

## COVER SHEET

SEC Registration Number

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Company Name

M	E	D	I	L	I	N	E	S		D	I	S	T	R	I	B	U	T	O	R	S								
I	N	C	O	R	P	O	R	A	T	E	D																		

Principal Office (No./Street/Barangay/City/Town/Province)

3	r	d		F	l	o	o	r		V	i	s	t	a	m	a	l	l		H	u	b	,		C	.	V	.	
S	t	a	r	r		A	v	e	.	,		P	a	m	p	l	o	n	a		D	o	s	,					
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Form Type

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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A	
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### COMPANY INFORMATION

Company's Email Address

[investorrelationoffice@medilines.com.ph](mailto:investorrelationoffice@medilines.com.ph)

Company's Telephone Number/s

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

Mobile Number

-

No. of Stockholders

15

Annual Meeting  
Month/Day

First Monday of June

Fiscal Year  
Month/Day

December 31

### CONTACT PERSON INFORMATION

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

Name of Contact Person

Myra B. De Asis

Email Address

[investorrelationoffice@medilines.com.ph](mailto:investorrelationoffice@medilines.com.ph)

Telephone Number/s

(+632)7747-1076

Mobile Number

-

Contact Person's Address

3<sup>rd</sup> Floor, Vistamall Hub, C.V.  
Starr Ave., Pamplona Dos, Las  
Piñas City.

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 **March 31, 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)

**3<sup>rd</sup> 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
<b><u>Common Shares</u></b>	<b><u>2,746,575,800</u></b>

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 ☐

**MEDILINES DISTRIBUTORS INCORPORATED**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
*(Amounts in Philippine Pesos)*

		For the Three Months Ended March 31		For the Year Ended December 31	
	<u>Notes</u>	<u>2025</u>	<u>2024</u>	<u>2024</u>	<u>2023</u>
<b><u>A S S E T S</u></b>					
<b>CURRENT ASSETS</b>					
Cash	5	P 151,298,630	P 168,972,811	P 105,209,149	P 95,947,939
Trade and other receivables - net	6	2,377,456,403	2,085,042,676	2,227,339,273	1,905,781,372
Contract assets	13	970,128,448	1,367,115,243	1,064,395,354	1,411,783,578
Inventories - net	7	65,800,073	159,521,317	59,680,861	74,415,502
Prepayments and other current assets	8	141,754,181	123,547,078	156,039,817	133,457,250
Total Current Assets		3,706,437,735	3,904,199,125	3,612,664,454	3,621,385,641
<b>NON-CURRENT ASSETS</b>					
Property and equipment - net	9	205,399,869	191,025,624	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		234,498,860	209,604,243	237,374,730	212,261,249
<b>TOTAL ASSETS</b>		<b>P 3,940,936,595</b>	<b>P 4,113,803,368</b>	<b>P 3,850,039,184</b>	<b>P 3,833,646,890</b>
<b><u>LIABILITIES AND EQUITY</u></b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	10	P 1,330,988,962	P 1,635,958,516	P 1,189,111,470	P 1,266,324,470
Notes payable	11	279,500,000	300,000,000	377,500,000	400,000,000
Loans and other borrowings					
Income tax payable		17,620,942	5,391,768	8,222,093	15,086,807
Total Current Liabilities		1,628,109,904	1,941,350,284	1,574,833,563	1,681,411,277
<b>NON-CURRENT LIABILITY</b>					
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		1,862,911	1,764,322	1,862,911	1,764,322
Total Liabilities		1,629,972,815	1,943,114,606	1,576,696,474	1,683,175,599
<b>EQUITY</b>					
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	541,746,626	401,852,162	504,125,556	381,634,691
Net Equity		2,310,963,780	2,170,688,762	2,273,342,710	2,150,471,291
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 3,940,936,595</b>	<b>P 4,113,803,368</b>	<b>P 3,850,039,184</b>	<b>P 3,833,646,890</b>

*See Notes to Financial Statements.*

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

	Notes	For the Three Months Ended March 31		For the Year Ended December 31	
		2025	2024	2024	2023
<b>REVENUES</b>	13, 18	<b>P 429,975,805</b>	P 510,027,089	P 1,416,125,358	P 679,881,805
<b>DIRECT COSTS</b>	14	<u><b>332,778,649</b></u>	<u>443,621,496</u>	<u>1,012,254,610</u>	<u>436,961,237</u>
<b>GROSS PROFIT</b>		<u><b>97,197,156</b></u>	<u>66,405,593</u>	<u>403,870,748</u>	<u>242,920,568</u>
<b>OPERATING EXPENSES</b>					
General, administrative and selling expenses	14	37,888,675	38,336,335	175,973,327	138,063,928
Expected credit losses (recoveries) - net	6	<u>-</u>	<u>-</u>	<u>53,793,892</u>	<u>( 290,823 )</u>
		<u><b>37,888,675</b></u>	<u>38,336,335</u>	<u>229,767,219</u>	<u>137,773,105</u>
<b>OPERATING PROFIT</b>		<b>59,308,481</b>	28,069,258	174,103,529	105,147,463
<b>OTHER INCOME (CHARGES) - Net</b>	15	<u><b>( 8,937,295 )</b></u>	<u>( 1,112,630 )</u>	<u>( 1,112,806 )</u>	<u>( 7,651,278 )</u>
<b>PROFIT BEFORE TAX</b>		<b>50,371,186</b>	26,956,628	172,990,723	97,496,185
<b>TAX EXPENSE</b>	17	<u><b>12,750,116</b></u>	<u>6,739,157</u>	<u>43,247,538</u>	<u>25,034,466</u>
<b>NET PROFIT</b>		<u><b>37,621,070</b></u>	<u>20,217,471</u>	<u>129,743,185</u>	<u>72,461,719</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
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	<u>-</u>	<u>-</u>	<u>( 126,852 )</u>	<u>( 630,503 )</u>
		<u>-</u>	<u>-</u>	<u>380,554</u>	<u>1,891,510</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><b>P 37,621,070</b></u>	<u>P 20,217,471</u>	<u>P 130,123,739</u>	<u>P 74,353,229</u>
<b>EARNINGS PER SHARE</b>					
Basic and diluted	20	<u><b>P 0.01</b></u>	<u>P 0.01</u>	<u>P 0.05</u>	<u>P 0.03</u>

*See Notes to Financial Statements.*

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

	<b>Capital Stock</b> (see Note 19)	<b>Additional Paid in Capital</b> (see Note 19)	<b>Treasury Shares</b> (see Note 19)	<b>Revaluation Reserves</b> (see Note 16)	<b>Retained Earnings</b> (see Note 19)	<b>Total</b>
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	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	37,621,070	37,621,070
<b>Balance at March 31, 2025</b>	<b><u>P 687,500,200</u></b>	<b><u>P 1,084,071,109</u></b>	<b><u>( P 2,331,660 )</u></b>	<b><u>( P 22,495 )</u></b>	<b><u>P 541,746,626</u></b>	<b><u>P 2,310,963,780</u></b>
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	-	-	-	-	20,217,471	20,217,471
<b>Balance at Quarter 1 2024</b>	<b><u>P 687,500,200</u></b>	<b><u>P 1,084,071,109</u></b>	<b><u>( P 2,331,660 )</u></b>	<b><u>( P 403,049 )</u></b>	<b><u>P 401,852,162</u></b>	<b><u>P 2,170,688,762</u></b>
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	-	-	-	380,554	129,743,185	130,123,739
<b>Balance at December 31, 2024</b>	<b><u>P 687,500,200</u></b>	<b><u>P 1,084,071,109</u></b>	<b><u>( P 2,331,660 )</u></b>	<b><u>( P 22,495 )</u></b>	<b><u>P 511,377,876</u></b>	<b><u>P 2,280,595,030</u></b>
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
<b>Balance at December 31, 2023</b>	<b><u>P 687,500,200</u></b>	<b><u>P 1,084,071,109</u></b>	<b><u>( P 2,331,660 )</u></b>	<b><u>( P 403,049 )</u></b>	<b><u>P 381,634,691</u></b>	<b><u>P 2,150,471,291</u></b>

*See Notes to Financial Statements.*

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

	For the Three Months Ended March 31		For the Year Ended December 31	
	2025	2024	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	P 50,371,186	P 26,956,628	P 172,990,723	P 97,496,185
Adjustments for:				
Provision (reversal) for expected credit losses	-	-	53,793,892	( 290,823 )
Interest expense	6,151,939	4,020,101	16,846,703	13,523,959
Depreciation and amortization	3,212,516	2,694,795	11,905,088	12,852,020
Unrealized foreign exchange losses (gains) - net	758,455	( 96,272 )	( 2,828,498 )	( 2,563,160 )
Interest income	( 14,752 )	( 43 )	( 78,562 )	( 103,536 )
Gain on sale of property and equipment	-	-	-	-
Operating profit before working capital changes	60,479,344	33,575,209	252,629,346	120,914,645
Increase in trade and other receivables	( 150,117,130 )	( 179,261,304 )	( 375,351,793 )	( 139,320,701 )
Decrease (increase) in contract assets	94,266,906	44,668,335	347,388,224	356,252,576
Decrease in inventories	( 6,119,212 )	( 85,105,815 )	14,734,641	2,509,460
Increase in prepayments and other current assets	14,285,636	9,910,172	( 22,582,567 )	( 24,336,808 )
Increase (decrease) in trade and other payables	141,119,036	369,730,318	( 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	153,914,580	193,516,915	142,921,964	( 117,533,459 )
Income taxes paid	( 3,351,267 )	( 16,434,196 )	( 60,743,905 )	( 40,565,609 )
Interest paid	( 6,151,939 )	( 4,020,101 )	( 16,846,703 )	( 13,523,959 )
Interest received	14,753	43	62,993	82,829
Net Cash From (Used In) Operating Activities	144,426,127	173,062,661	65,394,349	( 171,540,198 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of property and equipment	( 336,645 )	( 37,789 )	( 26,498,198 )	( 23,280,866 )
Proceeds from sale of property and equipment	-	-	-	-
Net Cash Used In Investing Activities	( 336,645 )	( 37,789 )	( 26,498,198 )	( 23,280,866 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayments of notes payable	( 377,500,000 )	( 100,000,000 )	( 602,500,000 )	( 79,426,868 )
Proceeds from notes payable	279,500,000	-	580,000,000	297,792,558
Cash dividends paid	-	-	( 7,252,320 )	( 28,795,778 )
Purchase of treasury shares	-	-	-	( 1,518,420 )
Payments of lease liability	-	-	-	-
Net Cash From (Used In) Financing Activities	( 98,000,000 )	( 100,000,000 )	( 29,752,320 )	188,051,492
<b>Effect of Exchange Rate Changes on Cash</b>	-	-	117,379	-
<b>NET INCREASE (DECREASE) IN CASH</b>	46,089,482	73,024,872	9,261,210	( 6,769,572 )
<b>CASH AT BEGINNING OF YEAR</b>	105,209,149	95,947,939	95,947,939	102,717,511
<b>CASH AT END OF YEAR</b>	P 151,298,631	P 168,972,811	P 105,209,149	P 95,947,939

*See Notes to Financial Statements.*

**MEDILINES DISTRIBUTORS INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 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 related notes 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 a 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 a 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 sale 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 flows.

## ***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 asset 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 of 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 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 the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term

### **(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 amounts 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 for 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 historical 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 manner of 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 asset 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:

	<b>March 2025</b>	<b>December 2024</b>
Cash on hand	<b>82,560.00</b>	82,560.00
Cash in banks	<b>151,216,070.00</b>	105,126,589.00
Total	<b>151,298,630.00</b>	105,209,149.00

Cash in banks generally earn interest based on daily bank deposit rates. Interest income earned amounted to P14,752 for the first 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:

	<b>March 2025</b>	<b>December 2024</b>
Trade receivables	<b>1,931,214,587.00</b>	1,874,414,849.00
Allowance for expected credit loss	<b>(78,737,607.00)</b>	(78,737,607.00)
	<b>1,852,476,980.00</b>	1,795,677,242.00
Non-trade receivables:		
Advances to suppliers	<b>458,770,938.00</b>	430,203,293.00
Advances to employees	<b>3,379,052.00</b>	-
Advances to related parties	<b>61,349,379.00</b>	
Other receivables	<b>1,480,054.00</b>	1,458,738.00
	<b>524,979,423.00</b>	431,662,031.00
Total	<b>2,377,456,403.00</b>	2,227,339,273.00

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 at March 31, 2025 and end of 2024 is shown below.

	<b>March 2025</b>	December 2024
Balance at beginning of year	<b>78,737,607.00</b>	33,926,215.00
Provision for ECL	-	53,793,892.00
Write Off	-	(8,982,500.00)
Balance at end of year	<b>78,737,607.00</b>	78,737,607.00

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:

	<b>March 2025</b>	December 2024
Inventories	<b>74,311,606.00</b>	68,192,394.00
Allowance for inventory obsolescence	<b>(8,511,533.00)</b>	(8,511,533.00)
Total	<b>65,800,073.00</b>	59,680,861.00

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.

	March 2025	December 2024
Excess input tax	120,337,151.00	150,538,715.00
Bid and contruction bonds	3,424,484.00	3,424,484.00
Creditable Withholding tax	-	-
Deferred input tax	-	-
VAT withholding tax	14,328,209.00	-
Prepaid insurance	219,319.00	124,589.00
Rental and other deposits	947,938.00	897,938.00
Other prepayments	2,497,084.00	1,054,091.00
Total	141,754,185.00	156,039,817.00

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 employees' medical check-up.

## 9. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation of property, plant and equipment at March 31, 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
<b>March 31, 2025</b>											
Cost	121,350,000	7,233,938	13,907,143	19,430,714	2,851,142	14,792,293	5,395,943	63,681,162		43,211,897	291,854,232
Accumulated depreciation		<u>-7,233,938</u>	<u>-6,239,340</u>	<u>-17,134,563</u>	<u>-2,821,274</u>	<u>-9,330,857</u>	<u>-5,378,911</u>	<u>-33,677,879</u>		<u>-4,637,600</u>	<u>-86,454,363</u>
Net carrying amount	<u>121,350,000</u>	<u>-</u>	<u>7,667,803</u>	<u>2,296,151</u>	<u>29,868</u>	<u>5,461,436</u>	<u>17,032</u>	<u>30,003,283</u>	<u>-</u>	<u>38,574,297</u>	<u>205,399,869</u>
<b>December 31, 2024</b>											
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>-</u>	<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 at March 31, 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
<b>Balance at January 1, 2025, net</b>											
of accumulated depreciation	121,350,000	-	7,806,874	2,732,950	39,824	5,853,492	27,296	31,458,888	-	39,006,416	208,275,740
Additions	-	-	-	-	-	-	-	336,646	-	-	336,646
Disposal	-	-	-	-	-	-	-	-	-	-	-
Depreciation	<u>-</u>	<u>-</u>	<u>-139,071</u>	<u>-436,799</u>	<u>-9,956</u>	<u>-392,056</u>	<u>-10,264</u>	<u>-1,792,251</u>	<u>-</u>	<u>-432,119</u>	<u>-3,212,517</u>
<b>Balance at March 31, 2025, net</b>											
of accumulated depreciation	<u>121,350,000</u>	<u>-</u>	<u>7,667,803</u>	<u>2,296,151</u>	<u>29,868</u>	<u>5,461,436</u>	<u>17,032</u>	<u>30,003,283</u>	<u>-</u>	<u>38,574,297</u>	<u>205,399,869</u>
<b>Balance at January 1, 2024, net</b>											
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>-</u>	<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>
<b>Balance at December 31, 2024, net</b>											
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 P3,212,516, P11,905,088 and P12,852,020 for March 31, 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 2022, the Company reclassified certain property and equipment from Construction in Progress to Building – Warehouse amounting to P15,840,903. There was no similar transaction in 2024 and 2023.

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

	March 2025	December 2024
Trade payables	1,198,357,657.00	1,049,478,976.00
Deferred output VAT	105,637,609.00	115,737,635.00
Advances from a related party	-	-
Payable to government agencies	2,765,563.00	3,540,113.00
Accrued expenses	23,486,031.00	19,576,462.00
Auto loan	742,101.06	778,284.00
Total	1,330,988,961.06	1,189,111,470.00

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 March 31, 2025 amounted to P279,500,000.00 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 6.0% to 6.8% in March 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 P6,151,939.05, P16,846,703 and P13,523,959 in March 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 payable amounted to P1,436,910.25, P3,748,670 and P3,481,008 in March 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>March 2025</u>	<u>December 2024</u>
Trust receipts	-	-
Notes payable	279,500,000.00	377,500,000.00
Loans Payable	<u>742,101.06</u>	<u>778,286.00</u>
	280,242,101.06	378,278,286.00

	<u>March 2025</u>	<u>December 2024</u>
Notes payable	-	-
Current	279,500,000.00	377,500,000.00
Non-current	<u>-</u>	<u>-</u>
	279,500,000.00	377,500,000.00

### 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	Total
	(point in time)	(over time)	(over time)	
<i>(Amounts in PHP)</i>				
<b><u>March 31, 2025</u></b>				
Primary geographical markets				
Luzon	400,929,255	12,067,707		412,996,962
Visayas	11,543,254	3,217,864		14,761,118
Mindanao	1,026,786	1,190,940		2,217,726
	<u>413,499,294</u>	<u>16,476,511</u>		<u>429,975,806</u>
<b><u>December 31, 2024</u></b>				
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>
<b><u>December 31, 2023</u></b>				
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	Total
	(point in time)	(over time)	(over time)	
<i>(Amounts in PHP)</i>				
<b><u>December 31, 2025</u></b>				
Customers				
Government	319,005,996	16,476,511		335,482,507
Private entities	94,493,299			94,493,299
	<u>413,499,294</u>	<u>16,476,511</u>		<u>429,975,806</u>
<b><u>December 31, 2024</u></b>				
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>
<b><u>December 31, 2023</u></b>				
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 March 31, 2025, December 31, 2024 and 2023 the balance of contract assets amounted to P970,128,448, 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>March 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	-	73,287,896	20,890,053
Transfers from contract assets recognized at the beginning of year to trade receivables	(94,266,907)	(420,676,120)	(377,142,629)
Balance at year end	<u>970,128,447</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:

	<b>March 2025</b>	<b>December 2024</b>
Purchases	324,163,220.00	997,519,969.00
Change in inventories	8,615,429.00	14,734,641.00
Salaries and wages	15,368,596.00	60,239,864.00
Taxes and licenses	2,557,481.00	8,422,539.00
Professional fees	1,162,083.00	12,503,813.00
Provision for ECL	-	53,793,892.00
Depreciation and amortization	3,212,516.00	11,905,088.00
Rent Expense	246,532.00	2,135,983.00
Insurance	1,864,804.00	5,541,760.00
Freight and handling	4,807,319.00	15,654,675.00
Representation	739,634.00	8,892,037.00
Utilities and communication	1,375,543.00	3,708,028.00
Penalties	2,150,616.00	9,991,761.00
SSS, HDMF and PHIC	771,408.00	2,942,107.00
Travel and transportation	657,311.00	10,804,097.00
Meals	467,025.00	4,697,275.00
Repairs and maintenance	396,635.00	2,600,279.00
Brokerage fee	-	-
Advertising and Promo	-	219,267.00
Association dues	117,665.00	408,442.00
Bidding	3,000.00	1,204,694.00
Security and janitorial	515,092.00	2,376,409.00
Supplies	213,155.00	885,242.00
Accommodation	44,465.00	2,054,863.00
Training and seminars	327,164.00	6,100,167.00
Miscellaneous	890,631.00	2,684,937.00
	<u><b>370,667,324.00</b></u>	<u><b>1,242,021,829.00</b></u>

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

<i>(Amounts in PHP)</i>	<b>March 2025</b>	<b><u>2024</u></b>
Direct costs	332,778,649	1,012,254,610
Operating expenses	<u>37,888,675</u>	<u>229,767,219</u>
	<u>370,667,324</u>	<u>1,242,021,829</u>

The details of direct costs are shown below:

<i>(Amounts in PHP)</i>	<b>March 2025</b>	<b><u>2024</u></b>
Inventories at beginning of year	59,680,861.00	74,415,502.00
Net purchases during the year	<u>338,897,861.00</u>	<u>997,519,969.00</u>
	398,578,722.00	1,071,935,471.00
Inventories at end of year	<u>(65,800,073.00)</u>	<u>(59,680,861.00)</u>
	<u>332,778,649.00</u>	<u>1,012,254,610.00</u>

## 15. OTHER INCOME CHARGES – Net

The breakdown of this account follows:

	<b>March 2025</b>	<b>December 2024</b>
Other income	<b>2,642,664.00</b>	20,896,419.00
Finance Charge	<b>(8,840,399.00)</b>	(20,595,373.00)
Foreign exchanges loss	<b>(2,754,312.00)</b>	(1,492,414.00)
Interest Income	<b>14,752.00</b>	78,562.00
Total	<b><u>(8,937,295.00)</u></b>	<b><u>(1,112,806.00)</u></b>

### 15.1 Other Income

The breakdown of this account follows:

*(Amounts in PHP)*

	<b>March 2025</b>	<b>December 2024</b>
Distribution Income	<b>2,277,601.00</b>	19,436,031.00
Rent income	<b>365,063.00</b>	1,460,250.00
Gain on reversal of expense	-	-
Other Income	-	138.00
Gain on sale of equipment	-	-
Total	<b><u>2,642,664.00</u></b>	<b><u>20,896,419.00</u></b>

## 15.2 Finance Charges

Other income includes the following:

	March 2025	December 2024
Interest expense on borrowings	6,151,939.00	16,846,703.00
Bank charges	2,688,460.00	3,748,670.00
Loss on modification	-	-
Interest expense on lease liability	-	-
Total	8,840,399.00	20,595,373.00

## 16. EMPLOYEE BENEFITS

### 16.1 Salaries and Employee Benefits

Details of salaries and employee benefits are presented below.

(Amounts in PHP)	Notes	March 2025	December 2024	December 2023
Short-term employee benefits		15,368,596	59,641,430.00	43,629,755.00
Post-Employment defined benefit	16.2	-	598,434.00	731,923.00
	14, 18.7	15,368,596.00	60,239,864.00	44,361,678.00

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

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	<b>4,301,338</b>	8,839,139
Current service cost	<b>473,020</b>	441,581
Interest expense	<b>262,382</b>	449,912
Transfer to the plan	<b>7,561</b>	18,636
Benefits paid	<b>(583,294)</b>	(3,954,351)
Actuarial losses (gains) arising from:		
Changes in demographic assumptions	<b>(2,441,817)</b>	-
Experience adjustments	<b>1,671,170</b>	(1,259,345)
Changes in financial assumptions	<u><b>230,783</b></u>	<u>(234,234)</u>
Balance at end of year	<u><b>3,921,143</b></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	<b>2,537,016</b>	4,920,933
Benefits paid	<b>(583,294)</b>	(3,571,921)
Interest income	<b>136,968</b>	159,570
Remeasurement gains (losses)	<u><b>(32,458)</b></u>	<u>1,028,434</u>
Balance at end of year	<u><b>2,058,232</b></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	<b>2,057,462</b>	2,511,646
Cash and cash equivalents	<u>770</u>	<u>25,370</u>
	<b><u>2,058,232</u></b>	<b><u>2,537,016</u></b>

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

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	<b>6.12%</b>	6.10%	5.09%
Expected rate of salary increases	<b>5.00%</b>	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>	<b>Impact on Retirement Benefit Obligation</b>		
	<b>Change in Assumption</b>	<b>Increase in Assumption</b>	<b>Decrease in Assumption</b>
<b><u>December 31, 2024</u></b>			
Discount rate	+/- 1.00%	(118,610)	130,766
Salary growth rate	+/- 1.00%	130,923	(120,914)
<b><u>December 31, 2023</u></b>			
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>6,352,106</u>	<u>4,382,974</u>	<u>8,928,894</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>
	<u>53,894,761</u>	<u>24,413,003</u>
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>	<b>Profit or Loss</b>		
	<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>
<b>Other Comprehensive Loss (Income)</b>			
<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.

(Amounts in PHP)	Notes	Amount of Transactions			Outstanding Balances	
		2024	2023	2022	2024	2023
<b>Related Parties under Common Ownership</b>						
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)
<b>Stockholders</b>						
Cash dividends	19.2	7,252,320	28,795,778	25,444,725	-	-
<b>Key Management Personnel</b>						
Compensation	18.7	25,175,541	17,091,633	21,627,540	-	-
<b>Retirement Benefit Plan</b>						
	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>	<b>2024</b>	<b>2023</b>
Balance at beginning of year	-	210,509,381
Additions	<b>111,301,195</b>	28,844,267
Reclassification	<b>(54,809,129)</b>	(239,353,648)
Balance at end of year	<b>56,492,066</b>	-

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

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

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:

	<b>March 2025</b>	December 2024	December 2023
Salaries and wages	<b>6,406,104.83</b>	16,584,983.00	19,126,683.00
13th month pay	<b>516,508.99</b>	1,771,644.00	1,311,188.00
Post-employment defined benefit expense (income)	-	(1,264,994.00)	1,189,669.00
	<b>6,922,613.82</b>	17,091,633.00	21,627,540.00

### ***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	<b>4,000,000,000</b>	4,000,000,000	4,000,000,000	<b>1,000,000,000</b>	1,000,000,000	1,000,000,000
Issued and Outstanding						
Balance at beginning of year	<b>2,750,000,800</b>	2,750,000,800	2,750,000,800	<b>687,500,200</b>	687,500,200	687,500,200
Increase in number of shares as a result of stock split	-	-	-	-	-	-
Issued during the year	-	-	-	-	-	-
	<b>2,750,000,800</b>	<b>2,750,000,800</b>	<b>2,750,000,800</b>	<b>687,500,200</b>	<b>687,500,200</b>	<b>687,500,200</b>

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:

	<b>March 2025</b>	<b>December 2024</b>	<b>December 2023</b>
Net profit for the year	<b>37,621,070.00</b>	129,743,185.00	72,461,719.00
Divided by the weighted a outstanding commor	<b>2,746,575,800.00</b> <b>0.01</b>	2,746,575,800.00 0.05	2,746,575,800.00 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 March 31, 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
<b>Days past Due</b>			
<b>December 31, 2024</b>			
01-120	0.00%	866,144,632.41	
12-180	0.00%	148,506,552.28	
181-365	0.00%	254,606,040.45	
Above 365	12.00%	661,957,361.86	78,737,607.00
		<u>1,931,214,587.00</u>	<u>78,737,607.00</u>

*(Amounts in PHP)*

	Expected loss rate	Gross carrying amount	Loss allowance
<b>Days past Due</b>			
<b>December 31, 2024</b>			
01-120	0.00%	890,437,025.00	
12-180	0.00%	140,113,544.00	
181-365	0.00%	370,857,708.00	
Above 365	18.90%	416,514,506.00	78,737,607.00
		<u>1,817,922,783.00</u>	<u>78,737,607.00</u>

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

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>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b><u>December 31, 2024</u></b>				
<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
<i>(Amounts in PHP)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>Financial liabilities:</i>				
Trade and other payables	-	-	1,070,788,640	1,070,788,640
Notes payable	-	-	377,500,000	377,500,000
	<b>-</b>	<b>-</b>	<b>1,448,288,640</b>	<b>1,448,288,640</b>

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 be 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><b>1,737,546,837</b></u>	<u><b>208,505,620</b></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.

<i>(Amounts in PHP)</i>	
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><b>150,538,715</b></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:

*(Amounts in PHP)*

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

*(f) Taxes and Licenses*

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

*(Amounts in PHP)*

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

*(g) Withholding Taxes*

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

*(Amounts in PHP)*

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

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

*(h) 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 March 31, 2025 versus March 31, 2024

### Statement of Comprehensive Income

For the Three Months Ended March 31, 2025, compared to the Three Months Ended March 31, 2024

	For the Three Months Ended March 31		Horizontal Analysis	Vertical Analysis - For the Three Months Ended	
	2025	2024		2025	2024
	In P Thousands		% Change		
Revenue	429,975,805	510,027,089	-16%	100%	100%
Direct Cost	332,778,649	443,621,496	-25%	77%	87%
Gross Profit	97,197,156	66,405,593	46%	23%	13%
Operating Expenses	37,888,675	38,336,335	-1.2%	9%	8%
Operating Profits	59,308,481	28,069,258	111%	14%	6%
Other Income (Charges) - net	(8,937,295)	(1,112,630)	703%	-2%	0%
Profit before tax	50,371,186	26,956,628	87%	12%	5%
Tax Expense	12,750,116	6,739,157	89%	3%	1%
Net Profit	37,621,070	20,217,471	86%	9%	4%

### Financial Condition

For the Three Months Ended March 31, 2025, compared to the Three Months Ended March 31, 2024

	For the Three Months Ended March 31		Horizontal Analysis	Vertical Analysis - For the Three Months Ended	
	2025	2024		2025	2024
	In P Thousands		% Change		
Total Current Assets	3,706,437,735	3,904,199,125	-5%	94%	95%
Total Noncurrent Assets	234,498,860	209,604,243	12%	6%	5%
Total Assets	<u>3,940,936,595</u>	<u>4,113,803,368</u>	-4%	100%	100%
Total Current Liabilities	1,628,109,904	1,941,350,284	-16%	41%	47%
Total Noncurrent Liabilities	1,862,911	1,764,322	6%	0%	0%
Total Liabilities	1,629,972,815	1,943,114,606	-16%	41%	47%
Equity	2,310,963,780	2,170,688,762	6%	59%	53%
Total Liabilities and Equity	<u>3,940,936,595</u>	<u>4,113,803,368</u>	-4%	100%	100%

### Revenue

For the three months ended March 31, 2025, Medilines Distributors Incorporated (the "Company") recorded revenues of P430 million. There is a 16% decrease from the same period last year as the company's big-ticket projects are scheduled to be delivered and completed in the second half of the year.

### Direct Cost

The Company's direct costs for the three months ended March 31, 2025 amounted to P333 million, equivalent to 77% of revenues, compared to 87% during the same period of the previous year. The direct cost ratio decreased due to the sale of lower cost inventory for the year.

### Gross Profit

The Company's gross profit for the three months ended March 31, 2025 is P97 million. There is a 46% increase versus the same period last year due to sale of equipment with high gross profit in the current year.

### ***Operating Expenses***

The Company's operating expenses for the three months ended March 31, 2025 amounted to P38 million. The overall operational costs have not significantly changed compared to last year of the same period.

### ***Operating Profit***

The Company's operating profit for the three months ended March 31, 2025 increased to P59 million compared to P28 million in the same period of 2024, driven by the increase in sales and margin while maintaining its operational expenses on the same level as that of last year.

### ***Net Profit (Loss)***

As a result of the foregoing, the Company's net profit for the three months ended March 31, 2025 resulted to an increase of 86% in net profit, or absolute value of P37 million compared to the P20 million recorded during the same period last year.

### **Key Performance Indicators**

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

	<b>As of March 31, 2025</b>	<b>As of March 31, 2024</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>Key Financial Ratios</b>		
Current ratio	2.28	2.009
Debt to equity ratio	.121	0.138
Gross profit margin	23%	13%
Operating profit margin	14%	6%
Net profit margin	9%	4%

As of the three months ending March 31, 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 three 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. DE ASIS**

Chief Finance Officer

Date: May 6, 2025