



REDEFINING HORIZONS

EXPANDING EEI'S LANDSCAPES FOR
OPPORTUNITY AND GROWTH

2024
ANNUAL
REPORT



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Expanding EEI's
Landscapes for
Opportunity and Growth



EEI CORPORATION
1931

2024
ANNUAL
REPORT

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EI Corporation

Brand Manifesto

At EI, we are community builders and relationship nurturers, shaping a legacy of compassion and integrity through the work we do.

We assure our clients of quality and safety in project delivery through transparent communication and fair practices. Our commitment to excellence ensures that every project we undertake meets the highest standards, delivering not just buildings, but peace of mind.

We value credibility and fairness in our relationships with suppliers and partners. By honoring commitments and ensuring timely payments, we cultivate trust and reliability, laying the foundation for enduring partnerships built on mutual respect and shared success.

We are dedicated to the well-being and continuous improvement of our diverse workforce. Through competitive salaries, comprehensive benefits, and ample growth opportunities, we empower our employees to thrive as valued members of the EI family.

We provide clear and understandable financial data, coupled with a management-driven approach and a focus on integrity. Our aim is to maintain investor confidence, demonstrating that we are not just stewards of their investments, but partners in their success.

We are committed to making a positive impact in the communities where we operate. Through our ESG and corporate social responsibility initiatives, we strive to uplift and empower, providing hope and opportunity for generations to come.

We collaborate closely with government agencies, adhering to regulations and timelines to ensure timely project delivery and compliance. Our commitment to transparency and accountability strengthens our partnerships, driving forward national development goals and enriching the lives of all Filipinos.

At EI, building with compassion is our guiding principle, driving us to construct better, lead with heart, and make a difference in the world, one project at a time.

Message to the Shareholders

Henry D. Antonio is a middle-aged man with short dark hair, wearing a dark blue suit jacket, a white shirt, and a red patterned tie. He is standing in the background, looking directly at the camera with a neutral expression.

Henry D. Antonio
President and Chief Executive Officer

Lorenzo V. Tan is a middle-aged man with short dark hair, wearing glasses, a dark suit jacket, a white shirt, and a light blue tie. He is in the foreground, looking directly at the camera with a slight smile.

Lorenzo V. Tan
Chairperson

Some foundations are built with concrete and steel. EEI's foundation is built on something stronger: trust, values, and purpose. For over 90 years, our company's commitment to uplifting lives and contributing to nation building has been undeniable. However, as with any institution with our long history, there are also moments of reckoning that force us to redefine how we can better achieve our commitment to all our stakeholders: our shareholders, employees, clients, business partners and fellow countrymen.

Reckoning with our past

The year 2024 proved to be most challenging as we continued restructuring and transforming a construction business that struggled to bounce back strongly from the global pandemic. This is reflected in the financial results that bore the impact of problematic legacy projects that were started prior to 2023. The Group closed 2024 with consolidated revenues at ₱13.63 billion, down by 28% from the previous year, and a consolidated net loss of ₱4.42 billion. This is a matter of considerable regret to all concerned, most especially your Board of Directors and your Management team. The performance of our joint venture in Saudi Arabia, Al Rushaid Construction Co., Ltd. (ARCC), has undoubtedly worsened and has contributed ₱3.77 billion to this consolidated net loss.

The legacy projects that negatively impacted both our domestic and Saudi Arabian operations were problematic for three primary reasons that were evident in all of them. First, these projects were won at low margins while assuming optimistic schedules, supply chain

gains, and productivity parameters that did not materialize as costs escalated during the course of their execution. Second, inadequate commercial and contract management processes and weak management supervision led to poor control over projects and failures to recover genuine contract entitlements. Lastly, poor planning and cost management led to insufficient visibility over project health deterioration, which impaired our capability to make timely critical decisions in order to recover.

Addressing these three areas in our construction operations has been the focus of our transformation effort in the last 2 years. All the legacy projects that bore these issues in our domestic operations have reached completion in 2024. In Saudi Arabia, these legacy projects will finish in 2025.

Redefining our future

We are committed to addressing the painful lessons learned from these mistakes through institutional changes in our policies, processes, and systems. More importantly, these lessons have intensified our effort to strengthen our leadership ranks, develop our workforce and bring about a cultural transformation that will support the structural improvements we are implementing.

Business transformation initiatives are difficult and significant positive results are not overnight. Although the financial results of our effort over the past two years are not yet manifest in our overall revenue and profitability, we are confident in the momentum we are gaining in establishing the right foundation for our

future success.

System and process improvements

On systems and processes, we embarked on the implementation of a new Enterprise Resource Planning (ERP) system that is customized for the dynamic requirements of construction projects. The system will embed best practices around project controls, integrate the data and processes of all departments, digitize our workflows, improve project health visibility, and most importantly, provide teams with data-driven decision-making capabilities that are currently lacking but yet so critical to running our projects successfully. The ERP implementation program, which began in the last quarter of 2024, will be completed in 2025.

People and culture

In an industry that is traditionally male-dominated, we believe that a diverse and a fresh set of perspectives and leadership styles will help further our transformation agenda. Following an internal reorganization in the last quarter of 2024, we made key leadership appointments in the most critical areas of the business. We are proud to share that at the forefront of EEI's senior management team are four strong women leaders who have been empowered to bring us into the future by heading up the following divisions: Anna P. Figuera as overall head of Commercial and Operations, Violy B. Acevedo as Chief Financial Officer, Maureen S. Frias as head of Supply Chain Management, and Toni Venette R. Picar as head of Corporate Finance and New Investments. Of the four women, Toni plays a crucial role as she leads the important strategic

effort to diversify EEI and invest in non-construction related businesses.

In addition to injecting diversity into our management team, we also made considerable progress in shoring up our future leadership needs through our Management Trainee Program. In 2024 alone, we were able to recruit at least forty of the best and brightest engineers from top-tier universities in the Philippines. The first cohort of Management Trainees continues to impress us with their adaptability and their early, yet significant, contributions in our various teams. Early this year, we already managed to attract more than 30 talented new graduates that form the second cohort. We will continue to hire, nurture, develop, and empower young professionals such as them to steer EEI towards a brighter future.

In 2024 we finally completed the construction of our 500-person capacity training facility in Tanza, Cavite which will house the EEI Training Academy. The EEI Training Academy is designed to train and upskill the workforce for construction-related works. More importantly, it is also home to values formation training. We believe that values formation, as part of the program, is the bedrock of the EEI Training Academy that will ultimately lead to better performance at work, harmonious relationships in the workplace, and an important element in developing the well-being of our employees.

Finally, no undertaking is more important to us than uplifting the lives of our own laborers. Which is why we were also honored to be recognized by the Asia

Responsible Enterprise Awards (AREA) as the 2024 recipient for the Investment in People category bestowed during their ceremony in Ho Chi Minh City, Vietnam. The recognition is a testament to our commitment to being a corporate leader in taking care of our employees.

Diversifying the business

While we envision ourselves to becoming the most admired construction company in the region, we also recognize the need to hedge against the cyclicity of construction services. We need to take bolder steps in diversifying EEI, particularly into sectors such as real estate development and power. We made important steps in 2024 to lay the foundation for accelerating this process.

In the first half of 2024, we established EEI Ventures Inc. (EVI), a wholly owned subsidiary that will invest in non-construction businesses. Our Corporate Finance and Investments team established a pipeline of real estate projects for EVI to start development and construction this 2025. We fully intend to leverage our three decades long experience as a contractor in the property sector in delivering quality real estate products where Filipinos can work, live, and spend their leisure time. We are very excited to make more announcements and updates about these projects in the course of this year.

This year also marked the rebuilding of our power business, beginning with key changes in leadership. At the Board of Directors level, we were strengthened with the addition of Atty. Ray C. Espinosa, as independent director, whose

experience and expertise in the power industry helped guide the development of our 10-year strategic plan for EEI Power. At the execution and operating level, we brought on board Robert T. Pereja as the new General Manager for EEI Power who will lead the charge in our objective of creating a strong, sustainable, and resilient portfolio of 1,000 megawatts of generating assets bundled with reliable and world-class electrical services.

On both diversification fronts, we secured additional capital in the last part of the year in order to fund these initiatives which will eventually be able to provide the company a reliable and consistent stream of recurring income that can help EEI buffer the periods when construction services demand is lower.

Thank you

Our impact is not just defined by our accomplishments, but by the vision we share with those who stand beside us. On behalf of EEI's Board of Directors, allow us to extend our gratitude to you, our shareholders, for your valuable and unwavering support, and for confidently sharing in the Company's vision.

Through every project, every business venture, we are building something lasting and something that will continue to impact Filipinos for generations to come. At EEI, we are forging partnerships that build success.

2024 PH Economic Performance

PH economy maintained steady growth in 2024 despite challenges.

The Philippine economy has maintained a steady gross domestic product (GDP) growth of 5.6% in 2024—the second fastest in ASEAN—despite multiple challenges such as extreme weather events, geopolitical tensions, and subdued global demand. The outlook for 2025 also remains bullish, fueled by lower inflation and higher consumption and investments.

In the first quarter of 2025, the Philippines currently ranked as the 8th fastest-growing economy last year compared to the 46 countries that have released their fourth-quarter GDP data.

In 2024, services and industry remained the main drivers of growth, expanding by 6.7% and

5.6%, respectively.

This was mainly due to stronger wholesale and retail trade, which grew by 5.6% and contributed 1.1 percentage points to GDP; financial and insurance activities (9.0% yoy and 0.8 ppt); and professional and business services (7.9% yoy and 0.5 ppt).

Construction also had a robust full-year growth performance of 10.3%, along with the rebound of the manufacturing sector (3.6% yoy).

However, these were partially offset by the 1.6% contraction in the agriculture sector due to the impact of six successive typhoons, which disrupted crop production, livestock, and fisheries.

Despite this, domestic demand remained strong with a 5.7% growth in 2024 as all major expenditure items showed robust expansions.

With a decelerating inflation rate and lower interest rates, household consumption rose by 4.8% last year. The acceleration was also supported by a moderate uptick in demand for

2024 Saudi Arabia Economic Performance

The Kingdom of Saudi Arabia experienced a year-on-year GDP growth rate of 1.3 percent in 2024 and achieved 4.4 percent in the fourth quarter of 2024, the highest quarterly growth in two years. According to General Authority for Statistics in KSA (GASTAT), this result was driven by increases across all major economic sectors: non-oil activities by 4.6 percent, oil activities by 3.4 percent, and government activities by 2.2 percent annually.

While the oil sector continues to face ongoing challenges, the overall economic performance

in Saudi Arabia during the final quarter of 2024 reflects the realized diversification efforts of its economy from oil dependency. This strengthens the country's position in non-oil sectors, with real estate, technology, and infrastructure leading the charge.

The construction sector is another major beneficiary of Vision 2030. Gigaprojects such as NEOM, Qiddiya, and Diriyah are transforming the Kingdom's landscape, creating substantial demand for construction materials and services.

The total costs of Vision 2030 mega-projects exceed \$1 trillion and account for almost 90 percent of Saudi Arabia's GDP. Report says that even if NEOM downscales, the construction of mega-projects will be a key factor behind Saudi Arabia's non-oil GDP growth for the next five years.

essential services despite the reduced growth in spending on restaurants and hotels and on miscellaneous goods and services. Government spending likewise rose by 7.2% in 2024.

Meanwhile, gross capital formation grew by 7.5% driven by both public and private construction activities.

LOOKING FORWARD

Analyst expects the construction industry in the Philippines to register an annual average growth rate of 7.1% between 2025 and 2028, supported by investment in housing, infrastructure, and energy projects. The government plans to increase the share of renewable energy in its total power mix from 24% in 2020 to 35% by 2030 and 50% by 2040. The Board of Investments of the Philippines reported that through the 'green lane certificate', under which projects receive faster permits approval; it has endorsed 128 energy projects worth PHP3.9 trillion (\$70.6 billion) as of September 2024.

Sources: www.dof.gov.ph, www.businesswire.com

5.6%

STEADY GROSS DOMESTIC PRODUCT (GDP) GROWTH IN 2024—
THE SECOND FASTEST IN ASEAN

8TH

FASTEST GROWING ECONOMY OF THE Q1 2025 VS.
46 OTHERS WHO RELEASED THEIR Q4 2024 GDP DATA

7.1% EXPECTED ANNUAL GROWTH

OF CONSTRUCTION INDUSTRY BETWEEN 2025 AND 2028

According to Oxford Business Group, the Kingdom is forecast to grow 4.6% in 2025, offering a dynamic business environment for both large corporations and smaller enterprises.

As the non-oil private sector continues to thrive, Saudi Arabia's economy is diversifying and evolving at an accelerating pace. With a resilient economy, a growing job market, and a positive outlook for ongoing expansion, the kingdom is positioning itself as a top global destination for investment, business, and tourism.

Source: *General Authority for Statistics*

www.stats.gov.sa

www.travelandtourworld.com/news/article/how-saudi-arabia-vision-2030-boost-travel-industry-become-global-economic-power-house-what-you-need-to-know/

www.arabnews.com/node/2592994/business-economy

1.3%

YEAR-ON-YEAR GDP GROWTH RATE IN 2024

VISION 2030

BENEFITS THE CONSTRUCTION SECTOR THROUGH
CREATION OF DEMANDS FOR CONSTRUCTION
MATERIALS AND SERVICES

4.6%

FORECASTED GROWTH IN 2025

Financial Highlights

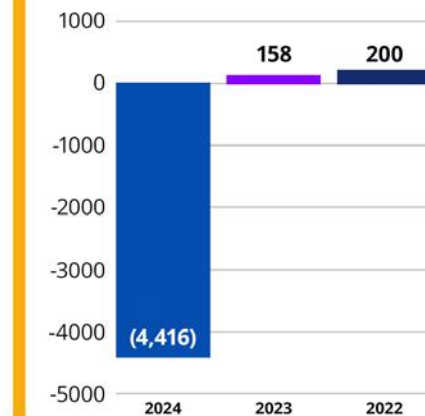
In 2024, EEI undertook its second year of process restructuring and transformation agenda. The year proved to be most challenging as reflected in the financial results that show the impact of problematic legacy projects that were obtained and started in previous years. This is most evident in its overseas joint venture, Al Rushaid Construction Company, Ltd. (ARCC). The ARCC team in Saudi Arabia is now focusing its attention on shorter duration maintenance projects that have lower risk. The team continues to be very cautious and selective in bidding for projects that will provide accretive support to the business while restructuring efforts are ongoing.

For 2024, consolidated revenues of the Group reached ₱13.63 billion, 28% lower than the ₱18.75 billion generated in 2023. The Group closed 2024 with a consolidated net loss of ₱4.42 billion and a total comprehensive loss of ₱3.28 billion after other comprehensive income from remeasurement gains amounting to ₱1.13 billion.

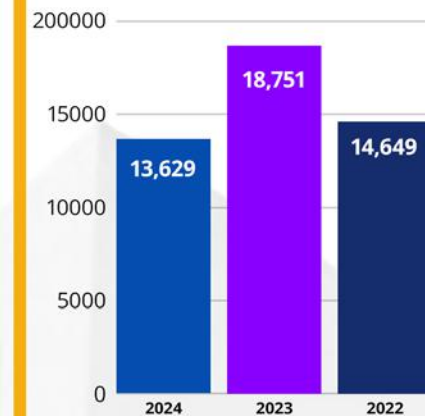
Meanwhile, EEI Corporation maintains a healthy backlog or the unworked portion of existing contracts which stood at almost ₱38.20 billion at the end of 2024.

Here are the highlights our financial performance and backlog of projects for 2024.

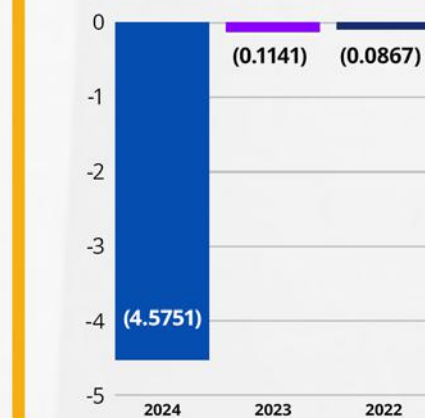
NET INCOME (LOSS) IN MILLION PESOS



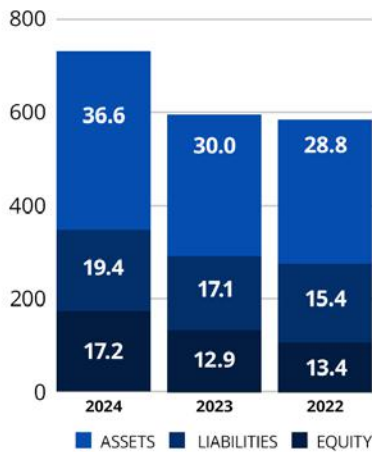
REVENUES (IN MILLION PESOS)



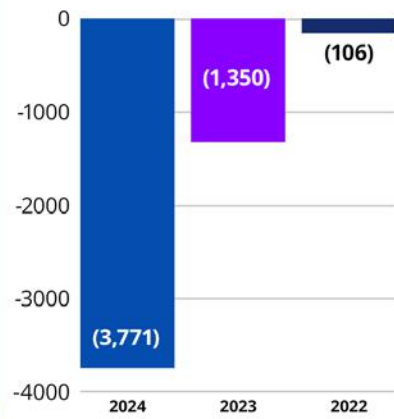
EARNINGS (LOSS) PER SHARE (IN PESOS)



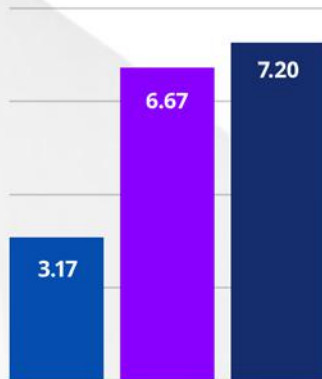
ASSETS, LIABILITIES, AND EQUITY (IN BILLION PESOS)



EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES (IN MILLION PESOS)



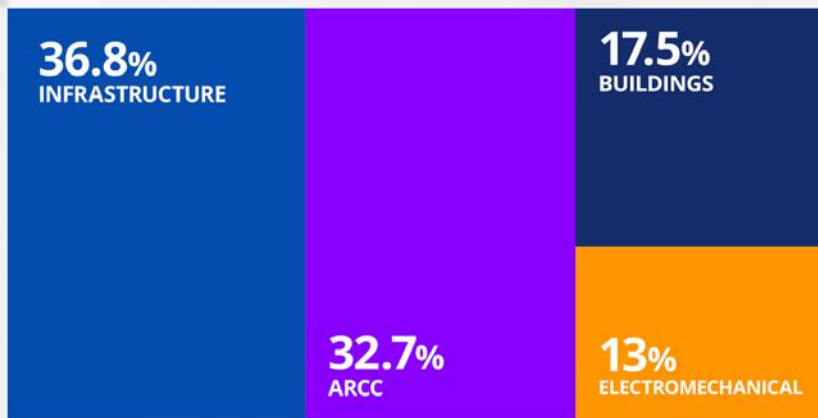
BOOK VALUE PER SHARE



FINANCIAL RATIOS



PHP 38.2 B BACKLOG AS OF DEC 2024



- ARCC - 12.51 B
- EEI - 25.69 B
- BUILDINGS: 6.67 B
- ELECTROMECHANICAL: 4.97 B
- INFRASTRUCTURE: 14.05 B







2024

**Operation
Highlights**

Projects completed in 2024

Over the past year, we have successfully completed several key construction projects that mark important milestones in our growth and operational capabilities. These projects reflect the dedication of our team and the strength of our project management practices. Each completed project reinforces our commitment to quality and safety.

These are the projects we completed in 2024.

Infrastructure

- Malolos-Clark Railway Project
CPN-04 – Structural BR 107 Steel Through Girder
- MRT 7

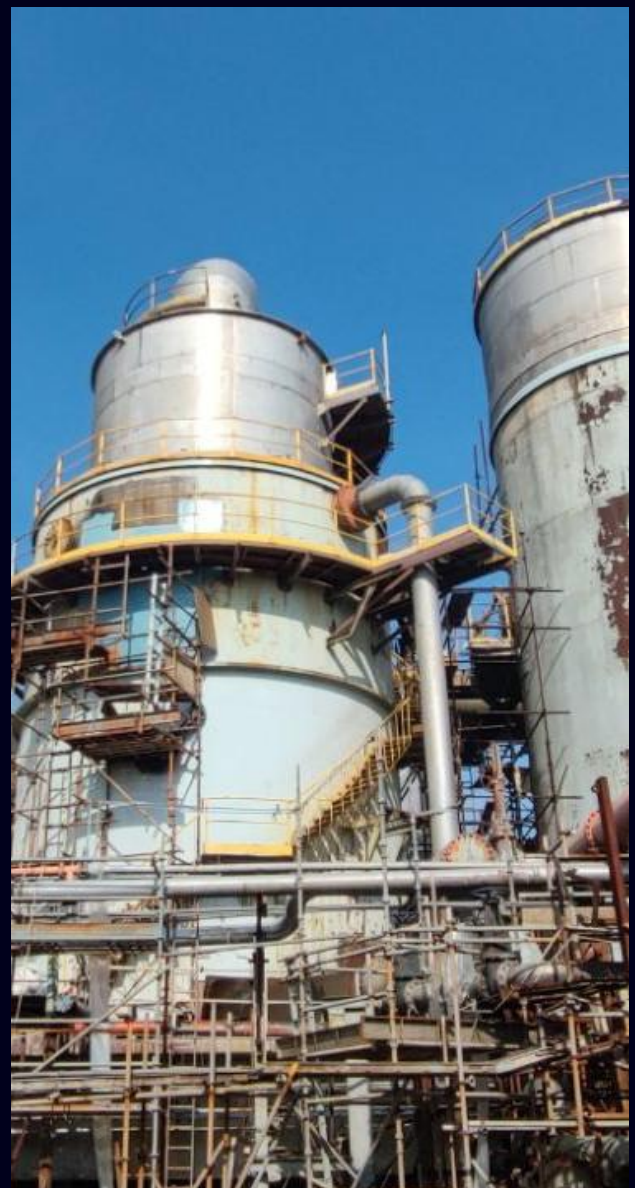
Electromechanical

- PASAR PTA Related Projects in Acid Plant
- D&L – Project Epic Take-over Works
- Ineos Project One

ARCC

- Furnace # 5 Revamp Shutdown at Saudi Kayan
- Furnace GF-01 Retubing Works at Kemya
- Furnace # 2 Maintenance Services at Saudi Kayan
- Furnace FF-01 Retubing Works

- Partial Furnace Coil Repair and Recoil Services (Furnance FF-1140)
- Furnace U210 Retubing Works at YANPET (Unit 10 ETH-1/2B-1201)
- Furnace Retubing Services for Unit 10 ETH-1/B 1209, B-1101 & B-1206
- Furnace #1 Maintenance Works at Saudi Kayan
- Furnace #8 Maintenance Works at Saudi Kayan
- Furnace 1160 Partial Recoiling
- Furnace F1150 Partial Recoiling



PASAR PTA Related Projects in Acid Plant

PASAR PTA Related Projects in Acid Plant





Malolos-Clark Railway Project CPN 04

Ongoing Projects

Our ongoing construction projects are progressing steadily, with a strong focus on timely and efficient project delivery. We are aligning resources, streamlining workflows, and closely monitoring progress to ensure each project is executed as planned. Our commitment remains firmly on delivering high-quality outcomes that meet client expectations and uphold our standards of excellence.

We are currently working on a total of 38 active projects, including 15 building projects, 11 infrastructure developments, 5 electromechanical works, and 7 international projects located in Saudi Arabia.

Buildings

- Federal Land's Four Seasons Riviera
- Federal Land's Grand Midori Ortigas
- Federal Land's Seasons Residences
- SMDC's Glam Residences
- SMDC's Light Residences Phase 1, Phase 2, and Architectural
- SMDC's Sands Residences
- SMDC's Jade Residences
- SMDC's Ice Tower
- Cebu Landmasters' The Masters Tower Project
- Cyberzone Properties' Cebu Cyberzone
- Megaworld's Arcovia Palazzo 3 Towers Residential
- Megaworld's 18 Ave De Triomphe
- STRC The Estate Makati
- Metrobank's The MBTC Redevelopment Demolition Works
- Filinvest Land's Two Botanika Nature Residences

Infrastructure

- Malolos Clark Railway Project CPN 04 (JV Portion with Acciona)

- Metro Manila Subway Project – Demolition Works for North Avenue Station, Quirino Highway Tandang Sora and Depot
- Metro Manila Subway Project Temporary Yard Development and Piling Works for Depot LS
- Malolos-Clark Railway Project RC Works Viaduct and Underground Structures
- Malolos-Clark Railway Project CPN-02- Combined Offer for San Fernando (Concreting and Structural Steel Works)
- DOTR South Commuter Railway JV
- Malolos-Clark Railway Project CP N-05: Site Clearing and Earthworks Package #1
- Malolos-Clark Railway Project CPN 05: Construction of the GRS Retaining/ Perimeter Wall, Integral Bridge Structural
- Metro Manila Subway Phase 1 – Tunnel Boring Machine Manpower Supply
- Malolos-Clark Railway Project CPN-04 – Viaduct Works Area 2
- Malolos-Clark Railway Project CPN-04- Anchor Bolts and Steel Structure Platform at CIA Station

Electromechanical

- Black & Veatch Combined Cycle Power Plant
- Capitol Steel Rolling Mill 1 - CSA Works and WTP Package
- Project Alkaline
- BEC – Masinloc Unit 4 & 5 Liner Cans Fabrication
- Analog B4 Extension Project

ARCC

- Abqaiq Dewatering System & Oily Water Sump Pits Project
- Debottleneck Onshore Plant - Safaniyah
- APOC PDH / UTOS Project
- APOC PDH / UTOS Project (HVAC Works)
- Jafurah GPF Project (JFGP1)
- Zuluf Hydrocarbon Processing Facilities & Utilities & Water Injection
- SEPC Cracker Expansion Plant



Project Alkaline



Metro Manila Subway Project - Launching Shaft Area

Federal Land's Seasons Residences





SMDC's Sands Residences

Obtained Projects

We have been awarded 28 new construction projects in 2025, reflecting the continued trust our clients place in our capabilities. These projects represent significant opportunities for growth and innovation, and we are committed to bring our expertise to each one. Our team is already mobilizing to ensure efficient planning and execution, with a strong focus on quality, safety, and timely delivery.

Buildings

- The Yuchengco Centre Phase 2B (Architectural Works)
- Manhattan Plaza Tower 3 (Laurent Park)

Infrastructure

- Malolos-Clark Railway Project CPN-02 – Steel Box Girder
- Construction of CAVITEX-CALAX Link (Segment 4 Extension Project)
- Construction of Light Repair Shop at Depot
- NIA – Upi Irrigation Project
- NIA – Ambal River Irrigation Project
- NIA – Lebak River Integrated Irrigation Project
- NIA – Design and Build of Lopez Project SRIP

- Metro Manila Subway (TBM 3 & 4) Manpower Supply
- Metro Manila Subway Construction of ESB and GEB with STP for PRI Build

Electromechanical

- Capitol Steel Rolling Mill 1 – Mechanical Piping
- Silangan Copper and Gold Mining Project
- 13.2MW Nabas Phase 2 Wind Farm Project

ARCC

- Furnace # 2 Maintenance Services at Saudi Kayan
- Furnace FF-01 Retubing Works
- Partial Furnace Coil Repair and Recoil Services (Furnance FF-1140)
- Furnace U210 Retubing Works at YANPET (Unit 10 ETH-1/2B-1201)
- Furnace Retubing Services for Unit 10 ETH-1/B 1209, B-1101 & B-1206
- Furnace #1 Maintenance Works at Saudi Kayan
- Furnace #8 Maintenance Works at Saudi Kayan
- Furnace 1240 Shell Plate & Column Repair and Full Recoiling
- Furnace 1120 Partial Recoiling
- Furnace 1110 Partial Recoiling
- Furnace 1160 Partial Recoiling
- Furnace F1150 Partial Recoiling
- Furnace ETH 2B-1101 Full Recoiling
- Furnace ETH 2B-1209 Full Recoiling



Malolos-Clark Railway Project CPN-02 – Steel Box Girder



Manhattan Plaza Tower 3 (Laurent Park)



Metro Manila Subway (TBM 3 & 4)
Manpower Supply



APOC Propane Dehydrogenation (PDH) and
Utilities & Offsite (UTOS) Project







2024

Domestic Subsidiaries Report

EEI Power Corporation



As has been in the past five years, EEI Power's revenue stream in 2024 was anchored principally on its power contracting and energy solutions, which encompasses the electro-mechanical products and services, energy efficiency, and rooftop solar solutions for industrial, commercial, and residential customers. Total revenue in 2024 reached ₱174.1 million, which is 4% higher than the ₱167.7 million revenue recorded in 2023.

EEI Power's net income for 2024 was reported at ₱38.62 million, which is significantly lower than the ₱100.6 million net income recorded in 2023. The significant drop in net income was due to EEI Power's divestment of all its interests in PetroSolar Corporation, PetroWind Energy Inc. and Petro Green Energy Corporation, which were all completed between the second and third quarter of 2023.

True to its vision to be the preferred end-to-end provider of sustainable energy solutions in the Philippines, EEI Power remains committed to providing turn-key solutions as an accredited electromechanical contractor sanctioned by the Philippine Contractors Accreditation Board (PCAB).

Further testament to its vision, EEI Power is also looking at diversifying its power contracting business to include design and construction of transmission lines, managed services, and Mechanical, Electrical, Plumbing, and Fire Protection (MEPF) services in its portfolio to effectively address our client needs.

EEI Power's solar rooftop business is expected to grow significantly in 2025 from its existing installed base of 4MWp to 15MWp which is

driven by rising electricity costs and growing market shift towards sustainable energy. EEI Power shall also continue to pursue Solar Engineering, Procurement, and Construction (EPC) projects in its pipeline to drive revenue growth and establish its presence as a serious player in the industry.

Lastly, as a power generation company, EEI Power is actively looking at acquiring shares from existing power plants while developing its own to fuel its growth and presence in the renewable energy space and other technologies and rebuild its power generation portfolio.

EEI Energy Solutions Inc.

In the fiscal year 2024, EEI Energy achieved a revenue of ₱808.1 million, which is 18% lower compared to the ₱990.9 million revenue recorded in 2023. The decrease in revenue was primarily attributed to EEI Energy's suspension in its operations during the first half of the year. However, due to the directive and transition to a new management, EEI Energy's operations resumed its marketing efforts and operations during the last quarter of 2024.

Despite its stoppage in operations during the year, EEI Energy's net income for year 2024 still reached ₱48 million which is exponentially higher than the ₱110 million net loss incurred in 2023. The positive momentum was primarily attributed to the gains from energy trading endeavors within the Wholesale Electricity Spot Market (WESM), complementing the company's revenues derived from retail contracts.

As it emerges from the challenges of 2024, EEI Energy is charting a resilient path forward in 2025. Its focus is rebuilding its position as the preferred end-to-end energy solutions partner in the retail energy market. By leveraging innovative regulatory frameworks and addressing the needs of underserved customers, EEI Energy is laying the foundation for a sustainable and prosperous future.

EEI Energy is strategically positioning itself to

take full advantage of the Energy Regulatory Commission’s (ERC) Retail Aggregation Program, an initiative that introduces an emerging market segment in the retail energy sector. This program allows EEI Energy to aggregate the energy demand of smaller customers who have historically been excluded from the retail energy market. These customers are often unable to meet the requirements for direct participation and represent a significant untapped opportunity.



Commercial and residential customers collectively account for the majority of the Philippines’ energy consumption, making them a critical focus area for our recovery and growth strategy. By addressing the needs of these segments, it aims to capture a significant share of this market while contributing to the nation’s energy efficiency and sustainability goals.

By 2025, EEI Energy aims to become a trusted energy partner for this underserved segment, offering flexible pricing, renewable energy options, and exceptional customer service. This expansion not only drives our recovery but also empowers customers to take control of their energy consumption and costs.

EEI Realty Corporation

For year 2024, EEI Realty Corporation achieved consecutive benchmarks for its operations and declared property dividend to EEI Corporation for an equivalent amount of ₱57 million. Gross revenue on the sale of land and development

of EEI Realty was ₱14.8 million, a 12% increase from previous year’s ₱13.2 million. The gross contribution derived from its two (2) sales revenue sources; Marikina & Calamba, amounted to ₱7.74 million or 59%. All revenue factors and highlights are as follows:

- Sale of two (2) lots in Suburbia East in Marikina City was booked for ₱3.67 million, generating a contribution of ₱0.97 million,
- Sale of seven (7) lots at Puting Lupa, Calamba were booked for ₱11.18 million, generating a contribution of ₱4.41 million,
- Initiated focus on its rental revenue in CY 2023; EEI Realty relied 63% of its gross revenue coming from lease contracts for CY 2024. Rental income of ₱25.18 million was generated from the 17.2 hectare industrial land (15% increase in rented area vs CY 2023) in Brgy. Tanauan, Tanza, Cavite.
- Other services amounting to ₱2.92 million generated from the management of EEI Corporation’s assets and other activities.
- Interest income of ₱5.05 million from bank deposits and in-house financing of several Suburbia East buyers.
- Net income after tax amounted to ₱8.68 million, 170% higher compared to audited figure of ₱3.22 million of previous year. EEI Realty continues to rely on the mix of 60 (lease/rent) to 40% (sale) for its revenue stream to sustain positive operation.



EEI Realty is geared towards exploring other areas in Luzon for industrial use to serve as the future business hub of EEI Corporation Group and build up its leasing portfolio. EEI Realty is exploring the potential to develop a 16-hectare portion of the property into a residential community that is equipped with renewal energy source. This will be managed

by EEI Power. The Company will continue to provide EEI Corporation’s employees with the opportunity to avail of a home of their own.

EEI Business Solutions Inc.



EEI Business Solutions, Inc. (EBSI) saw a decline in its sales in 2024 compared to 2023 (₱223 million vs ₱303 million). In 2023, the ₱116 million of the ₱303 million were one time sale of I Beams and Rebars from the MRT 7 Project that EBSI disposed. Majority of the ₱7 million sales from Petroleum Group in 2023 also included the remaining Purchase Orders of Shell Philippines for the FFS Inventory. The 2024 plan included internal sales assumptions related to scaffolding materials that were deferred amounting to ₱141 million. This is expected to be recognized by 2025.

EBSI forecasts revenue growth improvement in 2025 due to its pipeline of new opportunities:

- To import directly from Oriental Yuhong, an above grade waterproofing manufacturer. This will allow EBSI to complete its waterproofing product line and lower its cost and enable EEI to lower its bid price on its construction contracts.
- Petroleum products from Halock Fueling Systems, Better Cover composite manhole covers and ditch drains to cater to the oil industry.
- Investment of equipment for rental business

- Construction material products such as coatings and AAC blocks
- Seismic Monitoring System products
- Carbontech, an industrial pipe repair system

JP Systems Asia, Inc.



2024 vs 2023 JP Systems Asia, Inc. (JPSAI) achieved a ₱200.82 million worth of revenues from formworks and scaffolding rental (₱195.46 million), refurbishment and erection services (₱4.65 million), and sales (₱0.71 million) with an operating income of ₱38.8 million and net income of ₱27.38 million in 2024. The revenue streams came from EEI Corporation’s 31 projects from electromechanical and light industry, infrastructure and building groups; EEI fabrication shop’s tank refurbishment, Malolos Clark Railway-San Fernando Station projects, SFTE’s Metro Manila Subway Project, MG EXEO Network Radome Project, Aglipay Suez International’s Water Reservoir Project, Aluma Canpas’ Project and others.

JPSAI’s revenue of ₱200.82 million and ₱27.38 million net income were achieved with the help of its rental hub. It surpassed its 2024 revenue (₱177 million) and net income (₱25 million) targets by 13% and 41.9% respectively. Targets for 2024 were set lower than the previous year’s accomplishment due to the limited investment for additional rental assets. This led to a bigger participation of the rental hubs which narrowed down the income compared to the previous year.

JPSAI has a positive outlook for 2025 and in the years ahead. The Company increased its capital, from ₱50 million to ₱150 million to fund the following:

- The funds will be used to acquire additional assets, especially in formworks and ringlock scaffoldings which will contribute about 95% of its target revenues
- Improve the yard development
- JPSAI also aims to widen its market coverage and serve more clients by commissioning dealers and rental business partners in other regions.

EEI Construction and Marine, Inc.



The year 2024 represents a new chapter of resilience for EEI Construction and Marine, Inc. (ECMI). Despite having significant challenges, ECMI was able to deliver positive results with a gross revenue for the year totaling ₱241.02 million with ₱24.80 million net income. Key drivers of this result were the awarding of major contracts, such as the Tank Reparation Works from Chevron Philippines for their Davao and Batangas Depot Terminal.

ECMI also strengthened its presence within the oil industry by continuing to secure orders

from other oil players like Unioil, Jeti, Rephil, and Shell for its tank fabrication works. Furthermore, reconnecting with past clients like Petron, Seoil and Himmel, demonstrated that ECMI remained a recognized and trusted name in the construction sector. Its reputation as one of the leading contractors is firmly established within the oil and gas industry.

A significant milestone for ECMI this year was its expansion into a new sector. The completion of the Bolted Tank for Maynilad's Water Treatment Plant Project in Muntinlupa is a key testament to this. It not only opened up new challenges but also offered fresh opportunities, further broadening the company's expertise and experience.

Looking ahead, ECMI is positioning itself for continued growth and diversification. In line with its long-term vision, ECMI plans to strategically invest in other businesses that complement its core operations. These investments will not only help generate additional streams of income but will also strengthen its portfolio, providing new opportunities for innovation and expansion.

ECMI's investments will focus on industries that align with its expertise and values, ensuring that it remains agile and adaptable in a rapidly changing market. By exploring new ventures and forming strategic partnerships, ECMI aims to leverage synergies and maximize value for both our company and our stakeholders.

In the near future, it is committed to enhancing operational efficiency, adopting new technologies, and expanding our market presence, which will support its goal of becoming a more diversified and resilient organization.

With a proactive approach to business development and an unwavering commitment to excellence, ECMI is confident in its ability to deliver sustainable growth and maintain its leadership position in the construction industry and beyond.

Gulf Asia International Corporation (GAIC) and GAIC Manpower Services, Inc. (GAMSI)

GAIC



Gulf Asia International Corporation (GAIC) achieved significant milestones in 2024, demonstrating resilience in a challenging global economic landscape. Despite facing headwinds such as changes in visa regulations and a global recession that impacted revenue from established markets, the company has remained committed to continuing and strengthening its efforts and demonstrated its ability to capitalize on growth potential in emerging economies.

GAIC continued to navigate a dynamic operating environment in 2024. It reported a net income of ₱35.17 million in 2024, from a net income of ₱43.30 million in 2023. This was primarily attributed to a decrease in deployment and an increase in indirect costs, particularly related to labor expenses.

Revenues from its in-house account decreased by 26 percent from ₱9.02 million in 2023 with 1,511 men deployed to ₱7.15 million in 2024 with 402 men deployed. This was primarily due to visa challenges. Furthermore, anticipated additional revenues from new accounts in New Zealand, Germany, and Slovenia amounting to ₱2.86 million was not realized due to the impact of the global recession on market demand. ₱10.55

million (or 31 percent) of GAIC's total revenues came from its traditional accounts in the Kingdom of Saudi Arabia, Guam, Malaysia, Japan, Hong Kong, and Taiwan. ₱8.51 million (or 25 percent) of its total revenues came from new accounts in the Kingdom of Saudi Arabia, Qatar, Zambia, Japan, Singapore, and Papua New Guinea.

2025 will witness a period of significant growth for GAIC, fueled by expanding operations in both established and emerging markets. Building upon its strong presence in the Middle East and Japan, it successfully secured new contracts in Papua New Guinea, Germany, and other key Middle Eastern nations, laying the foundation for sustained revenue growth.

Recognizing the evolving demands of the global workforce, GAIC will strategically focus its efforts on high growth sectors such as construction, healthcare, hospitality, and IT. This targeted approach coupled with strategic partnerships with leading recruitment agencies in Europe, Asia, and the Middle East, will significantly expand its reach and access to a diverse talent pool.

To further enhance its service delivery and client satisfaction, GAIC will prioritize:

- **Global Expansion:** Establishing a presence in key destination markets, including Saudi Arabia and Japan to enhance service delivery and foster deeper client relationships
- **Strategic Alliances:** Cultivating strong partnerships with leading recruitment agencies and industry 36 associations like PASEI and JEPPCA to expand our network and stay abreast of industry trends
- **Strengthening Customer Relationships:** Prioritizing client satisfaction through personalized service, maximizing client referrals, and actively seeking feedback to continuously improve its offerings
- **Innovation and Diversification:** Exploring new avenues for growth such as Recruitment Process Outsourcing (RPO), Business Process Outsourcing (BPO) and professional

services to enhance its offerings and meet the evolving needs of its clients. As GAIC moves forward, it remains committed to connecting skilled Filipino professionals with global opportunities while upholding the highest standards of ethical recruitment practices and client satisfaction.

GAMSI



In 2024, GAMSI has a favored achievement of a net income of P44.86 million with total revenues reaching P806.46 million. This reflects a significant 57% increase from the 2023 net income of P29.90 million coming from the revenue of P710.01 million.

The company has secured new contracts for janitorial, office, and building maintenance services in 2024 with the following clients: RCBC Trust Corporation, Pan Malayan Management and Investment Corporation, Caprea Holdings Inc., Diversified Technology Systems Inc., Sourcefit Phils. Inc., Arch Global Services (Phils.) Inc., Dagohoy Green Energy Corporation, San Jose Green Energy Corporation, Bugallon Green Energy Corporation, SPX Phils. Inc., Singa Ship Management Phils. Inc., Multinational Ship Management, Decathlon Phils., Colliers International - HCL and Pepsico Site, Amherst Laboratories Inc., and Aircond Network Phils. Inc. These contracts had a deployment of 216 personnel and contributed a total revenue of P5.56 million.

One-Time Cleaning (OTC) subscriptions and disinfection services generated P1.75 million

in total revenue. And, facility management services, cleaning supplies and equipment.

Business expectation surveys indicate significant improvement and recovery within the local workforce outsourcing and general services industry over the next quarter up to the end of the year. As the situation fully normalizes from the pandemic period, manpower outsourcing is beginning to peak once again.

GAMSI has expanded its network by establishing its presence in the north. To further enhance marketing and operational activities in region 3, there will be an establishment of a satellite office outside the Clark Freeport Zone area to service members of Clark Investors and Locators Association (CILA), as well as nearby cities such as Bulacan, Tarlac, Bataan, Subic Freeport Zone, industrial parks and other PEZA areas. This is to cater to various industries including hospitality, manufacturing, logistics, administrative, etc.

GAMSI aims to also expand its marketing initiatives in the Davao region and at LIMA Estates/Land alongside other CALABARZON locators for our managed/support services and general cleaning offerings. One of GAMSI's plans this year is to broaden its One-Time Cleaning (OTC) subscription services from the current covered areas to nationwide offerings.

Introduction of pest control solutions is lined up by the second quarter of 2025. Also, while it has the logistic support services at present, through delivery management piloted by SPX accounts in Davao, expansion is in the works as GAMSI will be extending these services to other clients, Unilab in particular is a prospect.

GAMSI is continuously strengthening facility management partnerships with Colliers International Philippines, Jones Lang Lasalle, CBRE Philippines, Anthem Solutions, Diversified Technology System, Dai-Ichi Properties and amongst other clients; and it is evaluating to venture into manufacturing and distribution related to cleaning chemical products and industry-related services.

The company is also focusing on diversifying into new business opportunities. This effort has

led to the establishment of GAMSI Healthcare Services, Inc., which will be launching a new business dubbed E-MED Testing and Diagnostics Center which is set to unveil its services in this second quarter of 2025.

ECarga



ECarga has a healthy pipeline of clients in need of trucking delivery services and it aims to grow its portfolio for 2025.

Most of ECarga's current clients and target clients are food manufacturers and appliance distributors, as these companies are continuously growing and are providing healthy margins. With the growth of developing provinces and cities in Luzon, the company's clients are creating new routes, which will open new logistics requirements and more demand for ECarga.

ECarga will also enhance its services and value proposition to clients by improving the current ECarga Tech Applications, making it easier for clients to manage and monitor their deliveries.



Al Rushaid Construction Co., Ltd (ARCC) Report

In 2024, ARCC encountered substantial headwinds that impacted its performance. The year was marked by operational challenges, mainly stemming from legacy projects that were plagued by pricing inaccuracies, execution delays, and scope-related complexities. These issues significantly affected project margins and resulted in reduced profitability. EEI Corporation's share in ARCC's revenues amounted to ₪5.31 billion, down from ₪5.82 billion in 2023 and ₪7.85 billion in 2022. While this represented a year-on-year decline, ARCC still accounted for 27% of EEI's total combined revenues, underscoring the joint venture's ongoing contribution to the group despite its financial difficulties.

Market conditions in Saudi Arabia remained highly competitive. The influx of local contractors and the growing presence of regional and international construction firms have intensified the competitive landscape. However, ARCC's long-standing experience, technical competence, and established relationships with major clients such as ARAMCO, SGC E&C, and ENPPI continued to serve as strategic advantages. Saudi Arabia's ongoing economic transformation under its Vision 2030 program is driving substantial investment in infrastructure, tourism, and real estate, and ARCC is actively aligning itself to participate in these emerging sectors.

The company has started to recalibrate its strategic focus to include new market segments such as water systems and treatment facilities, transportation infrastructure including roads and bridges, and urban development projects that address the evolving needs of the Kingdom. This diversification initiative is a deliberate response to the diminishing dominance of the oil and gas sector and the growing relevance of multi-sectoral infrastructure development in Saudi Arabia's national agenda.

The operational challenges of 2024 have prompted ARCC and EEI to undertake organizational and procedural improvements. Lessons learned from underperforming projects have led to tighter project evaluation standards, improved risk assessment frameworks, and enhanced procurement and planning capabilities. These measures are expected to reinforce ARCC's ability to manage more highly complex projects and forecast attractive profit margins in future undertakings.

Looking forward to 2025, ARCC remains cautiously optimistic. With Saudi Arabia continuing to invest heavily in large-scale infrastructure and public development projects, the environment remains conducive for construction firms with the right expertise and experience. EEI Corporation remains committed to supporting ARCC through strengthened oversight, knowledge sharing, and strategic collaboration to ensure that the joint venture adapts effectively to market demands and maintains its competitive edge. While the recovery from the setbacks experienced in 2024 may take time, ARCC is well-positioned to pursue new opportunities and contribute meaningfully to the realization of Vision 2030.



APOC Propane Dehydrogenation (PDH) and Utilities & Offsite (UTOS) Project





2024

Sustainability Report



Economic

EEI's commitment to sustainability extends to all areas of its operations. To achieve this effectively, the management and business unit representatives contribute on which issues are most critical to stakeholders and sustainable development through its core business. EEI's approach has also evolved as it strives to move towards an integrated reporting model.

EEI used the UN Sustainable Development Goals (SDGs) as a guideline to identify the Company's societal, environmental, and economic impact and value creation.

Direct Economic Value Generated

Php 11,778,086,590

Direct Economic Value Distributed

Php 16,872,407,500

Operating cost, including payments to suppliers

Php 7,798,718,902

46%

Employee wages and benefits

Php 7,399,280,477

44%

Dividends given to stockholders and interest to loan providers

Php 1,489,988,268

9%

Taxes given to the government

Php 182,909,939

1%

Investment to community

Php 1,509,914

In 2024, EEI generated a total direct economic value of ₱11,778,086,590 and distributed ₱16,872,407,500 of which 46% was distributed to operating costs, 44% to employee wages and benefits, 9% as dividends and financing cost, and 1% as taxes given to the government & investments to the community.

Despite the impact of global trade tensions on local economic conditions and the current challenges in the property sector, EEI expects

that the ongoing infrastructure programs of the Philippine Government will continue to support demand for its domestic construction services.

In the first quarter of 2025, EEI officially announced a management buyout by its President and CEO, Henry D. Antonio. The management company controlled and led by Antonio has acquired the 20% share of RYM Business Management. With this management buy-out, the executive team of EEI intends to make considerable headway in transforming the business by diversifying into real estate development and power. The team expects to gain considerable traction around initiating these new business ventures in 2025. EEI also expects to continue progress in its efforts to optimize its overall capital structure.

Environment

Currently, construction industry remains one of the most energy-intensive sectors, which means energy and water consumption increases as more infrastructure projects emerge.

EEI recognizes the impact of its construction projects on the environment and continues to recalibrate its meters to obtain precise and accurate data, crucial for effectively assessing and managing any potential environmental impact.

Keeping its business practices updated and aligned to the latest sustainability standards, the Company continues to explore innovative concepts by partnering with local communities and businesses that solve long term sustainability challenges. This involves integrating new engineering technologies and environment-friendly materials throughout the entire project lifecycle.

In essence, EEI's approach ties directly into the broader goal of minimizing the environmental footprint of construction activities by optimizing resource management and leveraging advanced technologies.

Energy

Construction equipment and transport vehicle significantly contribute to the overall productivity and quality of a project, inefficient

use of these resources during the construction phase can lead to a significant increase in fuel and energy consumption, posing a threat to the environment, increased operational costs, and reduced profitability due to higher fuel and energy expenses.

EEI is continuous in its commitment to forge solutions to reduce its environmental impact and strengthen its system in managing climate-related risks more effectively.

In 2024, EEI's energy and electricity consumption has increased which is primarily attributed to ongoing operations on new projects. Total energy consumption reached 10,787,509 liters, 134.74% higher compared to the previous year - 4,595,517.98 liters in 2023. While, total electricity consumption reached 13,186,274 kWh, 23% higher - 10,719,072 kWh in 2023. Notably, energy consumption by transport vehicles has significantly declined, attributed to the disposal of units that were costly to repair.

EEI Headquarters and its permanent sites is continuous in utilizing solar panels to supplement power sourced from the grid. The management remains dedicated to continuous improvement in its responsible energy usage.

Energy Consumption

Diesel	10,787,509 Liters
Electricity	13,186,274 kWh

Energy Reduction

Diesel	6,191,991.02 Liters
Electricity	2,467,201.94 kWh

Energy Produced by Solar Power

	2023	2024
ECMI	108,004.04 kWh	97,203.63 kWh
ESG	133,397.60 kWh	120,057.85 kWh

Energy reduction by Equipment Usage

Equipment	2023	2024
Generator Set	213,671	195,473
Transport	624,072	122,612
Mobile Crane	46,319	23,708
Backhoe	22,847	32,773

Tower Light	14,698	9,865
Welding Machine	10,242	6,887
Air Compressor	10,438	29,596
Others	52,252	51,059

Note: "OTHERS" include Payloader, Steer Kid Loader, Dump Truck, Bulldozer, Victory Compactor Roller, Road Grader, Manlift, Concrete Pump, Water Truck, Forklift, Fuel Truck and Portable Vibratory Roller

Water

In addition to energy and fuel, managing water consumption in the construction industry is essential for its critical role in various stages of a project. Among the stages that use extensive volume of water are compression of the landfill, manufacturing of concrete, curing of concrete, testing for waterproofing, and cleaning. Inadequate water during these phases can compromise the integrity of the structure and an interruption in the water supply leads to delays in the project timeline.

EEI understands the significant environmental impact of water use in construction. Therefore, sustainable water management is highly important to be executed in its daily operations especially during El Niño or dry season.

For sustainable water consumption, the goal is to use at least 10% recycled water. Among the activities implemented during the year include:

- Reuse of water from excavation dewatering
- Rainwater collection and reuse
- Provide water purification system (reverse osmosis) as source of drinkable water and domestic water
- Collect water from storm water catch basin for sand compaction

Aside from these regular activities, the management takes a proactive approach in its communication campaigns urging water and energy conservation, not only in their workplace but also in their personal homes.

Water consumption

548,677.00 Cubic meters
(increase 77,039.42 cubic meters)

Air

In construction, air pollutants come from activities that generate noise, vibration, dust, and the use of diesel-powered equipment.

The workers at project sites are the ones directly exposed to these harmful pollutants that may put them at risk of developing short-term and long-term health conditions resulting from repeated or prolonged exposure.

EEOccupational Safety, Health, and Environment (OSHE) Department continuously manages and monitors the environmental impact of every work undertaken through regular inspection at offices and project sites with guidelines from the Department on Environment and Natural Resources (DENR) and the various environment protection laws such as, but not limited to, Clean Air Act (RA 8789), Clean Water Act (RA 9275), Hazardous Waste Act (RA 6969), Solid Waste Management (RA 9003).

EI tracks its emission intensity and to reduce air pollution contribution, the management committed to:

- Never burning waste materials
- Use low-sulfur diesel to power heavy equipment and vehicles
- Improve existing equipment by using particulate filters and catalytic converters
- Use water sprays or sprinklers to control or minimize dust particles
- Use on-tool extraction to control some types of dust

In addition, EEI mandates the use of appropriate personal protective equipment, particularly respiratory protective equipment (RPE) depending on the activity undertaken.

In 2024, random testing was conducted on projects and offices, such activities include:

- Ground Water Quality Sampling
- Wastewater Monitoring
- Work Environment Measurement
- Ambient Air and Noise Level Monitoring
- Source Emission Testing – Internal Monitoring

Air emissions

Disclosure: Direct (Scope 1)

GHG Emissions

Quantity: 2,848.04

Units: Tonnes CO₂e

Air Pollutants

Disclosure: NO_x

Quantity: 3,026

Units: Ug/nkm.

Waste

EI understands the importance of effective management of material inventory and utilization. This involves thorough material evaluation and assessment to minimize or eliminate waste, thereby promoting resource efficiency.

EI is committed to consistently minimizing the waste produced by its operations while also recovering, upcycling, and finding improved uses for it. EEI's hazardous waste reduction initiative aims to decrease waste by 5% each year by implementing measures such as:

- Reuse of scrap materials such as phenolic board, plywood, lumber, metal, GI sheets and rebars
- Donation/Sale of other wastes to cement plants which can be used as alternative fuel/co-processing
- Banning the use of plastics
- Conducting refresher training to all workers about solid waste management program
- Donation of shredded paper and collected PET bottles to local government unit (LGU)

EEI established a "Return to Supplier Agreement" for all Hazardous Wastes such as paint cans to ensure proper disposal of wastes generated by sites by region. There is also an enormous effort to keep the hazardous components of the waste generated out of landfills, conserve natural resources, and protect human health and the environment.

In addition, EEI acquired the services of Hazardous Waste Contractors, accredited by DENR and other government agencies, to ensure hazardous waste is properly disposed to avoid fines or environmental liability. These contractors are evaluated annually to guarantee efficient Waste Disposal management.

Waste production

Total solid waste generated
12,423,027 kg

Reusable

4,330,309 kg

Residual/Landfilled

8,092,718 Kg

Waste discharge

17,089 c.m.

waste disposal, spill prevention and pollution control measures, etc.)

Safe Man-Hours

49,348,399

Gender diversity

From a whole enterprise perspective, the construction industry which relies greatly on manual labor remains a male-dominated industry. In EEI, 93.7% of the employment profile is male while only 6.21% are female.

Despite the decrease, EEI rather focuses on whether gender equity is being effectively addressed. This means ensuring that minority groups have equal access to rights and opportunities. Without gender equity, the Company may experience obstacles in areas such as employee satisfaction, organizational productivity, and overall economic performance.

EEI is committed to being a company where every employee feels that they belong – where everyone works as a team, respects one another, and transparent in communication.

Over its restructuring efforts for the past two years, the management have seen the diverse perspectives that its female employees contribute at all business levels. In 2024, 19.2% of its female population are taking leadership roles as presented on the table below:

Position	# of Female Employees
Officers	9
Managers	75
Supervisors	139
Management	
Trainees	22
Total	223

Currently, the leaders of Corporate Finance, Supply Chain Management, and Commercial and Operations are women. EEI continuously encourage more female employees to take on leadership roles by providing them what they need to thrive and flourish.

EEI strongly supports changing biased social norms, cultivating a safe workplace that

Social

To EEI, nothing is paramount than ensuring its 16,000 workers return home safely at the end of each work day. Though its safety culture is built on almost a century of experience, EEI believes that its work on safety requires relentless focus on implementing and improving its systems and processes.

EEI regularly promotes the culture of health and safety. For 2024, the following activities were implemented:

- Implementation of Area Ownership
- General OSHEMS Orientation at site
- Toolbox meeting every morning to remind workers of the importance of a safe workplace
- Incident debriefing wherein incidents are discussed during SHES Meeting
- Discussion of Root Cause Analysis and lessons learned for fatal accident
- Occupational Health Safety & Environment (OSHE) Risk-Based Training
- Safety Inspections and Audits
- Safety Incentive Programs (Safest Workers and Safest group of the week/month)
- Environmental awareness campaigns
- Emergency Preparedness and Response (Training of Personnel, Fire Evacuation Drill,
- Earthquake Drill, Chemical Spill Drill, etc.)
- Behavioral-Based Safety
- OSHE Communication Boards (i.e. visual aids, safety signages, etc)
- Health and Wellness Program
- Waste Management and Pollution Control Program (Provision of MRF, Proper

empowers everyone. To further promote awareness and engagement in maintaining an inclusive work environment, the following activities were done in 2024:

1. Trainings and Seminars
 - Gender Training on Sexual harassment and Safe Space act
 - Women’s Excellence in Construction
2. Communication campaign of Laws protecting women such as:
 - 105-Day Expanded Maternity Leave Law
 - Magna Carta of Women
 - Solo Parents Act
 - Anti-Sexual Harassment Law
 - Anti-Discrimination Law
 - Safe Spaces Act

Given that construction involves manual labor, it’s more common to have more male employees. EEI management ensures that gender equity is addressed – that even if female employees are fewer, they occupy significant key positions within the business, where they feel happy, empowered, and valued.

Female Participation (2021-2024)	
2021	4,042
2022	2,674
2023	2,216
2024	1,161

Employee Management

In line with EEI’s mission of improving the lives of its employees and stakeholders by pursuing projects that will provide sustainable and inclusive growth, the Company believes that success goes beyond merely completing projects. Instead, success is built on forging partnerships with its stakeholders, most importantly, its employees. EEI remains steadfast in its commitment to taking care of its people as supported by an improved attrition rate of -3.305% in 2024, compared to -2.87% in 2023.

EEI ensures to give people dignity in what they do. In addition to aligning salaries and benefits with the competitive market, in 2024, the Company launched its people-focused programs such as: Builder of A Better Future Scholarship Program, which are granted to 100 children of workers; and

Loan Program for Workers, a financial assistance program which prevents them to undertake illegal loan schemes.

Furthermore, management ensures that benefits are customized to cater to the needs of its multi-generational workforce. Regular town hall meetings and CEO engagements are conducted to cultivate an inclusive environment where everyone’s voice is valued.

EEI views these as investments that are essential to fostering a motivated and engaged workforce, ultimately contributing to long-term mutual success.

Employee Management	
Permanent	2,302
Temporary	16,385
Attrition	-3.305%

Development

As the construction industry continues to progress, EEI is committed to equipping its workforce with adequate training to adapt to the ever-changing business and global standards.

This 2024, EEI has ramped up the upskilling efforts for both professionals and skilled workers as evidenced by the significant increase in training hours by 50%, 10,728 in 2023 to 21,467 in 2024.

Female employees experienced a notable rise in training hours by 572%, from 1,634 in 2023 to 9,353 in 2024. This reflects the organization’s commitment to empowering women and acknowledging the value of diverse perspectives in business, especially in leadership.

To ensure that the employees are trained in both technical and soft skills, the Company leveraged the e-learning platform LinkedIn Learning which allows them to learn not only the career-related topics, but also the character development topics - at their own pace, and own time. Construction and Project Management, Microsoft Excel, AI for Business, and Interpersonal Communication are among the trending topics across the organization. Forms are rolled out to gather feedback from employees.

EEI believes that the success of the business is

linked to its organizational culture. To strengthen the core values of the organization, a program named “Values-to-Virtues” was implemented. This spanned six months and enrolled over 680 employees from various levels including the craft workers.

To ensure a sustainable supply of skilled workforce for numerous construction projects, EEI completed the construction of EEI Training Academy in Tanza, Cavite. This is a 500-person capacity training facility that aims to provide holistic training and development that will equip the Company’s professional staff and craft workers with skills, knowledge, and capabilities necessary for their construction-related tasks and responsibilities.

EEI Training Academy is also home to values formation training, which will ultimately lead to improved and better performance at work, harmonious relationships in the workplace and an important element in developing the well-being of employees.

These upskilling and people-focused initiatives of the Company fuel individual motivation, improving the lives of its people and their families. Additionally, these efforts boost productivity and profitability, establishing itself as the most admired construction industry in the region.

On the other hand, soft skills such as communication, time management, leadership, and others have been observed to significantly influence organizational productivity, affecting both individual motivation and overall business costs.

In 2024, skills training courses provided to project workers are as follows:

- Mason Training Program - 320
- Pipe Fitter Training Program - 100
- Plumber Training Program - 59
- Rigger Training Program - 10
- Tile Setter Training Program - 10
- Welder Training Program - 541

Total project workers trained - 1,040

Labor Management Relations

Union Members

- NAFLU 224
- EEIC-SSEU 543









EEl: Empowering Women in Construction

Construction is no longer just a man's game. Women leaders are at the forefront in building the future of top construction firm EEl Corporation.

Construction is a traditionally male-dominated industry but in EEl, we recognize the critical role and contributions of women in the business of building homes, properties, and infrastructure. Over the years, we have been actively recruiting and employing women in the organization. Our Company currently employs over 2,000 women in various roles across its departments.

However, the breakthrough doesn't stop there. The Philippines has always been home to empowered women with the country taking the top spot among 28 countries in a ranking of the percentage of women in senior management. The Grant Thornton Women in Business Report revealed that the number of female leaders in senior management roles in the country rose to 48 percent in 2021 from 39 percent in 2020.

Companies in the Philippines are clearly sustaining the momentum in elevating women to senior management roles, and EEl forms part of these progressive companies that actively create an inclusive environment for women in male-dominated positions.

The recent movements in our organizational structure display a support for inclusivity and diversity by providing equal opportunities especially for women in the corporate world.

Among our latest steps in this direction is naming Violy Acevedo as its new Chief Financial Officer (CFO), Maureen Frias as the Head of Supply Chain Management (SCM), Toni Picar as the Head of Corporate Finance and Investments, and Anna Figuera as the Head of Commercial and Operations.

Violy Acevedo assumes the CFO position from her Finance Controller role in EEl. The Saint Louis

University (Baguio) alumna is a certified public accountant with years of financial expertise and notable experiences in major industries ranging from construction, engineering professional services, media and publication, and audit and assurance.

Under Acevedo's leadership, the Finance Group will continue to ensure effective management of the Company's financial resources.

Anna Figuera has been appointed as Head of Commercial and Operations. Figuera has a post graduate degree in Construction Law and an alumna of Technical Institute of Dublin in Construction Economics and Management. Figuera has 30 years of professional experience in Commercial and Contract Management, and has worked for companies in various countries including Ireland, UK, Qatar, Dubai, Hong Kong, Macau, Indonesia, and the Philippines. Under her leadership, our Field Operations Group will continue to oversee projects and adhere to best industry practices and standards to ensure client satisfaction, timely schedules, cost efficiency, and superior quality. For the Commercial Group, she will continue to forge and strengthen client relationships, oversee the development and necessary management of contracts, and ensure that projects are executed within the Company's governance requirements.

Maureen Frias now functions as the Head of SCM. Under the supervision of Frias, SCM will continue to ensure timely procurement, management, and delivery of quality materials and services necessary for the successful completion of projects. The University of Santo Tomas graduate of BS in Industrial Engineering brings with her almost three decades of strategic sourcing, category management, supplier and contracts management experience to the role which is expected to impact the EEl SCM Division positively.



*From left to right:
Toni Venette L. Picar, Maureen S. Frias, Violy B. Acevedo, Anna Shiela Payawal Figuera*

Toni Picar now heads the Corporate Finance and Investments Group of EEI. She and her team will be primarily responsible for analyzing financial data to maximize profits, addressing funding requirements, studying investment decisions as well as identifying and evaluating business opportunities from origination to full implementation of the projects. Prior into joining EEI, Picar worked for several finance-related institutions covering Investment Banking, Credit and Asset Quality, Project Management, and Deal Advisory. She has over a decade's worth of extensive experience in Mergers and Acquisitions, Corporate Finance, and Strategy Support covering various industries.

"Women's leadership style usually stems from paying close attention to details. Those details shape unique and transformational ideas that could help propel EEI to a whole new level. As women, we also hope to demonstrate enhancement of working relationships, communication, and teamwork to improve the existing culture within the company. Mentoring and guiding the younger generation within EEI are almost second nature to us, making the work all the more fulfilling," Anna Figuera remarks.

EEI President and CEO Henry D. Antonio expresses his support for the rise of female leadership in the company.

"Filipino women have always played a central

and complementary role in the life of Philippines society. Prior to the Spanish period, women were already very much engaged in the community and in commerce. Even during the periods of colonization, Filipino women have always thrived for autonomy for independence in commerce and for education. It is no surprise that in the modern era, Filipino women have seamlessly moved towards leadership both in government and in commerce in the Philippines. I am personally convinced of the pivotal role and the wealth of knowledge and experience our women executives will provide to EEI. I am excited to see how this new leadership will provide us with new dynamism, a different point of view, and even more alignment towards our mission and vision. These are exciting moments for EEI," Antonio states.

The upward mobility of women in corporate roles all the way to top management in EEI signals the arrival of a new chapter in the industry. Business, not just in construction, needs all the talented and skilled women it can gather to ensure a diversified pool of experiences, perspectives, and expertise. EEI certainly recognizes that a company with women in the top echelon of its corporate pyramid will give them a significant edge in the long run especially in this increasingly competitive industry.

Board of Directors



Top row , from left to right

Director Francis Lloyd T. Chua, Independent Director Renato C. Valencia, Independent Director Carlos Alfonso T. Ocampo, Director Anthony M. Te, Director Elmer B. Serrano



Bottom row , from left to right

Independent Director Roberto F. De Ocampo, Director Remegio C. Dayandayan, Jr.,
Director, President, and CEO Henry D. Antonio, Chairman Lorenzo V. Tan,
Director Maricris C. Ang-Carlos, Independent Director Ray C. Espinosa

EEI Officers

Acevedo, Violy B.

Vice President - Chief Financial Officer

Acurantes Jr, Reynaldo C.

Vice President - Business Development and New Business Strategy

Alua, Ma. Fatima B.

Assistant Vice President - Quality Control

Ambat, Maria Cristina R.

Assistant Vice President - Risk Management

Antonio, Henry D.

President & Chief Executive Officer

Apolonio, Ferdinand D.

Assistant Vice President - Infrastructure

Arguelles, Michael D.

Assistant Vice President - Safety, Health, and Environment

Bartolome, Ryan T.

Assistant Vice President - Forensic Audit

Bernardino, Ethel Anne L.

Assistant Vice President - Enterprise Programs Management

Canlas, Romualdo DL.

Vice President - Planning and Engineering

Chan, Danilo C.

Assistant Vice President - Project Planning

Dado, Luis H.

Assistant Vice President - Labor and Employee Relations

Del Prado, Ferdinand M.

Senior Vice President - Commercial

Desembrana, Dante G.

Senior Vice President - Infrastructure

Dimailig, Jocelyn R.

Assistant Vice President - Treasury

Esguerra, Christopher F.

Vice President - Business Development Infrastructure

Evidente, Victor C.

Assistant Vice President - TDSD

Figuera, Anna Sheila P.

Senior Vice President - Commercial, Contracts, and Operations

Frias, Maureen S.

Vice President - Category Management and Strategic Sourcing

Gesulga, Cyril C.

Assistant Vice President - Legal

Gregorio, Charlie P.

Assistant Vice President - Project Planning

Javier, Emmanuel V.

Assistant Vice President - Engineering

Lapuz, Roman M.

Senior Vice President - Infrastructure

Lavalle Jr, Cornelio A.

Assistant Vice President - Building Engineering

Masa, Roselyn M.

Vice President - Cost Controller

Matias, Lauro Felicisimo C.

Vice President - Information Technology

Mediavillo, Medvil T.

Assistant Vice President - Strategic Sourcing Materials and Subcon Procurement

Mondragon, Iannoel V.

Vice President - Corporate Secretary, Data Protection Officer, and Corporate Compliance Officer

Pabillon, Christopher L.

Vice President - Commercial

Perez, Victor G.

Senior Vice President - Managing Director Subs and Logistic

Picar, Toni Venette R.

Vice President - Corporate Finance and New Business Development

Punzalan Jr, Hipolito P.

Vice President - Electromechanical

Puy, Arnold M.
Assistant Vice President- Forensic Delay Analyst

Recio, Val Joseph A.
Assistant Vice President - People Retention

Redublo, Jonas Raphael R.
Assistant Vice President - Finance Controller

Reyes, Jesus Teodoro C.
Vice President - Corporate Strategy
and Communication

Samson, Kenneth B.
Vice President - Business Development Building

Santamaria, Jan Ivan M.
Vice President - People Performance
and Culture Division

Sta. Maria, Edwin R.
Assistant Vice President - Buildings

Tan Jr, Jose T.
Senior Vice President - Internal Audit

Tumbokon III, Andres P.
Senior Vice President - Building Operations

Villasenor, Glenn F.
Senior Vice President - Electromechanical

Visaya, Paul C.
Vice President - Buildings

Vistro, Earl Jason R.
Senior Vice President - Government Relations
and External Affairs

EEl Officers - Subsidiaries

Reyes, Ricardo C.
President - GAIC

Reyes, Jerome M.
Vice President - EEl Construction & Marine, Inc.

Cruz, Garizaldy F.
President & General Manager - JP Systems Asia,
Inc. and EEl Business Solutions, Inc.

Bauza, Cesar A.
Head - Customer Relations, Procurement
EEl Business Solutions, Inc.

Raymundo†, Federico Jr. P.
Assistant Vice President for Operations of
EEl Business Solutions, Inc.

Pereja, Robert Marlon T.
General Manager and Vice President For EEl
Power Corporation

Ng, Josephine Cecilia B.
Assistant Vice President - Human Resources,
EEl Business Solutions, Inc.

Dee, Michele Y.
Vice President - Marketing
EEl Power Corporation

Zapanta, Andrew Jr. A.
Assistant Vice President and Business Unit Head
For Solar Power - EEl Power Corporation

† Deceased

Corporate Information

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For vendor-related inquiries:
vendormanagement@eei.com.ph

For job-related inquiries:
careers@eei.com.ph

Website: www.eei.com.ph
Mailing Address
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OVERSEAS JOINT VENTURE

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Fax No.: (00966) 3 801-0177
Website: www.arccksa.com

ARCC Business Development & Marketing Department

Tel. Nos.: (00966) 13-801-000
ext. 1319 and 1188
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EEI Realty Corporation

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Gulf Asia International Corporation

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eCarga

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Website: www.ecarga.com.ph

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E-mail: sblumactod@eei.com.ph

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(+63) 981-568-0012
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Stock Transfer Agent

Rizal Commercial Banking Corporation

Auditors

Sycip Gorres Velayo & Co.
Certified Public Accountants



2024
**Independent
Auditor's
Report**



SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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Fax: (632) 8819 0872
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
EEI Corporation
No. 12 Manggahan Street
Bagumbayan, Quezon City

Opinion

We have audited the consolidated financial statements of EEI Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024 and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recognition of revenue from construction contracts

The Group's revenue from construction projects on electro-mechanical works, industrial, buildings and infrastructure accounts to more than 86% of the total revenue of the Group. The Group also recognized as part of its construction revenue, the effects of variable considerations arising from various change orders and claims to the extent that they reflect the amounts the Group expects to be entitled to and to be received from the customers, provided that, it is highly probable that a significant reversal of the revenue recognized in connection with these variable considerations will not occur in the future. The Group elected to use the input method to measure the progress of the fulfilment of its performance obligation, which is based on the actual costs incurred to date relative to the total estimated cost to complete the construction projects.

Aside from the significance of the amount involved, we consider this as a key audit matter because this process involves significant judgment and estimates, particularly with respect to the estimation of the variable considerations arising from the change orders and claims and calculation of estimated cost to complete construction projects, which requires the technical expertise of the Group's engineers.

Relevant disclosures related to this matter are provided in Notes 5 and 20 to the consolidated financial statements.

Audit response

We inspected sample contracts and supplemental agreements and reviewed management's assessment on the identification of performance obligation within the contract and the timing of revenue recognition. For change orders and claims, we obtained an understanding and tested the relevant controls over the management's process to estimate the amount of consideration expected to be received from the customers. For change orders and claims of sampled contracts, we compared the amounts recognized as revenue to the change orders and claims approved by the customers and other relevant documentary evidence supporting the management's estimate of revenue recognized.

For the measurement of progress of the construction projects, we obtained an understanding of the Group's processes to accumulate actual costs incurred and to estimate the expected cost to complete and tested the relevant controls. We also considered the competence, capabilities and objectivity of the Group's cost engineers by referring to their qualifications, experience and reporting responsibilities. We examined the approved total estimated completion costs, any revisions thereto, and the cost variance analysis with supporting details. On sampling basis, we tested actual costs incurred through examination of invoices and other supporting third-party correspondences. We conducted ocular inspections on selected projects and discussed the status of the projects under construction with the Group's engineers. We also inspected the associated project documentation and inquired about the significant deviations from the targeted completion.

Accounting for investment in Al-Rushaid Construction Company Ltd.

The Group has 49% equity interest in Al-Rushaid Construction Company Ltd. (ARCC) that is accounted for under the equity method. For the year ended December 31, 2024, the Group's share in the net loss of ARCC amounted to ₱3.87 billion.

As required by PAS 36, Impairment of Assets, management performed impairment tests on the investment in ARCC to determine whether its carrying amount of ₱0.70 billion as at December 31, 2024, have exceeded its recoverable amount. The continuing losses incurred by ARCC were considered by management as an indicator of impairment.

We consider the accounting for the investment in ARCC as a key audit matter because the Group's share in ARCC's net loss and the carrying value of the investment represents 88% of the Group's consolidated net loss and 2% of the Group's total assets, respectively. The Group's share in ARCC's net losses is significantly affected by ARCC's revenue recognition from its construction contracts. In addition, management's impairment assessment process on the investment in ARCC requires significant judgment and is based on assumptions, specifically discount rate and cashflow forecast, that are subject to higher level of estimation uncertainty.

The Group's disclosures about the investment in ARCC are included in Note 11 to the consolidated financial statements.

Audit response

We sent instructions to statutory auditors of ARCC to perform an audit on the relevant financial information of ARCC for the purpose of the Group's consolidated financial statements. These audit instructions cover their scope of work, risk assessment procedures, audit strategy and reporting responsibilities. We discussed with ARCC's statutory auditors about their key audit areas, planning and execution of audit procedures, significant areas of estimation and judgment. We reviewed their working papers, focusing on the procedures performed on ARCC's revenue recognition, and obtained relevant conclusion statements related to their audit procedures. We reviewed the impairment testing on the investment in ARCC with the involvement of our internal specialist. We evaluated the key assumptions, such as forecasted revenues, gross margin and discount rate, that were used to estimate the discounted cash flows to which management attributes the investment. We evaluated these key assumptions based on our understanding of the business plans and by reference to historical information and relevant market data. In our sensitivity analyses, we considered past, current and anticipated changes in the business and economic environment. We tested the parameters used in the determination of the discount rate against market data.

We also obtained the financial information of ARCC for the year ended December 31, 2024 and recomputed the Group's share in net loss of ARCC for the year ended December 31, 2024.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditor's report.



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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lloyd Kenneth S. Chua.

SYCIP GORRES VELAYO & CO.

Lloyd Kenneth S. Chua

Partner

CPA Certificate No. 109688

Tax Identification No. 223-270-891

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

BIR Accreditation No. 08-001998-115-2025, January 8, 2025, valid until January 7, 2028

PTR No. 10465285, January 2, 2025, Makati City

April 30, 2025

EEI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	P6,043,701,729	P2,216,974,593
Receivables (Note 7)	2,645,784,962	3,356,407,985
Contract assets (Note 8)	9,915,947,297	7,010,999,095
Inventories (Note 9)	1,078,343,640	1,419,179,721
Due from related parties (Note 26)	169,263,066	195,262,468
Assets held-for-sale (Note 13)	36,520,332	-
Other current assets (Note 10)	1,359,020,747	1,154,743,123
Total Current Assets	21,248,581,773	15,353,566,985
Noncurrent Assets		
Contract assets - net of current portion (Note 8)	4,206,427,698	6,203,828,954
Investments in associates and joint ventures (Note 11)	914,823,910	2,000,686,651
Equity investments at fair value through other comprehensive income (FVOCI) (Note 12)	659,890,054	542,691,668
Investment properties (Note 15)	1,214,295,711	14,295,711
Property and equipment (Note 13)	4,253,729,153	2,099,966,684
Right-of-use asset (Note 14)	307,898,732	497,657,876
Deferred tax assets - net (Note 25)	1,252,481,080	1,335,752,774
Retirement asset (Note 27)	1,056,661,858	-
Other noncurrent assets (Note 16)	1,544,114,285	1,938,998,701
Total Noncurrent Assets	15,410,322,481	14,633,879,019
	P36,658,904,254	P29,987,446,004
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 18)	P3,949,076,500	P4,985,371,958
Bank loans (Note 17)	3,940,000,000	4,329,000,000
Current portion of long-term debt (Note 19)	3,364,469,155	2,895,044,021
Current portion of lease liabilities (Note 14)	55,328,263	95,682,070
Current portion of contract liabilities (Note 8)	2,156,537,356	483,716,984
Income tax payable	271,336	21,409,421
Due to related parties (Note 26)	1,935,133	1,852,335
Total Current Liabilities	13,467,617,743	12,812,076,789
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 19)	5,582,792,375	3,329,870,858
Retirement liabilities (Note 27)	-	244,484,785
Lease liability - net of current portion (Note 14)	184,710,844	449,016,644
Contract liabilities - net of current portion (Note 8)	58,516,232	125,826,185
Other noncurrent liabilities (Note 18)	132,035,700	110,051,126
Total Noncurrent Liabilities	5,958,055,151	4,259,249,598
Total Liabilities	19,425,672,894	17,071,326,387
Equity		
Capital stock (Note 29)	1,106,401,386	1,066,401,386
Additional paid-in capital (Note 29)	14,362,046,998	6,402,046,998
Treasury stock	(3,720,790)	(3,720,790)
Other comprehensive income - net (Notes 12 and 27)	1,842,805,366	710,593,262
Retained earnings (Deficit) (Note 30)	(106,774,680)	4,696,225,201
	17,200,758,280	12,871,546,057
Non-controlling interests	32,473,080	44,573,560
Total Equity	17,233,231,360	12,916,119,617
	P36,658,904,254	P29,987,446,004

See accompanying Notes to Consolidated Financial Statements.



EEI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	For the Years Ended December 31		
	2024	2023	2022
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 20)	₱13,628,764,125	₱18,750,771,344	₱14,649,045,459
COSTS OF SALES AND SERVICES (Note 21)	13,324,127,827	14,516,782,447	12,647,229,305
GROSS PROFIT	304,636,298	4,233,988,897	2,001,816,154
EQUITY IN NET LOSSES OF ASSOCIATES AND JOINT VENTURES (Note 11)	(3,771,419,819)	(1,349,772,440)	(105,811,807)
SELLING AND ADMINISTRATIVE EXPENSES (Note 22)	1,995,997,391	1,690,307,832	1,622,644,115
FINANCE COSTS AND OTHER EXPENSES - Net			
Interest expense (Notes 14, 17 and 19)	1,091,253,768	810,717,138	393,671,141
Foreign exchange losses (gains) - net	5,335,988	1,027,516	(13,061,942)
	1,096,589,756	811,744,654	380,609,199
INTEREST INCOME (Note 23)	76,019,032	74,940,644	35,131,775
OTHER INCOME - Net (Note 24)	1,888,331,281	266,055,791	376,390,025
INCOME (LOSS) BEFORE INCOME TAX	(4,595,020,355)	723,160,406	304,272,833
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 25)			
Current	105,902,031	601,050,671	294,808,234
Deferred	(284,556,525)	(55,936,010)	(224,995,806)
	(178,654,494)	545,114,661	69,812,428
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(4,416,365,861)	178,045,745	234,460,405
NET LOSS FROM DISCONTINUED OPERATIONS (Note 36)	–	(19,780,815)	(34,153,529)
NET INCOME (LOSS)	(₱4,416,365,861)	₱158,264,930	₱200,306,876
Net income (loss) attributable to:			
Equity holders of the Parent Company			
Net income (loss) from continuing operations	(₱4,417,453,422)	₱161,535,397	₱229,703,301
Net loss from discontinued operations	–	(11,868,489)	(20,492,118)
Net income (loss) attributable to Parent Company	(₱4,417,453,422)	₱149,666,908	₱209,211,183
Non-controlling interests			
Net income from continuing operations	1,087,561	16,510,348	4,757,104
Net loss from discontinued operations	–	(7,912,326)	(13,661,411)
Net income (loss) attributable to Non-controlling interests	1,087,561	8,598,022	(8,904,307)
	(₱4,416,365,861)	₱158,264,930	₱200,306,876
Earnings (Loss) Per Share – Basic and Diluted (Note 32)	(₱4.5751)	(₱0.1141)	(₱0.0867)

See accompanying Notes to Consolidated Financial Statements.

EEI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023	2022
NET INCOME (LOSS)	(P4,416,365,861)	P158,264,930	P200,306,876
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Fair value change on equity investments at FVOCI (Note 12)	117,198,386	(208,317,384)	3,242,827
Share in other comprehensive income (loss) of associates (Note 11)	8,555,118	7,048,492	(54,668,109)
Remeasurement gains (losses) on retirement liabilities (Note 27)	1,409,104,930	(215,007,575)	187,552,853
Income tax effect relating to items that will not be reclassified to profit or loss (Note 25)	(367,828,219)	83,655,280	(47,471,062)
	1,167,030,215	(332,621,187)	88,656,509
<i>Item to be reclassified to profit or loss in subsequent periods:</i>			
Cumulative translation adjustments	(34,818,111)	39,713,175	177,444,434
	1,132,212,104	(292,908,012)	266,100,943
TOTAL COMPREHENSIVE INCOME (LOSS)	(P3,284,153,757)	(P134,643,082)	P466,407,819
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	(P3,285,241,318)	(P143,241,104)	P475,312,126
Non-controlling interests	1,087,561	8,598,022	(8,904,307)
	(P3,284,153,757)	(P134,643,082)	P466,407,819

See accompanying Notes to Consolidated Financial Statements.



EI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022

	Attributable to Equity Holders				
	Capital Stock (Note 29)	Additional Paid-In Capital (Note 29)	Treasury Stock	Remeasurement Gains (Losses) on Retirement Liability (Note 27)	Other Comprehensive Income Cumulative Translation Adjustments
Balances at December 31, 2021	₱1,066,401,386	₱6,402,046,998	(₱3,720,790)	(₱165,161,422)	₱363,417,852
Additional subscription					
Net income (loss)	-	-	-	-	-
Other comprehensive income	-	-	-	85,996,547	177,444,434
Total comprehensive income (loss)	-	-	-	85,996,547	177,444,434
Dividends paid	-	-	-	-	-
Balances at December 31, 2022	₱1,066,401,386	₱6,402,046,998	(₱3,720,790)	(₱79,164,875)	₱540,862,286
Disposal of equity investments at FVOCI (Note 12)	-	-	-	-	-
Disposal of a subsidiary (Note 36)	-	-	-	-	-
Net income	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	(153,666,322)	39,713,175
Total comprehensive income (loss)	-	-	-	(153,666,322)	39,713,175
Dividends paid	-	-	-	-	-
Balances at December 31, 2023	₱1,066,401,386	₱6,402,046,998	(₱3,720,790)	(₱232,831,197)	₱580,575,461
Issuance of preferred stock	40,000,000	7,960,000,000	-	-	-
Impact of changes in ownership of subsidiary (Note 2)	-	-	-	-	-
Net income	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	1,067,410,087	(34,818,111)
Total comprehensive income (loss)	-	-	-	1,067,410,087	(34,818,111)
Dividends paid	-	-	-	-	-
Balances at December 31, 2024	₱1,106,401,386	₱14,362,046,998	(₱3,720,790)	₱834,578,890	₱545,757,350

See accompanying Notes to Consolidated Financial Statements.

of the Parent Company

- Net of Deferred Tax Effect

Fair Value Reserve of Equity Investments at FVOCI (Note 12)	Subtotal	Retained Earnings (Deficit) (Note 30)	Subtotal	Non-controlling Interests	Total
₱723,802,224	₱922,058,654	₱4,950,157,787	₱13,336,944,035	₱3,749,986 8,400,000	₱13,340,694,021 8,400,000
-	-	209,211,183	209,211,183	(8,904,307)	200,306,876
2,659,962	266,100,943	-	266,100,943	-	266,100,943
2,659,962	266,100,943	209,211,183	475,312,126	(8,904,307)	466,407,819
-	-	(398,734,500)	(398,734,500)	-	(398,734,500)
₱726,462,186	₱1,188,159,597	₱4,760,634,470	₱13,413,521,661	₱3,245,679	₱13,416,767,340
(184,658,323)	(184,658,323)	184,658,323	-	-	-
-	-	-	-	32,729,859	32,729,859
-	-	149,666,908	149,666,908	8,598,022	158,264,930
(178,954,865)	(292,908,012)	-	(292,908,012)	-	(292,908,012)
(178,954,865)	(292,908,012)	149,666,908	(143,241,104)	8,598,022	(134,643,082)
-	-	(398,734,500)	(398,734,500)	-	(398,734,500)
₱362,848,998	₱710,593,262	₱4,696,225,201	₱12,871,546,057	₱44,573,560	₱12,916,119,617
-	-	-	8,000,000,000	-	8,000,000,000
-	-	13,188,041	13,188,041	(13,188,041)	-
-	-	(4,417,453,422)	(4,417,453,422)	1,087,561	(4,416,365,861)
99,620,128	1,132,212,104	-	1,132,212,104	-	1,132,212,104
99,620,128	1,132,212,104	(4,417,453,422)	(3,285,241,318)	1,087,561	(3,284,153,757)
-	-	(398,734,500)	(398,734,500)	-	(398,734,500)
₱462,469,126	₱1,842,805,366	(₱106,774,680)	₱17,200,758,280	₱32,473,080	₱17,233,231,360



EEI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax from continuing operations	(P4,595,020,355)	P723,160,406	P304,272,833
Loss before income tax from discontinued operations (Note 36)	-	(20,668,827)	(34,153,529)
Income (loss) before income tax	(4,595,020,355)	702,491,579	270,119,304
Adjustments for:			
Equity in net loss of associates and joint ventures (Note 11)	3,771,419,819	1,349,772,440	105,851,646
Interest expense (Notes 14, 17 and 19)	1,091,253,768	818,472,493	398,121,946
Depreciation and amortization (Notes 13, 14, 21, 22 and 36)	503,905,933	509,831,154	546,676,029
Movements in retirement assets and liabilities	107,958,287	81,668,775	99,106,334
Provision for impairment in RICEI (Note 11)	9,740,194	-	-
Loss (Gain) on sale of property and equipment (Note 24)	1,359,531	578,410	(343,765,609)
Gain on pre-termination of lease (Note 24)	(92,379,291)	-	-
Unrealized foreign exchange loss (gain) – net	2,060,459	(10,874,767)	(4,163,044)
Gain on sale and leaseback (Note 24)	(1,775,406,294)	-	-
Dividend income	-	(6,460)	(4,004,599)
Interest income (Note 23)	(76,019,032)	(74,941,183)	(35,161,634)
Gain on sale of investment properties (Notes 15 and 24)	-	-	(32,300)
Gain on sale of investment (Note 24)	-	(60,079,956)	-
Gain on sale of investment in associates (Note 24)	-	(183,754,237)	-
Net operating income (loss) before working capital changes	(1,051,126,981)	3,133,158,248	1,032,748,073
Decrease (increase) in:			
Receivables	698,976,169	(859,829,293)	(132,504,559)
Contract assets	(907,546,946)	(2,842,027,238)	(552,088,957)
Due from related parties	25,999,402	794,044	(41,745,441)
Inventories	340,836,081	(307,029,169)	68,502,154
Other current assets	(193,098,265)	35,597,828	(310,903,698)
Other noncurrent assets	(13,115,584)	220,969,640	205,075,712
Increase (decrease) in:			
Accounts payable and other current liabilities	(1,055,087,392)	(188,607,109)	(416,525,261)
Contract liabilities	1,605,510,419	(651,498,178)	274,166,234
Due to related parties	82,798	46,424,110	411,138
Cash flows generated from (used in) operations	(548,570,299)	(1,412,047,117)	127,135,395
Interest received	76,019,032	74,941,183	35,524,718
Interest paid	(1,061,007,253)	(787,714,443)	(382,758,440)
Income taxes paid	(127,040,116)	(585,634,318)	(305,116,324)
Net cash flows used in operating activities	(1,660,598,636)	(2,710,454,695)	(525,214,651)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals of:			
Property and equipment (Notes 13 and 24)	1,903,789,897	10,612,314	1,101,580,894
Equity investment at FVOCI (Note 12)	-	525,211,059	-
Investment properties (Notes 15 and 24)	-	-	232,800
Investment in associates and joint venture (Note 11)	-	2,095,467,697	-
Deposit for future subscription	40,000,000	-	-
Acquisitions of:			
Property and equipment (Note 13)	(2,766,311,068)	(268,541,908)	(196,668,588)
Investment in associates (Note 11)	(2,782,220,611)	(2,029,043,757)	(47,761,482)
Investment properties (Note 15)	(1,200,000,000)	-	-
Deposit for future subscription (Note 16)	-	(20,000,000)	-
Collection (extension) of loan to retirement fund	480,000,000	-	(1,200,000,000)
Dividends received (Notes 11, 12 and 24)	-	6,460	122,804,599
Net cash flows provided by (used in) investing activities	(4,324,741,782)	313,711,865	(219,811,777)

(Forward)

Years Ended December 31

	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment of:			
Bank loans (Note 17)	P11,762,000,000	P11,440,408,437	P12,462,676,041
Issuance of preferred shares (Note 29)	8,000,000,000	–	–
Long-term debt – net of transaction costs (Note 19)	6,467,102,083	4,961,523,947	–
Payments of:			
Bank loans (Note 17)	(12,151,000,000)	(10,511,408,437)	(12,312,676,041)
Long-term debt (Note 19)	(3,775,000,000)	(3,375,000,000)	(3,526,242,518)
Principal portion of lease liabilities (Note 14)	(91,321,331)	(75,253,228)	(60,977,044)
Cash dividends (Note 30)	(398,734,500)	(398,734,500)	(398,734,500)
Changes in non-controlling interests	–	–	8,400,000
Net cash flows provided by (used in) financing activities	9,813,046,252	2,041,536,219	(3,827,554,062)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	(978,698)	(806,453)	19,732,864
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	3,826,727,136	(354,400,158)	(4,552,847,626)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,216,974,593	2,571,374,751	7,124,222,377
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	P6,043,701,729	P2,216,974,593	P2,571,374,751

See accompanying Notes to Consolidated Financial Statements



1. Corporate Information and Authorization for Issuance of Consolidated Financial Statements

EEl Corporation (the Parent Company) is a stock corporation incorporated on April 22, 1931 under the laws of the Philippines. On July 15, 1980, the Parent Company's corporate life was extended for another fifty years starting April 22, 1981. Pursuant to Section 11 of the Revised Corporation Code, the Parent Company now has perpetual existence. Its registered office address is No. 12 Manggahan Street, Bagumbayan, Quezon City.

The Parent Company's shares of stock are publicly traded at the Philippine Stock Exchange (PSE). The principal shareholders holding significant interests in the Parent Company are RYM Business Management Corporation (20%), House of Investments, Inc. (15%), and Industry Holdings and Development Corporation (14.346%) and Shenton Resources Pte Ltd (6%).

The Parent Company is engaged in general contracting and construction equipment rental. The Parent Company's subsidiaries, associates and joint ventures are mainly involved in the provision of manpower services, construction, trading of construction equipment and parts, power sales, energy retail, steel fabrication, scaffoldings rental, logistics, consultancy and real estate.

The consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on April 30, 2025.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for equity investments at FVOCI which have been measured at fair value. The accompanying consolidated financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. Except as indicated, all amounts are rounded off to the nearest Peso.

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Consolidation

The consolidated financial statements include the Parent Company and the following companies (collectively the Group) that it controls:

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership			
				2024		2023	
				Direct	Indirect	Direct	Indirect
EEl Limited (formerly EEl BVI Ltd.)	British Virgin Islands	Holding company	US Dollar	100	–	100	–
Clear Jewel Investments, Ltd. (CJIL)	British Virgin Islands	Holding company	US Dollar	–	100	–	100
Nimaridge Investments, Limited	British Virgin Islands	Holding company	US Dollar	–	100	–	100
EEl (PNG), Ltd	Papua New Guinea	Holding company	US Dollar	–	100	–	100
EEl Corporation (Guam), Inc.	United States of America	Construction	US Dollar	100	–	100	–
EEl Construction and Marine, Inc.	Philippines	Construction	Philippine Peso	100	–	100	–
EEl Realty Corporation (EEl Realty)	Philippines	Real estate	Philippine Peso	100	–	100	–
EEl Subic Corporation	Philippines	Construction	Philippine Peso	100	–	100	–
EEl Business Solutions, Inc. (EBSI) (formerly Equipment Engineers, Inc.)	Philippines	Trading	Philippine Peso	100	–	100	–
JP Systems Asia Inc. (JPSAI)***	Philippines	Rental of scaffolding and formworks	Philippine Peso	–	80	–	60
BiotechJP Corp.*	Philippines	Manufacturing food and therapeutic food	Philippine Peso	–	–	–	–
Learn JP Corp.	Philippines	Services for improvement in language proficiency	Philippine Peso	–	60	–	60
EEl Power Corporation (EPC)	Philippines	Power sales	Philippine Peso	89	11	89	11
Gulf Asia International Corporation (GAIC)	Philippines	Manpower services	Philippine Peso	100	–	100	–
GAIC Professional Services, Inc. (GAPSI)	Philippines	Manpower services	Philippine Peso	–	100	–	100
GAIC Manpower Services, Inc. (GAMSI)	Philippines	Manpower services	Philippine Peso	–	100	–	100
GAMSI Health Services Inc.**	Philippines	Diagnostic services	Philippine Peso	–	100	–	–
Bagumbayan Equipment & Industrial Products, Inc.	Philippines	Consultancy services	Philippine Peso	100	–	100	–
Philmark, Inc.	Philippines	Construction	Philippine Peso	100	–	100	–
Philrock Construction and Services, Inc.	Philippines	Manpower services	Philippine Peso	100	–	100	–
EEl Energy Solutions Corporation (EESC)	Philippines	Retail energy supplier	Philippine Peso	–	100	–	100
EEl Carga Digital Logistics Corporation (EEl Carga)	Philippines	Digital logistics	Philippine Peso	–	100	–	100

*On November 7, 2023, the Parent Company sold all its interest in BiotechJP Corp.

**On August 29, 2024, GAMSI Health Services Inc. was incorporated as a wholly owned subsidiary of GAMSI. GAMSI Health's primary purpose is to establish, maintain, operate, own, develop, and manage hospitals, medical and other related healthcare facilities. GAMSI Health's financial year end is December 31.

***On February 29, 2024, the Board of Directors of JP Systems Asia Inc. (JPSAI) approved the issuance of the remaining Five Million unsubscribed shares. EEl Business Solutions Inc. agreed to subscribe to the Five Million common shares in JPSAI at a subscription price equivalent to the par value or a total subscription price of Fifty Million Pesos (₱50,000,000.00).

The consolidated financial statements are prepared with the same financial reporting period as the Parent Company using the consistent accounting policies. All significant intercompany balances and transactions, intercompany profits and expenses and gains and losses are eliminated during consolidation.

Non-controlling interests (NCI) represent the portion of equity not attributable to the Parent Company. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests are presented separately in the consolidated statements of comprehensive income and within the equity section of the consolidated statements of financial position and consolidated statements of changes in equity, separately from the equity attributable to equity holders of the Parent Company.



3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2024. Adoption of these pronouncements did not have any significant impact on the Group's financial statements.

The Group did not early adopt any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Standards Issued But Not Yet Effective

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

Effective beginning on or after January 1, 2025

- **PFRS 17, Insurance Contracts**

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21, *Lack of exchangeability*

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

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

Effective beginning on or after January 1, 2026

- Amendments to **PFRS 9** and **PFRS 7**, *Classification and Measurement of Financial Instruments*
The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

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

- Annual Improvements to PFRS Accounting Standards—Volume 11
The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.



- Amendments to PFRS 7, *Gain or Loss on Derecognition*
The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.
- Amendments to PFRS 9
 - a) Lessee Derecognition of Lease Liabilities
The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.
 - b) Transaction Price
The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to ‘transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*’ with ‘the amount determined by applying PFRS 15’. The term ‘transaction price’ in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.
- Amendments to PFRS 10, *Determination of a ‘De Facto Agent’*
The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.
- Amendments to PAS 7, *Cost Method*
The amendments to paragraph 37 of PAS 7 replaced the term ‘cost method’ with ‘at cost’, following the prior deletion of the definition of ‘cost method’.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*
The standard replaces PAS 1 Presentation of Financial Statements and responds to investors’ demand for better information about companies’ financial performance. The new requirements include:
 - Required totals, subtotals and new categories in the statement of profit or loss
 - Disclosure of management-defined performance measures
 - Guidance on aggregation and disaggregation
- PFRS 19, *Subsidiaries without Public Accountability*
The standard allows eligible entities to elect to apply PFRS 19’s reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The

amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

4. Material Accounting Policies

Leases - Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

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

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	EUL
Land	10-66 years
Building	2-10 years

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments.

Lease liabilities that are expected to be settled for no more than 12 months after reporting period are classified as current liabilities presented as current portion of lease liabilities. Otherwise, these are classified as noncurrent liabilities.



In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or a change in the lease term.

Short-term leases and leases of low-value assets

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

Sale and leaseback

When entering into a sale and leaseback transaction, the Group determines whether the transfer qualifies as a sale based on the requirements satisfying a performance obligation under PFRS 15.

When the transfer of the asset is a sale, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the Group. Gain or loss is recognized only at the amount that relates to the rights transferred to the buyer-lessor.

When the transfer of the asset is not a sale under PFRS 15 requirements, the Group continues to recognize the asset in its statement of financial position and accounts for the proceeds from the sale and leaseback as a financial liability in accordance with PFRS 9.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Except for revenues from digital logistics, the Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from construction contracts

The Group assessed that there is only one performance obligation for each construction agreement that it has entered and that revenue arising from such agreements qualify for recognition over time because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced by applying par. 35(b) of PFRS 15. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. The

customer, having the ability to specify the design (or any changes thereof) of the asset, controls the asset as it is being constructed. Furthermore, the Group builds the asset on the customer's land (or property controlled by the customer), hence, the customer generally controls any work in progress arising from the Group's performance. The Group also recognized as part of its construction revenue, the effects of variable considerations arising from various change orders and claims, to the extent that they reflect the amounts the Group expects to be entitled to and to be received from the customers, provided that it is highly probable that a significant reversal of the revenue recognized in connection with these variable considerations will not occur in the future. For unpriced change orders and claims, the Group uses the "most likely amount" method to predict the amounts the Group expects to be entitled to and to be received from the customers. The Group updates its estimate of the transaction price at the end of each reporting period to reflect any changes in circumstances that would result to changes in amount of variable consideration.

The Group elected to use the input method to measure the progress of the fulfilment of its performance obligation, which is based on the actual costs incurred to date relative to the total estimated cost to complete the construction projects because there is a direct relationship between the Group's effort (i.e., costs incurred) and the transfer of service to the customer. The Group excludes the effect of any costs incurred that do not contribute to the Group's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labor or other resources) and adjusts the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the performance obligation (such as uninstalled materials).

Revenue from manpower services

Under the Group's service agreements with its customers, the Group is required to provide manpower services (including but not limited to janitorial, messengerial and other allied services). As provision of these services constitutes a series of distinct good or services that are substantially the same and have the same pattern of transfer to the customer (i.e., the good or service would be recognized over time using the same measure of progress), this was treated by the Group as a single performance obligation. Because the services are simultaneously provided and consumed by the customer, the Group's performance obligation to render such services qualifies for revenue recognition over time by applying par. 35(a) of PFRS 15. The Group recognizes revenue from manpower supply services by applying the "right to invoice" practical expedient since the Group's right to payment is for an amount that corresponds directly with the value to the customer of the Group's performance to date.

Revenue from power sales

The Group's power supply agreement with its customer requires the Group to deliver certain units of electricity (in kWh) to the customer per month. As delivery of electricity constitutes a series of distinct good or services that are substantially the same and have the same pattern of transfer to the customer (i.e., the good or service would be recognized over time using the same measure of progress), this was treated by the Group as a single performance obligation. Because electricity is simultaneously provided and consumed, the Group's performance obligation to deliver electricity qualifies for revenue recognition over time by applying par. 35(a) of PFRS 15. The Group recognizes revenue from power sales by applying the "right to invoice" practical expedient since the Group's right to payment is for an amount that corresponds directly with the value to the customer of the Group's performance to date.



Revenue from sale of merchandise

Revenue from sale of merchandise is recognized at a point in time when control of the asset is transferred to the customer, generally on delivery and acceptance of the inventory item.

Revenue from real estate sales

Revenue from real estate sales pertains to sale of completed real estate properties. Revenue from real estate sales is recognized at point in time when the control over the real estate property is transferred to the customer which is when the transaction price of the real estate property is fully paid and the real estate property is turned over to the customer.

Revenue from digital logistics

EEl Carga enters into service agreements with truck owners and/or trucking companies to use the EEl Carga's application. A contract exists between EEl Carga and the truck owners and/or trucking companies once the truck owners and/or trucking companies accept a transaction request from the shippers and their ability to cancel the transaction lapses. EEl Carga concluded that it is acting as agent to facilitate the successful completion of delivery services by the truck owners and/or trucking companies. EEl Carga recognizes revenue on a net basis by deducting the fees owed to truck owners and/or trucking companies to the gross amount collected from customers. The revenue is recognized at a point in time.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Dividend Income

Dividend income is recognized when the shareholders' right to receive the payment is established.

Contract balances arising from revenue with customer contracts

Receivables

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

Contract assets

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

Contract liabilities

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

The Group presents each contract with customer in the consolidated statement of financial position either as a contract asset or a contract liability. Contract assets and liabilities from the same contract after considering current and noncurrent classification requirements under PAS 1 are presented on a net basis.

Expenses

Expenses are recognized in the consolidated statement of income when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of sales and services

Cost of sales is recognized as an expense when the related goods are sold.

Cost of real estate sales is recognized consistent with the method of applied revenue recognition. The cost of inventory recognized in the statement of income is determined with reference to the specific costs incurred on the sold property, allocated based on the relative size of sold property over the real estate corresponding project.

Cost of services include all direct materials and labor costs and those indirect costs related to contract performance which are recognized as incurred.

Selling and administrative expenses

Selling expenses are costs incurred to sell goods and services. Administrative expenses constitute costs of administering the business. Selling and administrative expenses are expensed as incurred.

Current versus Non-current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading



- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

Fair Value Measurement

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

Financial Instruments

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date. The Group follows the settlement date accounting where an asset to be received and liability to be paid are recognized on the settlement date and derecognition of an asset that is sold and the recognition of a receivable from the buyer are recognized on the settlement date.

Financial Instruments - Initial Recognition and Subsequent Measurement

Initial recognition and measurement

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

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

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

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

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Subsequent measurement

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

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



Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, deposits, receivables, and due from related parties.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably all its equity investments under this category.

The Group does not have any debt financial assets at fair value through OCI and financial assets at fair value through profit or loss as of December 31, 2024 and 2023.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The loss allowance was adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group generally considers a financial asset in default when contractual payments are 90 days past due. For a financial asset that arises from long-term construction contracts, the Group considers the asset to be in default if contractual payments are not settled within 30 days from the completion of the construction project. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

The accounting for the Group's financial liabilities remains the same as it was under PAS 39. The Group initially measures a financial liability at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs. The Group has no financial liabilities at FVPL.

Subsequent to initial recognition, the Group's financial liabilities are carried at amortized cost. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

This category generally applies to the Group's accounts payable and other current liabilities, bank loans, long-term debt, lease liabilities and due to related parties.

Derecognition of Financial Instruments

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when: (a) the rights to receive cash flows from the asset have expired; or (b) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.



Financial liabilities

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

Inventories

Inventories are stated at the lower of cost and net realizable value (NRV). Cost includes purchase price and other costs directly attributable to its acquisition such as non-refundable taxes, handling and transportation cost. The cost of real estate inventories includes (a) land cost; (b) freehold and leasehold rights for land; (c) amounts paid to contractors for construction; (d) planning and design cost, cost of site preparation, professional fees, property taxes, construction overheads and other related costs that are directly attributable in bringing the real estate inventories to its intended condition.

Cost of inventories is generally determined using the moving-average method, except for land inventory of EEI Realty which is accounted for using the specific identification method.

NRV is the estimated selling price in the ordinary course of the business less the estimated costs of completion and the estimated costs necessary to make the sale.

Materials issued but still uninstalled to construction projects are not considered as part of computation for percentage of completion of projects.

Prepaid Expenses

These are recorded as asset before they are utilized and apportioned over the period covered by the payment and charged to the appropriate account in the consolidated statement of income when incurred.

Other Current Assets

Other current assets pertain to other resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group within the financial reporting period.

Assets held-for-sale

The Group classifies noncurrent assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Noncurrent assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense, if any.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the

plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property and equipment are not depreciated or amortized once classified as held for sale.

Value-Added Tax (VAT)

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

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position up to the extent of the recoverable amount.

Investments in Associates and Joint Ventures

An associate is an entity in which the Group has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint venture are accounted for using the equity method of accounting. Under this method, the investment amount is increased or decreased to recognize the Group's share in the profit or loss of the investee after the date of acquisition. Dividends received from the investee reduces the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the investee arising from changes in the investee's other comprehensive income.

Gains and losses resulting from 'upstream' and 'downstream' transactions between the Group and its associate or joint venture are recognized in the consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture.

The reporting dates and the accounting policies of the associates and joint venture conform to those used by the Group for like transactions and events in similar circumstances.

Property and Equipment

Property and equipment, except for land, is stated at cost, less accumulated depreciation, amortization and impairment in value, if any. Land is carried at cost less any impairment in value. The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to operations in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.



Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of property and equipment of the Group are as follows:

	Number of Years
Buildings and improvements	10 - 20
Machinery, tools and construction equipment	2 - 20
Furniture, fixtures and office equipment	3 - 5
Transportation and service equipment	5 - 10

Amortization of leasehold improvements is computed over the estimated useful life of the improvement of 20 years or term of the lease, whichever is shorter.

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Construction in progress represents property and equipment under construction and is stated at cost. This includes cost of construction and other direct costs. Construction in progress are reclassified to the appropriate class of property and equipment when construction of the asset is completed.

Property and equipment are written-off when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefits expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

Investment Properties

Investment properties include land that is carried at cost less any impairment in value, if any.

The Group transfers a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. Examples of evidence of a change in use include:

1. Commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment property to owner-occupied property;
2. commencement of development with a view to sale, for a transfer from investment property to inventories;
3. end of owner-occupation, for a transfer from owner-occupied property to investment property; and inception of an operating lease to another party, for a transfer from inventories to investment property.

Software Costs

Software costs are stated at cost less accumulated amortization. Costs related to software purchased by the Group for use in the operations are amortized on a straight-line basis over a period of three (3) years.

Impairment of Non-financial Assets

For Property and equipment, Right-Of-Use assets, Software costs, Investments in associates and joint venture and Investment properties, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

Foreign Currency-denominated Transactions and Translation

Transactions denominated in foreign currencies are recorded using the applicable exchange rate at the date of the transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are retranslated using the applicable rate of exchange at the end of reporting period. Foreign exchange gains or losses are recognized in the Group's consolidated statement of income.

Nonmonetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of EEI Limited and Subsidiaries, the Group's foreign subsidiaries, is United States Dollar. As at reporting date, the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Group (the Philippine Peso) at the closing rate as at the reporting date, and the consolidated statements of income accounts are translated at monthly weighted average exchange rate. The exchange differences arising on the translation of foreign subsidiaries are taken directly to a separate component of equity under "Cumulative translation adjustments" account.

Upon disposal of a foreign subsidiary, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of income.



Retirement Benefits

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

The cost of providing benefits under the defined pension plans is actuarially determined using the projected unit credit method.

Retirement expenses comprise the following:

- a) Service cost
- b) Net interest on the net defined benefit liability or asset
- c) Remeasurements of net defined benefit liability or asset

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

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

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

Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group.

Income Tax

Current tax

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the financial reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- In respect of deductible temporary differences, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the financial reporting date.

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

Current tax and deferred tax shall be recognized outside profit or loss if the tax relates to items that are recognized outside profit or loss.

Provisions

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



If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

For contract with customer identified by the Group to be onerous (i.e., the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.), the Group records a provision for the loss it expects to make on such contract.

Contingencies

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

Stock Option Plan

No benefit expense is recognized relative to stock options granted. When the shares related to the stock options plan are subscribed, these are treated as capital stock issuances. The stock option plan is exempt from PFRS 2, *Share-based Payment*.

Basic and Diluted Earnings per Share

Basic earnings per share is computed by dividing net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits.

Diluted earnings per share is computed by adjusting the net income for the year attributable to equity holders of the Parent Company and the weighted average number of common shares outstanding during the year after giving retroactive effect for any stock dividends, stock splits or reverse stock splits and adjusted for the effects of all dilutive potential common shares.

Capital Stock

The Group records common stocks at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity shares. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Treasury Stock

When the Group purchases its own shares of capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity.

Retained Earnings

Retained earnings represent the cumulative balance of periodic net income or loss, prior period adjustments, effect of changes in accounting policy and other capital adjustments. Retained earnings are restricted for dividend declaration to the extent of the cost of treasury shares.

Events After the Financial Reporting Date

Any post year-end events up to the date of auditor's report that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed when material, in notes the consolidated financial statements.

5. Significant Accounting Judgments and Estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable. 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.

The following presents a summary of these significant accounting judgments and estimates:

Judgments

Assets classified as held-for-sale and discontinued operations

As of December 31, 2023, with its disposal in November 2023, management assessed that its interest in BiotechJP Corp. met the criteria of a discontinued operation, and the related assets and liabilities satisfied the requirements to be classified as held-for-sale in considering BiotechJP Corp. comprises distinct divisions or business units within the Group and its revenue, costs, expenses and cash flows can be separately measured.

Details of the discontinued operations are further discussed in Note 36.

Furthermore, on January 1, 2024, management approved the plan to sell certain excess equipment. Accordingly, the Group assessed that these assets have met the requirements to be classified as assets held-for-sale.

Determination of lease term of contracts with renewal and termination options – Group as a lessee

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for leases of land and office spaces with shorter non-cancellable period (i.e., three to ten years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of land and office spaces



with longer non-cancellable periods are not included as part of the lease term as these are not reasonably certain to be exercised (Note 14).

Recognition of revenue from construction contracts

Under PFRS 15, the Group assessed that there is only one performance obligation for each construction agreement that it has entered and that revenue arising from such agreements qualify for recognition over time. The Group elected to use the input method to measure the progress of the fulfilment of its performance obligation, which is based on the actual costs incurred to date relative to the total estimated cost to complete the construction projects. The Group believes that this method faithfully depicts the Group's performance towards satisfaction of its performance obligation because there is a direct relationship between the Group's effort (i.e., costs incurred) and the transfer of service to the customer (Note 20).

Determination of sale and leaseback transaction as true sale or financing transaction - Group as lessee

The Group determines whether the transfer of assets qualifies as a sale by referring to the requirements for satisfying performance obligations under PFRS 15. The sale and leaseback transactions are considered as a true sale if there is a transfer of control over the related asset. If the transfer is not a sale under PFRS 15 requirements, the Group accounts for the sale and leaseback as a financing transaction in accordance with PFRS 9. The Group assessed that the sales and leaseback transactions in 2024 and 2022 qualify as a true sale.

Provisions and contingencies

The Group is involved in various claims in the ordinary course of business. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position. The Group's management believes that the outcome of these claims will not have a material adverse effect on the Group's financial position or operating results. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of the strategies relating to these claims (Note 18).

Assessment of joint control

Judgment is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group assesses their rights and obligations arising from the arrangement and specifically considers:

- the structure of the joint arrangement - whether it is structured through a separate vehicle
- when the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
- the legal form of the separate vehicle
- the terms of the contractual arrangement other facts and circumstances, considered on a case by case basis.

Refer to Note 11 for details of the Group's investment in joint venture.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to

market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimating variable considerations arising from change orders and claims

The Group frequently agrees to change orders that modify the scope of its work previously agreed with customers and regularly submits claims to customers when unanticipated additional costs are incurred because of delays or changes in scope caused by the customers. PFRS 15 requires the Group to recognize, as part of its revenue from construction contracts, the estimated amounts the Group expects to be entitled to and to be received from customers due to these change orders and claims (otherwise known as variable considerations), provided that it is highly probable that a significant reversal of the revenue recognized in connection with these variable considerations will not occur in the future. For these unpriced change orders and claims, the Group uses the “most likely amount” method to predict the amount to which it will be entitled and expected to be received from the customers. The Group also updates its estimate of the transaction price to reflect any changes in circumstances that would result to changes in amount of variable considerations and corresponding increase or decrease in the contract assets.

The aggregate carrying values of receivables and contract assets arising from construction contracts amounted to ₱16.8 billion and ₱16.6 billion as of December 31, 2024 and 2023, respectively (Notes 7 and 8).

Impairment of nonfinancial assets

The Group performs annual impairment review of nonfinancial assets (e.g. property and equipment, right-of-use assets, investment properties and investment in associates and joint venture) when certain impairment indicators are present. Determining the fair value of assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Group to conclude that the assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group’s financial position and performance.

Refer to Notes 11, 13, 14 and 15 for the aggregate carrying values of investments in associates and joint ventures, property and equipment, right-of-use assets and investment properties as of December 31, 2024 and 2023.

Fair value measurement of unquoted equity investments at FVOCI

The Group uses valuation techniques such as discounted cash flow approach and adjusted net asset method to estimate the fair value of investment in PetroGreen Energy Corporation (PGEC) and Hermosa Ecozone Development Corporation (HEDC), respectively. These valuation techniques require significant unobservable inputs to calculate the fair value of the Group’s unquoted equity investments at FVOCI. These inputs include forecast cash flows assumptions, discount rates, appraised value of real properties, among others. Changes in assumptions relating to these factors could affect the reported fair value of these unquoted equity financial instruments. For the investment in HEDC, the valuation made by the appraisers was based on sales comparison approach.

The fair value of unquoted equity investments amounted to ₱589.9 million and ₱494.4 million as of December 31, 2024 and 2023, respectively (Note 12).



Provision for expected credit losses of trade receivables and contract assets

The Group uses the simplified approach in calculating the ECL of its trade receivables and contract assets wherein the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The model is based on the Group's historical observed default rates and adjusted to include forward looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

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

Refer to Notes 7 and 8 for the aggregate carrying values of receivables and contract assets as of December 31, 2024 and 2023.

Estimation of retirement obligations

The determination of the obligation and retirement cost are dependent on certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligations.

Retirement assets amounted to ₱1.1 billion as of December 31, 2024, while retirement liability amounted to ₱244.5 million as of December 31, 2023 (Note 27).

Realizability of deferred tax assets

The Group reviews the carrying amounts of deferred taxes of each entity in the Group at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets recognized by the Group are disclosed in Note 25 to the consolidated financial statements.

Classification of creditable withholding tax

The Group classifies its creditable withholding tax (CWT) as current when it is expected to be realized (e.g., will be used as tax credit against income taxes due) for at least twelve months after the reporting period. The portion of CWT that is expected to be realized twelve months after the reporting period is classified as noncurrent.

CWT recognized by the Group are disclosed in Notes 10 and 16 to the consolidated financial statements.

6. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	₱6,187,609	₱6,302,450
Cash in banks	5,465,268,930	2,088,439,005
Cash equivalents	572,245,190	122,233,138
	₱6,043,701,729	₱2,216,974,593

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn annual interest at the respective short-term investment rates.

Allowance for expected credit losses on cash in banks and cash equivalents amounted to ₱5,034 as of December 31, 2024 and 2023, respectively.

Interest income from cash in banks and cash equivalents amounted to ₱13.9 million, ₱13.4 million, and ₱33.8 million in 2024, 2023, and 2022, respectively (Note 23).

7. Receivables

This account consists of:

	2024	2023
Trade receivable		
Non-interest bearing		
Billed receivables	₱2,348,152,213	₱3,269,181,998
Unbilled receivables	214,518,054	107,019,302
Interest-bearing	21,170,650	15,397,435
Loans receivable (Notes 16 and 26)	72,000,000	–
Dividend receivable from AE (Note 11)	51,300,173	–
Receivable from sale of investment properties	13,573,112	14,924,186
Other receivables	98,142,821	105,913,401
	2,818,857,023	3,512,436,322
Less: Allowance for expected credit losses	173,072,061	156,028,337
	₱2,645,784,962	₱3,356,407,985



Movements in the allowance for expected credit losses for the years ended December 31 follow:

2024				
	Non-interest bearing trade receivables	Interest-bearing trade receivables	Other receivables	Total
Balances at beginning of year	₱143,703,526	₱200,000	₱12,124,811	₱156,028,337
Provisions - net (Note 22)	17,417,136	–	(373,412)	17,043,724
Balances at end of year	₱161,120,662	₱200,000	₱11,751,399	₱173,072,061

2023				
	Non-interest bearing trade receivables	Interest-bearing trade receivables	Other receivables	Total
Balances at beginning of year	₱79,842,362	₱200,000	₱10,926,181	₱90,968,543
Provisions (Note 22)	63,861,164	–	1,198,630	65,059,794
Balances at end of year	₱143,703,526	₱200,000	₱12,124,811	₱156,028,337

Trade receivables mainly pertain to amounts arising from construction contracts and are generally on a 30-day credit term.

Interest-bearing trade receivables

In 2017, certain trade receivables were reclassified as interest-bearing trade receivables after the Parent Company and the customers agreed to extend the credit terms. These receivables bear interest of 5% per annum until full repayment. Interest income from trade receivables amounted to ₱2.1 million, ₱1.6 million, and ₱1.3 million in 2024, 2023 and 2022, respectively (see Note 23).

Dividend receivable from AE

On December 27, 2024, the Steering Committee of AE approved a partial declaration of profits of which the Group's share amounted to ₱60.3 million. The receivable (net of tax) remained outstanding as of December 31, 2024. This is expected to be recovered in cash within 12 months from the reporting date.

8. Contract Assets and Liabilities

Contract Assets

The Group presents contract receivable and retentions withheld by customers as contract assets.

The Group's contract receivable pertains to accomplishments completed as of reporting period but not yet billed to customers and not yet due for collection. Retention pertains to amounts withheld by customers and is conditioned on the lapse of the defect liability period and the receipt of customer certification that the constructed asset is completed and accepted. Contract assets are reclassified as trade receivables upon billing to the customer.

The increase in contract assets is due to the recognition of additional accomplishment from completed and on-going projects.

Details of the Group's contract assets as of December 31, 2024 and 2023 are shown below:

	2024		
	Current	Noncurrent	Total
Contract asset	₱10,327,893,148	₱4,531,842,430	₱14,859,735,578
Less: Allowance for expected credit losses	411,945,851	325,414,732	737,360,583
	₱9,915,947,297	₱4,206,427,698	₱14,122,374,995
	2023		
	Current	Noncurrent	Total
Contract asset	₱7,011,472,166	₱6,459,742,154	₱13,471,214,320
Less: Allowance for expected credit losses	473,071	255,913,200	256,386,271
	₱7,010,999,095	₱6,203,828,954	₱13,214,828,049

Movement in the allowance for expected credit losses for the years ended December 31, 2024 and 2023 follows:

	2024		
	Current	Noncurrent	Total
Balances as at January 1	₱473,071	₱255,913,200	₱256,386,271
Provisions (Note 22)	411,472,780	69,501,532	480,974,312
Balances as at December 31	₱411,945,851	₱325,414,732	₱737,360,583



	2023		Total
	Current	Noncurrent	
Balances as at January 1	₱19,510,785	₱9,443,812	₱28,954,597
Provisions (Note 22)	(19,037,714)	246,469,388	227,431,674
Balances as at December 31	₱473,071	₱255,913,200	₱256,386,271

Contract Liabilities

Contract liabilities mainly consist of down payments received in relation to construction contracts that will be recognized as revenue in the future as the Group satisfies its performance obligations. The Group's contract liabilities amounted to ₱2.2 billion and ₱0.6 billion as of December 31, 2024 and 2023, respectively, after offsetting with related contract asset.

	2024	2023
Total contract liabilities	₱2,215,053,588	₱609,543,169
Less: Current portion	2,156,537,356	483,716,984
Noncurrent portion	₱58,516,232	₱125,826,185

Revenue recognized in 2024, 2023 and 2022 that were included in the prior year balance of contract liabilities amounted to ₱200 million, ₱99.8 million, and ₱226.0 million, respectively.

9. Inventories

This account consists of:

	2024	2023
Construction materials	₱732,478,308	₱1,029,508,768
Real estate:		
Land and land development	145,073,029	147,773,029
Subdivision lots and condominium units for sale	34,032,442	34,032,443
Raw land	40,037,038	41,105,288
Merchandise	67,082,457	85,469,645
Spare parts and supplies	73,891,163	89,632,257
	1,092,594,437	1,427,521,430
Less: Allowance for inventory obsolescence		
Merchandise	2,815,782	769,378
Spare parts and supplies	11,435,015	7,572,331
	14,250,797	8,341,709
	₱1,078,343,640	₱1,419,179,721

Real estate

A summary of the movement in real estate inventories is set out below:

	2024	2023
Balances at beginning of year	₱222,910,760	₱237,058,093
Construction/development costs incurred	3,343,559	2,038,466
Reclassification (Note 13)	–	(10,871,648)
Cost of real estate sales (Note 21)	(7,111,810)	(5,314,151)
Balances at end of year	₱219,142,509	₱222,910,760

In 2023, the Group reclassified property from its properties held for sale to property and equipment for the purpose of leasing out to Parent Company, amounting to ₱10.87 million (Note 13).

Merchandise inventories

Merchandise inventory with cost of ₱2.8 million and ₱0.8 million were fully provided with allowance for inventory obsolescence as of December 31, 2024 and 2023, respectively. Loss on inventory obsolescence recognized in 2024 amounted to ₱2.0 million (nil in 2023 and 2022).

Spare parts and supplies

This pertains to inventory items used in the repair and maintenance of the Group's property and equipment.

Spare parts and supplies with cost of ₱11.4 million and ₱7.6 million were fully provided with allowance for inventory obsolescence as of December 31, 2024 and 2023, respectively. In 2022, the Group reversed allowance for inventory obsolescence amounting to ₱14.3 million (nil in 2023 and 2024) after the spare parts and supplies inventory were found to be still serviceable. These were consumed and recorded as part of cost of services in 2022. Loss on inventory obsolescence recognized in 2024 amounted to ₱3.9 million (nil in 2023 and 2022).

10. Other Current Assets

This account consists of:

	2024	2023
Advances to suppliers and subcontractors	₱740,751,368	₱626,529,250
Creditable withholding taxes (CWTs)	297,462,331	133,217,893
Miscellaneous deposits	144,763,437	162,505,197
Advances to officers and employees	89,578,905	55,058,320
Deferred input tax	71,862,641	66,137,789
Prepaid expenses	32,711,998	36,938,538
Time deposits	–	102,373,333
Others	39,082,894	35,257,505
	1,416,213,574	1,218,017,825
Less: Allowance for ECL	57,192,827	63,274,702
	₱1,359,020,747	₱1,154,743,123



Advances to suppliers and subcontractors represent advance payment for the purchase of various construction materials and down payment to subcontractors for the contract work to be performed.

CWTs pertain to unutilized creditable withholding taxes which will be used as tax credit against income taxes due. The Group determines that taxes withheld can be recovered in future periods.

Miscellaneous deposits mainly represent the Group's refundable rental, utilities and guarantee deposits on various machinery and equipment items. The provision for impairment was derived from the probable uncollectible amount of security deposits on various utilities and rentals from project sites.

Time deposits are interest-bearing bank deposits with 178 days of maturity. These deposits earn interest at 6% per annum. This was terminated on May 13, 2024.

Movements in allowance for impairment for the years ended December 31 are shown below:

	Advances to suppliers and subcontractors	Miscellaneous deposits	Advances to officers and employees	Total
Balances as at January 1	₱20,133,033	₱41,265,425	₱1,876,244	₱63,274,702
Recoveries (Note 22)	–	(8,453,652)	–	(8,453,652)
Provisions for ECL (Note 22)	2,371,777	–	–	2,371,777
Balances as at December 31	₱22,504,810	₱32,811,773	₱1,876,244	₱57,192,827

2023				
	Advances to suppliers and subcontractors	Miscellaneous deposits	Advances to officers and employees	Total
Balances as at January 1	₱13,093,959	₱41,265,425	₱1,035,813	₱55,395,197
Provisions for ECL (Note 22)	7,039,074	–	840,431	7,879,505
Balances as at December 31	₱20,133,033	₱41,265,425	₱1,876,244	₱63,274,702

11. Investments in Associates and Joint Ventures

The investments relate to the following investee companies:

	Place of incorporation	Nature of business	Percentage of ownership	
			2024	2023
<i>Associates</i>				
Al-Rushaid Construction Company Limited (ARCC)	Kingdom of Saudi Arabia	Construction	49	49
Rice Integrated Commercial Enterprises, Inc. (RICEI)	Philippines	Agricultural	39	39
<i>Joint ventures</i>				
Shinbayanihan Heavy Equipment Corporation (SHEC)	Philippines	Equipment rental	40	40
Shimizu-Fujita-Takenaka-EEI Joint Venture (SFTE)	Philippines	Construction	5	5
Acciona-EEI Joint Venture (AE)	Philippines	Construction	30	30
Lotte-Gulermak-EEI Joint Venture (LGE)	Philippines	Construction	25	25
PetroWind Energy, Inc. (PWEI)	Philippines	Renewable energy	-	-
PetroSolar Corporation (PSOC)	Philippines	Renewable energy	-	-



Details of the Group's material investments in associates and joint ventures follow:

	ARCC	PSOC	PWEI
Acquisition cost:			
Balances as at January 1	₱2,624,991,802	₱-	₱-
Additional investment	2,782,220,611	-	-
Balances as at December 31	5,407,212,413	-	-
Accumulated equity in net earnings (losses):			
Balances as at January 1	(1,053,995,987)	-	-
Equity in net earnings (losses)	(3,872,949,702)	-	-
Dividends	-	-	-
Balances as at December 31	(4,926,945,689)	-	-
Accumulated share in other comprehensive income (loss):			
Balances as at January 1	(104,668,114)	-	-
Additions	8,555,118	-	-
Balances as at December 31	(96,112,996)	-	-
Allowance for impairment	-	-	-
Equity in cumulative translation adjustments	319,337,726	-	-
	₱703,491,454	₱-	₱-

	ARCC	PSOC	PWEI
Acquisition cost:			
Balances as at January 1	₱595,948,045	₱693,303,362	₱288,490,782
Additional investment	2,029,043,757	-	-
Balances as at December 31	2,624,991,802	693,303,362	288,490,782
Accumulated equity in net earnings (losses):			
Balances as at January 1	541,647,535	511,410,622	257,365,159
Equity in net earnings (losses)	(1,595,643,522)	137,548,513	23,595,024
Balances as at December 31	(1,053,995,987)	648,959,135	280,960,183
Accumulated share in other comprehensive income (loss):			
Balances as at January 1	(111,716,606)	(181,079)	107,379
Additions	7,048,492	-	-
Balances as at December 31	(104,668,114)	(181,079)	107,379
Disposals	-	(1,342,081,418)	(569,558,344)
Equity in cumulative translation adjustments	354,463,037	-	-
	₱1,820,790,738	₱-	₱-

2024

RICEI	SHEC	LGE	SFTE	AE	Tota
₱10,777,300	₱20,800,000	₱-	₱-	₱-	₱2,656,569,102
-	-	-	-	-	2,782,220,611
10,777,300	20,800,000	-	-	-	5,438,789,713
-	2,069,877	-	41,390,473	104,858,263	(905,677,374)
-	(178,231)	-	41,354,645	60,353,469	(3,771,419,815)
-	-	-	-	(60,353,146)	(60,353,146)
-	1,891,646	-	82,745,118	104,858,586	(4,737,450,335)
-	-	-	-	-	(104,668,114)
-	-	-	-	-	8,555,118
-	-	-	-	-	(96,112,996)
(9,740,194)	-	-	-	-	(9,740,194)
-	-	-	-	-	319,337,726
₱1,037,106	₱22,691,646	₱-	₱82,745,118	₱104,858,586	₱914,823,910

2023

RICEI	SHEC	BEO DMC	LGE	SFTE	AE	Tot
₱13,540,700	₱20,800,000	₱450,000	₱-	₱-	₱-	₱1,612,532,88
-	-	-	-	-	-	2,029,043,75
13,540,700	20,800,000	450,000	-	-	-	3,641,576,64
(497,960)	313,289	(348,008)	-	9,357,434	54,418,305	1,373,630,37
497,960	1,756,588	-	-	32,033,039	50,439,958	(1,349,772,44
-	2,069,877	(348,008)	-	41,390,473	104,858,263	23,857,93
-	-	-	-	-	-	(111,790,30
-	-	-	-	-	-	7,048,49
-	-	-	-	-	-	(104,741,81
(2,763,400)	-	(65,992)	-	-	-	(1,914,469,15
-	-	-	-	-	-	354,463,03
₱10,777,300	₱22,869,877	₱-	₱-	₱41,390,473	₱104,858,263	₱2,000,686,65



ARCC

EEL Limited made additional investment of ₱294.9 million in ARCC in 2016.

In 2017, the stockholders of ARCC extended advances amounting to ₱1,620.8 million (SAR121.75 million) to ARCC to refinance the associate's maturing bank loan and other funding requirements. The amount of the extended loan is proportionate to the ownership interests of the stockholders. Subsequently, the stockholders agreed to treat the ₱1,592 million (SAR121.75 million) loan as non-refundable shareholders' funding in the statement of equity of ARCC. Consequently, the ₱794.2 million (SAR59.66 million) advances extended by the Group to ARCC was reclassified as additional investment in ARCC.

In 2021 and 2020, ARCC repaid investment amounting to ₱454.1 million and ₱576.0 million, respectively. The transactions did not result to a change in the 49% ownership of EEL Limited over ARCC.

In 2023, the stockholders agreed to provide additional funding to augment the working capital requirements of ARCC. EEL Limited made an additional investment amounting to ₱2.0 billion to ARCC.

In 2024, EEL Limited infused additional investments to ARCC amounting to ₱2,782.2 million.

These transactions did not result to a change in the 49% ownership of EEL Limited over the associate.

PSOC

In 2023, EPC entered into a Share Purchase Agreement with Petro Energy Resources Corporation to sell its shares in PSOC.

On July, 31, 2023, the Group entered in the Deed of Absolute Sale for sale of its investment in PSOC with related proceeds amounting to ₱1,443.9 million received on the same date. The Group recognized gain on disposal of investment amounting to ₱101.7 million in 2023.

PWEI

In 2013, EPC acquired 20% stake in PWEI for ₱118.75 million. PWEI was incorporated on March 6, 2013, primarily to carry on the general business of generating, transmitting and/or distributing power derived from renewable energy sources such as, but not limited to wind, biomass, hydro, solar, geothermal, ocean, wave and such other renewable sources of power, and from conventional sources such as coal, fossil fuel, natural gas, nuclear, and other viable or hybrid sources of power corporation, public electric utilities, electric cooperative and markets. PWEI has a wind energy project in Nabas, Aklan and has started construction activities on April 29, 2013.

On November 21, 2013, PetroGreen Energy Corporation (PGEC), CapAsia ASEAN Wind Holdings Cooperative, U.A. (CapAsia) and EPC entered into a Shareholders' Agreement (SA). The SA will govern their relationship as the shareholders of PWEI as well as containing their respective rights and obligations in relation to PWEI. Further, the SA contains provisions regarding voting requirements for

relevant activities that require unanimous consent of all the parties. PGEC, CapAsia and EPC agree that their equity ownership ratio in PWEI is at 40%, 40% and 20%, respectively.

Although the Share Purchase Agreement (SPA) and the SA were executed on November 21, 2013, these did not result to PGEC's loss of control over PWEI in 2013. The loss of control did not happen until the Closing Date. On February 14, 2014, the Closing Date, the payment has been received from sale of the shares as executed in the Deed of Assignment covering the transfer of shares from PGEC to CapAsia and all the conditions precedent have been satisfactory completed. Hence, the transaction made PWEI a joint venture among PGEC, CapAsia and EPC by virtue of the SA signed among the three parties governing the manner of managing PWEI. PGEC lost control over PWEI while CapAsia was given full voting and economic rights as a 40% shareholder.

In 2022, EPC made an additional investment of ₱31.5 million. This did not result to a change in the 20% ownership of EPC over PWEI.

In 2023, EPC entered into a Share Purchase Agreement with Petro Energy Resources Corporation to sell its shares in PWEI.

The Deed of Absolute Sale for the shares in PWEI was entered into by the parties on May 10, 2023 and the related proceeds amounting to ₱651.5 million were received on the same date. Gain on disposal was recognized in 2023 amounting to ₱82.1 million.

RICEI

In 2022, the Group acquired 49% stake in RICE Integrated Commercial Enterprises, Incorporation (RICEI) and was accounted for as an associate. RICEI was incorporated on February 23, 2019 primarily to engage in the production and trading of crops, orchards, groves, and all types of agricultural, fishery and farm products on wholesale basis.

In 2023, upon the disposal of the Group's shares in BiotechJP Corporation, the Group also derecognized the latter's 10% ownership in RICE Integrated Commercial Enterprise, thereby reducing its interest to 39% or reduction in investee of ₱2.8 million.

In 2024, the Group recognized impairment loss amounting to ₱9.7 million representing the excess of the carrying amount over the recoverable amount of the investment in RICEI.

SHEC

In 2019, the Group acquired 40% stake in SHEC and was accounted as joint venture. SHEC was incorporated on July 26, 2019 primarily to engage in the business of managing the operation of used and new construction equipment rental and used and new construction equipment wholesale business in the Philippines and import and export of used and new construction equipment without engaging in retail trading.



BEO DMC

In 2019, BiotechJP deposited ₱0.5 million with BEO Distribution and Marketing Corporation (BEO DMC) in exchange for 30% ownership in the latter. BEO DMC is in the business of distributing and marketing of goods. The deposit was recorded as “Deposit for Future Stock Subscription” pending receipt of the shares of capital stock of the investee.

In 2020, BiotechJP reclassified the deposit to investment in joint venture upon receipt of stock certificate of BEO DMC.

In 2023, upon the disposal of the Group’s shares in BiotechJP Corporation, the Group also derecognized its 30% ownership in BEO DMC.

SFTE

On September 12, 2019, the Parent Company entered into a joint venture agreement with Shimizu Corporation, Fujita Corporation, Takenaka Civil Engineering & Construction Co. Ltd. (SFTE) to contract with the Department of Transportation (DOTr) of the Republic of the Philippines for the Metro Manila Subway Project (MMSP)-Phase 1, Contract Package 101. In the joint venture, the Parent Company acquired a proportionate share of 5% with regard to the assets, liabilities, costs, profits and losses arising out of the execution of the Works as identified in the contract with DOTr. The joint venture agreement also requires unanimous vote of all joint venture partners on the relevant activities of the joint venture.

AE

On October 13, 2019, the Parent Company entered into a joint venture agreement with Acciona Construction Philippines, Inc. to undertake the construction of the Malolos-Clark Railway Project-Package No. CP N-04. The Group’s participating interest in the joint venture is 30%. The Group has no initial capital investment on the joint venture as it is an unincorporated joint venture. The joint venture agreement also requires unanimous vote of all joint venture partners on the relevant activities of the joint venture. In 2024, AE declared dividend where the Group’s share amounted to ₱60.35 million. Remaining dividend receivable as at December 31, 2024 amounted to ₱51.3 million.

LGE

On May 13, 2023, LGE was formed for the sole purpose of undertaking the North-South Commuter Railway (NSCR) Contract Package (CP) 07: Building and Civil Engineering Works for 22-hectare Depot with Buildings and Facilities at Brgy. Banlic, Cabuyao, Laguna. The Group has no initial capital investment on the joint venture as it is an unincorporated joint venture. The joint venture agreement also requires unanimous vote of all joint venture partners on the relevant activities of the joint venture. The Group’s participating interest in the joint venture is 25%.

As of December 31, 2024 and 2023, the accumulated unrecognized share in net losses of LGE amounted to ₱62.45 million and ₱23.21 million, respectively.

Others

The Parent Company also entered into joint venture agreements with certain contractors for the purpose of establishing unincorporated joint ventures, the objective of which are to submit bids for certain projects, and if such bids are successful, execute the project and jointly deliver the works in accordance with the project documents. As of December 31, 2024, these projects are yet to be awarded. The Group has no initial capital investment on the joint ventures as these are unincorporated. The Group accounts for these joint ventures under equity method of accounting.



Below are the summarized financial information relating to the Group's associates and joint venture:

2024

	ARCC	RICEI
Current assets	₱14,393,229,173	₱3,534,736
Noncurrent assets	3,572,648,340	274,441
Total assets	₱17,965,877,513	₱3,809,177
Current liabilities	₱13,346,598,501	₱1,149,914
Noncurrent liabilities	2,500,798,864	–
Total liabilities	₱15,847,397,365	₱1,149,914
Preferred stock	₱–	₱–
Net assets of the investee	₱2,118,480,148	₱2,659,263

2023:

	ARCC	RICEI
Current assets	₱14,197,944,598	₱28,509,576
Noncurrent assets	3,666,407,082	274,441
Total assets	₱17,864,351,680	₱28,784,017
Current liabilities	₱11,179,383,351	₱1,149,914
Noncurrent liabilities	2,969,068,864	–
Total liabilities	₱14,148,452,215	₱1,149,914
Preferred stock	₱–	₱–
Net assets of the investee	₱3,715,899,465	₱27,634,103

SHEC	SFTE	AE	LGE
₱54,013,132	₱55,068,074,033	₱1,894,591,134	₱2,694,034,030
60,191,253	–	1,191,215,138	75,537,918
₱114,204,385	₱55,068,074,033	₱3,085,806,272	₱2,769,571,948
₱8,979,586	₱53,413,171,676	₱2,714,383,804	₱3,010,802,467
31,855,682	–	21,893,848	8,586,549
₱40,835,268	₱53,413,171,676	₱2,736,277,652	₱3,019,389,016
₱16,640,000	₱–	₱–	₱–
₱56,729,117	₱1,654,902,357	₱349,528,620	(₱249,817,068)

SHEC	SFTE	AE	LGE
₱59,092,451	₱42,435,930,501	₱4,413,414,603	₱2,345,352,355
64,692,620	–	505,045,210	38,497,790
₱123,785,071	₱42,435,930,501	₱4,918,459,813	₱2,383,850,145
₱7,968,095	₱41,608,121,044	₱4,296,612,409	₱2,427,453,692
42,002,284	–	272,319,860	218,800
₱49,970,379	₱41,608,121,044	₱4,568,932,269	₱2,427,672,492
₱16,640,000	₱–	₱–	₱–
₱57,174,692	₱827,809,457	₱349,527,544	(₱43,822,347)



Below are the summary of statements of income (loss) of the Group's associates and joint venture:

2024

	ARCC	RICEI
Revenue	₱10,827,182,050	₱8,153,173
Cost	16,101,031,488	8,133,585
Gross margin (loss)	(5,273,849,438)	19,588
Selling and administrative, and other expenses	1,432,794,205	2,841,666
Other income	–	570
Pre-tax income (loss)	(₱6,706,643,643)	(₱2,821,508)

2023:

	ARCC	RICEI
Revenue	₱12,349,510,751	₱–
Cost	14,684,728,173	1,276,821
Gross margin (loss)	(2,335,217,422)	(1,276,821)
Selling and administrative, and other expenses	1,728,692,595	–
Other income (expenses)		
Pre-tax income (loss)	(₱4,063,910,017)	(₱1,276,821)

SHEC	SFTE	AE	LGE
₱8,023,783	₱827,092,900	₱3,869,437,093	₱208,943,043
5,921,660	–	2,504,300,803	200,057,558
2,102,123	827,092,900	1,365,136,290	8,885,485
3,147,859	–	1,250,731,885	341,310,390
1,228,091	–	86,773,825	175,451,787
₱182,355	₱827,092,900	₱201,178,230	(₱156,973,118)

SHEC	SFTE	AE	LGE
₱16,449,078	₱640,660,780	₱4,664,615,318	₱151,302,451
8,539,730		3,388,371,392	129,247,989
7,909,348	640,660,780	1,276,243,926	22,054,462
2,742,057	–	1,163,615,694	65,876,808
463,472		55,504,961	–
₱5,630,763	₱640,660,780	₱168,133,193	(₱43,822,346)



The table below shows the Group's share in net earnings (losses) of its associates and joint ventures:

2024

	December 31, 2024							Total
	ARCC	RICE	SHEC	SFTE	AE	LGE		
Pre-tax income (loss)	(P6,706,643,643)	(P2,821,508)	P182,355	P827,092,900	P201,178,230	(P156,973,118)		(P5,837,984,784)
Proportionate ownership in the associates and joint venture	49%	39%	40%	5%	30%	25%		
	(3,286,255,385)	-	72,942	41,354,645	60,353,469	-		(3,184,474,329)
Provision for income tax	(586,694,342)	-	(251,148)	-	-	-		(586,945,490)
Equity in net earnings (losses)	(P3,872,949,727)	P-	(P178,206)	P41,354,645	P60,353,469	P-		(P3,771,419,819)

2023:

	December 31, 2023								Total	
	ARCC	PSOC	PWEI	RICEI	SHEC	SFTE	AE	LGE		
Pre-tax income (loss)	(P4,063,910,017)	P312,610,257	P117,975,120	P1,276,821	P5,630,763	P640,660,780	P168,133,193	(P43,822,346)		(P2,861,445,429)
Proportionate ownership in the associates and joint venture	49%	44%	20%	39%	40%	5%	30%	25%		
	(1,991,315,908)	137,548,513	23,595,024	497,960	2,252,305	32,033,039	50,439,958	-		(1,744,949,109)
Provision for income tax	395,672,386	-	-	-	(495,717)	-	-	-		395,176,669
Equity in net earnings (losses)	(P1,595,643,522)	P137,548,513	P23,595,024	P497,960	P1,756,588	P32,033,039	P50,439,958	P-		(P1,349,772,440)

The Group's share in the net income of ARCC is subject to 20% income tax rate in Saudi Arabia.

Other relevant financial information of SHEC are as follows:

	2024	2023
Cash and cash equivalents	P31,581,145	P37,208,272
Depreciation and amortization	5,182,279	5,130,960
Interest income	72,376	134,344

Other relevant financial information of SFTE are as follows:

	2024	2023
Cash and cash equivalents	P16,101,388,316	P16,478,900,417
Interest income	827,092,900	640,660,782

Other relevant financial information of AE are as follows:

	2024	2023
Cash and cash equivalents	P1,061,794,552	P1,288,291,156
Interest income	17,117,543	32,115,331
Depreciation and amortization	139,794,130	100,089,687

Other relevant financial information of LGE are as follows:

	2024	2023
Cash and cash equivalents	₱2,236,881,950	₱1,903,579,972
Current financial liabilities *	41,797,111	304,247
Depreciation and amortization	21,701,902	2,033,733

**Excluding trade and other payables and provisions*



The reconciliation of the net assets of the investees to the carrying amounts of the investments recognized in the consolidated financial statements follows:

2024

	ARCC	RICEI
Net assets of the investee	₱2,118,480,148	₱2,659,264
Proportionate ownership in the associate	49%	39%
Carrying value of investment before adjustment	₱1,038,055,273	₱1,037,113
Adjustment*	(334,563,828)	–
Carrying value of investment	₱703,491,445	₱1,037,113

**Pertains to tax-related expenses charged to EEI Ltd.*

2023:

	ARCC	RICEI
Net assets of the investee	₱3,715,899,465	₱27,634,103
Proportionate ownership in the associate	49%	39%
Carrying value of investment	₱1,820,790,738	₱10,777,300

SHEC	SFTE	AE	Total
₱56,729,117	₱1,654,902,357	₱349,528,620	₱4,182,299,506
40%	5%	30%	
₱22,691,647	₱82,745,118	₱104,858,586	₱1,249,387,737
-	-	-	(334,563,828)
₱22,691,647	₱82,745,118	₱104,858,586	₱914,823,909

SHEC	SFTE	AE	Total
₱57,174,692	₱827,809,457	₱349,527,544	₱4,978,045,261
40%	5%	30%	
₱22,869,877	₱41,390,473	₱104,858,263	2,000,686,651



12. Equity Investments at FVOCI

This account consists of:

	2024	2023
Quoted equity investments	₱69,982,873	₱48,289,081
Unquoted equity investments	589,907,181	494,402,587
	₱659,890,054	₱542,691,668

The rollforward analyses of equity investments at FVOCI as of December 31 follow:

	2024	2023
At January 1	₱542,691,668	₱1,276,220,111
Fair value changes	117,198,386	(208,317,384)
Disposals	-	(525,211,059)
At December 31	₱659,890,054	₱542,691,668

The unquoted equity investments consist of shares of the following companies:

	2024	2023
Hermosa Ecozone Development Corporation	₱586,053,259	₱490,651,882
Others	3,853,922	3,750,705
At December 31	₱589,907,181	₱494,402,587

The Group elected to present the fair value changes of all its equity investments in other comprehensive income because it does not intend to hold these investments for trading.

Quoted equity investments

As of December 31, 2024 and 2023, the quoted equity investments of the Group comprised of golf club shares and other investments in a corporation listed in the Philippine Stock Exchange.

In 2023, the Group sold its share in Manila Southwood Golf & Country Club. The proceeds of the sale amounted to ₱4.0 million. The cumulative net revaluation adjustment relating to the share was reclassified from other comprehensive income to Retained Earnings upon disposal.

PGEC

The fair value of the Group's investment in PGEC is determined by an independent third-party professional services firm using the discounted cash flow model. The valuation requires certain assumptions to be made, such as forecast cash flows, the discount rate, among others.

In 2023, the Group entered into a Share Purchase Agreement with Petro Energy Resources Corporation to sell its shares in PGEC. The proceeds of the sale amounted to ₱521.2 million with a corresponding downward revaluation of ₱213.8 million which was recorded as other comprehensive loss. The cumulative net revaluation adjustment relating to PGEC was reclassified from other comprehensive income to Retained Earnings upon disposal.

HEDC

The fair value of the Group's investment in HEDC is determined using the adjusted net asset approach wherein the assets of HEDC consisting mainly of parcels of land are adjusted from cost to their fair value. The valuations were performed by an independent SEC-accredited appraiser as of December 31, 2024 and 2023, respectively.

Dividends earned from equity investments at FVOCI amounted to ₱6,460 and ₱4.0 million in 2023 and 2022, respectively (nil 2024) (see Note 24).

Presented below are the movements in fair value reserve of equity investments at FVOCI (net of tax effect) for the years ended December 31:

	2024	2023
At January 1	₱362,848,998	₱726,462,186
Fair value changes	99,620,128	(178,954,865)
Transfer to retained earnings	–	(184,658,323)
At December 31	₱462,469,126	₱362,848,998

13. Property and Equipment

The rollforward analyses of this account follow:

	2024					Total
	Land, Buildings and Improvements	Machinery, Tools and Construction Equipment	Transportation and Service Equipment	Furniture, Fixtures, and Office Equipment	Construction In Progress	
Cost						
At beginning of year	₱437,800,853	₱4,900,794,374	₱987,204,272	₱593,360,505	₱106,847,682	₱7,026,007,686
Additions	2,307,247,106	210,285,190	57,751,162	80,471,450	110,556,160	2,766,311,068
Reclassifications	–	(203,159,069)	(6,651,786)	–	–	(209,810,855)
Retirements/disposals	(57,813,427)	(84,180,425)	(29,629,100)	(1,826,346)	–	(173,449,298)
At end of year	2,687,234,532	4,823,740,070	1,008,674,548	672,005,609	217,403,842	9,409,058,601
Accumulated depreciation and amortization						
At beginning of year	189,037,808	3,454,809,576	785,303,438	496,890,180	–	4,926,041,002
Depreciation and amortization	22,005,817	274,187,987	88,951,727	49,960,243	–	435,105,774
Reclassifications	–	(156,290,852)	(5,820,312)	–	–	(162,111,164)
Retirements/disposals	–	(16,874,202)	(25,041,887)	(1,790,075)	–	(43,706,164)
At end of year	211,043,625	3,555,832,509	843,392,966	545,060,348	–	5,155,329,448
Net book value	₱2,476,190,907	₱1,267,907,561	₱165,281,582	₱126,945,261	₱217,403,842	₱4,253,729,153



2023

	Land, Buildings and Improvements	Machinery, Tools and Construction Equipment	Transportation and Service Equipment	Furniture, Fixtures, and Office Equipment	Construction In Progress	Total
Cost						
At beginning of year	₱592,720,907	₱5,137,922,997	₱1,022,970,508	₱538,930,424	₱51,089,427	₱7,343,634,263
Additions	2,437,564	118,137,612	25,076,447	62,833,477	60,056,808	268,541,908
Reclassifications (Note 9)	12,470,846	-	-	-	(1,599,198)	10,871,648
Retirements/disposals	(169,828,464)	(355,266,235)	(60,842,683)	(8,403,396)	(2,699,355)	(597,040,133)
At end of year	437,800,853	4,900,794,374	987,204,272	593,360,505	106,847,682	7,026,007,686
Accumulated depreciation and amortization						
At beginning of year	188,604,699	3,512,285,056	751,587,457	461,583,792	-	4,914,061,004
Depreciation and amortization	20,208,128	282,665,033	88,673,833	40,827,460	-	432,374,454
Retirements/disposals	(19,775,019)	(340,140,513)	(54,957,852)	(5,521,072)	-	(420,394,456)
At end of year	189,037,808	3,454,809,576	785,303,438	496,890,180	-	4,926,041,002
Net book value	₱248,763,045	₱1,445,984,798	₱201,900,834	₱96,470,325	₱106,847,682	₱2,099,966,684

Machinery, tools and construction equipment are directly used in various construction projects of the Group.

As of December 31, 2024 and 2023, construction in progress mainly pertains to on-going improvement projects at the Parent Company's head office.

The distribution of the depreciation and amortization expense of the Group's property and equipment follows:

	2024	2023	2022
Cost of sales and services (Note 21)	₱342,239,965	₱335,966,319	₱346,923,945
Selling and administrative expenses (Note 22)	92,865,809	89,828,192	119,148,229
Discontinued operation	-	6,579,943	683,938
	₱435,105,774	₱432,374,454	₱466,756,112

In 2022, the Parent Company entered into a sale and leaseback transaction with EEI Retirement Fund, Inc. (EEI-RFI) for properties composed of land, building and improvements located in Bauan, Batangas for ₱1.1 billion. This transaction resulted to a gain on sale of ₱341 million and the recognition of right-of-use asset and lease liability amounting to ₱56.7 million and ₱206.1 million, respectively.

In 2024, the Parent Company entered into another sale and leaseback transaction with EEI-RFI for land amounting to ₱1.83 billion. This transaction resulted to a gain on sale of ₱1.78 billion and the recognition of right-of-use asset and lease liability amounting to ₱89.65 million.

The Parent Company acquired from its lessor, EEI-RFI, two adjoining land properties for ₱2.27 billion.

In 2024, a plan to sell certain equipment to potential buyer was approved resulting to reclassification from property and equipment to assets held-for-sale amounting to ₱47.70 million. As of December 31, 2024, the fair value of the assets held-for sale was based on an independent appraisal. The excess of the fair value less cost to sell over the carrying amount was recorded as a provision for impairment in 2024 amounting to ₱11.2 million (see Note 22).

As at December 31, 2024 and 2023, no property and equipment items were pledged as security. Fully depreciated property and equipment with acquisition cost amounting to ₱3.3 billion and ₱1.7 billion are still in use as at December 31, 2024 and 2023, respectively.

14. Leases

Group as a lessee

The Group has lease contracts for various items of land and improvements, buildings and office spaces used in its operations. Leases of land and office spaces generally have lease terms between 10 and 66 years, while other equipment generally have lease terms between 1 and 3 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

- a. Starting January 2007, the Parent Company and EEI-RFI entered into a lease agreement for the lease of land and improvements. The lease terms are for one year and renewable every year with 5% increase effective January 1, 2014. In 2024, the Parent Company acquired the leased property resulting to automatic termination of the lease. The related right-of-use asset and lease liability with carrying amount of ₱211.0 million and ₱303.4 million, respectively, were derecognized and the related gain amounting to ₱92.4 million was recognized in the 2024 consolidated statement of income under "Other income – net".
- b. The Parent Company entered into a sublease agreement for lease of 2,459.22 square meters land in Clark City, Pampanga. Lease term is until 2085.
- c. The Group leases a staff house which it occupies for its operations for a period of two years, both parties has the option to renew as per agreement.
- d. The Group leases a lot and offices which it occupies for its operations for its projects with option to renew as per agreement. In March 2023, the Group entered into a lease contract covering the period of January 1, 2023 to December 31, 2023. The contract has a rate of ₱343 per square meter.
- e. In May 2016, the Group entered into a lease agreement for a period of five (5) years commencing on July 7, 2016 and expiring on July 6, 2021. The lease is subject to escalation of 10% starting the second year of lease. This was renewed for a period of five (5) years covering July 7, 2021 to July 6, 2026.
- f. In December 2022, the Parent Company entered into a lease contract with EEI-RFI for the lease of land and improvements where its fabrication shop is located. The lease is for a term of 5 years with annual escalation of 5%.
- g. On January 1, 2025, the Parent Company entered into a lease contract with EEI-RFI for the lease of land. The lease is for a term of 5 years with annual escalation of 5%.



The carrying amount of right-of-use assets and the movements during the years are as follows:

	2024	2023
Balances at beginning of the year	P497,657,876	P658,508,891
Additions during the year	90,031,146	5,308,562
Disposal	(210,990,131)	(88,702,877)
Amortization of right-of-use assets	(68,800,159)	(77,456,700)
Balances at end of the year	P307,898,732	P497,657,876

In 2024 and 2023, the carrying amounts of leased land and improvements and office space are P297.5 million and P10.3 million and P484.6 million and P13.1 million, respectively.

The distribution of the amortization of the Group's right-of-use assets follows:

	2024	2023	2022
Cost of services (Note 21)	P19,693,594	P7,398,084	P22,071,035
Selling and administrative expenses (Note 22)	49,106,565	68,992,625	56,486,614
Discontinued operation	-	1,065,991	1,362,268
	P68,800,159	P77,456,700	P79,919,917

The carrying amount of lease liability and the movements during the period are as follows:

	2024	2023
Balances at beginning of the year	P544,698,714	P720,390,289
Additions during the year	90,031,146	5,308,562
Disposal	(303,369,422)	(105,746,909)
Interest expense	35,034,520	55,166,350
Payments	(126,355,851)	(130,419,578)
Balances at end of the year	240,039,107	544,698,714
Less: current portion	55,328,263	95,682,070
Noncurrent portion	P184,710,844	P449,016,644

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

	2024	2023	2022
Amortization of right-of-use assets	P85,577,256	P77,456,700	P79,919,917
Interest expense on lease liabilities	41,509,135	55,166,350	39,236,392
Expenses relating to short-term leases (included in cost of services)	382,716,861	681,154,988	385,289,848
Expenses relating to leases of low-value assets (included in general and administrative expenses)	908,700	5,533,059	12,528,360
	P510,711,952	P819,311,097	P516,974,517

Shown below is the maturity analysis of the undiscounted lease payments for years ended December 31 as follow:

	2024	2023
1 year	P72,440,765	P157,924,492
more than 1 years to 2 years	74,370,899	159,775,941
more than 2 years to 3 years	78,047,280	161,813,378
more than 3 years to 4 years	24,474,809	168,172,219
more than 5 years	28,399,191	139,934,536
Total	P277,732,944	P787,620,566

15. Investment Properties

The rollforward analyses of this account follow:

	2024	2023
Cost		
Balances at beginning of year	P14,295,711	P14,295,711
Additions	1,200,000,000	-
Net book value at end of year	P1,214,295,711	P14,295,711

Land classified as investment properties include parcels of land located in Bataan, Benguet, Cavite, Nueva Ecija, and Bulacan with total carrying values of P1.2 billion and P14.3 million as of December 31, 2024 and 2023, respectively.

In 2024, the Group acquired land in Bataan to be used for lease to third parties amounting to P1.2 billion. As of December 31, 2024, the fair value of the land in Bataan amounted to P1.4 billion which was determined based on valuation performed by an independent SEC accredited appraiser. The fair value of the land was determined using the market approach which is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets and adjusted to reflect differences on size, and shape (Level 3 – Significant unobservable inputs). The Group assessed that there were no significant changes in the fair value of the property from the appraisal date to December 31, 2024.

As of December 31, 2024 and 2023, the fair value of the land in Benguet amounted to P35.2 million and P32.0 million, which was determined based on valuations performed by an independent SEC accredited appraiser whose reports were dated December 31, 2024 and 2023, respectively. The fair value of the land was determined using the market approach which is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets and adjusted to reflect differences on size, and shape (Level 3 – Significant unobservable inputs).

As of December 31, 2024, the fair value of the land in Cavite amounted to P2.8 million, which was determined using the market approach (Level 3 – Significant unobservable inputs).

No rental income derived from the investment properties in 2024, 2023 and 2022. No direct operating expenses incurred in relation to these investment properties in 2024, 2023 and 2022.



In 2022, the Group sold parcels of land located in Las Pinas City for ₱0.2 million (nil in 2023 and 2024). The Group recognized gain of ₱0.03 million in 2022 in relation to the sale.

16. Other Noncurrent Assets

This account consists of:

	2024	2023
Creditable withholding taxes (Note 10)	₱817,080,402	₱634,277,465
Loans receivable – net of current (Note 5)	648,000,000	1,200,000,000
Receivable from sale of a subsidiary	29,778,272	35,985,167
Deposit for future subscription	20,000,000	20,000,000
Deferred input VAT	3,966,520	27,466,187
Software	–	2,340,000
Others	41,710,370	20,567,637
	1,560,535,564	1,940,636,456
Allowance for expected credit loss	(16,421,279)	(1,637,755)
	₱1,544,114,285	₱1,938,998,701

In December 2022, the Parent Company entered into an agreement with EEI-RFI granting a loan amounting to ₱1.2 billion to the latter. In 2024, the ₱480.0 million of the loan was settled. The remaining balance of the loan is to be received in 10 annual installments commencing in 2025 with annual interest rate of 5%. The portion of the loan expected to be settled in 2025 amounting to ₱72.0 million is presented under the “Receivables” account.

The Group recognized provision for expected credit loss of ₱14.8 million in 2024 (nil in 2023 and 2022).

17. Bank Loans

The Group availed of several unsecured short-term bank loans with a number of local banks. These loans will mature within one year with annual interest rates ranging from 6.30% to 7.50% and 4.63% to 7.65% in 2024 and 2023, respectively.

Movements in this account during the years ended December 31 follow:

	2024	2023
Balances at the beginning of year	₱4,329,000,000	₱3,400,000,000
Availment	11,762,000,000	11,440,408,437
Payments	(12,151,000,000)	(10,511,408,437)
Balances at the end of year	₱3,940,000,000	₱4,329,000,000

Interest expense incurred on these loans amounted to ₱476.8 million, ₱402.0 million, and ₱85.9 million in 2024, 2023 and 2022, respectively.

18. Accounts Payable and Other Liabilities

This account consists of:

	2024	2023
Accounts payable	₱2,882,145,054	₱3,403,584,727
Accrued expenses	377,761,485	468,616,377
Deferred output taxes	13,962,021	436,183,977
Retention payable	441,767,513	378,103,929
Withholding taxes and other statutory liabilities	94,538,869	128,484,778
Advances from joint venture partners	32,381,854	32,381,854
Others	106,519,704	138,016,316
	₱3,949,076,500	₱4,985,371,958

Accrued expenses consist of:

	2024	2023
Accrued salaries and wages	₱66,783,708	₱28,590,070
Accrued interest	98,370,831	84,301,936
Other accrued expenses	212,606,946	355,724,371
	₱377,761,485	₱468,616,377

Accounts payable are non-interest bearing and generally settled on 30 to 90 days terms.

Deferred output taxes pertain to VAT on sale of services on credit. Once collected, the amount will be transferred to output VAT payable.

Retention payable are amounts that the Group deducts from its subcontractors' billings and are usually paid within 12 months.

Other accrued expenses mainly consist of provisions, accrual for professional fees, outside services, utilities and other expenses that are expected to be settled within one year. Provisions were provided for claims by third parties. As allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only a general description is provided as the disclosure as additional details beyond the present disclosures may prejudice the Group's position and negotiation strategies with respect to these matters.

Other noncurrent liabilities

Other noncurrent liabilities pertain to noncurrent portion of retention payables that are expected to be settled beyond one year from the end of reporting period. As of December 31, 2024 and 2023, other noncurrent liabilities amounted to ₱132.0 million and ₱110.1 million, respectively.



19. Long-term Debt

This account consists of:

	2024	2023
Corporate promissory notes	₱8,936,886,330	₱6,214,537,732
Term loan	10,375,200	10,377,147
	8,947,261,530	6,224,914,879
Less current portion	3,364,469,155	2,895,044,021
	₱5,582,792,375	₱3,329,870,858

Corporate promissory notes

On October 15, 2020, the Parent Company received ₱3,000 million proceeds from the issuance of an unsecured corporate promissory note to a local bank that bears annual interest of 3.5%. The promissory note matures within three (3) years from the date of issuance. The loan was fully paid on October 3, 2023.

On November 23, 2020, the Parent Company received ₱1,000 million proceeds from the issuance of an unsecured corporate promissory note to a local bank that bears annual interest of 3.3%. The promissory note matures within three (3) years from the date of issuance. The loan was fully paid on May 18, 2023.

On March 22, 2021, the Parent Company received ₱1,500 million proceeds from the issuance of an unsecured corporate promissory note to a local bank that bears annual interest of 4.5%. The promissory note matures within three (3) years from the date of issuance. The loan was fully paid in 2024.

On October 7, 2021, the Parent Company received ₱2,500 million proceeds from the issuance of an unsecured corporate promissory note to a local bank that bears annual interest of 4.8%. The promissory note matures within three (3) years from the date of issuance. The loan was fully paid in 2024.

On December 3, 2021, the Parent Company received ₱1,500 million proceeds from the issuance of an unsecured corporate promissory note to a local bank that bears annual interest of 3.4%. The promissory note matures within three (3) years from the date of issuance. The loan was fully paid in 2024.

On April 12, 2023, the Parent Company received ₱2,000 million proceeds from the issuance of an unsecured corporate promissory note to a local bank that bears annual interest of 6.9%. The promissory note matures within three (3) years from the date of issuance.

On December 5, 2023, the Parent Company received ₱3,000 million proceeds from the issuance of an unsecured corporate promissory note to a local bank that bears annual interest of 6.3%. The promissory note matures within three (3) years from the date of issuance.

On March 21, 2024, the Parent Company received ₱3,500 million proceeds from the issuance of an unsecured corporate promissory note to a local bank that bears annual interest of 6.73%. The promissory note matures within five (5) years from the date of issuance.

On August 8, 2024, the Parent Company received ₱500 million proceeds from the issuance of an unsecured corporate promissory note to a local bank that bears annual interest of 7.58%. The promissory note matures within three (3) years from the date of issuance.

On December 1, 2024, the Parent Company received ₱2,500 million proceeds from the issuance of an unsecured corporate promissory note to a local bank that bears annual interest of 6.9%. The promissory note matures within three (3) years from the date of issuance.

The proceeds from the promissory notes were used for general corporate requirements.

Interest expense incurred on these corporate notes amounted to ₱579.4 million, ₱356.8 million, ₱268.5 million in 2024, 2023 and 2022 respectively.

Term loan

In 2019, BiotechJP availed an unsecured ₱47.60 million long-term loan from Biotech Japan Corporation that bears an annual interest of 0.30%. The loan is payable in equal semi-annual installments and will mature on September 13, 2030.

On April 24, 2020, BiotechJP availed an unsecured ₱21.8 million long-term loan from a foreign bank that bears an annual interest based from floating rate. In absence of quotations, if the then-current Floating Rate is USD LIBOR and no rate is quoted pursuant to the definition of USD LIBOR on any Quotation Date, the applicable Floating Rate shall be the average (rounded upwards, if necessary, to the nearest one-sixteenth of one per cent (1/16%)) of the rates per annum. The loan is payable in 18 equal semi-annual installments and will mature on September 13, 2030.

On September 25, 2020, BiotechJP availed an unsecured ₱92.3 million long-term loan from Biotech Japan Corporation that bears an annual interest of 3.0%. The loan is payable in equal semi-annual installments and will mature on March 31, 2030.

In 2023, the Group has disposed of all its interest in BiotechJP.

On December 20, 2023, LearnJP Corp. availed an unsecured ₱10.4 million (JPY 26.4M) long-term loan from Chuoh Publishing Co., Ltd., that bears an annual interest of 0.25% per annum. The loan is payable in lump sum at its maturity date of December 20, 2025.



Interest expense incurred on these corporate notes amounted to ₱0.02 million, nil, and ₱4.5 million in 2024, 2023 and 2022, respectively.

Movements in the account follow:

	December 31, 2024			December 31, 2023		
	Promissory Note	Term Loan	Total	Promissory Note	Term Loan	Total
Balance at beginning of period	₱6,250,000,000	₱10,377,147	₱6,260,377,147	₱4,625,000,000	₱158,552,929	₱4,783,552,929
Proceeds	6,500,000,000	-	6,500,000,000	5,000,000,000	10,377,147	5,010,377,147
Payments	(3,775,000,000)	-	(3,775,000,000)	(3,375,000,000)	-	(3,375,000,000)
Forex	-	(1,947)	(1,947)	-	-	-
Deconsolidation of BTJP	-	-	-	-	(158,552,929)	(158,552,929)
	8,975,000,000	10,375,200	8,985,375,200	6,250,000,000	10,377,147	6,260,377,147
Less: Transaction costs						
Balance at beginning of period	35,462,268	-	35,462,268	17,367,118	-	17,367,118
Additions	32,897,917	-	32,897,917	48,853,200	-	48,853,200
Amortization	(30,246,515)	-	(30,246,515)	(30,758,050)	-	(30,758,050)
Balance at end of period	38,113,670	-	38,113,670	35,462,268	-	35,462,268
Balance at end of period	8,936,886,330	10,375,200	8,947,261,530	6,214,537,732	10,377,147	6,224,914,879
Less current portion	3,364,469,155	-	3,364,469,155	2,895,044,021	-	2,895,044,021
	₱5,572,417,175	₱10,375,200	₱5,582,792,375	₱3,319,493,711	₱10,377,147	₱3,329,870,858

The aforementioned loans require the Group to maintain the following financial ratios calculated based on stipulation with the lender banks:

Financial Ratio	Requirement
Current ratio	Minimum of 1:1
Debt to equity ratio	Maximum of 4:1

As of December 31, 2024 and 2023, the Group was in compliance with the affirmative loan covenants.

The Group's negative covenant requires that no material change on the Group's structure should be made while the related loans are outstanding. In 2023, the Group obtained a waiver from one of the banks in relation to this covenant. The Group, however, did not obtain a waiver from another bank considering the loan related to the said bank is already due for payment in 2024. This did not impact the classification of the Group's long-term debt as at December 31, 2023.

The Group's negative covenant also requires no material change in top management without notifying the banks while the loans are outstanding. In 2024, the Parent Company has duly notified the banks for change in top management. The notification was acknowledged by the banks in 2024.

20. Revenue from Contracts with Customers

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

	2024	2023	2022
Construction contracts	₱11,726,893,953	₱16,306,334,085	₱12,528,768,650
Manpower services	838,226,024	664,017,271	624,787,528
Power sales	808,132,612	990,899,622	882,809,647
Merchandise sales	201,056,648	452,960,351	268,374,185
Real estate sales	14,848,857	13,200,378	3,980,246
Others	39,606,031	323,359,637	340,325,203
	₱13,628,764,125	₱18,750,771,344	₱14,649,045,459

Construction contracts

	2024	2023	2022
Building	₱5,923,105,385	₱6,239,406,726	₱5,751,318,973
Electro-mechanical	2,923,945,882	3,188,129,292	1,195,224,661
Infrastructure	2,654,685,509	4,190,296,850	2,239,205,309
Industrial	225,157,177	2,688,501,217	3,343,019,707
	₱11,726,893,953	₱16,306,334,085	₱12,528,768,650

The Group recognized revenue amounting to ₱10.2 billion, ₱15.0 billion, and ₱9.2 billion in 2024, 2023 and 2022, respectively, from performance obligations partially satisfied in the previous periods.

Performance obligations

Information about the Group's performance obligations are summarized below:

The transaction price allocated to the remaining performance obligations of the Group (unsatisfied or partially unsatisfied) in connection with the construction contracts that have an original expected duration of more than one year (otherwise known as backlogs) as at December 31 are as follows:

	2024	2023	2022
Within one year	₱378,090,134	₱4,779,754,818	₱12,454,978,158
More than one year	24,866,176,490	23,177,439,509	19,547,810,287
	₱25,244,266,624	₱27,957,194,327	₱32,002,788,445



21. Costs of Sales and Services

This account consists of:

	2024	2023	2022
Cost of sales	₱148,627,511	₱307,968,660	₱230,175,241
Cost of services	13,175,500,316	14,208,813,787	12,417,054,064
	₱13,324,127,827	₱14,516,782,447	₱12,647,229,305

Cost of Sales

	2024	2023	2022
Merchandise sales	₱141,515,701	₱302,654,509	₱227,042,928
Real estate sales (Note 9)	7,111,810	5,314,151	3,132,313
	₱148,627,511	₱307,968,660	₱230,175,241

Cost of Services

	2024	2023	2022
Personnel expenses	₱7,042,369,267	₱6,879,429,558	₱5,855,125,808
Materials	2,571,730,905	2,742,467,918	2,891,914,985
Equipment costs and others	2,324,437,943	3,153,158,063	2,393,037,221
Power sales	723,159,798	1,074,384,570	801,248,304
Depreciation and amortization (Notes 13 and 14)	361,933,559	343,364,403	368,994,980
Others	151,868,844	16,009,275	106,732,766
	₱13,175,500,316	₱14,208,813,787	₱12,417,054,064

22. Selling and Administrative Expenses

This account consists of:

	2024	2023	2022
Personnel expenses	₱690,859,462	₱628,268,837	₱824,972,272
Provision for allowance for expected credit loss - net (Notes 6, 7, 8, 10 and 16)	506,719,685	300,370,973	14,344,776
Depreciation and amortization (Notes 13 and 14)	141,972,374	158,820,817	175,634,843
Taxes and licenses	77,007,909	217,338,780	46,809,898
Outside services	73,212,236	49,545,883	51,328,580
Repairs and maintenance	70,902,474	58,050,447	95,247,707
Travel and transportation	63,826,431	65,359,858	84,925,703
Professional fees	51,077,341	59,044,489	59,161,481
Training	45,453,303	14,986,427	42,412,551
Utilities	37,433,218	38,646,195	51,276,844
Food, meals and others	25,057,678	8,611,284	2,821,251
Impairment of noncurrent assets (Notes 11 and 13)	20,920,273	—	—
Bid expenses	11,042,017	6,887,977	14,980,963
Advertising	9,319,613	4,325,768	5,568,180
Supplies	6,019,645	7,919,603	4,878,710
Rent (Note 14)	5,226,696	4,813,832	12,528,360
Insurance	4,755,898	3,138,741	10,319,786
Provision for (Recovery) of inventory obsolescence (Note 9)	5,909,088	—	(14,301,872)
Entertainment, amusement and recreation	3,652,841	2,889,451	2,697,874
Donations	1,509,914	3,439,367	2,119,451
Management fee	—	1,840,599	4,614,336
Others	144,119,295	56,008,504	130,302,421
	₱1,995,997,391	₱1,690,307,832	₱1,622,644,115

Others include bank collection charges, membership fees and dues, employee engagement activities, and various provisions.

The distribution of the depreciation and amortization expense follows:

	2024	2023	2022
Property and equipment (Note 13)	₱92,865,809	₱89,828,192	₱119,148,229
Right-of-use asset (Note 14)	49,106,565	68,992,625	56,486,614
	₱141,972,374	₱158,820,817	₱175,634,843



The distribution of the provision for allowance for expected credit loss - net follows:

	2024	2023	2022
Cash and cash equivalents (Note 6)	₱–	₱–	(₱1,952)
Receivables (Note 7)	17,043,724	65,059,794	(12,771,964)
Contract assets (Note 8)	480,974,312	227,431,674	(11,817,837)
Other current assets (Note 10)	(6,081,875)	7,879,505	38,936,529
Other noncurrent assets (Note 16)	14,783,524	–	–
	₱506,719,685	₱300,370,973	₱14,344,776

23. Interest Income

This account consists of:

	2024	2023	2022
Cash in banks and cash equivalents (Note 6)	₱13,944,525	₱13,352,467	₱33,820,010
Interest-bearing trade receivables (Note 7)	2,074,507	1,588,177	1,311,765
Receivable from EEI-RFI (Notes 26)	60,000,000	60,000,000	–
	₱76,019,032	₱74,940,644	₱35,131,775

24. Other Income - Net

This account consists of:

	2024	2023	2022
Gain on sale and leaseback (Note 14)	₱1,775,406,294	₱–	₱–
Gain on termination of leases (Note 14)	92,379,291	–	–
Gains (losses) on disposal of:			
Property and equipment	(1,359,531)	(578,410)	343,765,609
Investment in associates (Note 11)	–	183,754,237	–
Gain on sale of investment	–	60,079,956	–
Investment properties (Note 15)	–	–	32,300
Scrap	–	317,742	770,989
Rent income	1,257,653	1,701,991	442,544
Dividend income	–	6,460	4,004,599
Tax refund/discount	1,235,694	521,143	374,470
Others	19,411,880	20,252,672	26,999,514
	₱1,888,331,281	₱266,055,791	₱376,390,025

In 2022, the Group sold parcels of land located in Bauan, Batangas for ₱1.1 billion. The Group recognized gain on disposal amounting to ₱341.3 million.

In 2022, the Group sold parcels of land located in Las Pinas City for ₱0.2 million. The Group recognized gain of ₱0.03 million in relation to the sale in 2022.

In 2023, the Group disposed of its investment in BiotechJP Corporation. The share purchase agreement was entered into on November 7, 2023 for a consideration of ₱50 million payable in installment until 2030. The Group recognized gain on deconsolidation amounting to ₱60.1 million upon loss of control over the company.

25. Income Taxes

The components of the Group's deferred tax assets and liabilities follow:

	2024	2023
Deferred tax assets recognized in profit or loss:		
Contract deposits	₱1,301,045,086	₱1,107,310,850
Allowance for expected credit losses	273,223,759	124,012,423
Lease liability	56,241,713	171,068,559
Net retirement liability	44,090,161	17,378,114
NOLCO	37,647,777	40,384,594
Provisions	11,880,363	56,024,444
Unamortized past service cost	9,555,715	13,588,383
Allowance for impairment in miscellaneous deposits	8,202,943	10,316,356
Excess MCIT	5,316,353	2,502,006
Allowance for inventory obsolescence	2,858,754	1,893,083
Unrealized foreign exchange losses	5,108	—
	1,750,067,732	1,544,478,812
Deferred liabilities recognized in profit or loss:		
Capitalized borrowing cost	(30,818)	(58,691)
Unrealized foreign exchange gains	(671,171)	(188,373)
Deferred transaction costs	(9,528,417)	(8,865,567)
ROU asset	(72,910,379)	(152,995,759)
Others	(25,630,498)	(25,630,498)
	(108,771,283)	(187,738,888)
	1,641,296,449	1,356,739,924
Deferred tax assets (liabilities) recognized in other comprehensive income:		
Remeasurement loss (gain) on defined benefit plans	(307,282,284)	42,967,700
Accumulated fair value gain on equity investments at FVOCI	(81,533,085)	(63,954,850)
Deferred tax assets – net	₱1,252,481,080	₱1,335,752,774



Reconciliation of net deferred tax assets follow:

	2024	2023
Balance at beginning of year	P1,335,752,774	P1,160,984,495
Tax income (expense) recognized in:		
Profit and loss	284,556,525	55,936,010
Other comprehensive income	(367,828,219)	118,832,269
Balance at end of year	P1,252,481,080	P1,335,752,774

The Group did not recognize the following deferred tax assets as management assessed that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

	2024	2023
NOLCO	P55,475,833	P44,784,386
Allowance for inventory obsolescence	703,946	192,344
MCIT	3,524,326	2,537,867
Others	(1,166,335)	774,559

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 25-2020 implementing Section 4 (bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2024, the Group has NOLCO and excess MCIT which are deferred tax assets that can be claimed as deductions against future taxable income and tax payable, respectively, as follows:

NOLCO:

Year Incurred	Available Until	Amount	Applied	Expired	Balance	Tax Effect
2020	2025	P4,308,154,633	P4,260,617,599	P-	P47,537,034	P11,620,530
2021	2026	322,502,359	267,976,508	-	54,525,851	12,915,916
2022	2025	52,273,996	13,853,657	-	38,420,339	7,825,285
2023	2026	207,695,816	58,830,577	-	148,865,239	35,597,417
2024	2027	110,485,728	-	-	110,485,728	25,164,462
		P5,001,112,532	P4,601,278,341	P-	P399,834,191	P93,123,610

MCIT:

Year Incurred	Available Until	Amount	Applied	Expired	Balance
2020	2023	₱1,583,938	₱173,200	₱1,410,738	₱–
2021	2024	16,395,032	15,179,084	1,215,948	–
2022	2025	2,206,517	217,335	–	1,989,182
2023	2026	1,834,742	–	–	1,834,742
2024	2027	5,016,755	–	–	5,016,755
		₱27,036,984	₱15,569,619	₱2,626,686	₱8,840,679

The Group did not recognize any deferred tax asset in relation to unexpired share options as this has negative intrinsic value.

The reconciliation between the statutory and effective income tax rates follows:

	2024	2023	2022
Income at statutory income tax rate	(₱1,151,447,225)	₱182,237,675	₱67,529,826
Add (deduct):			
Equity in net earnings (losses) of associates and joint ventures	968,281,984	337,443,110	26,452,952
Income subjected to final taxes at lower rates	(3,084,433)	(3,262,511)	(7,578,377)
Others	7,595,180	28,696,387	(16,591,973)
Provision for income tax	(₱178,654,494)	₱545,114,661	₱69,812,428

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (CREATE)” Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Company recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.



26. Related Party Transactions

(In Thousands of Philippine Peso)

Related party	Transaction	Amount / Volume	Outstanding Receivable/ (Payable)	Cash in bank	Terms	Conditions	
<i>Due from Related Party</i> Parent Company	Rendering of janitorial services	2024	₱-	₱-	₱-	Non-interest bearing	Unsecured, no impairment
		2023	₱32,280	₱5,504	₱-		
	Purchase of management services	2024	-	-	-	Non-interest bearing	Unsecured, no impairment
		2023	(3,736)	-	-		
Associate	Rendering of services	2024	-	168,518	-	Non-interest bearing	Unsecured, no impairment
		2023	25,372	150,630	-		
Entities under the common control	Rendering of janitorial services	2024	-	591	-	Non-interest bearing	Unsecured, no impairment
		2023	419,865	38,828	-		
Other related parties	Extension of advances	2024	-	155	-	Non-interest bearing	Unsecured, no impairment
		2023	-	300	-		
Total Due from Related Party		2024	₱169,264	₱-			
		2023	₱195,262	₱-			
<i>Due to Related Party</i> Associate	Availment of advances	2024	-	(1,935)	-	Non-interest bearing	Unsecured, no impairment
		2023	(290)	(1,852)	-		
	Total Due to Related Party		2024	(₱1,935)	₱-		
		2023	(1,852)	₱-			
Others							
Entities under the common control	Bank deposits	2024	-	-	-	Interest bearing; 0.15%, -0.45% per annum	Unsecured, no impairment
		2023	453,735	-	1,541,948		
	Revenue from construction services	2024	-	-	-	Non-interest bearing	Unsecured, no impairment
2023		622,778	123,027	-			
Other related parties	Lease of property	2024	(89,690)	(89,690)	-	Non-interest bearing	Unsecured, no impairment
		2023	(73,300)	(6,108)	-		
	Extension of advances	2024	612,000	720,000	-	Non-interest bearing	Unsecured, no impairment
		2023	-	1,200,000	-		
Cash in Bank		2024	₱-	₱-			
		2023	₱-	₱1,541,948			
Receivables		2024	₱-	₱-			
		2023	₱123,027	₱-			
Loans Receivable (Notes 7 and 10)		2024	₱720,000	₱-			
		2023	₱1,200,000	₱-			
Lease Liability		2024	(₱89,690)	₱-			
		2023	(₱6,108)	₱-			

- The Parent Company was contracted by San Lorenzo Ruiz Investment Holdings and Services, Inc. (SLRIHSI) in 2021 for the demolition and excavation, and in 2022 for the construction of The Yuchengco Centre with contract price amounting to ₱168.8 million and ₱1,339.3 million, respectively. The outstanding receivables amounted to ₱112.9 million as of December 31, 2023, respectively. In 2024, SLRIHSI is not anymore considered a related party of the Group.
- EPC was contracted by RCBC Realty Corporation (RRC) in 2022 for the supply of labor and electrical equipment for Phase 2 Electrical System with contract price amounting to ₱56.6 million, respectively. The outstanding receivables amounted to December 31, 2023. In 2024, RRC is not anymore considered a related party of the Group.
- In 2018, the Parent Company was contracted by Malayan Education Systems, Inc. (MESI) for the General Construction Works, Excavation, Structural, Civil, Architectural, MEPF Works and Attendance of Mapua Makati Building with contract price amounting to ₱891.0 million. The project is completed as of December 31, 2021. The outstanding receivables amounted to ₱10.1 million as of December 31, 2023. In 2024, MESI is not anymore considered a related party of the Group.
- In January 2007, the Parent Company and EEI-RFI entered into lease agreements for land and improvements located in Bagumbayan, Quezon City. The lease terms are for one year and

renewable every year with 5% increase effective January 1, 2014. The lease was terminated in 2024.

The Parent Company recognized right-of-use asset and lease liability on the lease of property from EEI-RFI amounting to ₱257.6 million and ₱350.6 million as of December 31, 2023. Interest expense from lease of property to EEI-RFI amounted ₱28.4 million and ₱31.5 million for the years ended December 31, 2023 and 2022, respectively.

- e. On December 21, 2022, the Parent Company and EEI-RFI made and entered into a loan agreement to finance the latter's purchase of twenty-four (24) parcels of land in Barrios Sta. Maria and Bolo, Municipality of Bauan, Province of Batangas with an aggregate area of 113,942 sqm, where the Steel Fabrication Division (SFD) is located. Loan is at ₱1.2 billion with a principal payment term of 10 years starting 2023 at 5% interest per annum. Interest income from the loan amounted to ₱60.0 million for the years ended December 31, 2024 and 2023, respectively (see Notes 16 and 24).

On the same date, the Parent Company executed an absolute sale of the Bauan Property EEI RFI at ₱1.2 billion. A leaseback agreement commencing upon execution of sale is also entered by EEI for the same property at ₱3.75 million monthly rental cost with 5% annual escalation beginning 2023 for a term of five (5) years subject to renewal under terms and conditions as mutually agreed by both parties.

EEI recognized right-of-use asset and lease liability on the lease of property to EEI-RFI amounting to ₱34.0 million and ₱139.7 million as of December 31, 2024 and ₱45.4 million and ₱175.3 million, respectively, as of December 31, 2023. Interest expense from lease of property to EEI-RFI amounted to ₱11.6 million, ₱14.1 million and ₱0.40 million for the years ended December 31, 2024, 2023 and 2022, respectively.

- f. Under sale and lease back arrangement, the Group sold parcels of lands to EEI-RFI for ₱1.8 billion on December 24, 2024 and leased the same from ERFI for the equipment yard and motorpool of the Company. The Company recognized ROU Asset and lease liability amounting ₱89.65 million.
- g. The Group's retirement plan assets include investments in equity securities of the following entities:

	2024	2023
EEI Corporation	₱26,464	₱43,885
Rizal Commercial Banking Corporation*	-	19,757,075
House of Investments, Inc.	-	130,800
	₱26,464	₱19,931,760

The Group's retirement plan assets also include investments in equity securities of Rizal Commercial Banking Corporation (RCBC) and House of Investments, Inc. (HI) amounting to ₱19.76 million and ₱130.80 thousand, respectively, as at December 31, 2023. As at December 31, 2024, RCBC ceased to be a related party of the Group.

Loss arising from investments in the shares of stocks of the aforementioned companies amounted to ₱0.02 million and ₱3.9 million in 2024 and 2023, respectively. Meanwhile, gain arising from



investments in the shares of stocks of the aforementioned companies amounted to nil and ₱0.02 million in 2024 and 2023, respectively.

h. The remuneration of members of key management personnel are as follows:

	2024	2023	2022
Short-term benefits	₱192,628,372	₱189,740,607	₱219,261,441
Post-employment benefits	17,574,302	12,369,301	18,176,707
	₱210,202,674	₱202,109,908	₱237,438,148

Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. These mainly consist of advances and reimbursement of expenses. The Group has not recognized any impairment on amounts due from related parties for the years ended December 31, 2024 and 2023.

This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Identification, review and approval of related party transactions

Material related party transactions (MRPT) refers to any related party transactions, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited financial statements.

All material related party transactions shall be reviewed by the Group's Corporate Governance Committee and approved by the BOD with at least 2/3 votes of BOD, with at least a majority vote of the independent directors. In case that the vote of a majority of the independent directors is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

27. Retirement Benefits

The Group has a funded, noncontributory plan covering substantially all of its employees. The retirement funds are being administered and managed through EEI Corporation and Subsidiaries Retirement fund, with Rizal Commercial Banking Corporation (RCBC) as Trustee. The Group, however, reserves the right to discontinue, suspend or change the rates and amounts of its contributions at any time on account of business necessity or adverse economic conditions.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee retirement benefits under any collective bargaining and other agreements shall not be less than those provided under law. The Law does not require minimum funding of plan.

The following table summarizes the components of retirement expense recognized in the Group's consolidated statements of income and the amounts recognized in the Group's consolidated statements of financial position for the plan:

The components of retirement expense follow:

	2024	2023
Current service cost	₱109,137,581	₱88,128,739
Net interest cost (income)	14,669,809	(3,863,145)
Retirement expense	₱123,807,390	₱84,265,594

Movements in the present value of defined benefit obligations follow:

	2024	2023
Balance at beginning of year	₱1,240,678,357	₱1,046,229,233
Current service cost	109,137,581	88,128,739
Interest cost	74,954,921	74,191,615
Benefits paid	(119,363,322)	(166,324,233)
Transfer to affiliates	(3,734,138)	-
Remeasurement (gains)/losses arising from:		
Experience adjustments	(25,965,949)	(15,841,545)
Changes in financial assumptions	(94,781,528)	214,294,548
Changes in demographic assumption	(4,098,613)	-
Balance at end of year	₱1,176,827,309	₱1,240,678,357

Movements in the fair value of plan assets net of changes in the effect of asset ceiling follow:

	2024	2023
Balance at beginning of year	₱996,193,572	₱1,098,420,798
Interest income included in net interest cost	60,285,112	78,054,760
Remeasurement gain (loss) – net of changes in the effect of asset ceiling*	1,284,258,840	(16,554,572)
Contributions	13,031,000	4,088,968
Benefits paid	(120,279,357)	(167,816,382)
Balance at end of year	₱2,233,489,167	₱996,193,572

*Changes in the effect of asset ceiling amounted to ₱1.6 billion in 2024.

The Group expects does not expect to contribute to the Fund in 2025.

The retirement assets and liabilities recognized in the consolidated statements of financial position as of December 31 follow:

	2024	2023
Present value of defined benefit obligations	₱1,176,827,309	₱1,240,678,357
Fair value of plan assets - net of changes in the effect of asset ceiling	(2,233,489,167)	(996,193,572)
	(₱1,056,661,858)	₱244,484,785



Movements in the net retirement liabilities (assets) follow:

	2024	2023
At January 1	P244,484,785	(P52,191,565)
Retirement expense	123,807,390	84,265,594
Remeasurement loss (gain)	(1,409,104,930)	215,007,575
Contributions	(13,031,000)	(4,088,968)
Benefit paid to employee already excluded in the valuation	-	1,492,149
Transfer to affiliates	(3,734,138)	-
Benefits paid directly by the company	916,035	-
At December 31	(P1,056,661,858)	P244,484,785

The major categories and fair value of the plan assets are as follows:

	2024	2023
Investments in:		
Government securities	16%	63%
Equity securities	5%	20%
Debt and other securities	-	1%
Cash and cash equivalents	9%	16%
Input VAT	2%	11%
Interest and other receivables	2%	5%
Investment property	90%	103%
Accrued trust fees and other payables	-5%	-
Loans payable	-19%	-120%
	100%	100%

The plan assets are being held by the RCBC Trust and Investment Division. The investing decisions of the plan assets are made by the authorized officers of the Parent Company.

The plan assets include the following:

- *Investment in government securities* - includes investment in Philippine Retail Treasury Bonds (RTBs) and Fixed Rate Treasury Notes (FXTNs).
- *Investment in equity securities* - includes investment in common and preferred shares traded in the Philippine Stock Exchange.
- *Investment in debt and other securities* - includes investment in long-term debt notes and retail bonds.
- *Cash and cash equivalents* - include savings and time deposit.
- *Interest and other receivables* - pertain to interest and dividends receivable on the investments in the fund.
- *Investment property* – pertains to land and building that is held for lease.

The management performs an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Group's defined benefit plan is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to

pay retirement benefits as they fall due while also mitigating the various risks of the plans.

Principal actuarial assumptions used to determine defined benefit obligations follow:

	2024	2023	2022
Discount rate			
Beginning of year	6.05%-6.09%	7.04%-7.12%	4.93%-4.99%
End of year	6.11%-6.13%	6.05%-6.09%	7.04%-7.12%
Salary increases			
Beginning of year	7.85%	5.00%	5.60%
End of year	5.50%	7.85%	5.00%

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

	2024		2023	
	Increase (decrease)	Effect on defined benefit obligation (in millions)	Increase (decrease)	Effect on defined benefit obligation (in millions)
Discount rates	+0.5%	(P44.63)	+0.5%	(P53.04)
	-0.5%	49.15	-0.5%	59.13
Salary increase rates	+1.0%	99.84	+1.0%	119.49
	-1.0%	(83.91)	-1.0%	(99.18)

Shown below is the maturity analysis of the undiscounted benefit payments:

	2024	2023
Less than one year	P131,109,649	P154,143,851
More than one to five years	417,988,482	412,370,611
More than five to ten years	716,596,830	631,722,960
More than 10 to 15 years	680,973,128	872,680,156
More than 15 to 20 years	1,185,559,569	1,212,347,799
More than 20 years	6,134,717,406	7,984,023,115

The average duration of the defined benefit obligation ranges from 16-24 years and 17-25 years as of December 31, 2024 and 2023, respectively.



28. Stock Option Plan

The Parent Company's stock option plan, as amended (Amended Plan), had set aside 35 million common shares for stock options available to regular employees, officers and directors of the Parent Company and its subsidiaries.

Under the Amended Plan, the option or subscription price must be equal to the book value of the Parent Company's common stock but not less than 80% of the average market price quoted in PSE for five trading days immediately preceding the grant, but in no case less than the par value. The option or subscription price should be paid over a period of five years in 120 equal semi-monthly installments. Shares acquired under the Amended Plan are subject to a holding period of one year.

A summary of the plan availments is shown below.

	Number of Shares
Shares allocated under the Original Stock Option Plan	19,262,500
Shares allocated under the Amended Stock Option Plan	15,737,500
Total shares allocated	35,000,000
Shares subscribed under the Original Stock Option Plan	19,262,500
Shares subscribed under the Amended Stock Option Plan	10,989,503
Total shares subscribed	30,252,003
Shares allocated at end of year	4,747,997

The Parent Company opted to avail the exemption in PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*, from applying PFRS 2 upon adoption on January 1, 2005 as it allows non-adoption of PFRS 2 for equity instruments that were granted on or before November 7, 2002. Since 2000, there were no shares under the stock option plan that were granted, forfeited, exercised and expired.

No benefit expense is recognized relative to the shares issued under the stock option plan. When options are exercised, these are treated as capital stock issuances.

29. Capital Stock

The Group's capital stock as at December 31 consists of the following:

	2024				
	Preferred				
	Common	Series A	Series B	Series C	Series D
Par value	₱1	₱0.5	₱0.5	₱0.5	₱0.5
Authorized	2,000,000,000		240,000,000		
Issued and outstanding	1,036,281,485	15,000,000	45,000,000	20,000,000	60,000,000

	2023				
	Preferred				
	Common	Series A	Series B	Series C	Series D
Par value	₱1	₱0.5	₱0.5	₱-	₱-
Authorized	2,000,000,000		240,000,000		
Issued and outstanding	1,036,281,485	15,000,000	45,000,000	-	-

Common shares

The Group's common shares were registered with the Securities and Exchange Commission (SEC) on August 28, 1997. The total number of shares registered with SEC at that time was 2 billion with original issue price amounting to ₱1.0 per share. As of December 31, 2024 and 2023, the Group had 3,096 and 3,113 shareholders on record, respectively.

Preferred shares

On July 15, 2021, the BOD of the Parent Company approved the following:

- Offer of up to four billion pesos of preferred shares of EEI, with over-subscription option of up to two billion pesos of preferred shares, at an offer price of ₱100 per share.
- Amendment in 2nd paragraph of Article 7 of the Articles of Incorporation to reflect that all stockholders shall have no pre-emptive rights with respect to any shares of any other class or series of the present capital or on future or subsequent increases in capital.
- Amendment in 4th paragraph of Article 7 of the Articles of Incorporation changing the characteristic of preferred shares of the Company from non-cumulative to cumulative.
- Amendment in Article 6 of the Articles of Incorporation increasing the number of board of directors to eleven (11).

The above were approved by the shareholders through written assent on August 26, 2021.

On December 23, 2021, the Group issued and listed in PSE the non-convertible preferred shares generating net proceeds of ₱5.95 billion.

In 2024, the Group issued preferred shares with total net proceeds amounting to ₱8.00 billion. The shares are cumulative, non-voting, non-participating, non-convertible, redeemable and non-reissuable.

Cumulative dividends on preferred shares as at December 31, 2024 and 2023 amounted to ₱39.5 million and ₱8.7 million, respectively.



The movement in capital stock and additional paid-in capital account as at December 31 follows:

2024

	Common	Series A	Series B
Balance as at January 1	₱1,036,401,386	₱7,500,000	₱22,500,000
Issuances	–	–	–
Balance as at December 31	₱1,036,401,386	₱7,500,000	₱22,500,000

	Common	Series A	Series B
Balance as at January 1	₱477,037,443	₱1,481,252,389	₱4,443,757,166
Issuances	–	–	–
Balance as at December 31	₱477,037,443	₱1,481,252,389	₱4,443,757,166

2023

	Common	Series A
Balance as at January 1 and December 31	₱1,036,401,386	₱7,500,000

	Common	Series A
Balance as at January 1 and December 31	₱477,037,443	₱1,481,252,389

Capital stock**Preferred**

Series C	Series D	Subtotal	Total
₱–	₱–	₱30,000,000	₱1,066,401,386
10,000,000	30,000,000	40,000,000	40,000,000
₱10,000,000	₱30,000,000	₱70,000,000	₱1,106,401,386

Additional paid-in capital**Preferred**

Series C	Series D	Subtotal	Total
₱–	₱–	₱5,925,009,555	₱6,402,046,998
1,990,000,000	5,970,000,000	7,960,000,000	7,960,000,000
		₱13,885,009,555	
₱1,990,000,000	₱5,970,000,000		₱14,362,046,998

Capital stock**Preferred**

Series B	Subtotal	Total
₱22,500,000	₱30,000,000	₱1,066,401,386

Additional paid-in capital**Preferred**

Series B	Subtotal	Total
₱4,443,757,166	₱5,925,009,555	₱6,402,046,998



Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the years ended December 31, 2024 and 2023.

The Group considers total equity as its capital.

The Group monitors capital using a debt-to-equity ratio, which is total liabilities divided by total equity attributable to equity holders of Parent Company. The Group's policy is to maintain a debt-to-equity ratio lower than 4:1 as at December 31, 2024 and 2023.

	2024	2023
Current liabilities	₱13,467,617,743	₱12,812,076,789
Noncurrent liabilities	5,958,055,151	4,259,249,598
Total liabilities (a)	19,425,672,894	17,071,326,387
Equity attributable to the equity holders of Parent Company (b)	17,200,758,280	12,871,546,057
Debt to Equity Ratio (a/b)	1.13:1	1.33:1

30. Retained Earnings

Under the Tax Code of the Philippines, publicly listed companies are allowed to accumulate retained earnings in excess of capital stock and are exempt from improperly accumulated earnings tax.

The accumulated earnings (deficit) of subsidiaries, associates and joint venture which are included in the Group's retained earnings (deficit) amounted to (₱4.1) billion and ₱0.8 billion as of December 31, 2024 and 2023, respectively, are not available for dividend declaration. Retained earnings are further restricted for payment of dividends to the extent of cost of treasury shares and deferred tax assets amounting to ₱1,692.9 million and ₱1,548.2 million as of December 31, 2024 and 2023, respectively.

In 2024, 2023 and 2022, the BOD approved the declaration of dividends to Series A and B preferred shareholders of ₱5.7641 and ₱6.9394 per share, respectively, or totaling to ₱398.7 million for each year. The dividends were paid in 2024, 2023 and 2022, respectively.

Retained earnings available for dividend declaration amounted ₱1.9 billion and ₱3.0 billion as of December 31, 2024 and 2023, respectively.

The Group takes into consideration the financing requirements of its construction projects when deciding the amount to be declared as dividends.

31. Segment Information

For management purposes, the Group is organized into business units based on geographical location, which comprises of two main groupings as follows:

1. Domestic - all transactions and contracts entered in the Philippines
2. Foreign - all transactions and contracts entered outside the Philippines
 - EEI Limited - incorporated in British Virgin Islands
 - Clear Jewel Investments, Ltd. - incorporated in British Virgin Islands
 - Nimaridge Investments, Limited - incorporated in British Virgin Islands
 - EEI Corporation (Guam) - incorporated in the United States of America
 - Al Rushaid Construction Company Limited - incorporated in the Kingdom of Saudi Arabia

Management monitors construction revenue and segment net income for the purpose of making decision about resources allocation.

Segment reporting is consistent in all periods presented as there are no changes in the structure of the Group's internal organization that will cause the composition of its reportable segment to change.

(In Thousands of Philippine Peso)

	2024				
	Domestic	Foreign	Combined	Elimination	Consolidated
Assets					
Current assets	₱23,625,298	₱19,118	₱23,644,416	(₱2,395,834)	₱21,248,582
Noncurrent assets	22,571,308	703,491	23,274,799	(7,864,477)	15,410,322
Total Assets	₱46,196,606	₱722,609	₱46,919,215	(₱10,260,311)	₱36,658,904
Liabilities					
Current liabilities	₱16,173,513	₱4,854,139	₱21,027,652	(₱7,560,034)	₱13,467,618
Noncurrent liabilities	6,131,374	-	6,131,374	(173,319)	5,958,055
Total Liabilities	₱22,304,887	₱4,854,139	₱27,159,026	(₱7,733,353)	₱19,425,673
Revenue					
Revenue	₱14,172,471	₱-	₱14,172,471	(₱543,707)	₱13,628,764
Direct cost	(13,867,446)	-	(13,867,446)	543,319	(13,324,127)
Selling and administrative expense	(2,090,890)	(7,240)	(2,097,890)	101,893	(1,995,997)
Interest expense	(1,101,985)	-	(1,101,985)	10,731	(1,091,254)
Foreign exchange gain (loss)	(612)	(4,726)	(5,338)	2	(5,336)
Share in equity in net earnings (losses) of associates and joint ventures	101,530	(3,872,950)	(3,771,420)	-	(3,771,420)
Interest and other income – net	2,307,231	1	2,307,232	(342,882)	1,964,350
Income before tax	(479,462)	(3,884,915)	(4,364,377)	(230,644)	(4,595,021)
Provision for income tax	178,654	-	178,654	-	178,654
Net income (loss)	(₱300,808)	(₱3,884,915)	(₱4,185,723)	(₱230,644)	(₱4,416,367)
Other disclosures:					
Depreciation and amortization	₱529,248	₱-	₱529,248	(₱25,342)	₱503,906
Capital expenditure	2,757,786	-	2,757,786	-	2,757,786
Interest income	147,329	1	147,330	(71,311)	76,019
Investments in associates and joint ventures	7,409,691	(6,494,867)	914,824	-	914,824



(In Thousands of Philippine Peso)

	2023				
	Domestic	Foreign	Combined	Elimination	Consolidated
Assets					
Current assets	₱17,943,648	₱15,320,029	₱33,263,677	(₱17,910,110)	₱15,353,567
Noncurrent assets	16,920,423	5,306,824	22,227,247	(7,593,368)	14,633,879
Total Assets	₱34,864,071	₱20,626,853	₱55,490,924	(₱25,503,478)	₱29,987,446
Liabilities					
Current liabilities	₱14,196,358	₱13,238,182	₱27,434,540	(₱14,622,463)	₱12,812,077
Noncurrent liabilities	4,685,531	2,969,069	7,654,600	(3,395,350)	4,259,250
Total Liabilities	₱18,881,889	₱16,207,251	₱35,089,140	(₱18,017,813)	₱17,071,327
Revenue	₱18,519,588	₱11,885,461	₱30,405,049	(₱11,654,278)	₱18,750,771
Direct cost	(14,816,186)	(14,684,728)	(29,500,914)	14,984,132	(14,516,782)
Selling and administrative expense	(1,786,299)	(1,233,955)	(3,020,254)	1,329,946	(1,690,308)
Interest expense	(790,464)	(504,025)	(1,294,489)	483,772	(810,717)
Foreign exchange gain	(5,449)	4,421	(1,028)	–	(1,028)
Share in equity in net earnings (losses) of associates and joint ventures	245,374	–	245,374	(1,595,146)	(1,349,772)
Interest and other income – net	1,855,872	464,053	2,319,925	(1,978,929)	340,996
Income (loss) before tax	3,222,436	(4,068,773)	(846,337)	1,569,497	723,160
(Provision for) benefit from income tax	(543,171)	807,495	264,324	(809,439)	(545,115)
Net income (loss) from continuing operations	2,679,265	(3,261,278)	(582,013)	760,058	178,045
Discontinued operations	(19,781)	–	(19,781)	–	(19,781)
Net income (loss)	₱2,659,484	(₱3,261,278)	(₱601,794)	₱760,058	₱158,264
Other disclosures:					
Depreciation and amortization	₱509,831	₱–	₱509,831	₱–	₱509,831
Capital expenditure	268,542	–	268,542	–	268,542
Interest income	108,513	3	108,516	(33,575)	74,941
Investments in associates and joint ventures	179,896	1,820,791	2,000,687	–	2,000,687

(In Thousands of Philippine Peso)

	2022				
	Domestic	Foreign	Combined	Elimination	Consolidated
Assets					
Current assets	₱13,823,768	₱12,808,561	₱26,632,329	(₱13,862,919)	₱12,769,410
Noncurrent assets	17,418,598	2,771,520	20,190,118	(3,985,411)	16,204,707
Total Assets	₱31,242,366	₱15,580,081	₱46,822,447	(₱17,848,330)	₱28,974,117
Liabilities					
Current liabilities	₱13,377,422	₱10,070,427	₱23,447,849	(₱11,164,529)	₱12,283,320
Noncurrent liabilities	3,344,236	2,197,730	5,541,966	(2,267,936)	3,274,030
Total Liabilities	₱16,721,658	₱12,268,157	₱28,989,815	(₱13,432,465)	₱15,557,350
Revenue	₱14,988,616	₱16,013,263	₱31,001,879	(₱16,352,834)	₱14,649,045
Direct cost	(12,925,062)	(16,772,104)	(29,697,166)	17,049,937	(12,647,229)
Selling and administrative expense	(1,668,687)	(276,474)	(1,945,161)	322,517	(1,622,644)
Interest expense	(410,813)	(177,570)	(588,383)	194,712	(393,671)
Foreign exchange gain	24,912	–	24,912	(11,850)	13,062
Share in equity in net earnings (losses) of associates and joint ventures	281,241	–	281,241	(387,053)	(105,812)
Interest and other income – net	996,801	217,195	1,213,996	(802,474)	411,522
Income (loss) before tax	1,287,008	(995,690)	291,318	12,955	304,273
(Provision for) benefit from income tax	(66,286)	196,135	129,849	(199,661)	(69,812)
Net income (loss) from continuing operations	1,220,722	(799,555)	421,167	(186,706)	234,461
Discontinued operations	(34,154)	–	(34,154)	–	(34,154)
Net income (loss)	₱1,186,568	(₱799,555)	₱387,013	(₱186,706)	₱200,307

	2022				
	Domestic	Foreign	Combined	Elimination	Consolidated
Other disclosures:					
Depreciation and amortization	₱544,630	₱-	₱544,630	₱-	₱546,676
Capital expenditure	196,669		196,669		196,669
Interest income	49,613	1	49,614	(14,482)	35,132
Investments in associates and joint ventures	1,848,494	1,341,435	3,189,929		3,189,929

Notes to operating segments:

- a. Intersegment revenue, cost and expenses, assets and liabilities are eliminated on consolidation. These are accounted for under PFRS Accounting Standards.
- b. Other income consists of:

	2024	2023	2022
Other income	₱1,888,331,281	₱266,055,791	₱376,390,025
Interest income	76,019,032	74,940,644	35,131,775
Discontinued operation	-	167,145	(683,799)
	₱1,964,350,313	₱341,163,580	₱410,838,001

- c. The foreign segment above includes the equity in net earnings (losses) from ARCC.

In 2024, each of the three customers from the domestic segment contributed revenue that exceeded 10% of the Group's revenue. Following are the revenue contributed by each of these customers: ₱1,617 million, ₱1,532 million and ₱1,178 million.

In 2023, each of the two customers from the domestic segment contributed revenue that exceeded 10% of the Group's revenue. Following are the revenue contributed by each of these customers: ₱2,181 million and ₱1,689 million.

In 2022, each of the two customers from the domestic segment contributed revenue that exceeded 10% of the Group's revenue. Following are the revenue contributed by each of these customers: ₱2,616 million and ₱3,144 million.



32. Earnings per Share

The following table presents information necessary to calculate earnings per share:

	2024	2023	2022
Net income (loss) attributable to equity holders of the Parent Company	(P4,417,453,422)	P149,666,908	P209,211,183
Dividends on preferred shares	(323,646,765)	(299,050,876)	(299,050,876)
Net income (loss) attributable to common equity holders of the Parent Company	(4,741,100,187)	(149,383,968)	(89,839,693)
Weighted average number of common shares	1,036,281,485	1,036,281,485	1,036,281,485
Loss per share - basic/diluted	(P4.5751)	(P0.1442)	(P0.0867)

The exercise price of unexercised stock options is still higher than the average market price during the year making the options anti-dilutive, hence, no diluted earnings per share is calculated.

	2024	2023	2022
Net income (loss) from continuing operations attributable to equity holders of the Parent Company	(P4,417,453,422)	P161,535,397	P229,703,301
Dividends on preferred shares	(323,646,765)	(299,050,876)	(299,050,876)
Net income (loss) attributable to common equity holders of the Parent Company	(4,741,100,187)	137,515,479	(69,347,575)
Weighted average number of common shares	1,036,281,485	1,036,281,485	1,036,281,485
Loss per share - basic/diluted	(P4.5751)	(P0.1327)	(P0.0669)

	2024	2023	2022
Net loss from discontinued operations attributable to equity holders of the Parent Company	P-	(P11,868,489)	(P20,492,118)
Weighted average number of common shares	1,036,281,485	1,036,281,485	1,036,281,485
Loss per share - basic/diluted	(P-)	(P0.0115)	(P0.0198)

The weighted average number of common shares is computed as follows:

	2024	2023	2022
Number of common shares issued	1,036,401,386	1,036,401,386	1,036,401,386
Less: Treasury shares	119,901	119,901	119,901
	1,036,281,485	1,036,281,485	1,036,281,485

33. Changes in Liabilities Arising from Financing Activities

Change in the Group's liabilities arising from financing activities follow:

2024:

	January 1, 2024	Net cash flows	Non-cash movement	December 31, 2024
Bank loans (Note 17)	₱4,329,000,000	(₱389,000,000)	₱–	₱3,940,000,000
Long-term debt (Note 19)	6,224,914,879	2,692,102,083	30,244,568	8,947,261,530
Lease liabilities (Note 14)	544,698,714	(126,355,851)*	(178,303,756)	240,039,107
Dividends payable	–	(398,734,500)	398,734,500	–
	₱11,098,613,593	₱1,778,011,732	₱250,675,312	₱13,127,300,637

*Including interest

2023:

	January 1, 2023	Net cash flows	Non-cash movement	December 31, 2023
Bank loans (Note 17)	₱3,400,000,000	₱929,000,000	₱–	₱4,329,000,000
Long-term debt (Note 19)	4,766,185,811	1,586,523,947	(127,794,879)	6,224,914,879
Lease liabilities (Note 14)	720,390,289	(130,419,578)*	(45,271,997)	544,698,714
Dividends payable	–	(398,734,500)	398,734,500	–
	₱8,886,576,100	₱1,986,369,869	₱225,667,624	₱11,098,613,593

*Including interest.

34. Financial Instruments

Fair Value Information

Cash and cash equivalents, receivables, deposits, advances to officers and employees, bank loans, accounts payable and other current liabilities and due to related parties

The carrying amounts of these instruments approximate fair values due to their short-term maturities and demand feature.

Loan Receivable from EEI RFI

As at December 31, 2024 and 2023, the fair values of the receivable amounting to ₱0.68 billion to ₱1.07 billion respectively, from sale of the Bauan, Batangas property was estimated as the present value of all future cash flows discounted using the applicable rates for similar types of loans (Level 2 - significant observable inputs). Discount rates used in 2024 and 2023 were 12.44% and 10.71% respectively.

Interest-bearing trade receivables

The fair value of interest-bearing trade receivables amounting to ₱32.5 million and ₱25.9 million as of December 31, 2024 and 2023, respectively, was estimated as the present value of all future cash flows discounted using the applicable rates for similar types of loans (Level 2 - significant observable inputs).



Discount rate used in 2024 and 2023 was 5.31%.

Receivable from sale of investment properties

The fair value of the receivable from sale of investment property amounting to ₱13.6 million and ₱14.9 million as of December 31, 2024 and 2023, respectively, was estimated as the present value of all future cash flows discounted using the applicable rates for similar types of loans (Level 2 - significant observable inputs). Discount rate used in 2024 and 2023 was 5.21%, respectively.

Quoted equity investments

Fair values of investments in equity shares listed with Philippine Stock Exchange amounting to ₱6.0 million and ₱5.9 million as of December 31, 2024 and 2023, respectively, were determined by reference to the quoted price in the stock exchange at the end of the reporting period (Level 1 - quoted prices in active market).

Fair values of investments in club/golf shares amounting to ₱60.5 million and ₱42.4 million as of December 31, 2024 and 2023, respectively, were determined by reference to the price of the most recent transaction at the end of the reporting period (Level 2 - significant observable inputs).

Unquoted equity investments at FVOCI

PGEC

The fair value of the Group's investment in PGEC as at December 31, 2022 is determined by an independent third party professional services firm using the discounted cash flow model. PGEC is a holding company and has investments in the following subsidiaries, namely, Maibarara Geothermal, Inc. and PetroSolar Corporation and PetroWind Energy, a joint venture, Inc. All investees are engaged in the business of generating power through renewable sources of energy.

The significant unobservable inputs (Level 3) used in the fair value measurement of PGEC are as follows:

- Discount rate: 5.99% - 7.91% (1% decrease in the discount rates could increase the fair value of the Group's investment in PGEC by ₱48.8 million.)
- Electricity prices used in calculating revenue:
 - Maibarara Geothermal, Inc.: Electricity price based on electricity supply agreement with a customer
 - PetroSolar Corporation: Feed-in tariff rate of ₱9.82 per kWh
 - PetroWind Energy, Inc.: Feed-in tariff rate of ₱8.59 per kWh

HEDC

The fair value of the Group's investment in HEDC is determined using the adjusted net asset approach wherein the assets of HEDC consisting mainly of parcels of land are adjusted from cost to their fair value. The valuation was performed by an independent SEC-accredited appraiser as of December 31, 2024.

The significant unobservable inputs (Level 3) used in the fair value measurement of HEDC are as follows:

The fair values of the land were determined using the market approach which is a valuation technique that uses prices and other relevant information generated by market transactions involving identical

or comparable assets and adjusted to reflect differences on size (20%), location (20%) and facilities and utilities (10%). Significant favorable (unfavorable) adjustments to the aforementioned factors based on the professional judgment of the independent appraisers would increase (decrease) the fair value of land. Depending on the status of the development, the value of the land per sqm ranges from ₱900 to ₱8,000.

A 5% increase (decrease) in the appraised value of the land per sqm could increase (decrease) the Group's investment by ₱26.1 million.

Long-term debt

The fair values of the interest-bearing long-term loans amounting to ₱9.53 billion and ₱4.63 billion as of December 31, 2024 and 2023, respectively, were estimated as the present value of all future cash flows discounted using the applicable rates for similar types of loans (Level 2 - significant observable inputs). Discount rates used in 2024 and 2023 were 5.94% to 12.79% and 5.94 to 7.58%, respectively.

Long-term retention payable

The fair values of the retention payable (Note 18) amounting to ₱117.4 million and ₱146.0 million as of December 31, 2024 and 2023, respectively were estimated as the present value of all future cash flows discounted using the applicable rates for similar types of loans (Level 2 - significant observable inputs). Discount rates used in 2024 and 2023 were 6.05% and 7.58%, respectively.

35. Financial Risk Management Objectives and Policies

The main purpose of the Group's financial instruments is to raise finances for the Group's operations.

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

Credit Risk

The exposure to credit risk on its receivables relates primarily to the inability of project owners to fully settle the unpaid balance of receivables and other claims owed to the Group. Credit risk is managed in accordance with the Group's credit risk policy which requires the evaluation of the creditworthiness of the project owners by engaging the service of an accredited third-party credit analyst. The credit risk for receivables from construction projects is mitigated by the fact that the Group can resort to carry out its contractor's lien over the project with varying degrees of effectiveness depending on the jurisprudence applicable to the project.

The Group generally considers a financial asset in default when contractual payments are 120 days past due.

For a financial asset that arises from long-term construction contracts, the Group considers the asset to be in default if contractual payments are not settled within 120 days. The Group's normal credit terms for construction projects is within 120 days based on its historical experience. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



In 2024 and 2023, the Group has no significant concentration of credit risk from any customer.

Its gross maximum exposure to credit risk is equivalent to the carrying value of its financial assets as presented in the consolidated statements of financial position.

Credit risk is managed since the titles of the properties sold by the Group from its real estate operations are retained until receivables are fully collected and the fair values of these properties held as collateral are sufficient to cover the carrying values of the receivables.

As of December 31, 2024 and 2023, the credit quality per class of financial assets at amortized cost are as follows:

	2024			Total
	High Grade	Standard Grade	Past Due or Impaired	
Cash and cash equivalents	₱6,043,701,729	₱-	₱-	₱6,043,701,729
Trade receivables	761,668,984	1,519,020,519	67,462,710	2,348,152,213
Receivable from sale of investment properties	13,573,112	-	-	13,573,112
Other receivables	1,350,395	83,907,615	12,884,811	98,142,821
Interest-bearing trade receivables	20,970,650	-	200,000	21,170,650
Due from related parties	169,263,066	-	-	169,263,066
Miscellaneous deposits	10,819,244	133,944,193	-	144,763,437
Dividend receivable from AE	51,300,173	-	-	51,300,173
Loans receivable	720,000,000	-	-	720,000,000
	₱7,792,647,353	₱1,736,872,327	₱80,547,521	₱9,610,067,201

	2023			Total
	High Grade	Standard Grade	Past Due or Impaired	
Cash and cash equivalents	₱2,210,672,143	₱-	₱-	₱2,210,672,143
Time deposits	102,373,333	-	-	102,373,333
Trade receivables	1,296,941,820	1,828,536,652	143,703,526	3,269,181,998
Receivable from sale of investment properties	14,924,186	-	-	14,924,186
Other receivables	126,098	93,662,492	12,124,811	105,913,401
Due from related parties	195,262,468	-	-	195,262,468
Interest-bearing trade receivables	15,197,435	-	200,000	15,397,435
Miscellaneous deposits	21,139,612	121,239,772	41,265,425	183,644,809
Receivable from ERFI	1,200,000,000	-	-	1,200,000,000
	₱5,056,637,095	₱2,043,438,916	₱197,293,762	₱7,297,369,773

The Group sets financial assets as 'high grade' based on the Group's positive collection experience. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. On the other hand, 'standard grade' are those which have credit history of default in payments.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL

For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that

represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECL - not credit-impaired

For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL - credit-impaired

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Impairment is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of customer segments with similar loss patterns (i.e., type of customers). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group applies a general approach in calculating the ECL on receivable from ERFI and due from related parties. In 2024 and 2023, no provision for expected credit losses were recognized using this approach.

The Company has the following financial assets that are subject to the expected credit loss model under PFRS 9:

- Cash and cash equivalents;
- Trade receivables;
- Contract assets
- Advances to officers and employees
- Due from related parties
- Miscellaneous deposit
- Loans receivable
- Dividend receivable from AE



A summary of Group exposure to credit risk under general and simplified approach as of December 31, 2024 and 2023, are as follow:

	2024			
	General Approach			Simplified Approach
	Stage 1	Stage 2	Stage 3	
Amortized cost				
Cash and cash equivalents	₱6,037,514,120	₱-	₱-	₱-
Receivables	98,142,821	-	-	2,720,714,202
Receivable from sale of BTJP	35,012,057	-	-	-
Contract assets	-	-	-	14,859,735,578
Due from related parties	169,263,066	-	-	-
Miscellaneous deposit	144,763,437	-	-	-
Loans receivable	720,000,000	-	-	-
Dividend receivable from AE	51,300,173	-	-	-
Advances to officers and employees	89,578,905	-	-	-
Total gross carrying amounts	₱7,345,574,579	₱-	₱-	₱17,580,449,780
Less allowance	47,572,828	-	-	897,347,833
	₱7,298,001,751	₱-	₱-	₱16,683,101,947

	2023			
	General Approach			Simplified Approach
	Stage 1	Stage 2	Stage 3	
Amortized cost				
Cash and cash equivalents	₱2,210,672,143	₱-	₱-	₱-
Receivables	110,368,702	-	-	3,402,067,621
Receivable from sale of BTJP	35,985,167	-	-	-
Contract assets	-	-	-	13,471,214,320
Due from related parties	195,262,468	-	-	-
Miscellaneous deposit	162,505,197	-	-	-
Receivable from EEI-RFI	1,200,000,000	-	-	-
Advances to officers and employees	55,058,320	-	-	-
Total gross carrying amounts	₱3,969,851,997	₱-	₱-	₱16,873,281,941
Less allowance	55,266,580	-	-	400,089,797
	₱3,914,585,417	₱-	₱-	₱16,473,192,144

Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations as they fall due. The Group seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and service maturing debts. To cover its short-term and long-term funding requirements, the Group intends to use internally generated funds and available short-term and long-term credit facilities. Credit lines are obtained from BOD-designated banks at amounts based on financial forecasts approved by BOD.

The maturity groupings are based on the remaining period from the end of the reporting period to the contractual maturity date. The tables below summarize the maturity profile of the Group's financial assets.

	2024				
	On demand	< 1 year	1 to 2 years	> 2 years	Total
Financial Liabilities					
Accounts payable and other current liabilities*	₱801,334,391	₱2,553,416,125	₱56,365,283	₱270,363,053	₱3,681,478,852
Bank loans					
Peso loan	-	3,940,000,000	-	-	3,940,000,000
Interest	-	439,996,254	-	-	439,996,254
Long-term debt					
Peso loan	-	4,242,322,819	2,552,939,146	2,190,113,235	8,985,375,200
Interest	-	4,554,822,819	2,460,063,946	2,151,999,565	9,166,886,330
Lease liabilities	-	72,440,765	74,370,899	130,921,280	277,732,944
Due to related parties	1,935,133	-	-	-	1,935,133
	₱803,269,524	₱15,802,998,782	₱5,143,739,274	₱4,743,397,133	₱26,493,404,713
Financial Assets					
Cash and cash equivalents	₱6,043,701,729	₱-	₱-	₱-	₱6,043,701,729
Receivables					
Billed receivables	254,549,707	1,530,398,365	297,950,035	265,254,106	2,348,152,213
Unbilled receivables	-	214,518,054	-	-	214,518,054
Interest-bearing receivables	-	21,170,650.00	-	-	21,170,650.00
Other receivables	93,886,803	40,083,170	-	4,174,482	138,144,455
Due from related parties	169,263,066	-	-	-	169,263,066
Receivable from EEI RFI	-	-	-	720,000,000	720,000,000
	₱6,561,401,305	₱1,806,170,239	₱297,950,035	₱989,428,588	₱9,654,950,167
Liquidity gap (position)	(₱5,758,131,781)	₱13,996,828,543	₱4,845,789,239	₱3,753,968,545	₱16,838,454,546

*Excludes statutory liabilities

	2023				
	On demand	< 1 year	1 to 2 years	> 2 years	Total
Financial Liabilities					
Accounts payable and other current liabilities*	₱572,877,911	₱3,406,676,928	₱25,402,791	₱242,083,655	₱4,247,041,285
Bank loans					
Peso loan	-	4,329,000,000	-	-	4,329,000,000
Interest	-	47,066,944	-	-	47,066,944
Long-term debt					
Peso loan	-	3,322,878,407	1,741,891,216	1,195,607,524	6,260,377,147
Interest	-	333,957,299	154,602,397	47,794,521	536,354,217
Lease liabilities	-	157,924,492	159,775,941	469,920,133	787,620,566
Due to related parties	1,852,335	-	-	-	1,852,335
	₱574,730,246	₱11,597,504,070	₱2,081,672,345	₱1,955,405,833	₱16,209,312,494
Financial Assets					
Cash and cash equivalents	₱2,319,347,927	₱-	₱-	₱-	₱2,319,347,927
Receivables					
Billed receivables	1,398,829,887	1,542,011,289	123,966,094	204,374,728	3,269,181,998
Unbilled receivables	-	107,019,302	-	-	107,019,302
Interest-bearing receivables	-	25,866,321	-	-	25,866,321
Other receivables	87,692,419	3,161,524	-	4,590,573	95,444,516
Due from related parties	171,567,524	-	-	-	171,567,524
Loans Receivable	-	-	120,000,000	1,080,000,000	1,200,000,000
	₱3,977,437,757	₱1,678,058,436	₱243,966,094	₱1,288,965,301	₱7,188,427,588
Liquidity gap (position)	(₱3,402,707,511)	₱9,919,445,634	₱1,837,706,251	₱666,440,532	₱9,020,884,906

*Excludes statutory liabilities

As of December 31, 2024 and 2023, the Group has available undrawn committed borrowing facilities with local banks totaling to ₱10.3 billion and ₱2.7 billion, respectively.

Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's currency risk arise mainly from cash and receivables which are denominated in a currency other than the Group's functional currency or will be denominated in such a currency.



The following tables demonstrate the sensitivity to a reasonably possible change in the US dollar (USD), Singapore dollar (SGD), Euro (EUR), and Japan yen (YEN) currency rates, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities):

	December 31, 2024		December 31, 2023	
	Percentage increase/decrease in foreign currency	Effect on profit before tax (in PHP)	Percentage increase/ decrease in foreign currency	Effect on profit before tax (in PHP)
USD	3.7%	5,348,440	+2.9%	₱1,168,782
SGD	0.4%	2,523	+0.5%	3,538
EUR	2.5%	11,807	+1.8%	8,383
YEN	4.4%	2,233,094	+5.3%	3,305,162

	December 31, 2024		December 31, 2023	
	Percentage increase/decrease in foreign currency	Effect on profit before tax (in PHP)	Percentage increase/ decrease in foreign currency	Effect on profit before tax (in PHP)
USD	-3.7%	(5,348,440)	-2.9%	(₱1,168,782)
SGD	-0.4%	(2,523)	-0.5%	(3,538)
EUR	-2.5%	(11,807)	-1.8%	(8,383)
YEN	-4.2%	(2,233,094)	-5.3%	(3,305,162)

The foreign currency denominated financial assets and financial liabilities in original currencies and equivalents to the functional and presentation currency are as follows:

	2024				Equivalents in PHP
	USD ¹	SGD ²	EUR ³	YEN ⁴	
Financial assets					
Cash and cash equivalents	1,864,666	12,363	7,722	138,129,210	154,934,758
Receivables	757,118	4,343	-	1,439,193	42,635,268
	2,621,784	16,706	7,722	139,568,403	197,570,026
Financial liabilities					
Accounts payable and other current liabilities	-	-	-	-	-
	2,621,784	16,706	7,722	139,568,403	197,570,026

Exchange rate used PHP/US - 55.370

Exchange rate used PHP/SGD -42.692

Exchange rate used PHP/EUR - 60.474

Exchange rate used PHP/YEN - 0.367

	2023				
	USD ¹	SGD ²	EUR ³	YEN ⁴	Equivalents in PHP
Financial assets					
Cash and cash equivalents	\$698,549	\$17,680	€7,722	¥158,639,866	₱102,242,971
Receivables	219,620	-	-	1,439,193	12,725,965
	\$918,169	\$17,680	€7,722	¥160,079,059	₱114,968,936
Financial liabilities					
Accounts payable and other current liabilities	187,680	-	-	-	10,391,842
	\$730,489	\$17,680	€7,722	¥160,079,059	₱104,577,094

¹ Exchange rate used - ₱ 55.370 to \$1
² Exchange rate used - ₱ 42.090 to S\$1
³ Exchange rate used - ₱ 61.474 to €1
⁴ Exchange rate used - ₱ 0.393 to ¥1

36. Discontinued Operation

In November 2023, the Parent Company sold all its interest in BiotechJP Corp. to a third party at a selling price of ₱50 million to be collected through scheduled payment period up to December 30, 2030. As a result, the Group has relinquished control and ownership over BiotechJP Corp.

The derecognized assets and liabilities of BiotechJP Corp. as of the date of deconsolidation follows:

Assets	
Cash and cash equivalents	₱1,346,705
Receivables	1,085,139
Due from related parties	40,615
Inventories	3,791,873
Other current assets	3,497,907
Total Current Assets	9,762,239
Available-for-sale securities	2,402,934
Investments in associates and joint ventures	52,657
Property and equipment	165,454,953
Right-of-use asset	22,959,625
Total Noncurrent Assets	190,870,169
Total Assets	200,632,408
Liabilities	
Accounts payable and other current liabilities	₱59,691,442
Contract assets	65,470
Current portion of lease liabilities	167,542
Due to related parties	47,104,311
Current portion of long-term debt	46,875,191
Total Current Liabilities	153,903,956
Long-term debt - net of current portion	100,802,971
Deferred tax liabilities	233,186
Lease liability	27,516,943
Total Noncurrent Liabilities	128,553,100
Total Liabilities	282,457,056
Net Liabilities	₱81,824,648



PFRS 5 requires income and expenses from disposal groups to be presented separately from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the consolidated statements of income. Accordingly, the consolidated statements of income for the year ended December 31, 2022 has been restated in 2023 to present the results of operations of BiotechJP Corp. as 'Net loss from discontinued operations'.

The results of operations of BiotechJP Corp. in the consolidated statements of income are presented below:

	2024	2023	2022
Sale of goods	P-	P846,392	P3,141,606
Cost of sales	-	(3,642,920)	(22,549,855)
Gross loss	-	(2,796,528)	(19,408,249)
Equity in net losses of an associate	-		(39,839)
Selling and administrative expenses	-	(17,516,671)	(16,241,762)
Interest expense	-	(7,755,355)	(4,450,805)
Foreign exchange gain (loss) - net	-	7,232,583	6,670,925
Interest income	-	539	29,859
Other income (expense)	-	166,605	(713,658)
Loss before tax	-	(20,668,827)	(34,153,529)
Provision for (benefit from) income tax	-	888,012	-
Net loss from discontinued operation	-	(P19,780,815)	(P34,153,529)
Attributable to:	-		
Equity holders of the Parent Company	-	P11,868,489	P20,492,118
Non-controlling interest	-	7,912,326	13,661,411
	P-	(P19,780,815)	(P34,153,529)

There is no other comprehensive income from discontinued operation.

The related cash flows arising from discontinued operation follows:

	2024	2023	2022
Net cash used in operating activities	P-	(P5,003,483)	(P9,387,287)
Net cash used in investing activities	-	5,181,878	5,691,697
Net cash used from financing activities	-	(465,648)	(8,780)

The Group recognized receivable from sale of BiotechJP Corp. amounting to P35.99 million presented under "Other Noncurrent Assets" in the 2023 consolidated statement of financial position.

Loss per share from discontinued operation

	2024	2023	2022
Net loss attributable to equity holders of the Parent Company from discontinued operation	- (₱11,868,489)	(₱20,492,118)	
Weighted average number of common shares	- 1,036,281,485	1,036,281,485	
Loss per share - basic/diluted	- (₱0.0115)	(₱0.0198)	

37. Subsequent Event

On March 19, 2025, a management-owned company led by Mr. Henry D. Antonio, President and Chief Executive Officer of the Parent Company entered into an agreement with RYM Business Management Corporation to purchase RYM's 20% interest in the Parent Company.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and the Stockholders
EEI Corporation
No. 12 Manggahan Street
Bagumbayan, Quezon City

We have audited in accordance with Philippine Standards on Auditing (PSAs) the consolidated financial statements of EEI Corporation and its subsidiaries (the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, included in this Form 17-A and have issued our report thereon dated April 30, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.


Lloyd Kenneth S. Chua
Partner

CPA Certificate No. 109688

Tax Identification No. 223-270-891

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

BIR Accreditation No. 08-001998-115-2025, January 8, 2025, valid until January 7, 2028

PTR No. 10465285, January 2, 2025, Makati City

April 30, 2025



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and the Stockholders
EEI Corporation
No. 12 Manggahan Street
Bagumbayan, Quezon City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of EEI Corporation and its subsidiaries (the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated April 30, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for the years then ended and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.


Lloyd Kenneth S. Chua
Partner

CPA Certificate No. 109688

Tax Identification No. 223-270-891

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

BIR Accreditation No. 08-001998-115-2025, January 8, 2025, valid until January 7, 2028

PTR No. 10465285, January 2, 2025, Makati City

April 30, 2025



**EEI CORPORATION AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A**

CONSOLIDATED FINANCIAL STATEMENTS

Statement of Management's Responsibility for Consolidated Financial Statements

Report of Independent Auditor's Report

Consolidated Statements of Financial Position as at December 31, 2024 and 2023

Consolidated Statements of Income for the years ended
December 31, 2024, 2023, 2022 and 2021

Consolidated Statements of Comprehensive Income for the years ended
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Consolidated Statements of Changes in Equity for the years ended
December 31, 2024, 2023, 2022 and 2021

Consolidated Statements of Cash Flows for the years ended
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Notes to Consolidated Financial Statements

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Report of Independent Auditor's on Supplementary Schedules

Schedules Required under Revised SRC Rule No. 68

- A. Financial Assets
- B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
- D. Long-term Debt
- E. Indebtedness to Related Parties
- F. Guarantees of Securities of Other Issuers
- G. Capital Stock

Additional Components

- I. Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration
- II. Map of the Relationships of the Companies within the Group
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EEl CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED

ON REVISED SRC RULE NO. 68

DECEMBER 31, 2023

Philippine Securities and Exchange Commission (SEC) issued the Revised Securities Regulation Code Rule No. 68 (Revised SRC Rule No. 68) which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by Revised SRC Rule No. 68, that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets

The following is the detailed schedule of equity in investments at FVOCI as at December 31, 2024.

	Number of Shares	Amount Shown in the Statement of Financial Position	Movement Valuation
Name of Issuing Entities			
Quoted:			
Sta. Elena Golf Club Inc.	2	₱ 48,000,000	16,000,000
Philippine Long Distance Telephone Co.	38,867	5,982,872	73,792
Manila Southwood Golf & Country Club	1	6,000,000	2,000,000
Valle Verde Country Club	2	1,900,000	100,000
The Orchard Golf and Country Club	1	2,500,000	(500,000)
Canyon Woods	1	50,000	(20,000)
Royale Tagaytay Country Club	1	100,000	10,000
The Orchard Golf	1	2,500,000	2,000,000
Sherwoods Hills Golf Club	1	400,000	150,000
Fairways & Blue Water Resort Golf	1	350,000	100,000
Club Filipino	1	600,000	420,000
Forest Hill golf share	1	1,000,000	820,000
Royale NorthWoods	1	121,856	-
Eagle Ridge Golf & Country Club	1	600,000	540,000
Unquoted:			
Hermosa Ecozone Development Corp (HEDC)	1,000,000	586,053,259	95,401,377
Brightnote Assets Corporation	11,000,000	378,945	103,217
Tower Club (Philam Properties Corp.)	1	-	-
Architectural Center Club, Inc. (ACCI)	1	32,000	-
Philippine Contractors Association	10,000	10,000	-
Philippine Exporters Trading Corp.	5,000	5,000	-
Pilipino Telephone Company	150	675	-
Related Party:			
YGC Corporate Services, Inc.	13,389	3,305,447	
Total		₱659,890,054	117,198,386

Income earned and accrued from the financial assets amounted to nil in 2024.



Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Below is the schedule of advances to employees of the Group with balances above ₱1,000,000 as at December 31, 2024:

Name and designation	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
Manalad, Janine Ann Bernadett Capistrano*	2,108,261		264,092	1,844,169
Villasenor, Glenn Fajardo**	2,902,231		-	2,902,321
	5,010,582		264,092	4,746,490

*recovered through age retirement

**recovered through salary deduction

The amounts of advances to employees as shown above are classified under current assets. There were no amounts written off during the year.

Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

The following is the schedule of receivables from related parties, which are eliminated in the consolidated financial statements as at December 31, 2024:

Name and Designation of Debtor	Balance at beginning of year	Additions	Amounts Collected	Balance at end of year
EI Realty Corp	₱ 132,036	₱1,818,504	₱ 1,558,531	₱ 392,009
EI Power Corp.	122,191	4,904,099	2,892,464	2,133,826
EI Business Solutions, Inc.	56,232,596	138,253,557	100,592,530	93,893,623
JP Systems Asia, Inc.	212,993,679	9,155,698	51,460,267	170,689,110
Learn JP	4,326,864	1,633,292	-	5,960,156
EI Carga	2,779,944	2,199,581	61,158	4,918,367
Gulf Asia International Corp.	80,047	1,568,912	1,636,585	12,374
GAIC Manpower Services Inc.	37,501	4,596,481	4,102,064	531,918
GAIC Professional Services, Inc.	3,977	1,318,952	391,579	931,350
EI Construction & Marine, Inc.	716,221	5,816,447	5,240,297	1,292,371
EI Energy	318,533	895,555	-	1,214,088
Bagumbayan Equipt. Industrial Products, Inc.	18,182	-	-	18,182
EI Limited Inc.	2,033,319,360	-	2,017,499,678	15,819,682
Philrock Construction & Services, Inc.	41,882,537	-	-	41,882,537
Philmark, Inc.	33,704,595	-	-	33,704,595
SHEC	-	22,582	-	22,582
	₱2,386,668,263	₱172,183,660	(₱2,185,435,153)	2,558,851,923

The amounts of receivables from related parties as shown above are classified under current assets. There were no amounts written off during the year.

The following is the schedule of payable to related parties, which are eliminated in the consolidated financial statements as at December 31, 2024:

Name and Designation of Creditor	Balance at beginning of year	Additions	Amounts Paid	Balance at end of year
EEl Realty Corp.	₱45,283,451	₱29,819,884	₱28,643,699	₱46,459,636
EEl Power Corp.	41,363,357	33,186,163	61,697,895	12,851,625
EEl Business Solutions, Inc.	9,129,440	101,645,401	109,676,035	1,098,806
JP Systems Asia Inc.	23,884,532	62,103,528	67,997,892	17,990,168
Learn JP	117,058	83,732	83,732	117,058
EEl Carga	4,137,354	12,242,561	15,745,862	634,053
Gulf Asia International Corp.	3,894,429	3,465,879	7,360,308	-
GAIC Manpower Services Inc.	-	8,675,241	8,675,241	-
GAIC Professional Services, Inc.	8,334,806	-	-	8,334,806
EEl Construction & Marine, Inc.	3,921,680	122,440,124	119,995,872	6,365,932
Bagumbayan Equipt. Industrial Products, Inc	1,643,054	-	-	1,643,054
EEl Subic	89,079,662	-	-	89,079,662
	₱230,788,823	₱373,662,513	(₱419,876,536)	₱184,574,799

The amounts of payables to related parties as shown above are classified under current liabilities. There were no amounts written off during the year.

Schedule D. Long-term Debt

Below is the schedule of long-term debt of the Group:

Type of Obligation	Amount	Current	Noncurrent	Collateral
Parent				
Floating-rate corporate promissory notes with effective interest of 6.90000% per annum for three (3) years.	991,575,084	663,302,701	328,272,383	Clean/No Collateral
Floating-rate corporate promissory notes with effective interest of 6.25000% per annum for three (3) years.	2,000,080,727	1,000,080,727	1,000,000,000	Clean/No Collateral
Floating-rate corporate promissory notes with effective interest of 6.25000% per annum for three (3) years.	2,500,000,000	833,333,333	1,666,666,667	Clean/No Collateral
Floating-rate corporate promissory notes with effective interest of 6.73000% per annum for three (5) years.	2,954,670,194	700,009,566	2,254,660,628	Clean/No Collateral
Floating-rate corporate promissory notes with effective interest of 7.58000% per annum for three (3) years.	490,560,325	167,742,828	322,817,497	Clean/No Collateral
Learn JP				
Yen-denominated two (2) year term loan, with interest of 0.25% per annum.	10,375,200	-	10,375,200	No Collateral
	₱8,947,261,530	₱ 3,364,469,155	₱ 5,582,792,375	



EEI CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED

ON REVISED SRC RULE NO. 68

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Philippine Long Distance Telephone Co.	38,867	5,982,872	73,792
Manila Southwood Golf & Country Club	1	6,000,000	2,000,000
Valle Verde Country Club	2	1,900,000	100,000
The Orchard Golf and Country Club	1	2,500,000	(500,000)
Canyon Woods	1	50,000	(20,000)
Royale Tagaytay Country Club	1	100,000	10,000
The Orchard Golf	1	2,500,000	2,000,000
Sherwoods Hills Golf Club	1	400,000	150,000
Fairways & Blue Water Resort Golf	1	350,000	100,000
Club Filipino	1	600,000	420,000
Forest Hill golf share	1	1,000,000	820,000
Royale NorthWoods	1	121,856	-
Eagle Ridge Golf & Country Club	1	600,000	540,000
Unquoted:			
Hermosa Ecozone Development Corp (HEDC)	1,000,000	586,053,259	95,401,377
Brightnote Assets Corporation	11,000,000	378,945	103,217
Tower Club (Philam Properties Corp.)	1	-	-
Architectural Center Club, Inc. (ACCI)	1	32,000	-
Philippine Contractors Association	10,000	10,000	-
Philippine Exporters Trading Corp.	5,000	5,000	-
Pilipino Telephone Company	150	675	-
Related Party:			
YGC Corporate Services, Inc.	13,389	3,305,447	
Total		P659,890,054	117,198,386

Income earned and accrued from the financial assets amounted to nil in 2024.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Below is the schedule of advances to employees of the Group with balances above ₱1,000,000 as at December 31, 2024:

Name and designation	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
Manalad, Janine Ann Bernadett Capistrano*	2,108,261		264,092	1,844,169
Villasenor, Glenn Fajardo**	2,902,231		-	2,902,321
	5,010,582		264,092	4,746,490

*recovered through age retirement

**recovered through salary deduction

The amounts of advances to employees as shown above are classified under current assets. There were no amounts written off during the year.

Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

The following is the schedule of receivables from related parties, which are eliminated in the consolidated financial statements as at December 31, 2024:

Name and Designation of Debtor	Balance at beginning of year	Additions	Amounts Collected	Balance at end of year
EEl Realty Corp	₱ 132,036	₱1,818,504	₱ 1,558,531	₱ 392,009
EEl Power Corp.	122,191	4,904,099	2,892,464	2,133,826
EEl Business Solutions, Inc.	56,232,596	138,253,557	100,592,530	93,893,623
JP Systems Asia, Inc.	212,993,679	9,155,698	51,460,267	170,689,110
Learn JP	4,326,864	1,633,292	-	5,960,156
EEl Carga	2,779,944	2,199,581	61,158	4,918,367
Gulf Asia International Corp.	80,047	1,568,912	1,636,585	12,374
GAIC Manpower Services Inc.	37,501	4,596,481	4,102,064	531,918
GAIC Professional Services, Inc.	3,977	1,318,952	391,579	931,350
EEl Construction & Marine, Inc.	716,221	5,816,447	5,240,297	1,292,371
EEl Energy	318,533	895,555	-	1,214,088
Bagumbayan Equipt. Industrial Products, Inc.	18,182	-	-	18,182
EEl Limited Inc.	2,033,319,360	-	2,017,499,678	15,819,682
Philrock Construction & Services, Inc.	41,882,537	-	-	41,882,537
Philmark, Inc.	33,704,595	-	-	33,704,595
SHEC	-	22,582	-	22,582
	₱2,386,668,263	₱172,183,660	(₱2,185,435,153)	2,558,851,923

The amounts of receivables from related parties as shown above are classified under current assets. There were no amounts written off during the year.



The following is the schedule of payable to related parties, which are eliminated in the consolidated financial statements as at December 31, 2024:

Name and Designation of Creditor	Balance at beginning of year	Additions	Amounts Paid	Balance at end of year
EEl Realty Corp.	₱45,283,451	₱29,819,884	₱28,643,699	₱46,459,636
EEl Power Corp.	41,363,357	33,186,163	61,697,895	12,851,625
EEl Business Solutions, Inc.	9,129,440	101,645,401	109,676,035	1,098,806
JP Systems Asia Inc.	23,884,532	62,103,528	67,997,892	17,990,168
Learn JP	117,058	83,732	83,732	117,058
EEl Carga	4,137,354	12,242,561	15,745,862	634,053
Gulf Asia International Corp.	3,894,429	3,465,879	7,360,308	-
GAIC Manpower Services Inc.	-	8,675,241	8,675,241	-
GAIC Professional Services, Inc.	8,334,806	-	-	8,334,806
EEl Construction & Marine, Inc.	3,921,680	122,440,124	119,995,872	6,365,932
Bagumbayan Equipt. Industrial Products, Inc	1,643,054	-	-	1,643,054
EEl Subic	89,079,662	-	-	89,079,662
	₱230,788,823	₱373,662,513	(₱419,876,536)	₱184,574,799

The amounts of payables to related parties as shown above are classified under current liabilities. There were no amounts written off during the year.

Schedule D. Long-term Debt

Below is the schedule of long-term debt of the Group:

Type of Obligation	Amount	Current	Noncurrent	Collateral
Parent				
Floating-rate corporate promissory notes with effective interest of 6.90000% per annum for three (3) years.	991,575,084	663,302,701	328,272,383	Clean/No Collateral
Floating-rate corporate promissory notes with effective interest of 6.25000% per annum for three (3) years.	2,000,080,727	1,000,080,727	1,000,000,000	Clean/No Collateral
Floating-rate corporate promissory notes with effective interest of 6.25000% per annum for three (3) years.	2,500,000,000	833,333,333	1,666,666,667	Clean/No Collateral
Floating-rate corporate promissory notes with effective interest of 6.73000% per annum for three (5) years.	2,954,670,194	700,009,566	2,254,660,628	Clean/No Collateral
Floating-rate corporate promissory notes with effective interest of 7.58000% per annum for three (3) years.	490,560,325	167,742,828	322,817,497	Clean/No Collateral
Learn JP				
Yen-denominated two (2) year term loan, with interest of 0.25% per annum.	10,375,200	-	10,375,200	No Collateral
	₱8,947,261,530	₱ 3,364,469,155	₱ 5,582,792,375	

Schedule E. Indebtedness to Related Parties (Long Term Loans from Related Companies)

As at December 31, 2024 Group has no long-term loans from its associates and entities under common control.

Schedule F. Guarantees of Securities of Other Issuers

The Group did not issue any guarantees of securities of other issuing entities by the Group as at December 31, 2024.

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	2,000,000,000	1,036,281,485	35,000,000	573,543,346	65,030	462,673,109
Preferred Shares	240,000,000	80,000,000				



EEI CORPORATION

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE YEAR ENDED DECEMBER 31, 2024

The table below presents the retained earnings available for dividend declaration as of December 31, 2024

Unappropriated Retained Earnings, January 1, 2024 available for dividend	₱3,043,721,629
Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings	
Reversal of retained earnings appropriation	-
Effect of restatements or prior-period adjustments	-
Others	-
Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	(398,734,500)
Retained Earnings appropriated during the reporting period	-
Effects of restatements or prior-period adjustments	-
Others	-
Unappropriated Retained Earnings, January 1, 2024 as adjusted	2,644,987,129
Add/Less: Net income (loss) for the current year	(363,083,533)
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	(101,529,885)
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(3,446,522)
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Unrealized fair value gain of Investment Property	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Sub-total	(₱104,976,407)

(Forward)

EEI CORPORATION**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

Add: <u>Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</u>	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	₱482,222
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–
Realized fair value gain of Investment Property	–
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–
Sub-total	482,222
Add: <u>Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)</u>	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–
Reversal of previously recorded fair value gain of Investment Property	–
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–
Sub-total	–
Adjusted Net Income/Loss	(₱467,577,718)

(Forward)



EEI CORPORATION**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

Add:	Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
	Depreciation on revaluation increment (after tax)	₱-
	Others	-
	Sub-total	-
Add/Less:	Category E: Adjustments related to relief granted by the SEC and BSP	
	Amortization of the effect of reporting relief	-
	Total amount of reporting relief granted during the year	-
	Others	-
	Sub-total	-
Less:	Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
	Net movement of treasury shares (except for reacquisition of redeemable shares)	-
	Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(198,847,987)
	Net movement in deferred tax asset and deferred tax liabilities related to same transaction, i.e., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
	Adjustment due to deviation from PFRS/GAAP – gain (loss)	-
	Others	-
	Sub-total	(198,847,987)
	Unappropriated Retained Earnings Available For Dividend Distribution, December 31, 2024	₱1,978,561,424

EEI CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

As At December 31, 2024 and 2023 and for the years then ended

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group as at December 31, 2024 and land years then ended.

Ratios	Formula	2024	2023
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.58:1	1.20:1
Solvency ratio	$\frac{\text{Net income plus depreciation}}{\text{Total liabilities}}$	-0.20:1	0.04:1
Debt - equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	1.13:1	1.32:1
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	2.13:1	2.32:1
Interest rate coverage ratio	$\frac{\text{EBIT}^*}{\text{Interest expense}}$	-5.21:1	-0.11:1
Return on assets	$\frac{\text{Net income}}{\text{Average total assets}}$	-13%	1%
Return on equity	$\frac{\text{Net income}}{\text{Average total equity}}$	-29%	1%

*Earnings before interest and taxes (EBIT)

EEI CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE RELATED INFORMATION

For the years ended December 31, 2024 and 2023

	2024	2023
Total audit fees	₱14,870,500	₱14,507,739
Non-audit service fees	386,538	–
Total audit and non-audit service fees	₱15,257,038	₱14,507,739

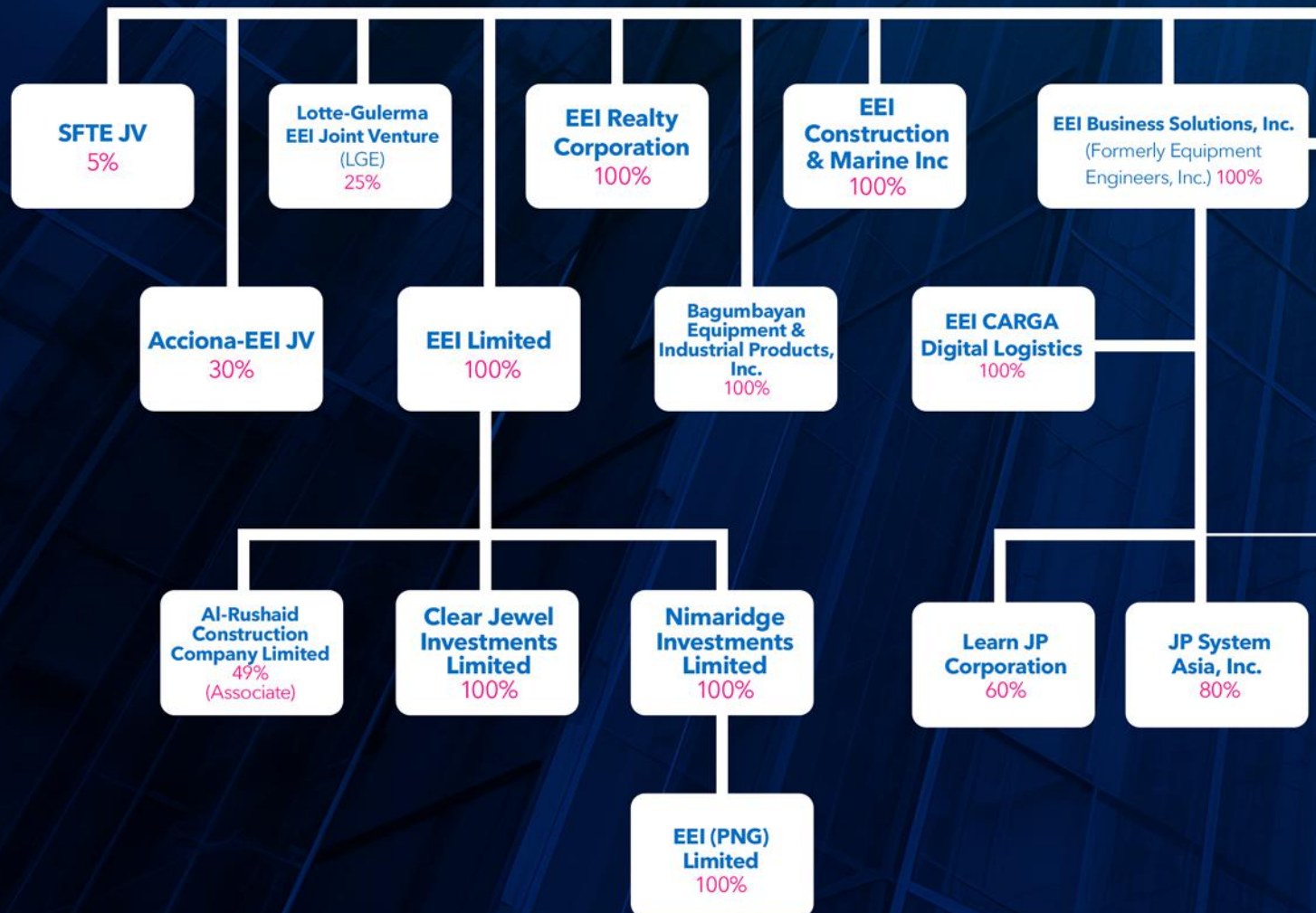


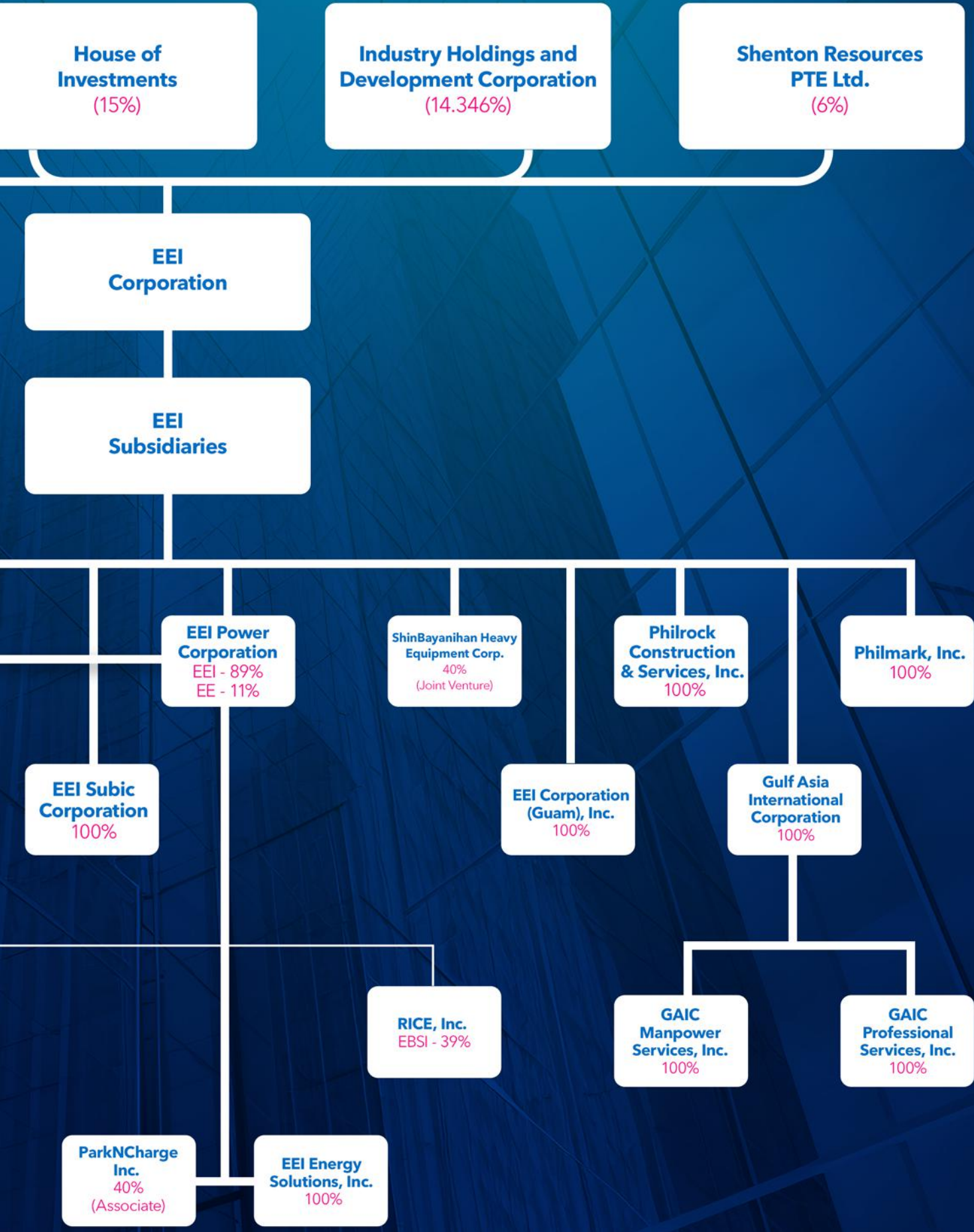
EI CORPORATION AND SUBSIDIARIES

MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

Group Structure

Below is a map showing the relationship between and among the Group and its ultimate parent company, subsidiaries, and associates as at December 31, 2024:





REDEFINING HORIZONS

EXPANDING EEI'S LANDSCAPES FOR
OPPORTUNITY AND GROWTH

2024
ANNUAL
REPORT



EEI CORPORATION
1931