

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended
Sep 30, 2025
2. SEC Identification Number
CS200251064
3. BIR Tax Identification No.
219075614000
4. Exact name of issuer as specified in its charter
MEDILINES DISTRIBUTORS INCORPORATED
5. Province, country or other jurisdiction of incorporation or organization
Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
3rd Flr. Vistamall Hub, C.V. Starr Ave., Pamplona Dos, Las Pinas City
Postal Code
1740
8. Issuer's telephone number, including area code
+6377471076/+6385192012
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	2,746,575,800

11. Are any or all of registrant's securities listed on a Stock Exchange?
Yes No
If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the

Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes No

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

Yes No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

Medilines Distributors Incorporated

MEDIC

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Sep 30, 2025
Currency (indicate units, if applicable)	Php

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2025	Dec 31, 2024
Current Assets	2,983,378,329	3,612,664,454
Total Assets	3,237,541,892	3,850,039,184
Current Liabilities	949,565,702	1,574,833,563
Total Liabilities	951,428,613	1,576,696,474
Retained Earnings/(Deficit)	516,896,125	504,125,556
Stockholders' Equity	2,286,113,279	2,273,342,710
Stockholders' Equity - Parent	2,286,113,279	2,273,342,710
Book Value per Share	0.83	0.83

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	281,828,514	405,157,233	799,698,994	1,175,065,828
Gross Expense	272,822,781	501,669,220	744,761,229	1,061,320,944
Non-Operating Income	539,603	12,156,562	0	10,956,055
Non-Operating Expense	0	0	3,312,159	0
Income/(Loss) Before Tax	9,545,337	-84,355,431	51,625,607	124,700,939
Income Tax Expense	2,386,334	-19,524,690	12,906,402	32,739,403
Net Income/(Loss) After Tax	7,159,003	-64,830,741	38,719,205	91,961,536
Net Income Attributable to Parent Equity Holder	7,159,003	-64,830,741	38,719,205	91,961,536
Earnings/(Loss) Per Share (Basic)	0	-0.02	0.01	0.03
Earnings/(Loss) Per Share (Diluted)	0	-0.02	0.01	0.03

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.03	0.05
Earnings/(Loss) Per Share (Diluted)	0.03	0.05

Other Relevant Information

Please see attached the Company's 17-Q for the third quarter of 2025.

Filed on behalf by:

Name	Myra De Asis
Designation	Chief Financial Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 - Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended September 30, 2025
2. Commission identification number CS200251064 3. BIR Tax Identification No. 219075614000

MEDILINES DISTRIBUTORS INCORPORATED

4. Exact name of issuer as specified in its charter

Philippines

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

6. Industry Classification Code: (SEC Use Only)

3rd Floor, Vistamall Hub, C.V. Starr Ave., Pamplona Dos, Las Piñas, City, 1740

7. Address of issuer's principal office Postal Code

(+632)7747-1076 / (+632)8519-2012

8. Issuer's telephone number, including area code

Not Applicable

9. Former name, former address and former fiscal year, if changed since last report

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<u>Common Shares</u>	<u>2,746,575,800</u>

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

Yes No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

UNAUDITED STATEMENTS OF FINANCIAL POSITION
(Amounts in Philippine Pesos)

	Notes	For the Nine Months Ended September 30		For the Year Ended December 31	
		2025	2024	2024	2023
<u>A S S E T S</u>					
CURRENT ASSETS					
Cash	5	P 61,388,350	P 30,947,785	P 105,209,149	P 95,947,939
Trade and other receivables - net	6	2,117,658,626	2,442,271,741	2,227,339,273	2,145,135,020
Contract assets	13	559,518,641	1,277,655,514	1,064,395,354	1,411,783,578
Inventories - net	7	91,626,215	5,869,164	59,680,861	74,415,502
Prepayments and other current assets	8	153,186,498	219,712,898	156,039,817	133,457,250
Total Current Assets		<u>2,983,378,329</u>	<u>3,976,457,102</u>	<u>3,612,664,454</u>	<u>3,860,739,289</u>
NON-CURRENT ASSETS					
Property and equipment - net	9	225,064,572	185,978,704	208,275,740	193,682,630
Deferred tax assets - net	17	26,732,869	16,212,497	26,732,868	16,212,497
Guarantee deposits	22	2,366,122	2,366,122	2,366,122	2,366,122
Total Non-current Assets		<u>254,163,562</u>	<u>204,557,323</u>	<u>237,374,730</u>	<u>212,261,249</u>
TOTAL ASSETS		P <u>3,237,541,892</u>	P <u>4,181,014,425</u>	P <u>3,850,039,184</u>	P <u>4,073,000,538</u>
<u>LIABILITIES AND EQUITY</u>					
CURRENT LIABILITIES					
Trade and other payables	10	P 699,565,702	P 1,656,544,900	P 1,189,111,470	P 1,505,678,118
Notes payable	11	250,000,000	280,000,000	377,500,000	400,000,000
Loans and other borrowings		-	-	-	-
Income tax payable		-	272,381	8,222,093	15,086,807
Total Current Liabilities		<u>949,565,702</u>	<u>1,936,817,281</u>	<u>1,574,833,563</u>	<u>1,920,764,925</u>
NON-CURRENT LIABILITY					
Loans and other borrowings	12	-	-	-	-
Deposit for future stock subscription	20	-	-	-	-
Retirement benefit obligation	16	1,862,911	1,764,322	1,862,911	1,764,322
Total Non-current Liabilities		<u>1,862,911</u>	<u>1,764,322</u>	<u>1,862,911</u>	<u>1,764,322</u>
Total Liabilities		<u>951,428,613</u>	<u>1,938,581,603</u>	<u>1,576,696,474</u>	<u>1,922,529,247</u>
EQUITY					
Capital stock	19	687,500,200	687,500,200	687,500,200	687,500,200
Treasury shares	19	(2,331,660)	(2,331,660)	(2,331,660)	(2,331,660)
Additional paid-in capital	19	1,084,071,109	1,084,071,109	1,084,071,109	1,084,071,109
Revaluation reserves	16, 17	(22,495)	(403,049)	(22,495)	(403,049)
Retained earnings	19	516,896,125	473,596,222	504,125,556	381,634,691
Net Equity		<u>2,286,113,279</u>	<u>2,242,432,822</u>	<u>2,273,342,710</u>	<u>2,150,471,291</u>
TOTAL LIABILITIES AND EQUITY		P <u>3,237,541,892</u>	P <u>4,181,014,425</u>	P <u>3,850,039,184</u>	P <u>4,073,000,538</u>

See Notes to Financial Statements.

MEDILINES DISTRIBUTORS INCORPORATED
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Philippine Pesos)

	Notes	For the Nine Month Ended September 30		For the Three Months Ended September 30		For the Year Ended December 31	
		2025	2024	2025	2024	2024	2023
REVENUES	13, 18	P 799,698,994	P 1,175,065,828	P 281,828,514	405,157,233.00	P 1,416,125,358	P 679,881,805
DIRECT COSTS	14	615,931,416	943,445,184	223,849,239	470,346,220	1,012,254,610	436,961,237
GROSS PROFIT		183,767,578	231,620,644	57,979,275	(65,188,987)	403,870,748	242,920,568
OPERATING EXPENSES							
General, administrative and selling expenses	14	128,829,813	117,725,760	48,973,542	31,323,006	175,973,327	138,063,928
Expected credit losses (recoveries) - net	6	-	150,000	-	-	53,793,892	(290,823)
		128,829,813	117,875,760	48,973,542	31,323,006	229,767,219	137,773,105
OPERATING PROFIT		54,937,766	113,744,884	9,005,734	(96,511,993)	174,103,529	105,147,463
OTHER INCOME (CHARGES) - Net	15	(3,312,159)	10,956,055	539,603	12,156,562	(1,112,806)	(7,651,278)
PROFIT BEFORE TAX		51,625,607	124,700,939	9,545,337	(84,355,431)	172,990,723	97,496,185
TAX EXPENSE	17	12,906,402	32,739,403	2,386,334	(19,524,690)	43,247,538	25,034,466
NET PROFIT		38,719,205	91,961,536	7,159,003	(64,830,741)	129,743,185	72,461,719
OTHER COMPREHENSIVE INCOME (LOSS)							
Item that will not be reclassified to profit or loss							
Remeasurement gains (losses) on							
post-employment defined benefit obligation	16	-	-	-	-	507,406	2,522,013
Tax income (expense)	17	-	-	-	-	(126,852)	(630,503)
		-	-	-	-	380,554	1,891,510
TOTAL COMPREHENSIVE INCOME		P 38,719,205	P 91,961,536	P 7,159,003	(P 64,830,741)	P 130,123,739	P 74,353,229
EARNINGS PER SHARE							
Basic and diluted	20	P 0.01	P 0.03	P 0.00	(P 0.02)	P 0.05	P 0.03

See Notes to Financial Statements.

MEDILINES DISTRIBUTORS INCORPORATED
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Philippine Pesos)

	Capital Stock <i>(see Note 19)</i>	Additional Paid in Capital <i>(see Note 19)</i>	Treasury Shares <i>(see Note 19)</i>	Revaluation Reserves <i>(see Note 16)</i>	Retained Earnings <i>(see Note 19)</i>	Total
Balance at January 1, 2025	P 687,500,200	P 1,084,071,109	(P 2,331,660)	(P 22,495)	P 504,125,556	P 2,273,342,710
Cash dividends	-	-	-	-	(25,948,636)	(25,948,636)
Total comprehensive income for the year	-	-	-	-	38,719,205	38,719,205
Balance at September 30, 2025	<u>P 687,500,200</u>	<u>P 1,084,071,109</u>	<u>(P 2,331,660)</u>	<u>(P 22,495)</u>	<u>P 516,896,125</u>	<u>P 2,286,113,279</u>
Balance at January 1, 2024	P 687,500,200	P 1,084,071,109	(P 2,331,660)	(P 403,049)	P 381,634,691	P 2,150,471,291
Issuance of shares	-	-	-	-	-	-
Reacquisition of shares	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	91,961,536	91,961,536
Balance at September 30, 2024	<u>P 687,500,200</u>	<u>P 1,084,071,109</u>	<u>(P 2,331,660)</u>	<u>(P 403,049)</u>	<u>P 473,596,227</u>	<u>P 2,242,432,827</u>
Balance at January 1, 2024	P 687,500,200	P 1,084,071,109	(P 2,331,660)	(P 403,049)	P 381,634,691	P 2,150,471,291
Issuance of shares	-	-	-	-	-	-
Reacquisition of shares	-	-	-	-	-	-
Cash dividends	-	-	-	-	(7,252,320)	(7,252,320)
Total comprehensive income for the year	-	-	-	380,554	129,743,185	130,123,739
Balance at December 31, 2024	<u>P 687,500,200</u>	<u>P 1,084,071,109</u>	<u>(P 2,331,660)</u>	<u>(P 22,495)</u>	<u>P 504,125,556</u>	<u>P 2,273,342,710</u>
Balance at January 1, 2023	P 687,500,200	P 1,084,071,109	(P 813,240)	(P 2,294,559)	P 337,968,750	P 2,106,432,260
Reacquisition of shares	-	-	(1,518,420)	-	-	(1,518,420)
Cash dividends	-	-	-	-	(28,795,778)	(28,795,778)
Total comprehensive income for the year	-	-	-	1,891,510	72,461,719	74,353,229
Balance at December 31, 2023	<u>P 687,500,200</u>	<u>P 1,084,071,109</u>	<u>(P 2,331,660)</u>	<u>(P 403,049)</u>	<u>P 381,634,691</u>	<u>P 2,150,471,291</u>

See Notes to Financial Statements.

MEDILINES DISTRIBUTORS INCORPORATED
UNAUDITED STATEMENTS OF CASH FLOWS
(Amounts in Philippine Pesos)

	For the NineMonths Ended September 30		For the Year Ended December 31	
	2025	2024	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	P 51,625,607	P 124,700,939	P 172,990,723	P 97,496,185
Adjustments for:				
Provision (reversal) for expected credit losses	-	150,000	53,793,892	(290,823)
Interest expense	10,348,035	10,462,304	16,846,703	13,523,959
Depreciation and amortization	2,783,000	8,665,456	11,905,088	12,852,020
Unrealized foreign exchange losses (gains) - net	1,159,310	(2,614,190)	(2,828,498)	(2,563,160)
Interest income	19,072	(34,112)	(78,562)	(103,536)
Gain on sale of property and quipment	-	-	-	-
Operating profit before working capital changes	65,935,024	141,330,397	252,629,346	120,914,645
Increase in trade and other receivables	(15,315,735)	(536,640,369)	(375,351,793)	(139,320,701)
Decrease (increase) in contract assets	504,876,713	134,128,064	347,388,224	356,252,576
Decrease in inventories	(31,945,354)	68,546,338	14,734,641	2,509,460
Increase in prepayments and other current assets	2,853,319	(86,255,648)	(22,582,567)	(24,336,808)
Increase (decrease) in trade and other payables	(386,404,767)	392,834,620	(74,501,882)	(433,920,760)
Decrease in contract liabilities	-	-	-	-
Increase (decrease) in retirement benefit obligation	-	-	605,995	368,129
Cash generated from (used in) operations	139,999,200	113,943,402	142,921,964	(117,533,459)
Income taxes paid	(21,128,495)	(47,553,835)	(60,743,905)	(40,565,609)
Interest paid	10,348,035	(10,462,304)	(16,846,703)	(13,523,959)
Interest received	(19,071)	34,112	62,993	82,829
Net Cash From (Used In) Operating Activities	129,199,669	55,961,375	65,394,349	(171,540,198)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	(19,571,831)	(961,530)	(26,498,198)	(23,280,866)
Proceeds from sale of property and equipment	-	-	-	-
Net Cash Used In Investing Activities	(19,571,831)	(961,530)	(26,498,198)	(23,280,866)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of notes payable	(482,500,000)	(550,000,000)	(602,500,000)	(79,426,868)
Proceeds from notes payable	355,000,000	430,000,000	580,000,000	297,792,558
Cash dividends paid	(25,948,636)	-	(7,252,320)	(28,795,778)
Purchase of treasury shares	-	-	-	(1,518,420)
Payments of lease liability	-	-	-	-
Net Cash From (Used In) Financing Activities	(153,448,636)	(120,000,000)	(29,752,320)	188,051,492
Effect of Exchange Rate Changes on Cash	-	-	117,379	-
NET INCREASE (DECREASE) IN CASH	(43,820,798)	(65,000,155)	9,261,210	(6,769,572)
CASH AT BEGINNING OF YEAR	105,209,149	95,947,939	95,947,939	102,717,511
CASH AT END OF YEAR	P 61,388,351	P 30,947,784	P 105,209,149	P 95,947,939

See Notes to Financial Statements.

MEDILINES DISTRIBUTORS INCORPORATED
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND DECEMBER 31, 2024
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Medilines Distributors Incorporated (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 12, 2002. The Company's primary purpose is to establish, conduct and maintain business of trading and/or distribution by purchasing, acquiring, importing, marketing, trading, distributing, selling, exporting or otherwise do business in all kinds of goods, products, merchandise, medicines, supplies, compounds, machinery, equipment, apparatus, appliances, instruments, or other lawful objects of radiological, scientific, therapeutic, cosmetic, general and miscellaneous purposes and engage in such activities as to accomplish the same including to act as representative or agent, upon consignment or indents orders in any other representative capacity or be under distributorship or other arrangement for natural and juridical persons and entities, whether domestic or foreign.

The Company's shares were listed in the Philippine Stock Exchange (PSE) on December 7, 2021 and were traded under the ticker MEDIC (see Note 19.1).

The registered office of the Company, which is also its principal place of business, is located at 3rd floor, Vistamall Hub, C.V. Starr Avenue, Pamplona Dos, Las Piñas City. The Company also has its warehouse facility, which is located at 54 E Rodriguez Jr. Ave., Backing F. Pike St., Bagong Ilog, Pasig City.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized on the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expenses in a single statement of comprehensive income.

The Company presents a third statement of financial position as of the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The notes related to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of Amended PFRS

(a) Effective in 2023 that are Relevant to the Company

The Company adopted for the first time the following amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

PAS 1 (Amendments) : Presentation of Financial Statements –
Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants

PAS 7 and PFRS 7
(Amendments) : Statement of Cash Flow, and Financial Instruments: Disclosures – Supplier Finance Arrangements

PFRS 16 (Amendments) : Lease Liability in a Sale and Leaseback

Discussed below are the relevant information about these pronouncements.

- (i) PAS 1 (Amendments), Presentation of Financial Statements – Classification of Liabilities as Current or Non-current. The amendments provide guidance on whether liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by

expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Company's financial statements.

- (ii) PAS 1 (Amendments), Presentation of Financial Statements – Non-current Liabilities with Covenants. The amendments specify that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The Company has no liabilities with covenants; hence, the application of these amendments had no significant impact on the Company's financial statements.
- (iii) PAS 7 and PFRS 7 (Amendments), Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Company's financial statements.
- (iv) PFRS 16 (Amendments), Lease Liability in Sale and Leaseback. The amendments require the seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The Company has no sales and leaseback transaction; hence, the application of these amendments had no significant impact on the Company's financial statements.

(b) Effective Subsequent to 2024 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have significant impact on the Company's financial statements.

- (i) PAS 21 (Amendments), The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability (effective from January 1, 2025)
- (ii) PFRS 9 and PFRS 7 (Amendments), Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments (effective from January 1, 2026)
- (iii) PFRS 18, Presentation and Disclosure in Financial Statements (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The new standard, however, does not affect how an entity recognizes and measures its financial condition, financial performance and cash flow.

2.3 Financial Instruments

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

Classification, Measurement and Reclassification of Financial Assets

The Company's financial assets at amortized costs are presented in the statement of financial position as Cash, Trade and Other Receivables (excluding advances to suppliers), Guarantee Deposits, Rental and other deposits and bid and construction bonds (presented as part of Prepayments and Other Current Assets account).

Impairment of Financial Assets

At the end of the reporting period, the Company assesses its expected credit loss (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost. The measurement of ECL involves consideration of a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

For trade and other receivables, the Company recognizes lifetime ECL when there has been a significant increase in credit risk on a financial asset since initial recognition. Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a financial asset, irrespective of the timing of the default. However, if the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures and provides for credit losses that are expected to result from default events that are possible within 12 months after the end of the reporting period.

The Company applies a general approach in relation to due to a related party. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. Management determines possible impairment based on the sufficiency of the related party's highly liquid assets in order to repay the Company's receivables if demanded at the reporting date taking into consideration the historical defaults of the related party. If the recovery strategies indicate that the outstanding balance of the receivables can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

The Company determines 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 of the financial asset between the reporting date and the date of the initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that may indicate an actual or expected deterioration in the credit quality of the financial assets.

(b) Financial Liabilities

Financial liabilities include Trade and Other Payables (excluding tax-related payables) and Notes Payable.

2.4 Inventories

The cost of inventories are determined using the first-in, first-out method.

2.5 Property and Equipment

Following initial recognition at cost, items of property and equipment (except land) are stated at cost less accumulated depreciation and any impairment in value. Land is measured at cost less than any accumulated impairment losses.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Office Condominium Unit	25 years
Transportation equipment	5 years
Warehouse equipment	1-5 years
Demo units and dialysis machines	1-5 years
Furniture and fixtures	1-3 years
Computer equipment	1-3 years
Building – warehouse	25 years

Leasehold improvements are amortized over the terms of the related leases or the useful lives of the improvements of two years, whichever is shorter.

2.6 Revenue and Expense Recognition

Revenue arises mainly from the sale of medical equipment, provision of preventive maintenance services, and installation of medical equipment.

The Company also assesses its revenue agreements against the specific criteria enumerated below in order to determine if it is acting as principal or agent. Both the legal form and the substance of the agreement are considered to determine each party's respective roles in the agreement. Revenue is recorded at gross when acting as a principal while only net revenues are considered if only an agency service exists. In addition, the following specific recognition criteria must also be met before revenue is recognized:

- (a) *Sale of medical equipment* - Revenue is recognized when or as the Company transfers control of the assets at a point in time to the customer. Invoices for goods transferred are due upon receipt by the customer.
- (b) *Preventive maintenance services* - Revenue is recognized as the maintenance activities are performed over time and is based on the actual service provided.
- (c) *Installation of medical facilities and medical equipment* - Revenue from installation of medical facilities and medical equipment is recognized over time and is based on a percentage-of-completion method.
- (d) *Distribution income* - Revenue from warehousing and logistics services is recognized over time and is equivalent to a percentage of the counterparty's net sales.

Costs and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset.

2.7 Leases

(a) Company as a Lessee

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

(b) Company as a Lessor

The Company applies judgment in determining whether a lease contract is a finance or operating lease.

2.8 Impairment of Non-financial Assets

The Company's property and equipment and other non-financial assets are subject to impairment testing.

2.9 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits.

The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is non-contributory, administered by a trustee and shall be tax-qualified after the approval from the Bureau of Internal Revenue (BIR).

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity such as Social Security System.

2.10 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's BOD – its chief operating decision-maker. The Company's BOD is responsible for assessing the performance of the operating segments.

In identifying its operating segments, management generally follows the Company's business line as disclosed in Note 4.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determination of Timing of Satisfaction of Performance Obligations

(i) Installation of Medical Facilities and Medical Equipment and Preventive Maintenance Services

The Company determines that its revenue from installation of medical facilities and medical equipment, and preventive maintenance services, shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company provides these services without the need of reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Company's services as it performs.

In determining the best method of measuring the progress of the Company's rendering of installation services, management considers the input method under PFRS 15 because of the direct relationship between the Company's effort, in terms

of materials or supplies used, incurred labor hours, and the transfer of service to the customer.

In determining the appropriate method to use in recognizing the Company's revenues from preventive maintenance services, management considers the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

(ii) *Sale of Medical Equipment*

The Company determines that its revenue from sale of medical equipment shall be recognized at a point in time when the control of the goods have passed to the customer, i.e., generally when the customer has acknowledged delivery of the goods.

(b) *Determination of Transaction Price and Amounts Allocated to Performance Obligation*

The transaction price for a contract is allocated amongst the material rights and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. The transaction price for a contract excludes any amount collected on behalf of third parties [e.g., value-added taxes (VAT)].

The Company uses the practical expedient in PFRS 15 with respect to non-adjustment of the promised amount of consideration for the effects of significant financing component as the Company expects, at contract inception, that the period between when the Company transfers promised goods or services to the customer and payment due date is one year or less.

(c) The Company uses the simplified approach to calculate ECL for trade and other receivables and contract assets, except those trade receivables from certain agencies of the Philippine National Government (NG). The provision rates are based on days past due to groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is based on the Company's historically observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

With respect to trade receivables arising from contracts with NG, management determines the ECL based on the most recent external credit rating provided for the Philippines. Such a rating is considered as the equivalent loss rate in determining the loss allowance related to trade receivables with NG agencies, as it reflects both historical and current considerations, and accounts for the potential impact of future events.

If the Company cannot immediately collect its receivables, management considers the expected recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of receivables can be fully collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

Details about the ECL on the Company's financial assets at amortized cost disclosed in Note 22.2.

(d) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant contingencies are presented in Note 21.

3.2 Key Sources of Estimation Uncertainty

Presented below and on the succeeding page are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) Recognition of Revenues Based on Percentage of Completion (POC)

The Company recognizes its revenue from installation of medical facilities and medical equipment based on the POC under the input method of the project whereby the performance obligations are satisfied over time (see Note 2.6). The Company's application of POC method is based on its efforts or inputs (i.e., actual costs incurred) to the satisfaction of a performance obligation relative to the total expected construction costs. Review of the benchmarks set by management necessary for the determination of POC is done regularly. Actual data is being compared to the related benchmarks and critical judgment is exercised to assess the reliability of the percentage of completion procedures which are currently in place and make the necessary revisions in the light of current progress.

(b) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost and contract assets is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 22.2(b).

(c) Determination of Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the dates the estimates are made. The Company's core business is continuously subject to rapid technological changes which may cause inventory obsolescence. Moreover, future realization of the carrying amounts of inventories as presented in Note 7 is affected by price changes and action from competitors. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Company's inventories within the next financial reporting period.

(d) Estimation of Useful Lives of Property and Equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ

from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment are analyzed in Notes 9. Based on management's assessment as of December 31, 2024, and 2023, there is no change in estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in the factors mentioned above.

(e) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized as of December 31, 2024, and 2023 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 17.

(f) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment loss is required to be recognized on the Company's property and equipment and other non-financial assets in 2024, 2023 and 2022.

(g) Valuation of Post-employment Defined Benefit Obligation

The determination of the Company's obligation or asset and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rate of return on plan assets, salary rate increase, and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation or asset in the next reporting period.

The amounts of post-employment benefit obligation or asset and expense and analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 16.2.

4. OPERATING SEGMENT

The Company has only one reportable segment, i.e., sale of medical equipment, provision of preventive maintenance services, and installation of medical equipment, which caters to private and government customers. Revenues from certain government agencies, which are considered as major customers, exceed 10% of the Company's total revenues in 2024, 2023 and 2022 (see Note 13). The revenues from these major customers amounted to P538.1 million from two (2) customers in 2024 and P236.3 million and P1,091.6 million from one (1) customer in 2023 and 2022, respectively. Further, the Company has only one geographical segment as all its operations are based in the Philippines.

5. CASH

Cash includes the following components:

	<u>September 2025</u>	<u>December 2024</u>
Cash on hand	82,560	82,560
Cash in banks	<u>61,305,790</u>	<u>105,126,589</u>
Total	<u><u>61,388,350</u></u>	<u><u>105,209,149</u></u>

Cash in banks generally earn interest based on daily bank deposit rates. Interest income earned amounted to P19,072.72 for the third quarter of 2025, P78,562, and P103,536 in 2024, and 2023, respectively, and is presented as Interest income under Other Income (Charges) – Net in the statements of comprehensive income (see Note 15).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	<u>September 2025</u>	<u>December 2024</u>
Trade receivables	1,783,686,896	1,817,922,783
Allowance for expected credit loss	<u>(78,737,607)</u>	<u>(78,737,607)</u>
	1,704,949,289	1,739,185,176
Non-trade receivables:		
Advances to suppliers	406,884,600	430,203,293
Advances to employees	0	-
Advances to related parties	3,975,446	56,492,066
Other receivables	<u>1,849,291</u>	<u>1,458,738</u>
	412,709,337	488,154,097
Total	<u><u>2,117,658,626</u></u>	<u><u>2,227,339,273</u></u>

Advances to suppliers pertain to full or partial payment for goods and services before they are actually received by the Company.

Other receivables generally arise from transactions outside the usual operating activities of the Company. These receivables pertain to non-trade borrowings by third parties which have market connections and are customers of the Company.

A reconciliation of the allowance for impairment on September 30, 2025 and end of 2024 is shown below.

	<u>September 2025</u>	December 2024
Balance at beginning of year	78,737,607	33,926,215
Provision for ECL	-	53,793,892
Write Off	-	(8,982,500)
Balance at end of year	<u>78,737,607</u>	<u>78,737,607</u>

Provision (recovery) for ECL is presented as part of Operating Expenses in the statements of comprehensive income.

In 2024, the management has written off its long outstanding receivables from a certain customer amounting P8,982,500. There was no similar transaction in 2023.

7. INVENTORIES

The breakdown of inventories are as follows:

	<u>September 2025</u>	December 2024
Inventories	100,137,748	68,192,394
Allowance for inventory obsolescence	<u>(8,511,533)</u>	<u>(8,511,533)</u>
Total	<u>91,626,215</u>	<u>59,680,861</u>

In prior years, the Company provided an allowance for obsolete inventories amounting to P8,511,533. The Company assessed that there were no additional obsolete and impaired inventories in 2024 and 2023.

An analysis of the costs of inventories included in the direct costs in each year is presented in Note 14.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The composition of this account is shown below.

	<u>September 2025</u>	<u>December 2024</u>
Excess input tax	87,812,683	150,538,715
Bid and construction bonds	3,424,484	3,424,484
Creditable Withholding tax	8,418,406	-
Deferred input tax	-	-
VAT withholding tax	49,943,078	-
Prepaid insurance	133,570	124,589
Rental and other deposits	1,257,938	897,938
Other prepayments	<u>2,196,340</u>	<u>1,054,091</u>
Total	<u><u>153,186,499</u></u>	<u><u>156,039,817</u></u>

Bid bonds are issued by contractors to the project owner as part of supply bidding process to provide guarantee that the winning bidder will undertake the contract under the terms at which they bid. Construction bonds, on the other hand, represent deposits required prior to the start of construction to cover all violations or non-compliance of any guidelines, requirements, or deviation from the approved plans and may be forfeited as a result of violation.

Other prepayments include expenses that have been paid but have not yet been used up or expired such as internet subscription and prepayments for the employees' medical check-up.

9. PROPERTY, PLANT AND EQUIPMENT

The gross amounts and accumulated depreciation of property, plant and equipment on September 30, 2025 and end of 2024 are shown below.

	Land	Leasehold Improvements	Office condominium unit	Computer Equipment	Furniture & Fixtures	Transportation Equipment	Warehouse Equipment	Demo Units & Dialysis machines	Construction in Progress	Building-Warehouse	Total
September 30, 2025											
Cost	121,350,000	7,233,938	13,907,143	21,917,626	2,851,142	17,169,079	5,445,184	86,308,290		43,211,897	319,394,299
Accumulated depreciation		<u>-7,233,938</u>	<u>-6,517,483</u>	<u>-18,195,941</u>	<u>-2,841,186</u>	<u>-10,113,137</u>	<u>-5,405,749</u>	<u>-38,520,454</u>		<u>-5,501,838</u>	<u>-94,329,726</u>
Net carrying amount	<u>121,350,000</u>	<u>-</u>	<u>7,389,660</u>	<u>3,721,685</u>	<u>9,956</u>	<u>7,055,942</u>	<u>39,435</u>	<u>47,787,836</u>	<u>-</u>	<u>37,710,059</u>	<u>225,064,573</u>
December 31, 2024											
Cost	121,350,000	7,233,938	13,907,143	19,430,714	2,851,142	14,792,293	5,395,943	63,344,516	-	43,211,897	291,517,586
Accumulated depreciation	-	<u>-7,233,938</u>	<u>-6,100,269</u>	<u>-16,697,764</u>	<u>-2,811,318</u>	<u>-8,938,801</u>	<u>-5,368,647</u>	<u>-31,885,628</u>	<u>-</u>	<u>-4,205,481</u>	<u>-83,241,846</u>
Net carrying amount	<u>121,350,000</u>	<u>-</u>	<u>7,806,874</u>	<u>2,732,950</u>	<u>39,824</u>	<u>5,853,492</u>	<u>27,296</u>	<u>31,458,888</u>	<u>-</u>	<u>39,006,416</u>	<u>208,275,740</u>

A reconciliation of the carrying amounts of property and equipment on September 30, 2025 and end of 2024 are shown below.

	Land	Leasehold Improvements	Office condominium unit	Computer Equipment	Furniture & Fixtures	Transportation Equipment	Warehouse Equipment	Demo Units & Dialysis machines	Construction in Progress	Building- Warehouse	Total
Balance at January 1, 2025, net											
of accumulated depreciation	121,350,000	-	7,806,874	2,732,950.00	39,824	5,853,492	27,296	31,458,888.00	-	39,006,416	208,275,740
Additions	-	-	0	2,486,912.10	-	2,376,786	49,241	22,963,773.68	-	-	27,876,713
Disposal	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	<u>-417,214</u>	<u>(1,498,177.13)</u>	<u>-29,868</u>	<u>-1,174,336</u>	<u>-37,102</u>	<u>(6,634,825.53)</u>	<u>-</u>	<u>(1,296,356.94)</u>	<u>-11,087,880</u>
Balance at September 30, 2025 net											
of accumulated depreciation	<u>121,350,000</u>	<u>-</u>	<u>7,389,660</u>	<u>3,721,684.97</u>	<u>9,956</u>	<u>7,055,942</u>	<u>39,435</u>	<u>47,787,836</u>	<u>-</u>	<u>37,710,059</u>	<u>225,064,573</u>
Balance at January 1, 2024, net											
of accumulated depreciation	121,350,000	24,000	8,363,160	4,751,696	15,292	2,811,195	52,532	15,572,150	-	40,742,605	193,682,630
Additions	-	-	-	1,355,509	39,824	4,182,500	108,467	20,811,898	-	-	26,498,198
Disposal	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	<u>-24,000</u>	<u>-556,286</u>	<u>-3,374,255</u>	<u>-15,292</u>	<u>-1,140,203</u>	<u>-133,703</u>	<u>-4,925,160</u>	<u>-</u>	<u>-1,736,189</u>	<u>-11,905,088</u>
Balance at December 31, 2024, net											
of accumulated depreciation	<u>121,350,000</u>	<u>-</u>	<u>7,806,874</u>	<u>2,732,950</u>	<u>39,824</u>	<u>5,853,492</u>	<u>27,296</u>	<u>31,458,888</u>	<u>-</u>	<u>39,006,416</u>	<u>208,275,740</u>

Depreciation expense amounting to P11,087,880, P11,905,088 and P12,852,020 for September 30, 2025 and for the years 2024 and 2023, respectively, is presented as part of Operating Expenses in the statements of comprehensive income (see Note 14).

In 2024, the Company disposed of certain fully depreciated items of property and equipment. There was no gain or loss recognized on the disposal. There was no similar transaction in 2023 and 2022.

10. TRADE AND OTHER PAYABLES

	<u>September 2025</u>	<u>December 2024</u>
Trade payables	604,647,458	1,049,478,976
Deferred output VAT	61,643,702	115,737,635
Advances from a related party	124,996,382	-
Payable to government agencies	5,498,275	3,540,113
Accrued expenses	25,022,842	19,576,462
Auto loan	2,753,421	778,284
Total	<u>824,562,080</u>	<u>1,189,111,470</u>

Trade payables are noninterest-bearing and are due within the next reporting period.

Deferred output VAT pertains to the difference between the output tax recognized for transactions with the government under PFRS 15 revenue recognition and output tax recognized based on collection which are already reported and paid to the BIR.

Accrued expenses represent accrual for direct labor and other expenses which are already incurred but not yet paid as of the end of the reporting period.

Payable to government agencies include withholding taxes, VAT, and the SSS, Home Development Mutual Fund (HDMF), and Philippine Health Insurance Corporation (PHIC) contributions.

11. NOTES PAYABLE

Notes payable as of September 30, 2025 amounted to P250,000,000 and December 31, 2024 and 2023 amounted to P377,500,000 and P400,000,000, respectively.

11.1 Notes Payable

Notes payable represents unsecured term loans obtained from various local banks to finance its purchases of inventories and for additional working capital requirement of the Company. Notes payable bear an interest of 6% to 6.25% in September 2025 and 2024 and 6.75% in 2023 per annum with terms ranging up to six months in both years. The Company's loan agreements do not contain covenant obligations.

11.2 Interest Expense and Bank Charges

Interest expense on notes payable amounting to P10,248,035, P16,846,703 and P13,523,959 in September 2025 and for the years 2024 and 2023, respectively, is presented as part of Finance charges under Other Income (Charges) – Net in the statements of comprehensive income (see Note 15.2).

Bank charges paid and incurred for the availment and processing of notes payables and Bank Guarantees amounted to P4,190,914, P3,748,670 and P3,481,008 in September 2025 and for the years 2024 and 2023, respectively, and is presented as part of Finance Charges

under Other Income (Charges) – Net in the statements of comprehensive income (see Note 15.2).

12. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	<u>September 2025</u>	<u>December 2024</u>
Trust receipts	-	-
Notes payable	250,000,000	377,500,000
Loans Payable	<u>2,753,421</u>	<u>778,286</u>
	252,753,421	378,278,286

	<u>September 2025</u>	<u>December 2024</u>
Notes payable	-	-
Current	250,000,000	377,500,000
Non-current	<u>-</u>	<u>-</u>
	250,000,000	377,500,000

13. REVENUES

13.1 Disaggregation of Revenues

The Company derives revenue from the transfer of goods and services in the following primary geographical markets:

	Sale of Medical Equipment	Preventive Maintenance Services	Installation Services	
	<u>(point in time)</u>	<u>(over time)</u>	<u>(over time)</u>	<u>Total</u>
<i>(Amounts in PHP)</i>				
<u>September 30</u>				
Primary geographical markets				
Luzon	618,349,607	71,785,563	10,108,562	700,243,731
Visayas	60,528,257	9,375,000		69,903,257
Mindanao	23,957,363	5,594,643		29,552,006
	<u>702,835,227</u>	<u>86,755,205</u>	<u>10,108,562</u>	<u>799,698,994</u>
<u>December 31, 2024</u>				
Primary geographical markets				
Luzon	1,010,935,584	99,402,857	40,413,436	1,150,751,877
Visayas	112,456,561	883,036	-	113,339,597
Mindanao	112,574,260	14,437,437	25,022,187	152,033,884
	<u>1,235,966,405</u>	<u>114,723,330</u>	<u>65,435,623</u>	<u>1,416,125,358</u>
<u>December 31, 2023</u>				
Primary geographical markets				
Luzon	437,496,606	91,114,860	17,972,935	546,584,401
Visayas	25,239,358	510,714	-	25,750,072
Mindanao	80,597,229	26,271,205	678,898	107,547,332
	<u>543,333,193</u>	<u>117,896,779</u>	<u>18,651,833</u>	<u>679,881,805</u>

The company derives revenue from the transfer of goods and services in the following sectors:

	Sale of Medical Equipment	Preventive Maintenance Services	Installation Services	
	<u>(point in time)</u>	<u>(over time)</u>	<u>(over time)</u>	<u>Total</u>
<i>(Amounts in PHP)</i>				
<u>September 30</u>				
Customers				
Government	584,130,892	86,755,205	10,108,562	680,994,659
Private entities	118,704,335			118,704,335
	<u>702,835,227</u>	<u>86,755,205</u>	<u>10,108,562</u>	<u>799,698,994</u>
<u>December 31, 2024</u>				
Customers				
Government	1,147,879,385	114,723,330	65,435,623	1,328,038,338
Private entities	88,087,020			88,087,020
	<u>1,235,966,405</u>	<u>114,723,330</u>	<u>65,435,623</u>	<u>1,416,125,358</u>
<u>December 31, 2023</u>				
Customers				
Government	464,835,555	117,896,779	18,651,833	601,384,167
Private entities	78,497,638			78,497,638
	<u>543,333,193</u>	<u>117,896,779</u>	<u>18,651,833</u>	<u>679,881,805</u>

13.2 Contract Balances

The Company recognizes contract assets, due to timing differences of payment and satisfaction of performance obligation, to the extent of satisfied performance obligation on all open contracts as of the end of the reporting period.

Changes in the contract assets are recognized by the Company when a right to receive payment is already established and upon performance of unsatisfied performance obligation, respectively.

As of September 30, 2025, December 31, 2024, and 2023 the balance of contract assets amounted to P559,518,640, P1,064,395,354 and P1,411,783,578, respectively.

Contract assets pertain to revenue recognized based on POC that is not yet billed nor collected as of December 31, 2024 and 2023. As of December 31, 2024 and 2023, there were no impairment of contract assets.

A reconciliation of the movements of contract assets is shown below.

(Amounts in PHP)

	<u>September 2025</u>	<u>2024</u>	<u>2023</u>
Contract assets:			
Balance at beginning of year	1,064,395,354	1,411,783,578	1,768,036,154
Contract assets during the year	11,321,589	73,287,896	20,890,053
Transfers from contract assets recognized at the beginning of year to trade receivables	(516,198,304)	(420,676,120)	(377,142,629)
Balance at year end	<u>559,518,640</u>	<u>1,064,395,354</u>	<u>1,411,783,578</u>

14. OPERATING EXPENSES BY NATURE

The details of the Company's operating expenses by nature are shown below:

	September 2025	December 2024
Purchases	647,876,769.44	997,519,969.00
Change in inventories	17,210,712.51	14,734,641.00
Salaries and wages	53,564,122.50	60,239,864.00
Taxes and licenses	6,977,667.80	8,422,539.00
Professional fees	8,702,832.68	12,503,813.00
Provision for ECL	-	53,793,892.00
Depreciation and amortization	11,087,880.44	11,905,088.00
Rent Expense	1,351,320.55	2,135,983.00
Insurance	4,918,510.04	5,541,760.00
Freight and handling	8,126,499.10	15,654,675.00
Representation	3,602,518.68	8,892,037.00
Utilities and communication	3,461,366.98	3,708,028.00
Penalties	6,199,068.08	9,991,761.00
SSS, HDMF and PHIC	2,351,568.04	2,942,107.00
Travel and transportation	3,345,202.87	10,804,097.00
Meals	1,733,304.81	4,697,275.00
Repairs and maintenance	1,417,974.36	2,600,279.00
Brokerage fee	-	-
Advertising and Promo	143,182.14	219,267.00
Association dues	254,824.54	408,442.00
Bidding	1,322,360.00	1,204,694.00
Security and janitorial	2,002,828.58	2,376,409.00
Supplies	452,407.03	885,242.00
Accommodation	1,227,964.07	2,054,863.00
Training and seminars	3,882,372.93	6,100,167.00
Miscellaneous	2,704,036.47	2,684,937.00
	<u>793,917,294.64</u>	<u>1,242,021,829.00</u>

The expenses are classified in the statements of comprehensive income as follows:

<i>(Amounts in PHP)</i>	September 2025	<u>2024</u>
Direct costs	647,876,769	997,519,969
Operating expenses	<u>128,829,813</u>	<u>229,767,219</u>
	<u>776,706,582</u>	<u>1,227,287,188</u>

The details of direct costs are shown below:

<i>(Amounts in PHP)</i>	September 2025	<u>2024</u>
Inventories at beginning of year	59,680,861.00	74,415,502.00
Net purchases during the year	<u>647,876,769.44</u>	<u>997,519,969.00</u>
	707,557,630.44	1,071,935,471.00
Inventories at end of year	<u>(91,626,214.51)</u>	<u>(59,680,861.00)</u>
	<u>615,931,415.93</u>	<u>1,012,254,610.00</u>

15. OTHER INCOME CHARGES – Net

The breakdown of this account follows:

	<u>September 2025</u>	<u>December 2024</u>
Other income	12,367,030	20,896,419
Finance Charge	(14,538,949)	(20,595,373)
Foreign exchanges loss	(1,159,311)	(1,492,414)
Interest Income	19,072	78,562
Total	<u>(3,312,159)</u>	<u>(1,112,806)</u>

15.1 Other Income

The breakdown of this account follows:

	<u>September 2025</u>	<u>December 2024</u>
Distribution Income	11,271,842	19,436,031
Rent income	1,095,188	1,460,250
Gain on reversal of expense	-	-
Other Income	-	138
Gain on sale of equipment	-	-
Total	<u>12,367,030</u>	<u>20,896,419</u>

15.2 Finance Charges

Other income includes the following:

	<u>September 2025</u>	<u>December 2024</u>
Interest expense on borrowings	10,348,035	16,846,703
Bank charges	4,190,914	3,748,670
Loss on modification	-	-
Interest expense on lease liability	-	-
Total	<u>14,538,949</u>	<u>20,595,373</u>

16. EMPLOYEE BENEFITS

16.1 Salaries and Employee Benefits

Details of salaries and employee benefits are presented below.

	Notes	September 2025	December 2024
<i>(Amounts in PHP)</i>			
Short-term employee benefits		53,564,123	59,641,430
Post-Employment defined benefit	16.2	-	598,434
	14, 18.7	53,564,123	60,239,864

16.2 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

In 2022, the Company established a partially funded, tax-qualified, non-contributory post-employment plan that is being administered by a trustee bank that is legally separated from the Company.

The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides that an employee may continue or extend his/her service up to age 65 upon mutual agreement of the employee and the management. Normal retirement benefit shall be a sum equivalent to 22.5 days pay for every year of credited service in accordance with the minimum requirements of the Republic Act 7641, The Retirement Pay Law. The post-employment plan covers all regular full-time employees.

(b) Explanation of Amounts Presented in the Financial Statements

All amounts presented below and on the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2024 and 2023. The amounts of post-employment defined benefit obligation recognized in the statements of financial position amounted to P1,862,911 and P1,764,322 as of December 31, 2024 and 2023, respectively.

The amounts of post-employment defined benefit obligation recognized in the statements of financial position are determined as follows:

<i>(Amounts in PHP)</i>	2024	2023
Present value of the obligation	3,921,143	4,301,338
Fair value of plan assets	(2,058,232)	(2,537,016)
	1,862,911	1,764,322

The movements in the present value of the post-employment defined benefit obligation recognized in the books is shown below:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	4,301,338	8,839,139
Current service cost	473,020	441,581
Interest expense	262,382	449,912
Transfer to the plan	7,561	18,636
Benefits paid	(583,294)	(3,954,351)
Actuarial losses (gains) arising from:		
Changes in demographic assumptions	(2,441,817)	-
Experience adjustments	1,671,170	(1,259,345)
Changes in financial assumptions	230,783	(234,234)
Balance at end of year	<u>3,921,143</u>	<u>4,301,338</u>

The movements in the fair value of the plan assets are shown below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	2,537,016	4,920,933
Benefits paid	(583,294)	(3,571,921)
Interest income	136,968	159,570
Remeasurement gains (losses)	(32,458)	1,028,434
Balance at end of year	<u>2,058,232</u>	<u>2,537,016</u>

The fair values of the investments in unit investment trust fund are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy).

The composition of the fair value of plan assets at the end of the reporting period is shown below.

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Unit investment trust funds	2,057,462	2,511,646
Cash and cash equivalents	770	25,370
	<u>2,058,232</u>	<u>2,537,016</u>

Plan assets do not comprise any of the Company's own financial instruments or any assets occupied and/or used in operations.

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<i>Reported in profit or loss:</i>			
Current service cost	473,020	441,581	1,454,361
Interest expense	262,382	449,912	357,679
Interest income	<u>(136,968)</u>	<u>(159,570)</u>	<u>-</u>
	<u>598,434</u>	<u>731,923</u>	<u>1,812,040</u>
<i>Reported in other comprehensive loss (income):</i>			
Actuarial losses (gains) arising from:			
Changes in demographic assumptions	(2,441,817)	-	-
Experience adjustments	1,671,170	(1,259,345)	-
Changes in financial assumptions	230,783	(234,234)	-
Remeasurement of plan asset	<u>32,458</u>	<u>(1,028,434)</u>	<u>79,066</u>
	<u>(507,406)</u>	<u>(2,522,013)</u>	<u>79,066</u>

Current service cost and net interest expense is presented as part of Salaries and wages under Operating Expenses in the statements of comprehensive income (see Note 14).

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Discount rates	6.12%	6.10%	5.09%
Expected rate of salary increases	5.00%	3.00%	3.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 20.8 years, 21.8 years and 21.7 years in 2024, 2023 and 2022, respectively.

These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero-coupon government bonds with terms to maturity approximating the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Company to actuarial risks such as interest rate risk, longevity risk and salary risk.

(i) *Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, and the timing and uncertainty of future cash flows related to the retirement plan are described on the succeeding pages.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31, 2024 and 2023:

<i>(Amounts in PHP)</i>	Impact on Retirement Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
<u>December 31, 2024</u>			
Discount rate	+/- 1.00%	(118,610)	130,766
Salary growth rate	+/- 1.00%	130,923	(120,914)
<u>December 31, 2023</u>			
Discount rate	+/- 1.00%	(203,085)	231,753
Salary growth rate	+/- 1.00%	236,762	(210,711)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the

present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Company ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of the plan assets as of December 31, 2024 consists of long-term debt securities. The Company believes that these debt securities offer the best returns over the long term with an acceptable level of risk.

(iii) Funding Arrangements and Expected Contributions

As of December 31, 2024 and 2023, the plan is underfunded by P1,862,911 and P1,764,322.

The Company expects to make contributions of P499,000 to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan as of December 31 are as follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
More than one year to five years	5,139,860	3,151,601	6,803,232
More than five years	<u>1,212,246</u>	<u>1,231,373</u>	<u>2,125,662</u>
	<u><u>6,352,106</u></u>	<u><u>4,382,974</u></u>	<u><u>8,928,894</u></u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 3.2 years, 5.1 years and 5.0 years in 2024, 2023 and 2022, respectively.

17. CURRENT AND DEFERRED TAXES

The components of tax expense (income) relating to profit or loss and other comprehensive loss (income) follow:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
<i>Reported in profit or loss:</i>		
Current tax expense:		
Regular corporate income tax (RCIT) at 25%	53,879,191	24,392,296
Final tax at 20% and 15%	<u>15,570</u>	<u>20,707</u>
	53,894,761	24,413,003
Deferred tax expense (income) relating to origination and reversal of temporary differences	<u>(10,647,223)</u>	<u>621,463</u>
	<u>43,247,538</u>	<u>25,034,466</u>
<i>Reported in other comprehensive loss (income):</i>		
Deferred tax expense (income) relating to origination and reversal of temporary differences	<u>126,852</u>	<u>630,503</u>

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the statements of profit or loss follows:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Tax on pretax profit at 25%	43,247,681	24,374,046
Adjustment for income subjected to lower tax rates	(4,071)	(5,177)
expenses	<u>3,928</u>	<u>665,597</u>
Tax expense	<u>43,247,538</u>	<u>25,034,466</u>

Components of the net deferred tax assets as presented in the statement of financial position as of December 31 follow:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Impairment losses on trade and other receivables	19,684,402	8,481,554
loss – net	4,454,855	5,161,979
Provision for inventory obsolescence	2,127,883	2,127,883
Post-employment benefit obligation	<u>465,728</u>	<u>441,081</u>
	<u>26,732,868</u>	<u>16,212,497</u>

Movements in net deferred tax assets for the years ended December 31 presented in profit or loss and other comprehensive income follow:

<i>(Amounts in PHP)</i>	Profit or Loss		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Impairment losses on trade and other receivables	(11,202,848)	72,706	(299,972)
Unrealized foreign exchange gain (loss) – net	707,124	640,790	(5,812,055)
Post-employment benefit obligation	(151,499)	794,337	(89,419)
Unamortized past service cost	-	(886,410)	886,410
Right-of-use assets and lease liabilities – net	-	-	42,641
Deferred tax expense (income)	<u>(10,647,223)</u>	<u>621,423</u>	<u>(5,272,395)</u>
	Other Comprehensive Loss (Income)		
<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Post-employment benefit obligation	<u>126,852</u>	<u>630,503</u>	<u>(19,767)</u>

The Company is subject to the minimum corporate income tax (MCIT), which is computed at a rate of 2% in 2024, 1.5% in 2023 and 1% 2022 of gross income net of allowable deductions, as defined under the tax regulations, or RCIT, whichever is higher. No MCIT was reported in 2024, 2023 and 2022 as the RCIT was higher than MCIT in those years.

In 2024, 2023 and 2022, the Company claimed itemized deductions in computing for its income tax due.

18. RELATED PARTY TRANSACTIONS

The Company's related parties include its stockholders, related parties under common ownership and key management personnel as described below.

<i>(Amounts in PHP)</i>	Notes	Amount of Transactions			Outstanding Balances	
		<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2024</u>	<u>2023</u>
Related Parties under Common Ownership						
Advances to a related party	18.1	56,492,066	(210,509,381)	117,346,012	56,492,066	-
Advances from a related party	18.1	-	201,573,415	(53,926,946)	-	(39,859,541)
Distribution income	18.2	19,436,031	21,165,670	28,764,803	-	-
Sale of medical equipment	18.3	952,440	2,494,138	142,731	-	-
Rent income	18.4	1,460,250	1,460,250	1,460,250	-	-
Purchases	18.5	6,676,480	4,700,901	-	-	-
Management fee	18.6	10,714,286	10,714,286	12,500,000	(5,428,571)	(2,678,571)
Stockholders						
Cash dividends	19.2	7,252,320	28,795,778	25,444,725	-	-
Key Management Personnel						
Compensation	18.7	25,175,541	17,091,633	21,627,540	-	-
Retirement Benefit Plan						
	18.8	(478,784)	(2,383,917)	4,920,933	2,058,232	2,537,016

The balances from these transactions are generally payable in cash on demand, unsecured and noninterest bearing. Due to the short duration of the payment to related parties, management considers their carrying amounts to be a reasonable approximation of their fair values. Further, the management believes that such balances of receivables, if there are any, can be collected; hence, not impaired.

18.1. Advances to and from a Related Party

The Company transferred funds to and from Asya Medika Inc. (AMI), a related party under common ownership, for working capital purposes. These advances are noninterest-bearing, unsecured and have no definite repayment terms.

The changes in advances to a related party are shown below:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	-	210,509,381
Additions	111,301,195	28,844,267
Reclassification	(54,809,129)	(239,353,648)
Balance at end of year	<u>56,492,066</u>	<u>-</u>

The changes in advances from a related party are shown below:

<i>(Amounts in PHP)</i>	<u>2024</u>	<u>2023</u>
Balance at beginning of year	(39,859,541)	(241,432,956)
Reclassification	54,809,129	239,353,648
Additions	(14,949,588)	(37,780,233)
Balance at end of year	<u>-</u>	<u>(39,859,541)</u>

As agreed by both parties, the advances to and from AMI are offset resulting to a net receivable of P56,492,066 in 2024 and net liability of P39,859,541 in 2023 presented as Advances to a related party under Trade and Other Receivables and Advances from a related party under Trade and Other Payables as of December 31, 2024 and 2023, respectively, in the statements of financial position (see Notes 6 and 10).

18.2. Distribution Income

The Company has an agreement with AMI for warehousing and logistics services. In exchange for the warehousing and logistics services, AMI is required to pay distribution fee equivalent to 5% of net sales in 2024. Distribution fee in 2023 and 2022 is 6% and 5% of net sales, respectively.

Distribution income is presented as part of Other income under Other Income (Charges) – Net in the statements of comprehensive income (see Note 15.1). There was no outstanding balance arising from this transaction as of December 31, 2024 and 2023.

18.3. Sale of Medical Equipment

The Company has sold various medical equipment to AMI amounting to P952,440, P2,494,138, and P142,731 in 2024, 2023 and 2022, respectively. The sales were made at a 5% mark-up on cost. These are presented as part of Revenues in the statements of comprehensive income. There were no outstanding balances arising from this transaction as of December 31, 2024 and 2023.

18.4 Rent Income

The Company has a lease agreement with AMI for the rental of office space. The total rent income recognized amounted to P1,460,250 in 2024, 2023 and 2022. The rent income is presented as part of Other income under Other Income (Charges) – Net in the statements of comprehensive income (see Note 15.1). There was no outstanding balance as of December 31, 2024 and 2023.

18.5. Purchases

The Company purchases various merchandise items from AMI with similar transaction prices and terms under exact business circumstances with third parties. These transactions are presented as part of net purchases in 2024 and 2023 (see Note 14). There was no similar transaction in 2022. There were no outstanding payables as of December 31, 2024 and 2023.

18.6. Management Fee

The Company entered into a management agreement with a related party under common ownership, whereby the latter shall provide the Company with technical guidance in terms of management of the Company's operation including professional advice on financial, treasury and operational matters that would benefit the Company's current operations, future growth and expansion, and plans strategic financing methods, procedures and practices that would benefit the Company's financial position and assistance on overall activities to help ensure that the Company is within the prescribed limits set by law and its corporate policies. In consideration of these services, the Company pays the latter with management fees based on the amount billed on a monthly basis.

The amount of management fees incurred in 2024, 2023 and 2022 is presented as part of Professional fees under Operating Expenses in the statements of comprehensive income (see Note 14). The outstanding payable is presented as part of Trade and Other Payables in the statements of financial position (see Note 10).

18.7. Key Management Personnel Compensation

The compensation of key management personnel, which is presented as part of Salaries and wages under Operating Expenses in the statements of comprehensive income (see Notes 14 and 16.1), are broken down as follows:

	September 2025	December 2024
Salaries and wages	21,551,209	23,405,030
13th month pay	1,468,869	1,697,753
14th month pay	1,517,768	
Post-employment defined benefit expense (income)	-	72,758
	24,537,846	25,175,541

18.8 Retirement Benefit Plan

The Company's retirement fund for its post-employment defined benefit plan is administered and managed by a trustee bank. The fair value of the plan asset as of December 31, 2024 and 2023 is disclosed under Note 16.2.

19. EQUITY

19.1 Capital Stock

Capital Stock consists of:

	Shares			Amount		
	2025	2024	2023	2025	2024	2023
Common shares - P.25 par value						
Authorized share capital	4,000,000,000	4,000,000,000	4,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and Outstanding						
Balance at beginning of year	2,750,000,800	2,750,000,800	2,750,000,800	687,500,200	687,500,200	687,500,200
Increase in number of shares as a result of stock split	-	-	-	-	-	-
Issued during the year	-	-	-	-	-	-
	2,750,000,800	2,750,000,800	2,750,000,800	687,500,200	687,500,200	687,500,200

On July 16, 2018, the Company amended its Articles of Incorporation to increase its authorized capital stock from P50,000,000 divided into 50,000 shares with a par value of P1,000 per share to P400,000,000 divided into 400,000 shares with a par value of P1,000 per share. The application for increase in authorized capital stock was approved by the SEC on January 22, 2019.

On July 2, 2021, the Company's BOD approved the increase in authorized capital stock from P400,000,000 divided into 400,000 common shares with par value of P1,000 per

share to P1,000,000,000 divided into 4,000,000,000 common shares with par value of P0.25 per share.

In consideration of the increase in the Company's authorized capital stock, the Company received P37,500,000 of additional investment from its stockholders. The Company's application for the increase in authorized capital stock was submitted to SEC on July 14, 2021, and has been approved and certified by SEC on July 27, 2021.

On August 31, 2021, the Company applied for the registration of its 2,750,000,800 common shares with the SEC which was approved on October 12, 2021. On September 13, 2021, the Company applied for listing of the Company's shares on the PSE. The PSE approved the Company's application for the listing of its common shares on October 18, 2021.

On December 7, 2021, the Company, by way of a primary offering (IPO), sold 550,000,000 of its common stock (Offer Share) at an offer price of P2.30 per Offer Share, and generated gross proceeds of P1,265,000,000 from such IPO, net of IPO expenses amounting to P58,076,037. IPO expenses amounting to P43,428,891 and P14,647,146 were charged to APIC and operating expenses, respectively.

As of December 31, 2024 and 2023, the Company's number of shares registered total 2,750,000,800 with par value of P0.25 per share and closed at a price of P0.32 and P0.33, respectively.

On June 30, 2023 and December 28, 2022, the Company re-acquired 2,586,000 and 839,000 common shares from its stockholders for P1,518,420 and P813,240, respectively which are presented as Treasury Shares in the statements of financial position. The Company's retained earnings are restricted to the extent of the cost of the treasury shares as of the end of the reporting period.

The Company has an authorized capital stock of P1,000,000,000 divided into 4,000,000,000 shares with a par value of P0.25 per share and of which, 2,750,000,800 shares or P687,500,200 are issued and outstanding as of December 31, 2024, 2023 and 2022.

19.2 Retained Earnings

On June 3, 2024, the Company declared cash dividend amounting to P7,252,320 or P0.0026 per share in favor of all its stockholders of record date as of July 3, 2024. The cash dividends were paid on July 26, 2024.

On July 18, 2023, the Company declared cash dividend amounting to P28,795,778 or P0.01048 per share in favor of all its stockholders of record date as of July 18, 2023. The cash dividends were paid on August 11, 2023.

On August 17, 2022, the Company declared cash dividend amounting to P8,481,575 or P0.0031 per share in favor of all its stockholders of record date as of September 1, 2022. The cash dividends were paid on September 22, 2022.

On May 24, 2022, the Company declared cash dividends amounting to P16,963,150 or P0.0061 per share in favor of all stockholders of record as of May 24, 2022. The cash dividends were fully paid on June 28, 2022.

20. EARNINGS PER SHARE

Earnings per share were computed as follows:

	September 2025	December 2024	December 2023
Net profit for the year	38,719,205	129,743,185	72,461,719
Divided by the weighted average number outstanding common shares	2,746,575,800 0.014	2,746,575,800 0.05	2,746,575,800 0.03

21. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Company:

21.1 Unused Credit Line

The Company has unused credit line amounting to P331,047,478 and P1,349,793,134, as of December 31, 2024 and 2023, respectively.

21.2 Others

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities that are not given recognition in the financial statement. As of December 31, 2024, 2023 and 2022, the management believes that losses, if any, that may arise from these commitments and contingencies will not have material effects on the financial statements.

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 23. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management, in close cooperation with the BOD, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below and on the succeeding pages.

22.1 Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk, which result from both its operating, investing and financing activities.

(a) Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Company's overseas purchases, which are primarily denominated in U.S. dollars (USD). The liability covering the inventory purchases is covered by Letter of Credits, which are subsequently closed to Philippine peso translations. The Company also holds USD-denominated cash in banks.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency-denominated cash in banks, translated into Philippine pesos at the closing rate, amounted to P22,520,757 and P8,610,394 as of December 31, 2024 and 2023, respectively.

The sensitivity of the Company's profit before tax with respect to changes in Philippine peso against U.S. dollar exchange rates assumes +/- 15.69% and +/- 18.26% change of the Philippine peso over the U.S. dollar exchange rate for the years ended December 31, 2024, and 2023, respectively. These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 99% confidence level.

The sensitivity analysis is based on the Company's foreign currency financial instruments held at the end of each reporting period, with effect estimated from the beginning of the year. If the Philippine pesos had strengthened against the U.S. dollars, with all other variables held constant, profit or loss before tax would have decreased and increased by P3.5 million and P1.6 million in 2024 and 2023, respectively. Conversely, if the Philippine peso had been weakened by the same percentage, with all other variables held constant, profit or loss before tax in 2024 and 2023 would have increased and decreased by the same amounts, respectively.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's foreign currency risk.

(b) Interest Rate Risk

As of December 31, 2024, 2023 and 2022, the Company is exposed to changes in market interest rates through its cash in banks, which are subject to variable interest rates. However, management believes that the related interest rate risk exposure is not significant. All other financial assets and financial liabilities are either non-interest-bearing or subject to fixed interest rates.

22.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from selling goods and services to customers and placing deposits with banks.

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

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized on the succeeding page.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2024</u>	<u>2023</u>
Cash	5	105,209,149	95,947,939
Trade and other receivables	6	1,874,414,849	1,446,189,427
Contract assets	13.2	1,064,395,354	1,411,783,578
Bid and construction bonds	8	3,424,484	3,424,484
Guarantee deposits		2,366,122	2,366,122
Rental and other deposits	8	897,938	636,373
		<u>3,050,707,896</u>	<u>2,960,347,923</u>

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash in banks as described below.

(a) Cash

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of P500,000 for every depositor per banking institution. Effective March 15, 2025, the PDIC increased the maximum coverage to P1,000,000 per depositor per banking institution.

(b) Trade and Other Receivables and Contract Assets

The Company applies simplified approach in measuring ECL which uses a lifetime loss allowance for all Trade and Other Receivables, excluding advances to suppliers and Contract Assets. The Company's trade and other receivables are assessed individually or on a per customer basis and the contracts assets are assessed on a per project basis.

To measure the ECL, trade receivables have been grouped based on credit risk characteristics and the days past due (age buckets).

The expected loss rates for trade receivables are based on the payment profiles of sales over a period of 5 years before December 31, 2024, 2023 and 2022 respectively, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

(Amounts in PHP)

	Expected loss rate	Gross carrying amount	Loss allowance
Days past Due			
June 30, 2025			
01-120	0.00%	458,648,158	
12-180	0.00%	486,205,064	
181-365	0.00%	220,962,729	
Above 365	13.00%	617,870,945	78,737,607
		1,783,686,896	78,737,607

(Amounts in PHP)

	Expected loss rate	Gross carrying amount	Loss allowance
Days past Due			
December 31, 2024			
01-120	0.00%	890,437,025	
12-180	0.00%	140,113,544	
181-365	0.00%	370,857,708	
Above 365	18.90%	416,514,506	78,737,607
		1,817,922,783	78,737,607

With respect to trade receivables from NG amounting to P1,567,998,650 and P1,208,860,931 as of December 31, 2024 and 2023, respectively, and contracts assets amounting to P1,064,395,354 and P1,411,783,578 as of December 31, 2024 and 2023, respectively, the Company assessed the ECL based on the latest external credit rating provided by Standard and Poor's (S&P) for the Philippines which evaluates the current and historical information and assesses the potential impact foreseeable future events as basis for the credit ratings.

Management used S&P's rating of "BBB", which has an equivalent loss rate of 0.055%, 0.054% and 0.076% as of December 31, 2024, 2023 and 2022, respectively. Such rating resulted to negligible loss allowance as of December 31, 2024, 2023 and 2022, and therefore no longer recognized.

ECL for advances to a related party are measured and recognized using the liquidity approach. Management determines possible impairment based on the counterparty's ability to repay the receivables upon demand at the reporting date, taking into consideration the historical defaults from the counterparty.

Management assessed that the outstanding balances of advances to a related party as of December 31, 2024 are recoverable since such counterparties are assessed to have a capacity to pay the receivables upon demand and there was no historical default experience noted. Hence, no impairment is necessary as at December 31, 2024. There were no outstanding advances to a related party as of December 31, 2023.

(c) Bid and Construction Bonds, Guarantee Deposits, and Rental and Other Deposits

The credit risk for bid and construction bonds, guarantee deposits, and rental and other deposits are considered negligible due to low credit risk and insignificant value of the balance. Guaranty deposits represent deposits arising from car lease contract that will be refunded at the end of the lease term.

22.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits and short-term marketable securities.

As of December 31, 2024 and 2023, the Company's financial liabilities have contractual maturities, which are presented below.

<i>(Amounts in PHP)</i>	<u>Within 6 Months</u>	<u>6 to 12 Months</u>
<u>December 31, 2024</u>		
Notes payable	261,604,167	125,000,000
Trade and other payables	<u>108,084</u>	<u>1,069,941,806</u>
	<u>261,712,251</u>	<u>1,194,941,806</u>
 <u>December 31, 2023</u>		
Notes payable	407,275,000	-
Trade and other payables	<u>-</u>	<u>1,111,765,255</u>
	<u>407,275,000</u>	<u>1,111,765,255</u>

The contractual maturities presented above reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods. There were no financial liabilities with contractual maturities exceeding one year in 2024 and 2023.

23. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

23.1 Carrying Amounts and Fair Values by Category

The Company's financial assets and financial liabilities carried at amortized cost as presented in the statements of financial position are short-term in nature and are equal to their fair values as at those dates. Because of this, no further comparison of these carrying values and fair values is presented.

See Note 2.3 for the description of the accounting policies for each category of financial instruments including the determination of fair values. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 22.

23.2 Offsetting of Financial Assets and Financial Liabilities

Except as discussed in Note 18.1, the Company has not set-off financial instruments in 2024 and 2023 and does not have relevant offsetting arrangements as of the end of the reporting periods. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument will have the option to settle all such amount on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders.

24. FAIR VALUE MEASUREMENT

24.1 Fair Value Hierarchy

In accordance with PFRS 13, Fair Value Measurement, the fair value of financial assets and financial liabilities and non-financial assets, which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

24.2 Financial Instruments Measurement at Fair Value

The Company has no financial assets and financial liabilities measured at fair value as of December 31, 2024 and 2023.

24.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities, which are not measured at fair value in the statements of financial position but for which fair value is disclosed.

<i>(Amounts in PHP)</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2024				
<i>Financial assets:</i>				
Cash	105,209,149	-	-	105,209,149
Trade and other receivables – net	-	-	1,795,677,242	1,795,677,242
Bid and construction bonds	-	-	3,424,484	3,424,484
Guarantee deposits	-	-	2,366,122	2,366,122
Rental and other deposits	-	-	897,938	897,938
	<u>-</u>	<u>-</u>	<u>897,938</u>	<u>897,938</u>
<i>(Amounts in PHP)</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Financial liabilities:</i>				
Trade and other payables	-	-	1,070,788,640	1,070,788,640
Notes payable	-	-	377,500,000	377,500,000
	<u>-</u>	<u>-</u>	<u>1,448,288,640</u>	<u>1,448,288,640</u>
December 31, 2023				
<i>Financial assets:</i>				
Cash	95,947,939	-	-	95,947,939
Trade and other receivables – net	-	-	1,412,263,212	1,412,263,212
Bid and construction bonds	-	-	3,424,484	3,424,484
Guarantee deposits	-	-	2,366,122	2,366,122
Rental and other deposits	-	-	636,373	636,373
	<u>95,947,939</u>	<u>-</u>	<u>1,418,690,191</u>	<u>1,514,638,130</u>
<i>Financial liabilities:</i>				
Trade and other payables	-	-	1,111,765,255	1,111,765,255
Notes payable	-	-	400,000,000	400,000,000
	<u>-</u>	<u>-</u>	<u>1,511,765,255</u>	<u>1,511,765,255</u>

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values.

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital based on the carrying amount of equity as presented in the statements of financial position. The Company also sets the amount of capital in proportion with its overall financing structure, i.e., equity and financial liabilities. The Company manages the capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

26. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and on the succeeding pages is the supplementary information on taxes, duties and license fees paid or accrued during the taxable year, which is required by the BIR under Revenue Regulation (RR) No. 15-2010 and RR No. 34-2020 to disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

26.1 Requirements Under RR No. 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 are as follows:

(a) Output VAT

The Company's vatable sales for the taxable year 2024 are presented below:

<i>(Amounts in PHP)</i>	<u>Tax Base</u>	<u>Output VAT</u>
Vatable sales	99,892,290	11,987,075
Sale to government	<u>1,637,654,547</u>	<u>196,518,545</u>
	<u>1,737,546,837</u>	<u>208,505,620</u>

The Company has reported an exempt sale amounting to P9,642,856. Further, there are no zero-rated sale transactions during the year.

The tax base is included as part of Revenues in the 2024 statement of comprehensive income. Furthermore, the tax base is based on the Company's gross receipts until the effectivity of RR No. 03-2024 on April 27, 2024. Subsequently, the accrual method was used; hence, may not be the same amount presented in the 2024 statement of comprehensive income. Deferred output VAT for the year amounted to P115,737,635.

(b) Input VAT

The movement in input VAT in 2024 is summarized below.

Balance at beginning of year	125,669,309
Domestic purchase of goods other than capital goods	74,054,026
Domestic purchase of service	70,988,374
Importation of goods other than capital goods	3,514,670
VAT withheld to government	84,817,956
Applied against output VAT	<u>(208,505,620)</u>
Balance at end of year	<u>150,538,715</u>

The outstanding net input VAT amounting to P150,538,715 as of December 31, 2024 is presented as part of Prepayments and Other Assets in the 2024 statement of financial position

(c) Taxes on Importation

In 2024, the total landed cost of the Company's imported inventory for use in business amounted to P29,288,917. This includes customs duties and tariff fees totaling P12,695.

(d) Excise Tax

The Company did not have any transaction in 2024 which is subject to excise tax.

(e) Documentary Stamp Tax

The Company incurred documentary stamp tax in 2024 broken down as follows:

Notes payable	1,229,743
Others	<u>1,570,543</u>
	<u>2,800,286</u>

(f) Taxes and Licenses

The details of Taxes and Licenses account is broken down as follows:

Permits and licenses	4,445,343
Documentary stamp tax	2,800,286
Registration fee	955,280
Others	<u>221,630</u>
	<u>8,422,539</u>

(g) Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2024 is broken down as follows:

Expanded	7,104,251
Compensation and employee benefits	<u>6,934,341</u>
	<u>14,038,592</u>

The Company has no income payments subject to final withholding tax in 2024.

(b) Deficiency Tax Assessments and Tax Cases

As of December 31, 2024, the Company has no final deficiency tax assessment from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside the BIR in any of the open taxable years.

26.2 Requirements Under RR No. 15-2010

RR No. 34-2020 prescribes the guidelines and procedures on the submission of BIR Form No. 1709, transfer pricing documentation and other supporting documents for related party transactions. The Company is not covered by these requirements as the Company did not fall in any of the categories identified under Section 2 of RR No. 34-2020.

Result of Operations

Three months ended September 30, 2025 versus September 30, 2024

Statement of Comprehensive Income

For the Nine Months Ended September 30, 2025, compared to the Nine Months Ended September 30, 2024

	For the Nine Months Ended September 30		Horizontal Analysis	Vertical Analysis - For the Nine Months Ended September 30	
	2025	2024		2025	2024
	In P Thousands		% Change		
Revenue	799,698,994	1,175,065,828	-32%	100%	100%
Direct Cost	615,931,416	943,445,184	-35%	77%	80%
Gross Profit	183,767,578	231,620,644	-21%	23%	20%
Operating Expenses	128,829,813	117,875,760	9.3%	16%	10%
Operating Profits	54,937,765.7	113,744,884	-52%	7%	10%
Other Income (Charges) - net	(3,312,159)	10,956,055	-130%	0%	1%
Profit before tax	51,625,607	124,700,939	-59%	6%	11%
Tax Expense	12,906,402	32,739,403	-61%	2%	3%
Net Profit	38,719,205	91,961,536	-58%	5%	8%

Financial Condition

For the Nine Months Ended September 30, 2025, compared to the Three Months Ended September 30, 2024

	For the Six Months Ended September 30		Horizontal Analysis	Vertical Analysis - For the Nine Months Ended September 30	
	2025	2024		2025	2024
	In P Thousands		% Change		
Total Current Assets	2,983,378,329	3,976,457,102	-25%	92%	95%
Total Noncurrent Assets	254,163,562	204,557,323	24%	8%	5%
Total Assets	3,237,541,892	4,181,014,425	-23%	100%	100%
Total Current Liabilities	949,565,702	1,936,817,281	-51%	29%	46%
Total Noncurrent Liabilities	1,862,911	1,764,322	6%	0%	0%
Total Liabilities	951,428,613	1,938,581,603	-51%	29%	46%
Equity	2,286,113,279	2,242,432,822	2%	71%	54%
Total Liabilities and Equity	3,237,541,892	4,181,014,425	-23%	100%	100%

Revenue

For the nine months ended September 30, 2025, Medilines Distributors Incorporated (the "Company") recorded revenues of P799 million. There is a 32% decrease from the same period last year as some of the company's big-ticket projects were expected to be moved to last quarter of the year.

Direct Cost

The Company's direct costs for the nine months ended September 30, 2025 amounted to P615 million. The direct cost ratio decreased primarily due to the sale of lower-cost inventory during the period.

Gross Profit

The Company's gross profit for the nine months ended September 30, 2025 amounted to ₱183 million. This represents a 21% decrease compared to the same period last year, primarily due to lower sales of high-gross profit equipment in the current year.

Operating Expenses

The Company's operating expenses for the nine months ended September 30, 2025 amounted to ₱128 million, compared to ₱117 million for the same period last year.

Operating Profit

The Company's operating profit for the nine months ended September 30, 2025, decreased to P54 million from last year's P113 million in the same period of 2024. The decline is due to the decrease in revenue compared to last year.

Net Profit (Loss)

As a result of the foregoing, the Company's net profit for the nine months ended September 30, 2025 resulted to a decrease of 58% in net profit compared to the P91 million recorded during the same period last year.

Key Performance Indicators

The table below shows the nine months of 2025 and 2024 key performance indicators of the company with comparative figures:

<u>Key Financial Ratios</u>	UNAUDITED	
	<u>As of September 30, 2025</u>	<u>As of September 30, 2024</u>
Current ratio	3.1418	2.0531
Debt to equity ratio	0.4162	0.86450
Gross profit margin	22.98%	19.71%
Operating profit margin	6.87%	9.68%
Net profit margin	4.84%	7.83%

As of the nine months ending September 30, 2025, the Company has met its obligations with its lenders and has been operating with minimal debt. Medilines maintains its proper management of interest-bearing loans resulting in a steady debt-equity ratio at healthy levels. The increase in operating profit and net profit margin were mainly due to the increase in sales of product-mix with higher profitability for the nine months of 2025 versus last year.

SIGNATURES

Pursuant to the requirement of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

By:


MYRA B. DEASIS
Chief Finance Officer

Date: November 14, 2025