and actively promotes engagement through transparent communication, inclusive policies, and responsible business practices.

DDH has not committed any deviation against its Manual of Corporate Governance, including the disclosure of the name and position of the person/s involved and any corresponding sanction/s.

DDH is steadfast in continuously enhancing its corporate governance through the implementation of plans for further improvement. DDH plans to enhance the effectiveness of the Board of Directors and its standing committees through regular performance evaluations, updated charters, and additional training on emerging governance and healthcare trends. DDH plans to roll out a structured orientation program for new and/or incumbent directors and officers and require annual continuing governance education to keep them abreast of changes in healthcare regulations, ethics, and risk oversight. DDH also plans to enhance its enterprise risk management framework, with more proactive oversight by the Board Risk Oversight Committee and the integration of clinical, operational, financial, and strategic risks. DDH is exploring and sustaining initiatives to improve transparency and stakeholder communication, including the sustainability of patient, employee, and doctor satisfaction reporting or net promoter score, community engagement programs, and more vigorous publication of an annual governance and sustainability report. DDH has started incorporating in its 5-year plan environmental, social, and governance (ESG) considerations. DDH will continuously reinforce awareness of its Whistleblowing Policy, update its Code of Ethics and compliance programs, and enhance its mechanisms for reporting and addressing ethical concerns confidentially and

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

D	A	V	A	O		D	O	C	T	O	R	S		H	O	S	P	I	T	A	L		(C	L	I	N	I	C
A		H	I	L	A	R	I	O)	,		I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R
I	E	S		(A		S	u	b	s	i	d	i	a	r	y		o	f		M	e	t	r	o		P	a	c
i	f	i	c		H	e	a	l	t	h		C	o	r	p	o	r	a	t	i	o	n)						

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

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I	T	Y	,		P	H	I	L	I	P	P	I	N	E	S															

Form Type

A	A	C	F	S
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Department requiring the report

C	G	F	D
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

<p style="text-align: center; font-size: small;">Company's Email Address</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">info@ddh.com.ph</div>	<p style="text-align: center; font-size: small;">Company's Telephone Number</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">(082) 226-4770</div>	<p style="text-align: center; font-size: small;">Mobile Number</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">0917-705-0722</div>
<p style="text-align: center; font-size: small;">No. of Stockholders</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">2,726</div>	<p style="text-align: center; font-size: small;">Annual Meeting (Month / Day)</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">2nd Saturday of May</div>	<p style="text-align: center; font-size: small;">Fiscal Year (Month / Day)</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">December 31</div>

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

<p style="text-align: center; font-size: small;">Name of Contact Person</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">Crispin C. Go</div>	<p style="text-align: center; font-size: small;">Email Address</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">crispincgo@yahoo.com</div>	<p style="text-align: center; font-size: small;">Telephone Number/s</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">(082) 222-8000</div>	<p style="text-align: center; font-size: small;">Mobile Number</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">0999-711-3878</div>
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CONTACT PERSON'S ADDRESS

118 E. Quirino Avenue, Davao City

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Davao Doctors Hospital (Clinica Hilario), Inc. and Subsidiaries
118 E. Quirino Avenue, Davao City, Philippines

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Davao Doctors Hospital (Clinica Hilario), Inc. and Subsidiaries (a subsidiary of Metro Pacific Health Corporation) (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 audit 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.



SYCIP GORRES VELAYO & CO.



Belinda T. Beng Hui

Partner

CPA Certificate No. 88823

Tax Identification No. 153-978-243

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

SEC Partner Accreditation No. 88823-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

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

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-078-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10765016, January 2, 2026, Makati City

March 30, 2026





**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **Davao Doctors Hospital (Clinica Hilario), Inc. and Subsidiaries** 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.

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, has expressed its opinion on the fairness of presentation upon completion of such audit.

Augusto P. Palisoc Jr.
Chairman of the Board

Celso Bernard G. Lopez
President/CEO

Mary Joy P. Tacay
Chief Finance Officer

Signed this 30th day of March 2026.

SUBSCRIBED AND SWORN to before me this APR 14 2026 at Davao City, affiant are personally known to me.

Augusto P. Palisoc Jr.

Passport No. P6294589A


Celso Bernard G. Lopez

Passport No. P7264695A

Mary Joy P. Tacay

Driver's License No. L0300038320

Doc. No. 295
Page No. 60
Book No. 244
Series No. 2026


VICTORINO B. SARONA
NOTARY PUBLIC-DAVAO CITY
UNTIL DECEMBER 31, 2027
SERIAL NO. 2026-012-2027
ROLL OF ATTORNEYS NO. 30352
PTR OR NO. 2207515-12/16/2025-DAVAO CITY
IBP OR NO. 565806-12/15/2025-DAVAO CITY
MCLE Compliance No. VIII-0021202-04/14/2026
2F MERCY BUILDING, RIZAL-BOLTON STREETS, DAVAO CITY

DAVAO DOCTORS HOSPITAL (CLINICA HILARIO), INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱1,949,566,944	₱1,414,257,133
Trade and other receivables (Note 5)	935,751,004	723,233,376
Inventories (Note 6)	160,660,487	141,964,390
Funds in special accounts - current portion (Note 13)	6,497,137	10,551,988
Prepayments and other current assets (Note 7)	43,198,115	56,158,704
	3,095,673,687	2,346,165,591
Noncurrent Assets		
Property and equipment (Note 8)	1,744,354,352	1,677,448,265
Right-of-use assets (Note 21)	40,866,419	46,044,107
Funds in special accounts - net of current portion (Note 13)	5,449,185	9,122,249
Investment in retail treasury bond (Note 10)	5,360,523	5,368,475
Deferred income tax assets - net (Note 22)	63,496,380	57,130,709
Other noncurrent assets (Note 11)	26,186,585	75,866,693
	1,885,713,444	1,870,980,498
TOTAL ASSETS	₱4,981,387,131	₱4,217,146,089
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 12)	₱464,825,845	₱389,008,442
Unearned tuition and other school fees (Note 16)	18,349,450	-
Trust funds (Note 13)	6,497,137	10,551,988
Lease liabilities - current portion (Note 21)	7,336,027	6,195,307
Income tax payable (Note 22)	46,829,529	40,920,206
	543,837,988	446,675,943
Noncurrent Liabilities		
Special funds (Note 13)	5,449,185	9,122,249
Lease liabilities - net of current portion (Note 21)	37,262,539	43,078,735
Pension liability (Note 14)	153,047,143	135,333,116
Security deposits (Note 21)	1,217,858	1,217,858
	196,976,725	188,751,958
Total Liabilities	740,814,713	635,427,901
Equity Attributable to Equity Holders of the Parent		
Common shares - ₱100 par value (Note 15)		
Authorized - 1,000,000 shares		
Issued - 914,702 shares	91,470,200	91,470,200
Capital in excess of par value (Note 15)	62,975,373	61,507,529
Treasury shares (Note 15)	(25,220,944)	(1,790,500)
Remeasurement gain on pension liability, net of deferred income tax effect (Note 14)	6,549,462	8,950,975
Retained earnings (Note 15)		
Appropriated	3,281,487,353	2,797,654,417
Unappropriated	823,309,874	623,924,467
	4,240,571,318	3,581,717,088
Noncontrolling Interest	1,100	1,100
Total Equity	4,240,572,418	3,581,718,188
TOTAL LIABILITIES AND EQUITY	₱4,981,387,131	₱4,217,146,089

See accompanying Notes to Consolidated Financial Statements.



DAVAO DOCTORS HOSPITAL (CLINICA HILARIO), INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
NET REVENUES (Note 16)	₱4,118,898,744	₱3,282,274,431	₱2,817,443,056
COSTS OF SALES AND SERVICES (Note 17)			
Hospital operations	2,028,291,571	1,667,611,339	1,465,797,749
School operations	335,335,475	289,605,287	232,420,329
GROSS PROFIT	1,755,271,698	1,325,057,805	1,119,224,978
General and administrative expenses (Note 18)	(644,506,987)	(527,311,348)	(506,212,745)
Other operating income - net (Note 20)	22,643,213	23,023,682	22,097,478
OPERATING INCOME	1,133,407,924	820,770,139	635,109,711
Interest income (Notes 4 and 10)	61,098,824	45,540,273	27,822,148
Finance costs (Notes 14 and 21)	(10,997,274)	(10,889,786)	(9,898,717)
INCOME BEFORE INCOME TAX	1,183,509,474	855,420,626	653,033,142
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 22)			
Current	257,547,550	177,971,022	132,531,498
Deferred	(5,825,628)	(3,971,867)	(4,629,072)
	251,721,922	173,999,155	127,902,426
NET INCOME	931,787,552	681,421,471	525,130,716
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gain (loss) on pension liability, net of deferred income tax effect (Note 14)	(2,401,513)	1,781,846	(15,931,433)
TOTAL COMPREHENSIVE INCOME	₱929,386,039	₱683,203,317	₱509,199,283
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent	₱931,787,552	₱681,421,471	₱525,130,716
Noncontrolling interests	-	-	-
	₱931,787,552	₱681,421,471	₱525,130,716
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent	₱929,386,039	₱683,203,317	₱509,199,283
Noncontrolling interests	-	-	-
	₱929,386,039	₱683,203,317	₱509,199,283
EARNINGS PER COMMON SHARE (Note 23)	₱1,025.29	₱748.93	₱578.39

See accompanying Notes to Consolidated Financial Statements.



DAVAO DOCTORS HOSPITAL (CLINICA HILARIO), INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 and 2023**

	Attributable to Equity Holders of the Parent							
	Common Shares (Note 15)	Capital in Excess of Par Value (Note 15)	Treasury Shares (Note 15)	Remeasurement Gain (Loss) on Pension Liability, Net of Deferred Income Tax Effect (Note 14)	Retained Earnings (Note 15)		Noncontrolling Interest	Total
					Appropriated	Unappropriated		
At January 1, 2023	₱91,470,200	₱56,129,429	(₱3,859,000)	₱23,100,562	₱2,092,828,076	₱411,781,851	₱1,100	₱2,671,452,218
Net income	–	–	–	–	–	525,130,716	–	525,130,716
Remeasurement loss on pension liability, net of deferred income tax effect	–	–	–	(15,931,433)	–	–	–	(15,931,433)
Cash dividends	–	–	–	–	(112,848,154)	–	–	(112,848,154)
Sale of treasury shares	–	2,197,000	845,000	–	–	–	–	3,042,000
Reversal of appropriations	–	–	–	–	(1,973,701,446)	1,973,701,446	–	–
Appropriations	–	–	–	–	2,402,991,051	(2,402,991,051)	–	–
At January 1, 2024	91,470,200	58,326,429	(3,014,000)	7,169,129	2,409,269,527	507,622,962	1,100	3,070,845,347
Net income	–	–	–	–	–	681,421,471	–	681,421,471
Remeasurement gain on pension liability, net of deferred income tax effect	–	–	–	1,781,846	–	–	–	1,781,846
Cash dividends	–	–	–	–	(176,735,076)	–	–	(176,735,076)
Sale of treasury shares	–	3,181,100	1,223,500	–	–	–	–	4,404,600
Reversal of appropriations	–	–	–	–	(2,227,479,494)	2,227,479,494	–	–
Appropriations	–	–	–	–	2,792,599,460	(2,792,599,460)	–	–
At January 1, 2025	91,470,200	61,507,529	(1,790,500)	8,950,975	2,797,654,417	623,924,467	1,100	3,581,718,188
Net income	–	–	–	–	–	931,787,552	–	931,787,552
Remeasurement loss on pension liability, net of deferred income tax effect	–	–	–	(2,401,513)	–	–	–	(2,401,513)
Cash dividends	–	–	–	–	(248,569,209)	–	–	(248,569,209)
Sale of treasury shares	–	1,467,844	564,556	–	–	–	–	2,032,400
Purchase of treasury shares	–	–	(23,995,000)	–	–	–	–	(23,995,000)
Reversal of appropriations	–	–	–	–	(2,549,085,208)	2,549,085,208	–	–
Appropriations	–	–	–	–	3,281,487,353	(3,281,487,353)	–	–
At December 31, 2025	₱91,470,200	₱62,975,373	(25,220,944)	₱6,549,462	₱3,281,487,353	₱823,309,874	₱1,100	₱4,240,572,418

See accompanying Notes to Consolidated Financial Statements.



DAVAO DOCTORS HOSPITAL (CLINICA HILARIO), INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱1,183,509,474	₱855,420,626	₱653,033,142
Adjustments for:			
Depreciation (Notes 8, 17 and 18)	256,869,826	252,195,016	234,442,257
Interest income (Notes 4 and 10)	(61,098,824)	(45,540,273)	(27,822,148)
Pension costs (Note 14)	18,558,819	21,258,302	12,259,547
Finance costs (Notes 14 and 21)	10,997,274	10,889,786	9,898,717
Amortization of computer software (Notes 11, 17 and 18)	5,807,431	8,278,131	8,038,401
Amortization of right-of-use assets (Notes 17, 18 and 21)	7,453,753	7,011,184	7,011,183
Unrealized foreign exchange loss (Note 20)	22,648	–	–
Dividend income (Note 20)	(713)	(1,088)	(443)
Operating income before working capital changes	1,422,119,688	1,109,511,684	896,860,656
Increase in:			
Trade and other receivables	(212,517,628)	(78,911,950)	(136,460,623)
Inventories	(18,696,097)	(10,429,407)	(17,669,941)
Prepayments and other current assets	(26,500,255)	(48,456,664)	(16,868,584)
Increase (decrease) in:			
Trade and other payables	62,716,850	(54,314,764)	128,052,408
Unearned tuition and other school fees	18,349,450	–	–
Security deposits	–	2,600	(4,000)
Net cash generated from operations	1,245,472,008	917,401,499	853,909,916
Income taxes paid	(212,983,783)	(142,540,372)	(85,832,831)
Interest received	61,106,776	45,547,800	27,829,272
Contributions to retirement fund (Note 14)	(12,000,000)	(12,000,000)	(15,000,000)
Net cash flows from operating activities	1,081,595,001	808,408,927	780,906,357
CASH FLOWS USED IN INVESTING ACTIVITIES			
Additions to:			
Property and equipment (Note 8)	(315,427,913)	(174,913,507)	(214,061,411)
Computer software (Note 11)	(900,000)	(609,463)	(9,916,300)
Decrease (increase) in other noncurrent assets	36,424,677	(28,610,180)	(12,160,891)
Dividend received (Note 11)	713	1,088	443
Net cash flows used in investing activities	(279,902,523)	(204,132,062)	(236,138,159)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividends paid (Note 28)	(241,467,406)	(148,913,961)	(112,848,154)
Payment for purchase of treasury shares (Note 15)	(17,996,250)	–	–
Payment of principal portion of lease liabilities (Notes 21 and 28)	(6,145,141)	(5,416,399)	(4,744,146)
Finance costs paid (Notes 21 and 28)	(2,783,622)	(3,075,793)	(3,351,260)
Proceeds from sale of treasury shares (Note 15)	2,032,400	4,404,600	3,042,000
Net cash flows used in financing activities	(266,360,019)	(153,001,553)	(117,901,560)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	(22,648)	–	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	535,309,811	451,275,312	426,866,638
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,414,257,133	962,981,821	536,115,183
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 4)	₱1,949,566,944	₱1,414,257,133	₱962,981,821

See accompanying Notes to Consolidated Financial Statements.



DAVAO DOCTORS HOSPITAL (CLINICA HILARIO), INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issue of the Consolidated Financial Statements

Davao Doctors Hospital (Clinica Hilario), Inc. (the Parent Company) was incorporated in the Philippines on July 12, 1966 engaged primarily to acquire, own, maintain and operate a medical office building and to rent office, clinic laboratory and pharmacy spaces and such other rooms or premises to physicians and allied medical professions. Furthermore, the Parent Company's secondary purpose of business is to conduct and operate in accordance with government laws and regulations, a school and/or colleges for training or nurses and allied studies. The registered office address and principal place of business of the Parent Company is 118 E. Quirino Avenue, Davao City, Philippines.

On March 2, 2015, the Parent Company received the Certificate of Filing of Amended Articles of Incorporation from the Philippine Securities and Exchange Commission (SEC), whereby the corporate term of existence was extended for another fifty (50) years or until June 24, 2066.

In 2002, the Parent Company attained its status of being a public company. As at December 31, 2025 and 2024, the Parent Company has 998 and 999 shareholders each holding at least 100 shares of the Parent Company's common shares, respectively.

Davao Doctors College, Inc. (DDCI or the School), a subsidiary, is an educational institution incorporated in the Philippines and registered with the Philippine SEC on June 9, 1999. The School's principal business is to establish and operate a school offering various courses with emphasis on medical and allied sciences. The registered address and principal place of business of the School is Davao City, Philippines.

Allied Professionals Development Corporation (APDC), a subsidiary, is engaged to build, erect, construct, lease or otherwise acquire, manage, occupy, maintain and operate buildings to be used as offices, business establishments, accommodation for school purpose, movie house and other recreational facilities, and such other business structures of all kinds for the accommodation of the public in general and for the professionals in particular, to keep, manage, conduct and operate lunch and tea rooms, cafes and the like for the accommodation of the general public; and to acquire, own, maintain and operate office buildings for lease to interested persons, firms or corporations. APDC's registered address and principal place of business is at McArthur Highway, Dumoy, Toril, Davao City, Philippines. On January 15, 2011, the management of APDC decided to temporarily cease its operations. In 2019, APDC resumed operations as a leasing entity.

In 2018, Metro Pacific Health Corporation (MPHC) acquired additional shares raising its ownership in the Parent Company from 34.65% to 49.19% and making the Parent Company a subsidiary of the same by the concept of de facto control.

The consolidated financial statements of Davao Doctors Hospital (Clinica Hilario), Inc. and Subsidiaries (collectively, the Group) were approved and authorized for issue by the Board of Directors (BOD) on March 30, 2026.



2. Basis of Preparation, Statement of Compliance and Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Philippine Peso (₱), which is the Group's presentation and functional currency, and all amounts are rounded to the nearest Peso, except when otherwise indicated.

Statement of Compliance

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

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at December 31, 2025 and 2024:

<u>Name of Subsidiary</u>	<u>Principal Activities</u>	<u>Percentage of Ownership</u>
DDCI	Learning institution	100.0%
APDC	Leasing	100.0%

Subsidiaries are consolidated from the date of acquisition, being the date on which the Parent Company obtains control and continue to be consolidated until such control ceases.

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies for like transactions and other events in similar circumstances.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Changes in Accounting Policies and Disclosures

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

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements.

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates, Lack of exchangeability*

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

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



Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on the consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, *Financial Instruments: Disclosures*, PFRS 18, *Presentation and Disclosure in Financial Statements*, PAS 1, *Presentation of Financial Statements*, PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, PAS 26, *Accounting and Reporting by Retirement Benefit Plans*, and PAS 37, *Provisions, Contingent Liabilities and Contingent Assets, Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9, *Financial Instruments* and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- *Annual Improvements to PFRS Accounting Standards – Volume 11*
 - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards, 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, *Consolidated Financial Statements, Determination of a ‘De Facto Agent’*
 - Amendments to PAS 7, *Statement of Cash Flows, Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 18

The standard replaces PAS 1 and responds to investors’ demand for better information about companies’ financial performance. The new requirements include:

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

The Group is currently assessing the impact the standard will have on current practice and expects the adoption to have a material impact on the consolidated financial statements when adopted.

- PFRS 19, *Subsidiaries without Public Accountability: Disclosures*

Deferred Effectivity

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



Fair Value Measurement

The Group measures financial instruments at fair value at each reporting date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring and nonrecurring fair value measurements. At each reporting date, the management analyzes the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments: Financial Assets

Contractual Cash Flows Characteristics

The Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Business Model

The Group's business model is determined at a level that reflects how the Group's financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group'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 at Amortized Cost

The Group initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not at fair value through profit or loss (FVTPL). Trade receivables are measured at the transaction price determined under PFRS 15, *Revenues from Contracts with Customers*. Refer to the accounting policies on Revenue recognition.



The Group's financial assets at amortized cost include cash and cash equivalents, trade and other receivables (excluding receivables from employees subject to liquidation), funds in special accounts, investment in retail treasury bond and refundable deposits (presented as part of "Other noncurrent assets") (see Notes 4, 5, 10, 11 and 13). The Group assessed that the contractual cash flows of its debt financial assets are SPPI and are expected to be held to collect all contractual cash flows until their maturity. As a result, the Group concluded these debt financial assets to be measured at amortized cost.

Financial Instruments: Financial Liabilities

Initial Recognition and Measurement

The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate (EIR) method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

Subsequent Measurement - Financial Liabilities at Amortized Cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

The Group's financial liabilities at amortized cost include trade and other payables (excluding statutory payables and contract liabilities), trust funds, special funds, lease liabilities and security deposits (see Notes 12, 13 and 21).

Derecognition of Financial Instruments

Financial Assets

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

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

When the Group retains the contractual rights to receive the cash flows of a financial asset but assumes a contractual obligation to pay those cash flows to one or more entities, the Group treats the transaction as a transfer of a financial asset if the Group:

- has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset;
- is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and
- has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay.



In transactions where the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and it retains control over the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset. When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group's continuing involvement is the lower of (i) the amount of the asset and (ii) the maximum amount of the consideration received that the Group could be required to repay ("the guarantee amount"). When the Group's continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase. However, in the case of a written put option on an asset that is measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

When the Group's continuing involvement takes the form of a cash-settled option or similar provision on the transferred asset, the extent of the Group's continuing involvement is measured in the same way as that which results from noncash-settled options.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

The Group recognizes expected credit losses (ECL) for financial assets not held at fair value through profit or loss.

The Group considers a financial asset in default when contractual payments are more than 120 to 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Determining the Stage for Impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.



The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Inventories

Inventories are stated at the lower of cost or net realizable value (NRV). NRV of medicines is the selling price in the ordinary course of the business less direct cost to sell. NRV of hospital supplies, and engineering, janitorial and other supplies is the current replacement costs. Cost is determined using the moving average method.

Prepayments and Other Current Assets

Prepayments and other current assets comprise of expenses paid in advance and recorded as asset before they are utilized. Prepaid expenses are apportioned over the period covered by the payment and charged to the appropriate account in profit or loss when incurred.

Property and Equipment

Property and equipment (except for land and construction in progress) are carried at cost, excluding day-to-day servicing, less accumulated depreciation and any impairment loss. Land is stated at cost less any impairment in value.

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

	<u>Number of Years</u>
Buildings and improvements	3–30
Hospital equipment	2–15
Furniture and equipment	2–20
Transportation equipment	2–10

The asset's residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each financial year-end.

Construction in progress is stated at cost less any impairment in value. Construction in progress includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and available for its intended use.

Computer Software

Computer software is presented as part of other noncurrent assets. This is measured initially at cost. Subsequently, computer software is carried at cost less accumulated amortization and any accumulated impairment losses. Computer software is amortized over its economic useful life and assessed for impairment whenever there is an indication that the software may be impaired.

Amortization of computer software is computed using the straight-line method over the estimated useful life of five years. The residual values, useful life and amortization method of the assets are reviewed, and adjusted, if appropriate, at every reporting period.

Gains or losses arising from derecognition of the computer software (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in profit or loss in the year the asset is derecognized.



Advances to Suppliers

Advances to suppliers, which are advance payments made for the purchase of inventories and services, are presented as part of “Other current assets” in the consolidated statement of financial position. Advances to suppliers, which are advance payments made for the purchase of property and equipment, are presented as part of “Other noncurrent assets” in the consolidated statement of financial position. These are carried at cost less impairment losses, if any.

Investment in Joint Venture

The Group’s joint venture is an entity over which the Parent Company has contractual arrangements to jointly share control over the economic activity of the entity with one or more parties. The Group’s investment in its joint venture is accounted for using the equity method.

Under the equity method, on initial recognition, the interest in joint venture is recognized at cost, and the carrying amount is increased or decreased to recognize the Parent Company’s share of the profit or loss of the joint venture after the date of acquisition. The Parent Company’s share of the joint venture’s profit or loss is recognized in the Group’s profit or loss. Distributions received from the joint venture reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for a change in the Parent Company’s proportionate interest in the joint venture arising from changes in the joint venture’s other comprehensive income. The Parent Company’s share of those changes is recognized in the Group’s other comprehensive income.

Leases

Group as a Lessor

Leases where the Group does not transfer substantially all the risk and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and amortized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned. Operating lease receipts are recognized as an income in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, which are within 3 to 50 years.

The Group applies the short-term lease recognition exemption to its short-term leases of office spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Treasury Shares

Treasury shares are equity instruments which are reacquired by the Group. Treasury shares are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Any difference between the carrying amount and the consideration is recognized in other equity components.



Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group 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 comprises the fair value of the consideration received or receivable for providing inpatient and outpatient services. Inpatient revenue for which services and benefits are simultaneously received and consumed by the patient is recognized over the period during which the service is rendered. The Group elects the practical expedient to recognize revenue based on amounts invoiced to the patients, when this method of measuring progress best depicts the performance provided. Outpatient revenue is recognized when the medical services are rendered.

Pharmacy Sales

The Group 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 Group. 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 Group 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. Payment is generally due when services are rendered except for certain corporate customers, which are allowed an average of 30 days credit.

Tuition and Other School Fees

Tuition and other school fees comprises the amount of consideration to which an entity expects to be entitled in exchange for transferring future educational services to its customers, excluding amounts collected on behalf of third parties. Revenue is recognized on a straight-line basis over the period of the semester when the services are rendered.

Future educational services, which are billed but unearned, that the School is contractually obliged to deliver to currently enrolled students over the remaining months of the school term are presented as “Unearned tuition and other school fees” in the consolidated statement of financial position.

Senior Citizen Discount

Senior citizen discount is computed as 20% of the “medically necessary” care levels for the diagnosis and/or treatment of an illness or injury. Senior citizen discount is a contra revenue account and recognized when related revenue is earned.

Service Discount

Service discount pertains to patient discount and package deal discount. Service discount is a contra revenue account and recognized when related revenue is earned.



Maintenance Income

Maintenance income pertains to reimbursable costs from tenants including but not limited to costs and expenses incurred in operating and repairing the common areas and facilities. Income is recognized when services are rendered.

Parking Income and Ambulance Income

Revenue derived from parking and ambulance is recognized when services are rendered.

Affiliation Income

Income earned from various schools for students who undergo on-the-job trainings at the Parent Company. This also includes payment received from doctors who apply active membership as medical staffs of the Parent Company. Revenue is recognized when services are rendered.

Other Income

Other income is recognized when there are incidental economic benefits, other than the usual business operations, that will flow to the Group and can be measured reliably.

Contract Balances

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade Receivables

Trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Costs and Expenses Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Cost and expenses are generally recognized when the services are rendered or the expenses arise while interest expense is accrued in the appropriate period.

Pension Costs

The Group operates various post-employment schemes, including both defined contribution and defined benefit retirement plans.

Defined Contribution Plan

The School is a member of the Private Educational Retirement Annuity Association (PERAA), a qualified plan entitled to all the benefits provided for under Republic Act (R.A.) No. 4917 or "An Act Providing that Retirement Benefits of Employees of Private Firms Shall Not be Subject to Attachment, Levy, Execution, or Any Tax Whatsoever". The PERAA, which is funded by employee



and employer contributions at 3.25% of the basic pay, covers all regular employees of the School under the school operations.

Defined Benefit Plan

The Group has funded, noncontributory retirement benefit plans covering all their eligible regular employees. The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time, which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.



Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the financial reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to the interpretation and establishes provisions where appropriate.

Deferred Income Tax

Deferred income tax is recognized on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax related to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Value-added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as part of "Trade and other payables" in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as part of "Prepayments and other current assets" in the consolidated statement of financial position to the extent of the recoverable amount.

Provisions

Provisions are recognized when the Group 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 can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Events after the Financial Reporting Period

Events after the financial reporting date that provide additional information about the Group's financial position at the financial reporting date (adjusting event) are reflected in the consolidated



financial statements. Events after the financial reporting date that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

Earnings Per Common Share

Basic earnings per common share are computed by dividing the consolidated net income for the year attributable to the equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year, after giving retroactive effect for any stock dividends declared and stock rights exercised during the year.

Diluted earnings per share amounts are calculated by dividing the consolidated net income for the year attributable to the equity holders of the Parent by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued for outstanding common stock equivalents. The Group does not have dilutive potential common shares.

Operating Segments

For management purposes, the Group is organized into three operating segments (healthcare, learning institution and others) according to the nature of the services provided, with each segment representing a significant business segment. The Group's identified operating segments are consistent with the segments reported to the BOD, which is the Group's decision maker. Financial information on the operating segment is presented in Note 26.

3. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements in conformity with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments and estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments

In the process of applying the Group'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 consolidated financial statements:

Operating Lease Commitments - Group as Lessor

The Group has entered into commercial property leases on certain spaces in its building. The Group has determined, based on an evaluation of the terms and conditions of the arrangement, that it retains all the significant risks and rewards of ownership of the leased properties, and accounts for the agreements as operating leases.

Determination of Lease Term of Contracts with Renewal and Termination Options (Group as a Lessee)

The Group's lease contracts include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group 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 or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).



The lease contracts are renewable subject to mutual agreement of the parties. The renewal option is not included as part of the lease term since there is no enforceable contract after the end of the lease term. The renewal option in this case is not enforceable as both parties still need to agree to renew, including the terms of the renewal. A renewal that is still subject to mutual agreement of the parties is legally unenforceable under Philippine laws until both parties come to an agreement of the terms. Furthermore, the periods covered by termination option are included as part of the lease term only when they are reasonably certain not to be exercised.

Uncertainty Over Income Tax Treatments

The Group applies significant judgment in identifying uncertainties over its income tax treatments. The Group determined that it is probable that its income tax treatments will be accepted by the taxation authorities.

Joint Control on Investment in Joint Venture

The Parent Company has 30% interest in Davao Doctors Oncology Center, Inc. (DDOCI). The Parent Company assessed that it has joint control on DDOCI because decisions about the relevant activities require the unanimous consent of the Parent Company and its counterparty.

Legal Contingencies

The estimate of probable costs for the resolution of possible claims is developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. As at December 31, 2025 and 2024, the Group is involved in cases under litigation. However, management believes that outflow of resources with respect to this matter is remote. No provision for probable losses arising from legal contingencies was recognized in the consolidated financial statements in 2025, 2024 and 2023.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial 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 described below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for Expected Credit Losses (ECL) of Trade Receivables

The Group 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 Group's historical observed default rates. The Group 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 Group'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 Group relies on a broad range of forward-looking information as economic inputs such as gross domestic product, unemployment rates and inflation. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the



consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Trade receivables, net of allowance for impairment losses amounting to ₱96.3 million and ₱83.6 million as at December 31, 2025 and 2024, respectively, amounted to ₱892.5 million and ₱676.9 million as at December 31, 2025 and 2024, respectively (see Note 5 and 26). Provision for ECL of trade receivables amounted to ₱17.9 million, ₱11.3 million and ₱17.0 million in 2025, 2024 and 2023, respectively (see Notes 5 and 18).

Impairment of Financial Assets other than Trade Receivables

The ECL for all financial assets other than trade receivables is required to be determined using the general approach which requires the Group to recognize, at each reporting date, an allowance based on the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in the credit risk of the asset since initial recognition.

The estimation of the probability of default used in the assessment of the ECL is based on external credit ratings. Consequently, the loss given default for these assets are based on recovery rates published through available data terminals.

The carrying value of cash and cash equivalents (excluding cash on hand), nontrade receivables (excluding receivables from employees subject to liquidation), net of allowance for impairment losses amounting to ₱18.7 million as at December 31, 2025 and 2024, funds in special accounts, investment in retail treasury bond and refundable deposits (presented as part of “Other noncurrent assets”) amounted to ₱2,014.7 million and ₱1,484.0 million, respectively, as at December 31, 2025 and 2024 (see Notes 4, 5, 10, 11 and 13). Provision for impairment of nontrade receivables amounted to nil in 2025, 2024 and 2023 (see Note 5).

Estimation of the NRV of Inventories

The Group carries inventories at NRV when such value is lower than cost due to damage, obsolescence and change in price levels or other causes. NRV estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. A new assessment of NRV is made in each subsequent period. When the circumstances that previously caused the inventories to be written-down below cost no longer exist or when there is a clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

As at December 31, 2025 and 2024, the Group’s inventories amounting to ₱160.7 million and ₱142.0 million, respectively, are carried at cost (see Note 6).

Estimation of Pension Costs

In accordance with Revised PAS 19, *Employee Benefits*, actual results that differ from the Group’s assumptions are accumulated and recognized in other comprehensive income and therefore, generally affect the Group’s recognized other comprehensive income and recorded obligation in such future periods. While management believes that the assumptions are reasonable and appropriate, significant differences in the Group’s actual experience or significant changes in the assumptions may materially affect the pension obligation.

The cost of defined benefit pension plans and other post-employment medical benefits 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, defined benefit obligations 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. Further details about the assumptions used are provided in Note 14.

As at December 31, 2025 and 2024, pension liability amounted to ₱153.0 million and ₱135.3 million, respectively (see Note 14). Pension costs charged to profit or loss as retirement expense (presented as part of “Costs of sales and services” and “General and administrative expenses”) amounted to ₱18.6 million, ₱21.3 million, and ₱12.3 million in 2025, 2024 and 2023, respectively (see Notes 14, 17, 18 and 19). Pension costs included as finance costs in the consolidated statements of comprehensive income amounted to ₱8.2 million, ₱7.8 million and ₱6.6 million in 2025, 2024 and 2023, respectively (see Note 14).

Estimating the Incremental Borrowing Rate on Leases

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for the entities that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the entity’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as stand-alone credit rating).

The Group’s lease liabilities amounted to ₱44.6 million and ₱49.3 million as at December 31, 2025 and 2024, respectively (see Note 21).

Recognition of Deferred Income Tax Assets

The Group reviews the carrying amounts of deferred income tax assets at each financial reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. The Group performs an annual evaluation of the realizability of deferred income tax assets in determining the portion of deferred income tax assets which should be recognized. The Group’s assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the following period. This forecast is based on the Group’s past results and future expectations on revenue and expenses.

As at December 31, 2025 and 2024, the balance of deferred income tax assets amounted to ₱75.8 million and ₱70.9 million, respectively (see Note 22).



4. Cash and Cash Equivalents

	2025	2024
Cash on hand	₱7,089,361	₱9,126,194
Cash in banks	434,382,013	236,866,733
Short-term deposits	1,508,095,570	1,168,264,206
	₱1,949,566,944	₱1,414,257,133

Cash in banks earn interest at bank deposit rates. Short-term deposits are made for varying periods up to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

Interest income earned from cash in banks and short-term deposits amounted to ₱60.9 million, ₱45.3 million, and ₱27.6 million in 2025, 2024 and 2023, respectively.

5. Trade and Other Receivables

	2025	2024
Philippine Health Insurance Corporation (PhilHealth) (see Note 16)	₱515,866,490	₱251,336,094
Patients (see Notes 16 and 25)	349,824,885	422,002,389
Students (see Note 16)	112,566,539	78,046,373
Joint venture (see Note 25)	29,110,317	29,100,700
Employees	10,364,086	12,730,580
Tenants (see Notes 16 and 25)	6,474,573	4,646,108
Others (see Note 25)	26,574,585	27,685,205
	1,050,781,475	825,547,449
Less allowance for ECL	115,030,471	102,314,073
	₱935,751,004	₱723,233,376

Receivables from Philhealth are normally collectible within 60–120 days but it takes more than 120 days for receivable from COVID patients.

Receivables from patients are normally collectible within 30 days. This also includes receivables from corporate accounts and Health Maintenance Organizations (HMOs) that are normally collectible within 30–60 days.

Receivables from students comprise of receivables from unpaid tuition and other school fees, which are normally collectible within the school term.

Receivables from employees pertain to the advances to employees, faculty, and staff that are collected or liquidated within one year. These also include trade receivables from employees amounting to ₱4.1 million and ₱4.5 million as at December 31, 2025 and 2024, respectively.

Receivable from tenants pertain to amounts collectible arising from the lease of space, which are noninterest-bearing and normally settled within the Group's normal operating cycle.

Other receivables pertain to utilities collectible from tenants and contractors, claims from Social Security System (SSS) and receivables from a government agency for technical and vocational training given to qualified students. These are generally on a 30-day term and noninterest bearing.



The analysis of allowance for ECL on receivables is as follows:

2025						
	Patients and Philhealth	Students	Joint Venture (see Note 25)	Tenants	Others	Total
At January 1	₱58,163,690	₱24,726,464	₱16,120,693	₱739,008	₱2,564,218	₱102,314,073
Provision for ECL (see Note 18)	14,415,026	3,465,261	-	-	-	17,880,287
Accounts written off	(5,163,889)	-	-	-	-	(5,163,889)
At December 31	₱67,414,827	₱28,191,725	₱16,120,693	₱739,008	₱2,564,218	₱115,030,471

2024						
	Patients and Philhealth	Students	Joint Venture (see Note 25)	Tenants	Others	Total
At January 1	₱59,290,941	₱22,381,636	₱16,120,693	₱739,008	₱2,564,218	₱101,096,496
Provision for ECL (see Note 18)	8,943,857	2,344,828	-	-	-	11,288,685
Accounts written off	(10,071,108)	-	-	-	-	(10,071,108)
At December 31	₱58,163,690	₱24,726,464	₱16,120,693	₱739,008	₱2,564,218	₱102,314,073

6. Inventories - At Cost

	2025	2024
Medicines	₱80,995,342	₱58,944,961
Hospital supplies	74,382,772	76,251,756
Engineering, janitorial and other supplies	5,282,373	6,767,673
	₱160,660,487	₱141,964,390

Inventories amounting to ₱908.5 million, ₱712.8 million and ₱698.0 million were charged to “Costs of sales and services” in 2025, 2024 and 2023, respectively (see Note 17).

7. Prepayments and Other Current Assets

	2025	2024
Prepaid expenses	₱33,647,826	₱33,935,612
Receivables from suppliers - trade returns	7,541,313	10,610,063
Advances to suppliers	1,093,088	2,362,572
Prepaid taxes	347,888	9,009,798
Others	568,000	240,659
	₱43,198,115	₱56,158,704

Prepaid expenses include unamortized portion of the payments made in advance for rent, insurance and subscription and various office and laboratory supplies.

Receivables from suppliers - trade returns pertain to medicines to be returned to the suppliers that are subject for replacement or rebates.



8. Property and Equipment

	2025						Total
	Land	Buildings and Improvements	Hospital Equipment	Furniture and Equipment	Transportation Equipment	Construction in Progress	
Cost							
At January 1	₱132,558,395	₱1,771,438,392	₱2,616,884,370	₱354,148,071	₱19,585,389	₱-	₱4,894,614,617
Additions	8,333,333	14,547,696	162,036,466	55,665,131	-	83,193,287	323,775,913
At December 31	140,891,728	1,785,986,088	2,778,920,836	409,813,202	19,585,389	83,193,287	5,218,390,530
Accumulated Depreciation							
At January 1	-	901,930,542	2,037,996,727	260,734,380	16,504,703	-	3,217,166,352
Depreciation (see Notes 17 and 18)	-	81,005,840	141,067,524	33,742,590	1,053,872	-	256,869,826
At December 31	-	982,936,382	2,179,064,251	294,476,970	17,558,575	-	3,474,036,178
Net Book Value	₱140,891,728	₱803,049,706	₱599,856,585	₱115,336,232	₱2,026,814	₱83,193,287	₱1,744,354,352
	2024						Total
	Land	Buildings and Improvements	Hospital Equipment	Furniture and Equipment	Transportation Equipment	Construction in Progress	
Cost							
At January 1	₱132,218,395	₱1,750,391,591	₱2,684,803,533	₱308,547,653	₱20,209,575	₱-	4,896,170,747
Additions	340,000	21,046,801	106,653,288	45,600,418	1,273,000	-	174,913,507
Disposals	-	-	(174,572,451)	-	(1,897,186)	-	(176,469,637)
At December 31	132,558,395	1,771,438,392	2,616,884,370	354,148,071	19,585,389	-	4,894,614,617
Accumulated Depreciation							
At January 1	-	819,128,012	2,072,290,780	232,947,296	17,074,885	-	3,141,440,973
Depreciation (see Notes 17 and 18)	-	82,802,530	140,278,398	27,787,084	1,327,004	-	252,195,016
Disposals	-	-	(174,572,451)	-	(1,897,186)	-	(176,469,637)
At December 31	-	901,930,542	2,037,996,727	260,734,380	16,504,703	-	3,217,166,352
Net Book Value	₱132,558,395	₱869,507,850	₱578,887,643	₱93,413,691	₱3,080,686	₱-	1,677,448,265



Construction in progress in 2025 represents cost incurred for the ongoing construction of the Urgent Care Center.

Advances to suppliers for transportation equipment amounting to ₱8.3 million as at December 31, 2024 was received in 2025.

9. Investment in Joint Venture

The Parent Company entered into a joint venture agreement with Manila Oncology Center Incorporated (MOC) to jointly establish and operate radiation and oncology center in Davao City, Philippines. In view of this, the parties as incorporators, created and organized DDOCI. The Parent Company's ownership interest is 30%. The parties mutually agreed that:

- (1) The Parent Company shall construct, at its expense, the required facilities of the radiation and oncology center. In consideration for this, DDOCI shall pay monthly rental to the Parent Company based on space usage.
- (2) The Parent Company shall assume the responsibility for, and hire the personnel to undertake the general management and administration of the center, in particular, billing and collection, remittance to doctors' professional fees, maintenance of financial records, internal audit, financial management, payment of taxes and procurement of licenses and permits. In consideration of said services, the Parent Company shall charge a management fee equivalent to 5% of gross income.
- (3) The arrangement shall be effective for fifty (50) years.

The Group's investment in joint venture with cost of ₱0.6 million as at December 31, 2025 and 2024 is fully provided with allowance for impairment. On January 16, 2010, DDOCI has ceased operations.

Following are the summarized financial information of DDOCI as at and for the years ended December 31:

	2025	2024	2023
Current assets	₱19,130,951	₱19,130,951	₱19,130,951
Noncurrent assets	211,134	211,134	211,134
Current liabilities	3,689,435	3,679,818	3,668,825
Noncurrent liabilities	46,605,957	46,605,957	46,605,957
Capital stock	1,875,375	1,875,375	1,875,375
Deficit	32,828,682	32,819,065	32,808,072
Revenues	-	-	-
Net loss	9,617	10,993	11,492

10. Investment in Retail Treasury Bond

A retail treasury bond acquired by the School in 2012 is carried at amortized cost. The bond has a face value of ₱5.3 million, bears quarterly interest at a coupon rate of 5.875% per annum and matures in 2032. The carrying amount in the consolidated statement of financial position represents the bond's amortized cost using the EIR method.



The movements in the carrying amount of the bond are as follows:

	2025	2024
At January 1	₱5,368,475	₱5,376,002
Amortization deducted from interest income	(7,952)	(7,527)
At December 31	₱5,360,523	₱5,368,475

Interest income earned from the investment amounted to ₱0.2 million in 2025, 2024 and 2023.

11. Other Noncurrent Assets

	2025	2024
Refundable deposits	₱13,937,097	₱10,601,158
Computer software	6,209,977	11,117,408
Advances to suppliers	5,861,830	53,985,446
Others	177,681	162,681
	₱26,186,585	₱75,866,693

Refundable deposits consist of deposits made to communication and utility companies, which are expected to be recovered after termination of service.

Computer software pertains to set of programs or instructions used to manage patient records, track health information, schedule appointments, regulate billing, handle hospital's data, and facilitate other digital healthcare services.

The movements of computer software are as follows:

	2025	2024
Cost		
At January 1	₱88,451,421	₱87,841,958
Additions	900,000	609,463
At December 31	89,351,421	88,451,421
Accumulated Amortization		
At January 1	77,334,013	69,055,882
Amortization (see Notes 17 and 18)	5,807,431	8,278,131
At December 31	83,141,444	77,334,013
Net Book Value	₱6,209,977	₱11,117,408

Advances to suppliers consist of prepayments made for future purchase of property and equipment.

Others consists of investments in shares of stocks of various companies. The Group earned and received dividends from a utility company amounting to ₱713, ₱1,088 and ₱443 in 2025, 2024 and 2023, respectively (see Note 20).



12. Trade and Other Payables

	2025	2024
Trade payables	₱127,127,685	₱107,662,193
Accrued expenses (see Note 25)	106,381,815	85,980,853
Nontrade payables	40,788,459	37,789,492
Dividends payable (see Note 28)	34,922,918	27,821,115
Statutory payables	23,530,134	23,423,172
Contract liabilities (see Note 16)	22,421,050	11,391,417
Due to joint venture (see Note 25)	21,891,426	21,891,426
Deposits	5,411,427	4,856,727
Others (Note 25)	82,350,931	68,192,047
	₱464,825,845	₱389,008,442

Trade payables are payable within one year from the reporting period.

Accrued expenses pertain to accruals made for personnel costs, professional services, utilities, repairs and maintenance, and other operating expenses, which are payable within one year from the reporting period.

Nontrade payables pertain to liabilities to suppliers for capital expenditures. These are noninterest-bearing and are normally settled within one year from the reporting period.

Dividends payable pertain to outstanding balance of cash dividend declaration of the Parent Company to its stockholders.

Statutory payables represent government remittances pertaining to VAT payable, expanded withholding taxes and contributions to Social Security System, PhilHealth and Home Development Mutual Fund.

Contract liabilities pertain to advances received from students prior to the start of the semester, deposits on hospital service packages, advances received from patients for medical services, unearned health card revenues and accumulated loyalty points, which can be redeemed by patients in a future time.

Deposits are cash bonds paid by health care providers for hospital service package and security deposits received from lessees.

Other payables represent liabilities on union dues, cooperatives, honorariums to various hospital committees (e.g., Pathology, Nursing, and Facility Management Consultant), refundable deposits in excess of patient's actual charges and other payables at the end of the financial year, which are due within one year or less.

13. Funds in Special Accounts

Funds in special accounts are fees collected from students and grants for students received from government agencies, which are restricted as to their use and disposition.



The following tables show the movements in the funds in special accounts:

2025				
	At January 1	Receipts	Disbursements	At December 31
Trust funds	P10,551,988	P4,440,598	(P8,495,449)	P6,497,137
“Clinical Eye” funds	2,570,929	2,146,470	(2,351,750)	2,365,649
Student Financial Assistance Program (STUFAP) funds, President Gloria Macapagal Arroyo (PGMA) help and other scholarship funds	2,009,485	-	-	2,009,485
School organ funds	3,615,734	1,129,107	(4,148,497)	596,344
Supreme students’ organization	926,101	621,562	(1,069,956)	477,707
	P19,674,237	P8,337,737	(P16,065,652)	P11,946,322

2024				
	At January 1	Receipts	Disbursements	At December 31
Trust funds	P10,935,509	P4,407,804	(P4,791,325)	P10,551,988
School organ funds	2,582,807	1,033,497	(570)	3,615,734
“Clinical Eye” funds	1,998,429	927,000	(354,500)	2,570,929
STUFAP funds, PGMA help and other scholarship funds	2,009,485	-	-	2,009,485
Supreme students’ organization	567,232	572,141	(213,272)	926,101
	P18,093,462	P6,940,442	(P5,359,667)	P19,674,237

- a. Trust funds are collected from students as funds for the National Service Training Program.
- b. “Clinical Eye” funds are collected from students for yearbook publication.
- c. STUFAP funds, PGMA help and other scholarship funds pertain to grants received from government agencies to be released as loans to qualified students for payment of their tuition.
- d. School organ funds are collected from the students for the publication of the School paper.
- e. Supreme students’ organization funds are collected from students to finance activities of the student body.

The carrying value of funds in special accounts is composed of cash as at December 31, 2025 and 2024.

The following table summarizes the reconciliation of the funds in special accounts recognized in the consolidated statements of financial position:

	2025	2024
<i>Assets</i>		
Funds in special accounts - current portion	P6,497,137	P10,551,988
Funds in special accounts - net of current portion	5,449,185	9,122,249
	P11,946,322	P19,674,237
<i>Liabilities</i>		
Trust funds	P6,497,137	P10,551,988
Special funds	5,449,185	9,122,249
	P11,946,322	P19,674,237



14. Pension Costs

The Group has a funded, noncontributory pension plan covering all its regular employees. The benefits are based on years of service and compensation on the last year of employment. The fund is administered by a trustee bank under the supervision of Retirement Fund Committee of the BOD. The retirement plan meets the minimum retirement benefit specified under the Retirement Law (RA No. 7641).

The School is also a member of the PERAA, a qualified plan entitled to all the benefits provided for under RA No. 4917. The PERAA, which is funded by employee and employer contributions at 3.25% of the basic pay, covers all regular employees of the School under the school operations. Contributions to the plan amounted to ₱1.1 million, ₱1.0 million and ₱1.0 million in 2025, 2024 and 2023, respectively (see Notes 18 and 19).

The following tables summarize the components of the pension costs recognized in the consolidated statements of comprehensive income and amounts recognized in the consolidated statements of financial position for the retirement plan.

The components of pension costs recognized as personnel costs under “Costs of sales and services” and “General and administrative expenses” in the consolidated statements of comprehensive income are as follows (see Note 17, 18 and 19):

	2025	2024	2023
Current service cost	₱18,558,819	₱18,659,786	₱12,259,547
Past service cost	—	2,598,516	—
	₱18,558,819	₱21,258,302	₱12,259,547

The components of pension costs recognized under “Finance costs” in the consolidated statements of comprehensive income are as follows:

	2025	2024	2023
Interest expense on defined benefit obligation	₱10,451,902	₱10,075,856	₱8,660,182
Interest income on plan assets	(2,238,250)	(2,237,918)	(2,091,411)
	₱8,213,652	₱7,837,938	₱6,568,771

The remeasurement effects recognized under other comprehensive income are as follows:

	2025	2024	2023
Actuarial changes arising from:			
Experience adjustments	(₱9,520,286)	₱4,391,884	(₱273,934)
Changes in financial assumptions	8,588,770	(1,657,342)	(20,188,183)
Changes in demographic assumptions	(1,118,508)	—	—
Return on plan assets (excluding amount included in net interest cost)	(891,532)	(317,158)	(802,555)
	(2,941,556)	2,417,384	(21,264,672)
Deferred income tax effect	540,043	(635,538)	5,333,239
	(₱2,401,513)	₱1,781,846	(₱15,931,433)



The funded status and amounts recognized in the consolidated statements of financial position for the pension liability as at December 31 are as follows:

	2025	2023
<i>Hospital</i>		
Present value of defined benefit obligation	₱168,726,724	₱153,768,833
Fair value of plan assets	(25,345,766)	(23,856,280)
Pension liability	143,380,958	129,912,553
<i>School</i>		
Present value of defined benefit obligation	22,685,030	18,048,396
Fair value of plan assets	(13,018,845)	(12,627,833)
Pension liability	9,666,185	5,420,563
	₱153,047,143	₱135,333,116

Changes in the present value of defined benefit obligation are as follows:

	2025	2024
At January 1	₱171,817,229	₱156,546,312
Net benefit cost in profit or loss:		
Current service cost	18,558,819	18,659,786
Interest expense on defined benefit obligation	10,451,902	10,075,856
Past service cost	–	2,598,516
	29,010,721	31,334,158
Remeasurement in other comprehensive income:		
Actuarial changes arising from experience adjustments	9,520,286	(4,391,884)
Actuarial changes arising from changes in financial assumptions	(8,588,770)	1,657,342
Actuarial changes arising from changes in demographic assumptions	1,118,508	–
	2,050,024	(2,734,542)
Benefits paid from plan assets	(11,466,220)	(13,328,699)
At December 31	₱191,411,754	₱171,817,229

Changes in the fair value of plan assets are as follows:

	2025	2024
At January 1	₱36,484,113	₱35,892,052
Net benefit cost in profit or loss:		
Interest income on plan assets	2,238,250	2,237,918
Remeasurement in other comprehensive income:		
Return on plan assets (excluding amount included in net interest cost)	(891,532)	(317,158)
Benefits paid	(11,466,220)	(13,328,699)
Contributions	12,000,000	12,000,000
At December 31	₱38,364,611	₱36,484,113



The composition of the fair value of plan assets as at December 31 follows:

	2025	2024
Cash and cash equivalents	₱69,100	₱16,506
Investments in:		
Government securities	22,531,623	18,924,677
Unit investment trust funds	15,425,259	17,280,276
Others	353,995	287,776
Liabilities	(15,366)	(25,122)
	₱38,364,611	₱36,484,113

The overall investment policy and strategy of the Group's defined benefit plan is guided by the objective of providing the necessary funding for the benefits payable under the plan and achieving such liquidity as the trustee shall, in its discretion, deem appropriate in the circumstances. Investment in unit investment trust funds and government securities have quoted prices in active market. As the plan assets include significant investments, the Group is exposed to equity market risk.

Changes in pension liability are as follows:

	2025	2024
At January 1	₱135,333,116	₱120,654,260
Defined benefit costs recognized in profit or loss	26,772,471	29,096,240
Contributions	(12,000,000)	(12,000,000)
Defined benefit costs recognized in other comprehensive income	2,941,556	(2,417,384)
At December 31	₱153,047,143	₱135,333,116

Changes in cumulative remeasurement gain on pension liability are as follows:

	2025	2024
At January 1	₱7,431,537	₱5,014,153
Remeasurement gain (loss) on defined benefit obligation	(2,050,024)	2,734,542
Return on plan assets (excluding amount included in net interest cost)	(891,532)	(317,158)
At December 31	4,489,981	7,431,537
Deferred income tax effect	2,059,481	1,519,438
	₱6,549,462	₱8,950,975

The principal assumptions used to determine pension benefits as at December 31 are as follows:

	2025		2024	
	Parent Company	School	Parent Company	School
Discount rate	6.49%	6.36%	6.08%	6.11%
Salary increase rate	3.00%	3.02%	3.00%	3.00%



The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, assuming all other assumptions were held constant:

	Increase (Decrease)	Increase (Decrease) in Present Value of Defined Benefit Obligation	
		2025	2024
Discount rate	+1.00%	(₱19,464,521)	(₱19,049,552)
	-1.00%	23,026,633	22,741,661
Salary increase rate	+1.00%	23,624,901	23,240,677
	-1.00%	(20,247,927)	(19,745,958)

No changes were made in the methods and assumptions used in preparing the sensitivity analysis in 2025 and 2024.

The Group expects to contribute ₱12.0 million to the retirement plan in 2026.

The maturity analysis of the undiscounted benefit payments over the next 10 years as at December 31 is as follows:

Year	2025	2024
Year 1	₱8,520,715	₱7,429,578
Year 2	6,042,759	7,515,214
Year 3	20,943,292	5,257,352
Year 4	21,268,466	19,058,623
Year 5	10,365,548	17,677,647
Years 6–10	129,518,656	100,609,170
	₱196,659,436	₱157,547,584

The average duration of the defined benefit obligation is 8.9 years to 11.4 years and 9.4 years to 12.3 years as at December 31, 2025 and 2024, respectively.

15. Equity

Capital Management

The primary objective of the Group's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows financial flexibility, while providing sufficient cushion to absorb cyclical industry risks. No changes were made in the objectives, policies and processes from the previous years.

The Group is not exposed to externally imposed capital requirements as at December 31, 2025 and 2024.



The Group's core economic capital as at December 31 is as follows:

	2025	2024
Common shares	₱91,470,200	₱91,470,200
Capital in excess of par value	62,975,373	61,507,529
Retained earnings		
Appropriated	3,281,487,353	2,797,654,417
Unappropriated	823,309,874	623,924,467
	4,259,242,800	3,574,556,613
Treasury shares	(25,220,944)	(1,790,500)
	₱4,234,021,856	₱3,572,766,113

Accumulated equity in net earnings of subsidiaries amounted to ₱669.9 million and ₱546.7 million as at December 31, 2025 and 2024, respectively. Such amounts are not available for distribution until such time that the Parent Company receives the dividends from the respective subsidiaries.

Treasury Shares

A portion of retained earnings corresponding to the cost of shares held in treasury amounting to ₱25.2 million and ₱1.8 million as at December 31, 2025 and 2024, respectively, is not currently available for distribution as dividends.

The details of the Parent Company's treasury shares as at December 31 are as follows:

	2025		2024	
	Number of shares	Amount	Number of shares	Amount
Common shares - at cost of ₱500 per share:				
At January 1	3,581	₱1,790,500	6,028	₱3,014,000
Sale	(1,129)	(564,556)	(2,447)	(1,223,500)
At December 31	2,452	1,225,944	3,581	1,790,500
Common shares - at cost of ₱5,000 per share:				
At January 1	-	-	-	-
Purchase	4,799	23,995,000	-	-
At December 31	4,799	23,995,000	-	-
	7,251	₱25,220,944	3,581	₱1,790,500

Proceeds from sale of treasury shares amounted to ₱2.0 million, ₱4.4 million and ₱3.0 million in 2025, 2024 and 2023, respectively.

On September 12, 2025, the Parent Company's BOD approved the creation and implementation of a share buy-back program involving up to 25,000 common shares. As at December 31, 2025, the Parent Company has purchased a total of 4,799 common shares at a price of ₱5,000 per share, totaling ₱24.0 million. Payment for purchase of treasury shares in relation to the share buy-back program amounted to ₱18.0 million in 2025.

Retained Earnings

On December 2, 2025, the BOD approved the appropriation of retained earnings amounting to ₱3,281.5 million for expansion projects. On the same date, the approved appropriation in the previous period amounting to ₱2,549.1 million was reversed. The approved appropriations as at December 31, 2025 amounted to ₱3,281.5 million for expansion projects.



On November 21, 2024, the BOD approved the appropriation of retained earnings amounting to ₱2,792.6 million for expansion projects, dividend payments, and special reserve for pension amounting to ₱2,434.6 million, ₱249.3 million and ₱108.6 million, respectively. On the same date, the approved appropriation in the previous period amounting to ₱2,227.5 million was reversed. The approved appropriations as at December 31, 2024 amounted to ₱2,797.7 million for expansion projects, dividend payments, and special reserves for pension and treasury payments.

On November 24, 2023, the BOD approved the appropriation of retained earnings amounting to ₱2,403.0 million for expansion projects, dividend payments, and special reserve for pension amounting to ₱2,124.2 million, ₱176.7 million and ₱102.0 million, respectively. On the same date, the approved appropriation in the previous period amounting to ₱1,973.7 million was reversed. The approved appropriations as at December 31, 2023 amounted to ₱2,409.3 million for expansion projects, dividend payments, and special reserves for pension and treasury payments.

Analysis of appropriated retained earnings is shown below:

	Future Expansions and Other Development Projects	Cash Dividends	Employees' Retirement Benefit Obligations	Treasury Shares	Total
At January 1, 2023	₱1,838,660,569	₱116,112,630	₱134,195,877	₱3,859,000	₱2,092,828,076
Dividend declaration	–	(112,848,154)	–	–	(112,848,154)
Reversal of appropriations	(1,838,660,569)	–	(134,195,877)	(845,000)	(1,973,701,446)
Appropriations	2,124,226,601	176,735,082	102,029,368	–	2,402,991,051
At January 1, 2024	2,124,226,601	179,999,558	102,029,368	3,014,000	2,409,269,527
Dividend declaration	–	(176,735,076)	–	–	(176,735,076)
Reversal of appropriations	(2,124,226,601)	–	(102,029,393)	(1,223,500)	(2,227,479,494)
Appropriations	2,434,628,223	249,344,245	108,626,992	–	2,792,599,460
At January 1, 2025	2,434,628,223	252,608,727	108,626,967	1,790,500	2,797,654,417
Dividend declaration	–	(248,569,209)	–	–	(248,569,209)
Reversal of appropriations	(2,434,628,223)	(4,039,518)	(108,626,967)	(1,790,500)	(2,549,085,208)
Appropriations	3,281,487,353	–	–	–	3,281,487,353
At December 31, 2025	₱3,281,487,353	₱–	₱–	₱–	₱3,281,487,353

Details of the future expansions and other development projects follow:

	Timeline of Accomplishments and Completion of Projects	Appropriated Retained Earnings
<u>December 31, 2023</u>		
Various renovation and continuous improvements	December 2024	₱712,430,302
	December 2025–2026	358,855,634
Purchase of hospital equipment	December 2024	642,733,951
	December 2025–2026	410,206,714
		₱2,124,226,601
<u>December 31, 2024</u>		
Various renovation and continuous improvements	December 2025	₱632,975,488
	December 2026–2027	687,078,550
Purchase of hospital equipment	December 2025	662,302,153
	December 2026–2027	452,272,032
		₱2,434,628,223
<u>December 31, 2025</u>		
Various renovation and continuous improvements	December 2026	₱833,833,014
	December 2027	666,000,000
Purchase of hospital equipment	December 2026	1,399,163,091
	December 2027	382,491,248
		₱3,281,487,353



Dividend Declaration

On April 10, 2025, the BOD approved the declaration of cash dividends amounting to ₱137.01 per share or ₱124.7 million to all shareholders of record as at March 31, 2025, which are payable on or before May 10, 2025. On November 14, 2025, the BOD approved the declaration of cash dividends in the amount of ₱136.00 per share or ₱123.9 million to all shareholders of record as at November 24, 2025, which are payable on or before December 12, 2025.

On March 4, 2024, the BOD approved the declaration of cash dividends amounting to ₱97.17 per share or ₱88.4 million to all shareholders of record as at March 31, 2024, which are payable on or before May 11, 2024. On November 21, 2024, the BOD approved the declaration of cash dividends in the amount of ₱96.99 per share or ₱88.4 million to all shareholders of record as at December 1, 2024, which are payable on or before December 18, 2024.

On March 21, 2023, the BOD approved the declaration of cash dividends amounting to ₱62.26 per share or ₱56.4 million to all shareholders of record as at March 31, 2023. Dividends were paid on May 13, 2023. On November 24, 2023, the BOD approved the declaration of cash dividends in the amount of ₱62.18 per share or ₱56.4 million to all shareholders of record as at November 30, 2023. The dividends declared were paid on December 15, 2023.

16. **Revenues**

Disaggregated Revenue Information

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

By type	2025	2024	2023
Patient service revenue (see Note 25)	₱3,197,394,485	₱2,519,984,880	₱2,184,793,775
Pharmacy sales (see Note 25)	827,371,710	627,673,182	483,383,829
Tuition and other school fees	655,702,011	548,201,821	462,058,683
Rental revenues (see Notes 21 and 25)	12,734,102	11,277,722	12,612,170
Gross revenues	4,693,202,308	3,707,137,605	3,142,848,457
Less:			
Senior citizen discount	316,089,486	231,198,367	177,107,535
Service discount	255,430,864	190,296,296	145,152,940
Student discount	2,783,214	3,368,511	3,144,926
	574,303,564	424,863,174	325,405,401
Net revenue from contracts with customers	₱4,118,898,744	₱3,282,274,431	₱2,817,443,056



By customers	2025	2024	2023
Inpatient (see Note 25)	₱2,070,938,447	₱1,652,166,232	₱1,375,487,698
Outpatient (see Note 25)	1,953,827,748	1,495,491,830	1,292,689,906
Students	655,702,011	548,201,821	462,058,683
Lessees (see Notes 21 and 25)	12,734,102	11,277,722	12,612,170
Gross revenues	4,693,202,308	3,707,137,605	3,142,848,457
Less:			
Senior citizen discount	316,089,486	231,198,367	177,107,535
Service discount	255,430,864	190,296,296	145,152,940
Student discount	2,783,214	3,368,511	3,144,926
	574,303,564	424,863,174	325,405,401
Net revenue from contracts with customers	₱4,118,898,744	₱3,282,274,431	₱2,817,443,056

Contract Balances

The Group's trade receivables, gross of allowance for ECL, amounted to ₱988.8 million and ₱760.6 million as at December 31, 2025 and 2024, respectively (see Note 5).

The Group has no contract assets as at December 31, 2025 and 2024.

Contract liabilities include advances received from patients to perform medical services, loyalty points earned by patients and advances received from students prior to the start of the semester, totaling ₱22.4 million and ₱11.4 million as at December 31, 2025 and 2024, respectively (see Note 12), and unearned tuition and other school fees pertaining to the senior high school program amounting to ₱18.3 million as at December 31, 2025. Revenue recognized from amount of contract liabilities at the beginning of the year amounted to ₱11.4 million, ₱17.7 million and ₱28.6 million in 2025, 2024 and 2023, respectively.

Unearned tuition and other school fees pertain to the portion of tuition and other charges billed to the students but not yet earned by the School. These amounts represent future services to be rendered to presently enrolled students. The School recognizes the gross amount of unearned tuition and other school fees at the point when a student is enrolled, usually at the beginning of the school term, and recognizes revenue on a straight-line basis over the relevant period as the performance obligation is delivered to the students of the applicable course or program of study.

The movements of contract liabilities are as follows:

	2025	2024
At January 1	₱11,391,417	₱17,699,804
Additions	311,223,592	210,376,888
Revenues recognized	(281,844,509)	(216,685,275)
At December 31	₱40,770,500	₱11,391,417



17. Costs of Sales and Services

	2025	2024	2023
<i>Hospital Operations</i>			
Pharmacy (see Note 6)	₱465,015,715	₱362,492,474	₱298,219,746
Medical supplies (see Notes 6 and 25)	352,758,664	267,730,208	258,935,885
Personnel costs (see Note 19)	328,877,562	311,892,611	243,580,724
Outside services (see Note 25)	188,634,127	128,706,655	43,416,035
Depreciation (see Note 8)	163,914,017	165,220,320	162,871,461
Professional fees	112,016,748	87,287,813	81,386,151
Reader's fee	106,581,878	78,352,072	70,680,419
Repairs and maintenance	81,516,639	63,547,365	51,607,546
Communication, light and water	63,349,468	60,475,983	56,860,216
Supplies (see Note 6)	51,772,480	33,441,102	27,118,505
Laboratory and medical fees (see Note 6)	38,939,616	49,185,326	113,684,152
Patients' meals	34,079,004	29,790,767	23,531,981
Amortization of right-of-use assets (see Note 21)	4,522,527	4,522,527	4,522,526
Amortization of computer software (see Note 11)	1,054,809	2,605,309	2,748,143
Rent (see Note 21)	140,652	133,954	127,575
Others (see Note 27)	35,117,665	22,226,853	26,506,684
	₱2,028,291,571	₱1,667,611,339	₱1,465,797,749
<i>School Operations</i>			
Personnel costs (see Note 19)	₱229,185,640	₱199,282,567	₱154,506,008
Depreciation (see Note 8)	36,594,601	33,241,351	23,480,130
Affiliation	31,775,511	18,936,131	15,424,497
Medical surgical supplies	19,592,503	17,832,087	21,505,212
Educational and professional development (see Note 25)	18,187,220	20,313,151	17,504,482
	₱335,335,475	₱289,605,287	₱232,420,329

18. General and Administrative Expenses

	2025	2024	2023
<i>Hospital and School Operations</i>			
Personnel costs (see Note 19)	₱209,589,093	₱172,791,969	₱173,218,908
Communication, light and water (see Note 25)	64,516,436	58,619,028	51,025,942
Depreciation (see Note 8)	56,361,208	53,733,345	48,090,666
Outside services (see Note 25)	51,056,776	47,549,800	41,163,425
Repairs and maintenance	44,377,395	33,400,981	27,447,358
Meetings, trainings and seminars (see Note 25)	32,132,446	44,330,125	27,632,474

(Forward)



	2025	2024	2023
Professional fees (see Note 25)	₱30,958,473	₱20,073,783	₱19,091,505
Subscription expense	23,533,079	12,508,922	7,132,829
Supplies (see Note 6)	22,670,752	14,813,249	44,643,671
Provision for ECL (see Note 5)	17,880,287	11,288,685	17,042,643
Taxes and licenses	17,623,511	12,780,598	12,401,507
Insurance	13,163,377	6,042,590	6,283,804
Amortization of computer software (see Note 11)	4,752,622	5,672,822	5,290,258
Advertising (see Note 25)	4,352,716	5,422,722	4,378,194
Transportation and travel	3,545,897	3,101,525	2,836,607
Amortization of right-of-use assets (see Note 21)	2,931,226	2,488,657	2,488,657
Entertainment, amusement and representation	2,149,322	2,291,151	1,407,148
Others (see Note 25)	42,912,371	20,401,396	14,637,149
	₱644,506,987	₱527,311,348	₱506,212,745

Others mainly pertain to doctors engagement program, inspection, accreditation, corporate social responsibility, gifts and gratuities, employees' dependents tuition fee, water analysis, freight, handling, financial assistance, and processing and filing fees.

19. Personnel Costs

	2025	2024	2023
Salaries and wages (see Notes 17 and 18)	₱546,429,998	₱492,693,119	₱416,171,330
Employee benefits (see Notes 17 and 18)	200,956,997	168,049,265	139,901,122
Pension costs (Note 14):			
Defined benefit plan	18,558,819	21,258,302	12,259,547
Defined contribution plan	1,072,694	1,009,727	970,369
Termination benefits	633,787	956,734	2,003,272
	₱767,652,295	₱683,967,147	₱571,305,640

20. Other Operating Income - Net

	2025	2024	2023
Parking	₱6,907,554	₱5,267,103	₱3,756,922
Maintenance	5,858,353	5,746,618	5,954,500
Affiliation	3,758,990	3,888,911	3,881,626
Ambulance	1,506,669	1,356,731	1,394,480
Foreign exchange gain (loss) - net	(22,648)	(17,297)	32,052
Dividend	713	1,088	443
Others	4,633,582	6,780,528	7,077,455
	₱22,643,213	₱23,023,682	₱22,097,478



Others include income from medical and death certificates, medical records and sale of scrap materials.

21. Leases

Operating Lease as Lessor

- a. Upon incorporation, the Parent Company entered into various lease agreements with tenant-doctors for a lease term of 50 years, renewable for another 50 years at the option of the lessee. Lease contracts subsequently entered by the Parent Company with tenant-doctors have lease terms of 1 to 5 years. Terms of the contracts state that the lessee shall pay the lessor monthly rent payable in advance at the lessor's office without the need of demand within the first seven (7) days of the month. In case of default, the lessee shall pay interest at the rate of two percent (2%) of the amount due every month. However, should the default consist for three (3) consecutive months, the lessor may terminate this contract and demand the ejection of the lessee from the leased premises. The security deposit shall be returned by the Parent Company, without any interest, within a reasonable period after the termination of the contract or the expiration of the lease term, less such amounts as may be necessary to answer for any and all unpaid obligations of the lessee under the contract and damage to the leased premises; provided, that the leased premises shall have been peacefully surrendered to the Parent Company and all utilities, liabilities, damages and obligations accruing thereon shall have been paid in full.

Future minimum lease payments under these renewable operating leases are as follows:

	2025	2024	2023
Within one year	₱5,600,444	₱6,253,733	₱6,670,292
More than one year to five years	19,210,371	19,829,327	21,854,892
More than five years	94,442,779	97,981,711	104,824,899
	₱119,253,594	₱124,064,771	₱133,350,083

Total rent income from tenant-doctors amounted to ₱8.9 million, ₱7.7 million, and ₱9.6 million in 2025, 2024 and 2023, respectively (see Note 16).

Total security deposits related to leases with tenant-doctors as at December 31, 2025 and 2024 amounting to ₱1.2 million are presented as "Security deposits" in the consolidated statements of financial position.

- b. The Parent Company leases to various third-party tenants certain portions of hospital premises for a term of 1 to 5 years, renewable upon mutual agreement of both parties, under such terms and conditions as may be agreed upon. The lease agreements with tenants are generally based on the agreed terms by both parties. The lessee shall pay the lessor monthly rent payable in advance to the lessor without need of demand within the first 7 days of the month.

Future minimum lease payments under these renewable operating leases are as follows:

	2025	2024	2023
Within one year	₱1,909,733	₱1,946,232	₱697,632
More than one year to five years	4,381,733	6,094,464	2,103,696
More than five years	1,026,000	1,080,000	1,134,000
	₱7,317,466	₱9,120,696	₱3,935,328



Total rent income from third-party tenants amounted to ₱3.9 million, ₱3.6 million and ₱3.0 million in 2025, 2024 and 2023, respectively (see Note 16).

Operating Lease as a Lessee

The Parent Company has lease contracts for various land properties used in its operations. The Parent Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Parent Company is restricted from assigning and subleasing the leased assets.

On August 1, 2015, the Parent Company entered into lease agreements with certain individuals for the lease of parcels of land within the hospital premises. The contracts provide term of twenty-five (25) years, renewable upon mutual agreement of both parties, under such terms and conditions as may be agreed upon. Under the terms of the contract, rental payment shall be made in advance on a yearly basis and the first payment of the rental shall be on August 1, 2015, and every year thereafter. The Parent Company shall also make an advance payment on the rental fees, to be applied against the succeeding rentals due after the 16th year of the term of the lease.

In 2021, the Parent Company also entered into a lease contract for a parking space under the Quiaoit Property near the hospital premises and another two (2) lease contracts in 2022 with a mall establishment to operate the Parent Company's care centers. The terms of the lease contracts are 5 years, renewable for similar periods upon mutual agreement of parties subject to terms and conditions stipulated in the contract.

In 2025, the Parent Company also entered into a lease agreement with a certain individual for a furnished residential unit located at Davao City for a term of 3 years commencing from June 1, 2025 to May 31, 2028, renewable upon mutual agreement of parties, under such terms and conditions as may be agreed upon. The Parent Company shall pay the monthly rental amounting to ₱67,200, subject to withholding tax, on or before the first day of each month. The applicable monthly rent may escalate after the second year at a rate of not more than 5% of the current monthly rental.

The rollforward analysis of right-of-use assets follows:

	2025	2024
Cost		
At January 1	₱73,543,949	₱73,543,949
Additions	2,276,065	—
At December 31	75,820,014	73,543,949
Accumulated Amortization		
At January 1	27,499,842	20,488,658
Amortization (see Notes 17 and 18)	7,453,753	7,011,184
At December 31	34,953,595	27,499,842
Net Book Value	₱40,866,419	₱46,044,107



The rollforward analysis of lease liabilities follows:

	2025	2024
At January 1	₱49,274,042	₱54,714,386
Additions	1,469,665	–
Interest expense	2,783,622	3,051,848
Payments:		
Principal	(6,145,141)	(5,416,399)
Interest	(2,783,622)	(3,075,793)
At December 31	44,598,566	49,274,042
Current portion	7,336,027	6,195,307
Noncurrent portion	₱37,262,539	₱43,078,735

The following are the amounts recognized in the consolidated statements of comprehensive income:

	2025	2024	2023
Amortization of right-of-use assets (see Notes 17 and 18)	₱7,453,753	₱7,011,184	₱7,011,183
Interest expense on lease liabilities	2,783,622	3,051,848	3,329,946
Expense relating to short-term lease (see Note 17)	140,652	133,954	127,575
	₱10,378,027	₱10,196,986	₱10,468,704

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

	2025	2024	2023
Within one year	₱9,790,631	₱8,928,762	₱8,492,193
More than one year to five years	15,988,208	24,125,719	29,045,643
More than five years	39,943,872	39,943,872	43,952,710
	₱65,722,711	₱72,998,353	₱81,490,546

22. Income Taxes

The Group's current income tax on hospital operations represents the 25% regular corporate income tax (RCIT) in 2025, 2024 and 2023.

The provision for current income tax on income from other operations represents the 20% RCIT in 2025, 2024 and 2023.

Pursuant to RA No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act, the following changes in tax rates became effective on July 1, 2023 implemented through Revenue Memorandum Circular (RMC) No. 69-2023:

- Minimum corporate income tax (MCIT) rate is reverted to 2% of gross income, which was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023;
- Preferential income tax rate for proprietary educational institutions and hospitals, which are nonprofit, is reverted to 10%, which was previously reduced from 10% to 1% effective July 1, 2020 to June 30, 2023.



Consequently, the Group's income tax on school operations represents the preferential income tax rate of 10% in 2025 and 2024 and 5.5% in 2023 in accordance with RMC No. 69-2023. In 2025, 2024 and 2023, the School's gross income from unrelated trade, business or other activity did not exceed 50% of the total gross income derived from the school operations from all sources.

- a. A reconciliation of the Group's provision for income tax computed based on income before income tax at the statutory tax rates to the provision for income tax shown in the consolidated statements of comprehensive income are as follows:

Income from Hospital Operations and Others

	2025	2024	2023
Income before income tax	₱948,244,983	₱653,356,613	₱473,473,852
At statutory income tax rate	₱237,041,846	₱163,331,766	₱118,377,262
Additions to (reductions in) income tax resulting from:			
Interest income subjected to final tax	(12,143,308)	(9,287,634)	(5,282,240)
Nondeductible expenses	656,630	35,572	83,162
Dividend income	(178)	(272)	(111)
Others	3,778,281	500,000	7,049,514
	₱229,333,271	₱154,579,432	₱120,227,587

Income from School Operations

	2025	2024	2023
Income before income tax	₱235,264,491	₱202,064,013	₱179,559,290
At statutory income tax rate	₱23,526,449	₱20,206,401	₱9,875,761
Additions to (reductions in) income tax resulting from:			
Interest income subjected to final tax	(1,252,557)	(838,973)	(368,123)
Nondeductible expenses	114,759	52,295	23,211
CREATE adjustment on deferred income taxes	-	-	(361,139)
Others	-	-	(1,494,871)
	₱22,388,651	₱19,419,723	₱7,674,839

- b. The Group's net deferred income tax assets as at December 31 are as follows:

	2025	2024
Deferred income tax assets on:		
Pension liability recognized in profit or loss	₱34,752,377	₱31,500,756
Allowance for impairment losses on receivables	24,450,684	21,791,374
Lease liabilities	11,149,642	12,318,511
Pension liability recognized in other comprehensive income	4,180,799	3,770,986
Unamortized past service cost	1,216,801	1,511,657
	75,750,303	70,893,284

(Forward)



	2025	2024
Deferred income tax liabilities on:		
Right-of-use assets	₱10,132,605	₱11,511,027
Pension liability recognized in other comprehensive income	2,121,318	2,251,548
	12,253,923	13,762,575
	₱63,496,380	₱57,130,709

c. The components of provision for income tax are as follows:

	2025	2024	2023
Current tax:			
Current tax expense on current period's profit	₱257,547,550	₱177,971,022	₱132,531,498
Deferred tax:			
Deferred tax benefit relating to origination and reversal of temporary differences	(5,825,628)	(3,971,867)	(4,267,933)
Deferred tax benefit relating to change in tax rate	-	-	(361,139)
	(5,825,628)	(3,971,867)	(4,629,072)
	₱251,721,922	₱173,999,155	₱127,902,426

d. The Group's income tax payable as at December 31, 2025 and 2024 amounted to ₱46.8 million and ₱40.9 million, respectively.

e. Noncash transactions pertain to payment of income tax through application of creditable withholding taxes with an aggregate amount of ₱38.7 million, ₱25.3 million, and ₱22.7 million in 2025, 2024 and 2023, respectively.

23. Earnings Per Common Share

Earnings per common share amounts are computed as follows:

	2025	2024	2023
Net income attributable to equity holders of the Parent	₱931,787,552	₱681,421,471	₱525,130,716
Weighted average number of common shares issued and outstanding	908,807	909,864	907,917
	₱1,025.29	₱748.93	₱578.39

There are no dilutive potential common shares in 2025, 2024 and 2023.

24. Operating Segment Information

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the BOD to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available.



For purposes of management reporting, the Group's operating businesses are organized and managed separately according to services provided, with each segment representing a strategic business segment. The Group's identified operating segments, which are consistent with the segments reported to the BOD, are as follows:

- Healthcare
- Learning institution
- Others

The Group has only one geographical segment as all of its assets are located in the Philippines. The Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and segment expenses are measured in accordance with PFRS Accounting Standards. The presentation and classification of segment revenue and segment expenses are consistent with the consolidated statements of comprehensive income. Depreciation and amortization expense and income taxes are managed on a per segment basis.

Segment assets do not include deferred income tax assets and other noncurrent assets. Segment liabilities do not include income tax payable and pension liability. Capital expenditures consist of acquisitions of property and equipment and computer software. Depreciation and amortization consist of depreciation of property and equipment and amortization of computer software. Adjustments as shown below include items not presented as part of segment assets and liabilities.

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group, and that the revenue can be reliably measured.

Financial information on the operations of the various business segments are summarized as follows:

	2025					
	Healthcare	Learning Institution	Others	Total	Eliminating Entries	Consolidated
Income:						
External revenue	₱3,465,979,947	₱652,918,797	₱1,172,095	₱4,120,070,839	(₱1,172,095)	₱4,118,898,744
Other income	115,726,658	(1,018,994)	-	114,707,664	(92,064,451)	22,643,213
Income from operations	3,581,706,605	651,899,803	1,172,095	4,234,778,503	(93,236,546)	4,141,541,957
Costs of sales and services	(2,028,866,008)	(337,399,926)	(597,658)	(2,366,863,592)	3,236,546	(2,363,627,046)
General and administrative expenses	(552,890,658)	(91,429,756)	(186,573)	(644,506,987)	-	(644,506,987)
Finance costs	(10,666,078)	(331,196)	-	(10,997,274)	-	(10,997,274)
Interest income	48,573,118	12,525,566	140	61,098,824	-	61,098,824
Provision for income tax	(229,251,333)	(22,388,651)	(81,938)	(251,721,922)	-	(251,721,922)
	₱808,605,646	₱212,875,840	₱306,066	₱1,021,787,552	(₱90,000,000)	₱931,787,552
Other Information						
Capital expenditures	₱283,957,442	₱40,718,471	₱-	₱324,675,913	₱-	₱324,675,913
Segment assets	4,112,871,560	808,879,616	9,177,666	4,930,928,842	(39,224,676)	4,891,704,166
Segment liabilities	464,473,378	76,667,723	8,182,163	549,323,264	(8,385,223)	540,938,041
Depreciation and amortization	225,484,998	36,594,601	597,658	262,677,257	-	262,677,257



2024						
	Healthcare	Learning Institution	Others	Total	Eliminating Entries	Consolidated
Income:						
External revenue	₱2,737,441,121	₱544,833,310	₱1,116,281	₱3,283,390,712	(₱1,116,281)	₱3,282,274,431
Other income	105,177,783	(17,297)	–	105,160,486	(82,136,804)	23,023,682
Income from operations	2,842,618,904	544,816,013	1,116,281	3,388,551,198	(83,253,085)	3,305,298,113
Costs of sales and services	(1,668,129,963)	(291,742,091)	(597,657)	(1,960,469,711)	3,253,085	(1,957,216,626)
General and administrative expenses	(467,721,018)	(59,219,381)	(370,949)	(527,311,348)	–	(527,311,348)
Finance costs	(10,709,533)	(180,253)	–	(10,889,786)	–	(10,889,786)
Interest income	37,150,486	8,389,725	62	45,540,273	–	45,540,273
Provision for income tax	(154,520,383)	(19,419,723)	(59,049)	(173,999,155)	–	(173,999,155)
	₱578,688,493	₱182,644,290	₱88,688	₱761,421,471	(₱80,000,000)	₱681,421,471

Other Information

Capital expenditures	₱155,838,615	₱19,684,355	₱–	₱175,522,970	₱–	₱175,522,970
Segment assets	3,465,221,405	649,002,908	10,670,223	4,124,894,536	(40,745,849)	4,084,148,687
Segment liabilities	408,229,902	50,870,287	9,980,786	469,080,975	(9,906,396)	459,174,579
Depreciation and amortization	226,634,139	33,241,351	597,657	260,473,147	–	260,473,147

2023						
	Healthcare	Learning Institution	Others	Total	Eliminating Entries	Consolidated
Income:						
External revenue	₱2,358,529,299	₱458,913,757	₱1,063,125	₱2,818,506,181	(₱1,063,125)	₱2,817,443,056
Other income	92,461,792	32,052	–	92,493,844	(70,396,366)	22,097,478
Income from operations	2,450,991,091	458,945,809	1,063,125	2,911,000,025	(71,459,491)	2,839,540,534
Costs of sales and services	(1,466,263,215)	(232,816,695)	(597,659)	(1,699,677,569)	1,459,491	(1,698,218,078)
General and administrative expenses	(452,398,128)	(53,173,001)	(641,616)	(506,212,745)	–	(506,212,745)
Finance costs	(9,808,740)	(89,977)	–	(9,898,717)	–	(9,898,717)
Interest income	21,128,810	6,693,154	184	27,822,148	–	27,822,148
Provision for income tax	(120,179,655)	(9,169,710)	(47,932)	(129,397,297)	1,494,871	(127,902,426)
	₱423,470,163	₱170,389,580	(₱223,898)	₱593,635,845	(₱68,505,129)	₱525,130,716

Other Information

Capital expenditures	₱166,906,063	₱57,071,648	₱–	₱223,977,711	₱–	₱223,977,711
Segment assets	3,075,613,586	557,616,468	10,756,668	3,643,986,722	(40,934,629)	3,603,052,093
Segment liabilities	431,253,240	58,211,214	10,155,919	499,620,373	(10,095,176)	489,525,197
Depreciation and amortization	218,402,869	23,480,130	597,659	242,480,658	–	242,480,658

25. Related Party Transactions

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.



The Group, in the normal course of business, has transactions with related parties as follows:

Receivables	Nature of Transactions	Terms and Conditions	Transactions for the Years Ended December 31		Outstanding Balance as at December 31	
			2025	2024	2025	2024
Affiliates						
Philippine Long Distance Telephone Company ^a	Hospital charges (see Note 16)	On demand, noninterest-bearing, unsecured, no impairment	₱9,510,833	₱10,234,704	₱3,595,196	₱3,110,056
Medi Linx Laboratory Inc. ^{a, b, c}	Rental fees (see Notes 16 and 21) and other charges (see Note 20), hospital charges (see Note 16), 2024 transfer of inventory in relation to Hospital Laboratory Management Project	On demand, noninterest-bearing, unsecured, no impairment	3,370,272	15,991,917	2,099,811	5,512,926
Smart Communications, Inc. ^b	Rental (see Notes 16 and 21) and light charges	On demand, noninterest-bearing, unsecured, no impairment	1,741,724	1,598,325	2,234,812	1,227,767
St. Elizabeth Hospital, Inc. ^c	2025 shared costs of marketing charges, 2024 shared costs of the inter-school quiz bowl and summit	On demand, noninterest-bearing, unsecured, no impairment	27,371	68,571	504,229	476,858
Santos Clinic Incorporated ^c	2024 shared costs of the inter-school quiz bowl and summit	On demand, noninterest-bearing, unsecured, no impairment	–	408,773	–	–
Parent Company						
MPHC ^c	2023 secondment-design to cost project, rebooking of plane fare, meals and other various expenses	On demand, noninterest-bearing, unsecured, no impairment	–	–	171,688	600,689
					8,605,736	10,928,296
Joint Venture						
DDOCI ^d	Intercompany charges	On demand, noninterest-bearing, unsecured	9,617	10,993	29,110,317	29,100,700
Less allowance for impairment losses (see Note 5)					(16,120,693)	(16,120,693)
					12,989,624	12,980,007
					₱21,595,360	₱23,908,303

^a Presented as part of "Trade and other receivables" under "Patient" (see Note 5)

^b Presented as part of "Trade and other receivables" under "Tenants" (see Note 5)

^c Presented as part of "Trade and other receivables" under "Others" (See Note 5)

^d Presented as part of "Trade and other receivables" under "Joint venture" (See Note 5)

Payables	Nature of Transactions	Terms and Conditions	Transactions for the Years Ended December 31		Outstanding Balance as at December 31	
			2025	2024	2025	2024
Affiliates						
Medi Linx Laboratory Inc. ^c	Hospital laboratory management fees (see Note 17)	On demand, noninterest-bearing, unsecured, no collateral	₱108,872,061	₱78,865,192	₱7,459,840	₱7,484,427
Metro Radlinks Network, Inc. ^{c, f}	Secondment fee and bonus (see Note 18), synergy fees (see Note 17)	On demand, noninterest-bearing, unsecured, no collateral	9,080,000	11,463,341	2,883,333	3,360,006
Metro Radlinks Network, Inc. ^c	Legal fees (see Note 18)	On demand, noninterest-bearing, unsecured, no collateral	344,400	–	344,400	–

(Forward)



Payables	Nature of Transactions	Terms and Conditions	Transactions for the		Outstanding Balance	
			Years Ended December 31		as at December 31	
			2025	2024	2025	2024
Philippine Long Distance Telephone Company ^c	Telephone and internet charges (see Note 18)	On demand, noninterest-bearing, unsecured, no collateral	₱4,171,982	₱4,261,294	₱-	₱-
Smart Communications, Inc. ^c	Communication services (see Note 18)	On demand, noninterest-bearing, unsecured, no collateral	1,371,181	1,198,197	-	-
St. Elizabeth Hospital, Inc. ^c	2025 rental of hospital equipment (see Note 17), 2024 purchase of medical supplies (see Note 6)	On demand, noninterest-bearing, unsecured, no collateral	30,000	102,023	-	-
Santos Clinic Incorporated ^c	Summit shared costs	On demand, noninterest-bearing, unsecured, no collateral	-	952,258	-	-
Parent Company						
MPHC ^e	Cash dividends	On demand, noninterest-bearing, unsecured, no collateral	123,195,089	87,668,394	-	-
MPHC ^c	Marketing charges (see Note 18), shared cost of workshop (see Note 18), 2024 legal and compliance, registration fee, and Sophos MDR software license (see Note 18)	On demand, noninterest-bearing, unsecured, no collateral	174,214	861,132	156,906	13,067
Joint Venture						
DDOCT ^h	Intercompany charges related to the capital contribution (30%) and hospital revenue sharing	On demand, noninterest-bearing, unsecured, no collateral	-	-	21,891,426	21,891,426
					₱32,735,905	₱32,748,926

^c Presented as part of "Others" under "Trade and other payables" (see Note 12)

^f Presented as part of "Accrued expenses" under "Trade and other payables" (see Note 12)

^e Presented as part of "Dividends payable" under "Trade and other payables" (see Note 12)

^h Presented as part of "Due to joint venture" under "Trade and other payables" (see Note 12)

The above transactions are settled in cash.

Guarantees

There have been no guarantees provided for or received from any related party receivables or payables.

Key Management Personnel

The Group's compensation and benefits of key management personnel follows:

	2025	2024	2023
Salaries and wages	₱21,260,662	₱19,391,880	₱18,668,603
Other short-term employee benefits	9,861,126	9,432,902	9,079,654
Post-employment benefits			
Defined benefit plan	2,821,107	3,099,051	4,617,096
Defined contribution plan	124,173	109,280	90,086
	₱34,067,068	₱32,033,113	₱32,455,439



26. Financial Instruments and Financial Risk Management Objectives and Policies

The Group's principal financial instruments pertain to cash and cash equivalents, trade and other receivables (excluding receivables from employees subject to liquidation), funds in special accounts, investment in retail treasury bond, refundable deposits (presented as part of "Other noncurrent assets"), trade and other payables (excluding statutory payables and contract liabilities), trust funds, special funds, lease liabilities and security deposits.

The Group's policy includes that no trading in financial instruments shall be undertaken. The Group does not actively enter into hedging transactions.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk.

The Group's policies for managing the aforementioned risks 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 Group manages and controls credit risk by setting limits on the amount of risk that the Group is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The Group credit risks are primarily attributable to cash in banks and short-term deposits and trade and other receivables. The Group has a policy to require deposits from patients upon admission and to require top-ups from patients whose bills have exceeded deposited amount for the Parent Company and setting credit limits for all its students for the School. To lessen the exposure on credit risk, the Group closely monitors its receivables on an ongoing basis. The Group's exposure to credit risk arises from default of the counterparty.

The Group considers a financial asset in default when contractual payments are more than 120 to 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group's maximum exposure to credit risk pertains to the gross amount of its cash and cash equivalents (excluding cash on hand), trade and other receivables (excluding receivables from employees subject to liquidation), investment in retail treasury bond, funds in special accounts and refundable deposits (presented as part of "Other noncurrent assets") as disclosed in Notes 4, 5, 10, 11 and 13.

Impairment of Financial Assets

The Group applies the PFRS 9 simplified approach in measuring ECL, which uses a lifetime expected loss allowance for trade receivables, and the general approach for all other financial assets subject to ECL assessment.



Cash and Cash Equivalents (Excluding Cash on Hand), Funds in Special Accounts and Investment in Retail Treasury Bond

For cash and cash equivalents (excluding cash on hand), funds in special accounts and investment in retail treasury bond, the Group 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 Group'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 Group 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.

While cash and cash equivalents (excluding cash on hand), funds in special accounts and investment in retail treasury bond are also subject to the impairment requirements of PFRS 9, the identified impairment loss was immaterial.

Trade Receivables

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL rates are based on the payment profiles of revenues/sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers/counterparties to settle the receivables.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Set out in the tables below is the information about the credit risk exposure on the Group's trade receivables as at December 31.

Hospital Operations

	Current	2025					Total
		Days Past Due					
		<30	31-60	61-90	91-120	>120	
Philhealth							
ECL rate	0.00%–4.28%	3.16%	3.93%	7.72%	12.23%	17.54%–100.00%	
Estimated total gross carrying amount at default	₱109,833,172	₱105,626,783	₱81,846,729	₱51,272,159	₱60,067,049	₱107,220,598	₱515,866,490
ECL	4,704,184	3,339,653	3,220,655	3,959,159	7,344,339	18,811,718	41,379,708
Self-pay*							
ECL rate	0.00%–0.34%	7.23%	13.33%	10.53%	21.45%	8.68%–100.00%	
Estimated total gross carrying amount at default	₱46,705,120	₱1,311,395	₱3,953,756	₱553,357	₱4,357,635	₱4,446,894	₱61,328,157
ECL	157,651	94,867	527,180	58,253	934,749	385,931	2,158,631
Corporate, HMO, employees and tenants*							
ECL rate	0.00%–0.18%	0.32%	0.43%	0.29%	0.38%	84.33%–100.00%	
Estimated total gross carrying amount at default	₱78,173,975	₱77,692,871	₱62,139,591	₱34,254,804	₱18,566,009	₱28,208,079	₱299,035,329
ECL	140,138	252,390	267,191	97,662	70,369	23,787,746	24,615,496

*Self-pay, Corporate and HMO receivables are presented as part of "Patient" under "Trade and other receivables" (see Note 5)



		2024					
		Days Past Due					
	Current	<30	31-60	61-90	91-120	>120	Total
Philhealth							
ECL rate	0.00%–4.46%	4.07%	4.90%	9.85%	15.17%	45.16%–100.00%	
Estimated total gross carrying amount at default	₱61,333,581	₱64,348,429	₱47,469,733	₱38,109,892	₱7,637,310	₱32,437,149	₱251,336,094
ECL	2,733,658	2,618,256	2,324,194	3,755,669	1,158,621	14,649,802	27,240,200
Self-pay*							
ECL rate	0.00%–0.09%	4.69%	19.56%	9.98%	20.61%	26.30%–100.00%	
Estimated total gross carrying amount at default	₱34,250,353	₱1,036,861	₱310,656	₱755,524	₱438,503	₱6,031,426	₱42,823,323
ECL	31,550	48,661	60,775	75,431	90,359	1,586,357	1,893,133
Corporate, HMO, employees and tenants*							
ECL rate	0.00%-0.17%	0.24%	0.44%	0.59%	0.98%	34.06%–100.00%	
Estimated total gross carrying amount at default	₱93,412,270	₱82,724,319	₱65,709,095	₱43,755,947	₱18,548,257	₱84,222,866	₱388,372,754
ECL	162,838	195,079	288,180	259,215	181,230	28,682,823	29,769,365

*Self-pay, Corporate and HMO receivables are presented as part of "Patient" under "Trade and other receivables" (see Note 5)

School Operations

		2025					
		Days Past Due					
	Current	1–120	121–240	241–360	>360	Total	
ECL rate	1.91%	–	36.36%	47.80%	61.08%		
Estimated total gross carrying amount at default	₱65,111,718	₱–	₱3,711,959	₱8,432,982	₱35,309,880	₱112,566,539	
ECL	1,244,409	–	1,349,622	4,031,186	21,566,508	28,191,725	

		2024					
		Days Past Due					
	Current	1–120	121–240	241–360	>360	Total	
ECL rate	2.18%	28.09%	40.55%	54.44%	63.94%		
Estimated total gross carrying amount at default	₱36,838,643	₱621,579	₱6,533,009	₱7,085,077	₱26,968,065	₱78,046,373	
ECL	802,429	174,583	2,648,910	3,857,243	17,243,299	24,726,464	

Other Receivables (Excluding Receivables from Employees Subject to Liquidation), Receivable from Joint Venture, and Refundable Deposits

The Group's exposure to credit risk on other receivables, receivable from joint venture, and refundable deposits (presented as part of "Other noncurrent assets") is influenced mainly by the individual characteristics of the counterparty. The credit quality is further classified and assessed by reference to historical information about each of the counterparty's historical default rates.

Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, the Group has assessed that other receivables and receivable from joint venture amounting to a total of ₱18.7 million as at December 31, 2025 and 2024 are assessed to be Stage 3 receivables. ECL recognized for these accounts are disclosed in Note 5. All other nontrade receivables and refundable deposits are assessed to be Stage 1 since the outstanding balances are exposed to low credit risk. ECL on these balances have therefore been assessed as insignificant.



Liquidity Risk

The Group manages its liquidity profile to be able to finance its capital expenditures and service its maturing debts by maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed credit facilities.

The Group monitors its cash position using a cash forecasting system. 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 Group monitors its cash flow position, particularly the collections from receivables, receipts of dividends and the funding requirements of operations, to ensure an adequate balance of inflows and outflows. The Group also has online facilities with its depository banks wherein bank balances are monitored daily to determine the Group's actual cash balances at any time.

The Group's liquidity and funding management process include the following:

- Managing the concentration and profile of debt maturities;
- Maintaining debt financing plans; and
- Monitoring liquidity ratios against internal and regulatory requirements.

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31 based on contractual undiscounted payments, including future interest payments:

	2025					
	Total	On Demand	Within 1 Year	1-2 Years	2-5 Years	More than 5 Years
Trade and other payables*	₱418,874,661	₱148,166,469	₱270,708,192	₱-	₱-	₱-
Trust funds	6,497,137	6,497,137	-	-	-	-
Special funds	5,449,185	-	-	5,449,185	-	-
Lease liabilities	65,722,711	-	9,790,631	7,808,629	8,179,579	39,943,872
Security deposits	1,217,858	-	-	-	-	1,217,858
Total undiscounted financial liabilities	₱497,761,552	₱154,663,606	₱280,498,823	₱13,257,814	₱8,179,579	₱41,161,730

*Excludes statutory payables and contract liabilities

	2024					
	Total	On Demand	Within 1 Year	1-2 Years	2-5 Years	More than 5 Years
Trade and other payables*	₱354,193,853	₱124,911,049	₱229,282,804	₱-	₱-	₱-
Trust funds	10,551,988	10,551,988	-	-	-	-
Special funds	9,122,249	-	-	9,122,249	-	-
Lease liabilities	72,998,353	-	8,928,762	9,320,231	14,805,488	39,943,872
Security deposits	1,217,858	-	-	-	-	1,217,858
Total undiscounted financial liabilities	₱448,084,301	₱135,463,037	₱238,211,566	₱18,442,480	₱14,805,488	₱41,161,730

*Excludes statutory payables and contract liabilities

Fair Values

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

- *Cash and Cash Equivalents, Trade and Other Receivables (Excluding Receivables from Employees Subject to Liquidation), Current Portion of Funds in Special Accounts, Trade and Other Payables (Excluding Statutory Payables and Contract Liabilities) and Trust Funds.* The carrying values of these instruments approximate fair values due to relatively short-term maturity of these financial instruments.



- *Investment in Retail Treasury Bond.* The fair value of the investment is based on the present value of future cash flows discounted using inputs other than quoted prices that are observable for the asset such as BVAL reference rates as provided by Bloomberg and published by the Philippine Dealing & Exchange Corp. as at reporting date (Level 2). Discount rate used as at December 31, 2025 and 2024 is 5.90% and 6.14%, respectively. The fair value of these investments using the appropriate valuation techniques amounted to ₱5.3 million and ₱5.2 million as at December 31, 2025 and 2024, respectively.
- *Refundable Deposits and Special Funds.* The fair value of the refundable deposits and special funds approximates the carrying values as the timing and related amounts of future cash flows cannot be reasonably and reliably estimated for purposes of establishing their fair values using an alternative valuation technique.
- *Noncurrent Portion of Funds in Special Accounts and Security Deposits.* The carrying amounts in the consolidated financial statements also reflect their face values. The amount of unrecognized discount to carry them at present value is not material to affect the fair presentation of the consolidated financial statements.

27. Other Matters

Management Agreement

The Parent Company entered into an agreement with a domestic corporation to operate, manage and run the Parent Company's outpatient pharmacy day-to-day operations under the name and style MedExpress. As such, MedExpress shall provide and employ a sufficient number of pharmacist, staff and personnel to manage and operate the Parent Company's pharmacy. All operating and capital expenditures of the pharmacy shall be shouldered by the Parent Company, including, among other things, the cost of the computer operating systems and software, the maintenance of computer hardware and equipment, and cost of the services.

In consideration of the services to be provided by MedExpress, the Parent Company shall compensate MedExpress a variable and fixed management fee, as follows: a) a maximum rate of 1.5% of net sales per month and b) a minimum amount of ₱162,271 per month subject to monthly review. The agreement took effect on January 1, 2022, which was valid and binding until December 31, 2023. It was renewed for one year in 2024 and subsequently extended for another year, effective from January 1, 2025 to December 31, 2025.

Total management fee, presented as part of "Others" under "Costs of sales and services" in the consolidated statements of comprehensive income, amounted to ₱1.9 million, ₱1.9 million and ₱2.1 million in 2025, 2024 and 2023, respectively (see Note 17).

28. Changes in Liabilities Arising from Financing Activities

	January 1, 2025	Cash Flows	Interest Expense	Dividends Declared	Others	December 31, 2025
Lease liabilities (see Note 21)	₱49,274,042	(₱8,928,763)	₱2,783,622	₱-	₱1,469,665	₱44,598,566
Dividends payable* (see Note 12)	27,821,115	(241,467,406)	-	248,569,209	-	34,922,918
Total	₱77,095,157	(₱250,396,169)	₱2,783,622	₱248,569,209	₱1,469,665	₱79,521,484

*Presented as part of "Trade and other payables" (see Note 12)



	January 1, 2024	Cash Flows	Interest Expense	Dividends Declared	Others	December 31, 2024
Lease liabilities (see Note 21)	₱54,714,386	(₱8,492,192)	₱3,051,848	₱-	₱-	₱49,274,042
Dividends payable* (see Note 12)	-	(148,913,961)	-	176,735,076	-	27,821,115
Total	₱54,714,386	(₱157,406,153)	₱3,051,848	₱176,735,076	₱-	₱77,095,157

*Presented as part of "Trade and other payables" (see Note 12)

	January 1, 2023	Cash Flows	Interest Expense	Dividends Declared	Others	December 31, 2023
Lease liabilities (see Note 21)	₱59,479,846	(₱8,095,406)	₱3,329,946	₱-	₱-	₱54,714,386
Dividends payable* (see Note 12)	-	(112,848,154)	-	112,848,154	-	-
Total	₱59,479,846	(₱120,943,560)	₱3,329,946	₱112,848,154	₱-	₱54,714,386

*Presented as part of "Trade and other payables" (see Note 12)

Others consists of additions to lease liabilities in 2025.



CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Sycip Gorres Velayo & Co. (SGV) is the current independent auditor of DDH. SGV has been the independent auditor of DDH since 2014. The partner-in-charge of the audit for the past calendar years, including the year ended 2018, was Mr. Alvin M. Pinpin. The partner-in-charge for the years ended 2019 until 2023 was Jose Rao'ul J. Balisalisa. And for the partner-in-charge for the year ended 2024 and 2025 is Belinda T. Beng Hui.

DDH has the same independent public auditor, has always complied with the provisions on long association of personnel (including partner rotation) with an audit client as prescribed in the Code of Ethics for Professional Accountants in the Philippines as adopted by the Board of Accountancy and Professional Regulation Commission and such other standards as may be adopted by the Securities and Exchange Commission.

There have been no disagreements between SGV and DDH on any matter of accounting principle or policy or regarding DDH's financial statements or disclosures.

ANNEX D
(CERTIFICATION OF INDEPENDENT DIRECTOR)

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **PAUL G. DOMINGUEZ**, Filipino, of legal age and a resident of 328 Bonifacio Street, Davao City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of DAVAO DOCTORS HOSPITAL (Clinica Hilario), Inc.
2. I am affiliated with the following companies or organizations (including government-owned and controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Asian Development Bank	Executive Director/ Alternate Executive Director	Present
Philippine Business for Social Progress	National Vice President	2007 – 2017
Sagittarius Mines Incorporated	President	2004 – 2007
Brunei Darussalam, Malaysia and Indonesia Minister for the Philippines, Brunei-Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA)	Presidential Adviser for Regional Department Special Envoy	2001 – 2004
Southeast Asia Colonial Insurance and Commonwealth Bank of Australia	Asian Advisory Board	1998 – 2001
World Trade Organization/ ASEAN Free Trade Advisory Council	Private Sector Representative	
Department of Trade and Industry, BIMP – EAGA Business Council	Country Director	
C. Alcantara and Sons, Inc.	President	1985 – 1992
Sarangani Agricultural Development Corporation	Executive Vice President	1979 – 1985
Lapanday Agricultural Development Corporation	Assistant General Manager	1972 – 1979
Davao Light and Power Company, Inc.	Executive Assistant to the President	1971 – 1972
Ateneo de Davao University	Lecturer in Economics	1970 – 1971

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Davao Doctors Hospital (Clinica Hilario), Inc. as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable)

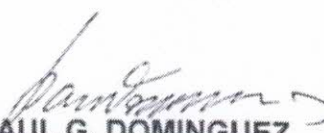
NAME OF DIRECTOR/OFFICER /SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY	STATUS
Not applicable		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or *consent from* the (head of the agency/department) to be an independent director in pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Davao Doctors Hospital (Clinica Hilario), Inc. of any changes in the above mentioned information within five days from its occurrence.

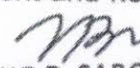
Done this MAR 05 2026 at Davao City, Philippines.


PAUL G. DOMINGUEZ
 Affiant

MAR 05 2026

SUBSCRIBED AND SWORN to before me on this _____ at the City of Davao, Philippines; affiant exhibiting to me his Competent Evidence of Identity (TIN) No. 105-272-063 and is personally known to or identified by me to be the same person who executed the foregoing instrument and he further affirmed and made oath as to the said instrument.

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 Book No. 995
 Series of 2026.


VICTORINO B. SARONA
 NOTARY PUBLIC-DAVAO CITY
 UNTIL DECEMBER 31, 2027
 SERIAL NO. 2076-012-2027
 ROLL OF ATTORNEYS NO. 30352
 PTR OR NO. 2207515-12/16/2025-DAVAO CITY
 IBP OR NO. 565805-12/15/2025-DAVAO CITY
 MCLE Compliance No. VIII-0021202-04/14/2028
 2F MERCY BUILDING, RIZAL-BOLTON STREETS, DAVAO CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JULIA SUSAN B. CASTILLO**, Filipino, of legal age and a resident of 169 Gardenia St., San Pedro Village, Buhangin, Davao City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of DAVAO DOCTORS HOSPITAL (Clinica Hilario), Inc.
2. I am affiliated with the following companies or organizations (including government-owned and controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
T. & V. Castillo Scholarship Foundation	President	May 14, 2011 – Present
Eight Great Trading & Services, Inc.	President	2023 – Present
Chamber of Real Estate and Builders' Associations, Inc.	Member (Inactive)	2014
Davao Doctors Hospital (Clinica Hilario), Inc.	Compliance Officer	2008

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Davao Doctors Hospital (Clinica Hilario), Inc. as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable)

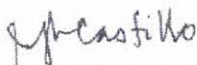
NAME OF DIRECTOR/OFFICER /SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY	STATUS
Not applicable		

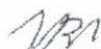
6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or *consent from* the (head of the agency/department) to be an independent director in pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Davao Doctors Hospital (Clinica Hilario), Inc. of any changes in the above mentioned information within five days from its occurrence.

Done this MAR 05 2026 at Davao City, Philippines.


JULIA SUSAN B. CASTILLO
 Affiant

SUBSCRIBED AND SWORN to before me on this MAR 05 2026 at the City of Davao, Philippines; affiant exhibiting to me his Competent Evidence of Identity (TIN) No. 715-503-822 and is personally known to or identified by me to be the same person who executed the foregoing instrument and he further affirmed and made oath as to the said instrument.

Doc. No. 223
 Page No. 46
 Book No. 243
 Series of 2026.


VICTORINO B. SARONA
 NOTARY PUBLIC-DAVAO CITY
 UNTIL DECEMBER 31, 2027
 SERIAL NO. 2026-012-2027
 ROLL OF ATTORNEYS NO. 30252
 PTR OR NO. 2207515-10/10/2025-DAVAO CITY
 IRP OR NO. 565806-12/15/2025-DAVAO CITY
 MCLE Compliance No. VIII-0021202-04/14/2026
 2F MERCY BUILDING, RIZAL-BOLTON STREETS, DAVAO CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, EDUARDO M. PANGAN, Filipino, of legal age, with office address at Unit 11-I, V. Madrigal Building, 6793 Ayala Avenue, Makati City 1226, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of DAVAO DOCTORS HOSPITAL (Clinica Hilario), Inc.
2. I am affiliated with the following companies or organizations (including government-owned and controlled Corporations):

COMPANY/ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Mendoza & Pangan	Partner	2010 - Present
NHK Spring Philippines, Inc.	Director	2013 - Present
Driven Solutions, Inc.	Director	2024 - Present
Kasagana-ka Development Center, Inc.	Trustee	2011 - Present
Sr. Baptista Battig Music Foundation, Inc.	Trustee	2020 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Davao Doctors Hospital (Clinica Hilario), Inc. as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable)

NAME OF DIRECTOR/OFFICER /SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable		


5. To the best of my knowledge, I am not the subject of any criminal proceedings. The Office of the Ombudsman dismissed Case Nos. OMB-C-A-22-0270 and OMB-C-A-22-0288 in a Joint Resolution, which was served on PDIC on 25 June 2025.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of Davao Doctors Hospital (Clinica Hilario), Inc. of any changes in the above mentioned information within five days from its occurrence.

Done this 6 March 2026 at Makati City, Philippines.


EDUARDO M. PANGAN
 Affiant

SUBSCRIBED AND SWORN to before me on this 6 March 2026 at Makati City, affiant exhibiting to me his Competent Evidence of Identity (TIN) No. 102-777-548 and is personally known to or identified by me to be the same person who executed the foregoing instrument and he further affirmed and made oath as to the said instrument.

Doc. No. 522
Page No. 106
Book No. 12
Series of 2026.


ATTY. MIKHAIL JUDE AMANDO R. FABIO III
NOTARY PUBLIC FOR AND IN MAKATI CITY
APPOINTMENT NO. M 326 VALID UNTIL DECEMBER 31, 2027
PTA No. MKY 10764780 / 03-05-26 / MAKATI CITY
IBP No. 589483 01-06-2026 Roll No. 81066
MCLE Compliance No. VIII-0008160 April 14, 2025
VALID UNTIL APRIL 14, 2028