Arvin G. Aquino

From: noreply-cifssost@sec.gov.ph
Sent: Wednesday, April 30, 2025 10:12 PM
Subject: SEC eFast Initial Acceptance

Greetings!

SEC Registration No: PW00000937
Company Name: EEI CORPORATION
Document Code: SEC_Form_17-A

This serves as temporary receipt of your submission.
Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

REMINDER:
TO ALL FILERS OF REPORTS IN THE e-FAST

Please strictly follow the instruction stated in the form.

Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer.

1. General Information Sheet (GIS-Stock)
2. General Information Sheet (GIS-Non-stock)
3. General Information Sheet (GIS- Foreign stock & non-stock)
4. Broker Dealer Financial Statements (BDFS)
5. Financing Company Financial Statements (FCFS)
6. Investment Houses Financial Statements (IHFS)
7. Publicly – Held Company Financial Statement
8. General Form for Financial Statements
9. Financing Companies Interim Financial Statements (FCIF)
10. Lending Companies Interim Financial Statements (LCIF)

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SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,

Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Tuesday, April 29, 2025 8:36 PM
To: Ma Rhea O. Matias <mromatias@eei.com.ph>
Cc: Violy B. Acevedo <vbacevedo@eei.com.ph>
Subject: Your BIR AFS eSubmission uploads were received

Hi EEI CORPORATION,

Valid files

- EAFS000391438TCRTY122024-01.pdf
- EAFS000391438AFSTY122024.pdf
- EAFS000391438ITRTY122024.pdf
- EAFS000391438OTHTY122024.pdf
- EAFS000391438RPTTY122024.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-7G779AKJ0QM3ZVMQ3Q4QNQPNT0JKBG7EC**
Submission Date/Time: **Apr 29, 2025 08:36 PM**
Company TIN: **000-391-438**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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DECLARATION OF AUTHENTICITY

Securities and Exchange
Commission Secretariat
Building, PICC Complex Roxas
Boulevard, Pasay City

I, Jonas Raphael R. Redublo, designated as Assistant Vice President, Finance Controller of EEI Corporation, with contact number (63-2) 8-334-2677 and office address at 12 Manggahan St. Brgy. Bagumbayan, Quezon City, Philippines do hereby certify the authenticity of the attached SEC 17-A Annual Reports including attached consolidated financial statements as of and for the years ended December 31, 2024, 2023 and 2022.

Jonas Raphael R. Redublo
AVP & Finance Controller

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	-	9	3	7					

COMPANY NAME

EEI CORPORATION AND SUBSIDIARIES

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

No. 12 Manggahan Street, Bagumbayan, Quezon City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	8-334-2677	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
3,096	Every Third Friday of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Iannoel V. Mondragon	ivmondragon@eei.com.ph	8-334-2677	N/A

CONTACT PERSON's ADDRESS

No. 12 Manggahan Street, Bagumbayan, Quezon City, Metro Manila, Philippines

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

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

SECURITIES AND EXCHANGE COMMISSION

AMENDED SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 11
OF THE REVISED SECURITIES ACT AND
SECTION 141OF THE CORPORATION CODE
OF THE PHILIPPINES

1. For the calendar year ended **December 31, 2024**

2. SEC Identification Number **937**

3. BIR Tax Identification No. **000-391-438-000**

4. Exact name of registrant as specified in its charter: **EEI Corporation**

5. **Philippines**

Province, Country or other jurisdiction of
incorporation or organization

6. ___________(SEC Use Only)
Industry Classification Code:

7. **No. 12 Manggahan Street, Bagumbayan, Quezon City** **1110**
Address of principal office Postal Code

8. **(632) 8334-2677**
Registrant's telephone number, including area code

9. **Not applicable**
Former address, changed since last report

10. Securities registered pursuant to Section 4 and 8 of the RSA

Title of Each Class **Number of Shares of Stock Outstanding**

	No. of Shares	Amount
Common shares ₱1.00 par value		
Authorized	2,000,000,000	2,000,000,000
Issued and outstanding	1,036,281,485	1,036,281,485
Preferred Shares ₱0.50 par value		
Authorized	240,000,000	120,000,000
Issued and outstanding		
Series A	15,000,000	7,500,000
Series B	45,000,000	22,500,000
Series C	20,000,000	10,000,000
Series D	60,000,000	30,000,000

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

Yes [**X**] No [ ]

EEI CORPORATION
Supplementary Schedules Required by the Securities and Exchange Commission
as of and for the Year Ended December 31, 2024

TABLE OF CONTENTS

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS AND GENERAL INFORMATION

EEI Corporation (EEI, the Company or the Parent Company) was founded in 1931 as machinery and mills supply house for the mining industry. Over the past 90 years, aside from broadening the range of industrial machinery and systems it distributes, the Company and its subsidiaries (collectively, the Group) also expanded into construction services, steel fabrication, scaffoldings rental, energy retail, real estate and in the supply of manpower in the Philippines and overseas. Today, EEI is one of the country's leading construction companies, with a reputable track record in general contracting and specialty works.

Through its long years of working and collaborating with global contractors, EEI has achieved world class caliber project management and execution expertise with the use of better technologies in all disciplines of the construction industry.

It has been involved in the installation, construction, and erection of power generating facilities; oil refineries; chemical production plants; cement plants; food and beverage manufacturing facilities; semiconductor assembly plants; roads, bridges, railroads, ports, airports, elevated expressways, metro rail transit system and other infrastructure; high rise residential and office towers, and hotel buildings. The Company also operates one of the country's modern steel fabrication plants.

Driven by a commitment to Philippine development and to have greater presence in the economy, EEI continues to expand its core business to a wide array of construction competencies. The Company has also been engaged in doing construction projects overseas for more than forty years.

a.) The Company's Subsidiaries

Company	Percentage of Ownership	Nature of Business
EEI Limited and Subsidiaries (formerly EEI BVI Limited)	100%	Engages in labor supply and project management and supervision services. Holds interest in joint-venture companies outside the Philippines. Formed under BVI laws on September 25, 1996. Re- registered in the British Virgin Islands under the BVI Business Companies Act 2044 on January 1, 2007.
EEI Construction and Marine, Inc. (ECMI)	100%	Offers construction and repair of VCR Storage Tanks, Tank Cleaning & Degassing, Tank Relocation and Dismantling, Construction of Gas Service Stations, Fabrication of aboveground and underground steel tanks, Piping, Structural and Civil Works. Incorporated on November 11, 1983, with SEC Registration No. 117378.
EEI Power Corporation (EPC)	100%	Offers power-related products and solutions and looking at various energy storage solutions and technologies. Incorporated on August 10, 1993, with SEC Registration No. ASO95-006133.
EI Realty Corporation (ERC)	100%	Develops and sells housing developments. The company also manages the different real estate properties of the Group. The company is currently working on various housing solutions. Incorporated on May 15, 1995, with SEC Registration No. ASO95-004658.
EEI Business Solutions, Inc. (EBSI)	100%	EEI's main trading company. EBSI has expansive product lines covering industrial equipment and systems to serve varied groups in the construction space: heavy industries, oil and petroleum companies, manufacturing enterprises and other construction firms. Incorporated on January 5, 1972, with SEC Registration No. 46252.
Gulf Asia International Corporation and Subsidiaries (GAIC)**	100%	Provides manpower, professional and skilled workers alike, to international contractors and companies. GAIC is a Private Recruitment Agency duly licensed by the POEA to recruit, process and deploy Filipino workers for overseas land-based jobs. Incorporated on March 8, 1984 with SEC Registration No. 119508.
EEI Energy Solutions Corporation	100%	Engages in the business of retail electricity supply. Incorporated in February14, 2020 with SEC Registration No.CS202002258.
EEI Carga	100%	Engages in the operation of a digital logistics platform that enables shippers to deliver their products through various transportation options available in the platform.
JP System Asia, Inc.***	80%	Partnership between EE and two Japanese companies, KYC Machinery and Sansin Sangyo. The company is engaged in sales and rental of scaffolding and formworks products. Incorporated in December 2017 with SEC Reg. No CS201729433
LearnJP Corp	60%	Operates a human resource development center that provides services for the improvement in language proficiency, such as in English, Filipino, Japanese and other foreign languages, and related academic or non-academic areas including skills development and cultural orientation to foreigners, locals and other interested individuals. Incorporated on October 28, 2019 with SEC Registration No. CS201918135.
EEI Corporation (Guam), Inc.	100%	Organized to engage in construction, construction service, trading of construction materials and equipment, maintenance and operations of industrial facilities, and construction equipment rental, repair and maintenance. Incorporated on August 25, 2009 under the laws of Guam. Has not started commercial operations since incorporation.
EEI Subic Corporation	100%	Organized to engage in general contracting and specialty construction services, fabrication and production of equipment systems for building, property development and infrastructure sectors. Incorporated on September 14, 2009 with SEC Registration No. CS200914058. Has not started commercial operations since incorporation.
Bagumbayan Equipment & Industrial Plant, Inc (BEIPI)	100%	Organized to engage in consultancy and management services. Incorporated on October 8, 2001 with SEC Registration No. AS091-196568. Has not started commercial operations since its incorporation.
Philrock Construction and Services, Inc. (PCSI)	100%	Engages in providing manpower services. Incorporated on July 04, 2001 with SEC Registration No. A2001-09600. Has suspended regular business operations since 2010.
Philmark, Inc.	100%	Engages in general construction and sale of supplies and materials. Incorporated on March 27, 1996 with SEC Registration No. 30009. Has suspended business operations beginning year 2011. On July 21, 2014 the Board of Directors and shareholders approved the closure and dissolution of the Company. Dissolution process is on-going.
BiotechJP Corporation*	-	Engages in the business of manufacturing specialized food products. Incorporated in April 6, 2015 with SEC Registration No. CS201506746

**On November 7,2023, the Parent Company sold 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. EEI 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), thereby increasing EEI's interest to 80%.*

Joint Ventures and Associates

Company	Percentage of Ownership	Nature of Business
Al Rushaid Construction Company Ltd. (ARCC)	49%	Joint venture construction company for construction projects in Saudi Arabia. The Company is a Saudi Arabian limited company registered in Al-Khobar on July 17, 1993 under commercial Registration No. 2051018887.
Shinbayanihan Heavy Equipment Corporation (SHEC)	40%	Engages in the business of rental, wholesale, import and export of used and new construction equipment. Incorporated on July 26, 2019 with SEC Registration No. CS201912579.
Shimizu-Fujita-Takenaka-EEI Joint Venture (SFTE)	5%	Unincorporated joint venture formed with Shimizu Corporation, Fujita Corporation, Takenaka Civil Engineering & Construction Co. Ltd. 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.
Acciona-EEI Joint Venture (AE)	30%	Unincorporated joint venture formed with Acciona Construction to undertake the construction of the Malolos-Clark Railway Project-Package No. CP N-04.
Lotte-Gulermak-EEI Joint Venture (LGE)	25%	Unincorporated joint venture formed with Lotte Engineering & Construction Co., Ltd. and Gulermak Agir Sanayi Insaat ve Taahhut A.S. to undertake the construction of the North South Commuter Railway, Solis-Calamba Section CP S-07.
RICEI*	39%	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 (RICEI), thereby reducing its interest to 39%.

b.) Contribution of Foreign Sales

The amounts and percentages of revenue attributable to foreign sales, for the calendar years ended December 31, 2024, 2023 and 2022 are as follows:

	For the Year Ended		
(In Thousand Pesos)	**2024**	2023	2022
From an Associate (49% Owned by EEI Limited) *	**₱5,305,319**	₱5,823,876	₱7,846,498
% to Combined Foreign & Domestic Revenues	**27%**	24%	34%

*Please refer to Note 31 - Segment Information, of the Group's 2024 Audited Financial Statements.

c.) Competition

The construction sector is composed of companies that provide technical and engineering services in the preparation of land and the construction of buildings, infrastructures, and other land improvements. It also includes companies that conduct repair, retrofitting, renovation, rehabilitation, alteration, maintenance, and demolition of such structures. Companies differ based on the services that they offer and on the industry segments that they serve, such as high-rise buildings, infrastructure projects, industrial projects, and residential projects.

When construction companies have the same specialization and serve the same segments, competition is largely influenced by factors such as the contractor's competencies and experience, its reputation for quality work, its reliability in the timely completion of projects, its management and financial capabilities, and its complement of skilled labor and equipment.

EEI, as a quadruple-A General Engineering Contractor, has a strong and unique position in the different market segments it serves.

In the property development segment, EEI remains to be a key player with its reputation of quality of work and proven track record as a builder of iconic high rise commercial and residential projects in the metropolitan areas. This track record is the Company's advantage in a segment that has been increasingly competitive in recent years as smaller and new contractors continue to develop their capacity. EEI's Buildings division continues to develop strategies to remain cost competitive without sacrificing quality and safety.

The massive ongoing infrastructure development in the country has attracted the entry of larger multinational engineering and construction firms. However, despite the presence of more competition, the entry of these firms created various opportunities for established domestic contractors like EEI to forge the necessary strategic partnerships that are essential in delivering the various complex mega projects that support the country's development. These strategic partnerships not only enable EEI to better manage risks, but more importantly provide the Company the opportunity to develop its capability through knowledge transfer of best practices.

The light industry segment continues to be characterized by intense competition among smaller and lower tier contractors in a sector that has experienced a recent slowdown in capital investment. EEI continues to focus its new project pipeline on critical expansion projects of premier domestic and multinational manufacturers which value EEI's track record in project delivery.

For the heavy industry segment, EEI maintains a leading position as an electromechanical contractor, particularly for the power and mining sectors. While challenges in this segment are present with the deferment of some major capital projects, EEI remains ready to take on projects from these sectors once such are ready to commence.

On the overseas front, the legacy target market of ARCC, EEI's joint venture in Saudi Arabia, is the oil and gas industry. Competition in this market has intensified over the years with the entry of both foreign contractors and the emergence of local contractors. In recent years, small to medium-sized contractors in Saudi Arabia have grown and are now competing with large and long-established contractors like ARCC. Nevertheless, as Saudi continues to make progress in its Vision 2030, EEI sees opportunity in various non-oil and non-gas growth opportunities. The Company is keen to participate in the rise of potential infrastructure, tourism, and real estate projects in the Kingdom. EEI is optimistic that the Company will be able to contribute to construction projects in water systems, treatment facilities, roads, bridges, and livable spaces to accommodate the growing needs of its population and the demands of its vibrant economy.

Domestically, EEI regards the following as competitors of the Company because of the similarities of the specialization, the industry segments being served, and the "AAAA" rating by the Philippine Contractors Accreditation Board (PCAB). The Company believes, however, that it has an advantage over its competitors since it is an end-to-end construction company which caters to all aspects of a construction project primarily using its in-house capabilities. These include civil and structural, as well as electromechanical and fabrication work. In this respect, it is uniquely positioned against its peers who typically outsource the non-civil components of any project.

- Atlantic Gulf & Pacific Company of Manila, Incorporated, which is involved in electromechanical works, fabrication and modules;
- DM Consunji, Inc., which is involved in buildings, energy infrastructure, utilities and plants, concrete products, equipment management, and steel fabrication;
- First Balfour Incorporated, which is involved in buildings, power and energy and infrastructure;
- Makati Development Corporation, with portfolio in residential and commercial development, industrial estate development, government infrastructure, water supply and wastewater projects, precast products and equipment operations; and
- Megawide Construction Corporation, with portfolios in engineering, procurement, construction, airport infrastructure, and transport-oriented development

d.) Sources and availability of raw materials and names of principal suppliers

Rebars - The Company regularly purchases reinforcing bars from the top three companies in the country, namely: Capitol Steel, Steel Asia Mfg. Corp., and Universal Steel Smelting Co., Inc. All these suppliers have undergone a stringent accreditation process and are ISO-certified so they can consistently meet the industry-prescribed quality standards. They also have the capability to produce and deliver all rebar requirements anywhere in the country.

Flats and Plate products - The Company sources its structural steel needs from leading local traders and stockists, particularly Acersteel Industrial Sales, Inc. and Regan Industrial Sales, Inc. These suppliers are renowned for working with reputable steel mills, primarily located in China, Taiwan, South Korea, Japan, and Thailand.

Cement - The Company has established strategic partnerships with the country's foremost cement manufacturers, namely, Eagle Cement Corporation, Republic Cement & Building Materials, Inc. and Holcim Phils. All of these suppliers are ISO-certified and adhere to industry-standard quality requirements, including Type II cement, and have the capacity to meet the Company's typical volume needs. Furthermore, the nationwide distribution networks of these cement suppliers ensure that even projects in remote areas of the country can be supplied with the necessary materials.

Fuel - The Company uses fuel supply agreements with JCC3 Trading Corporation, Petron, and Unioil for service vehicles and other light and heavy equipment.

Aggregates & sand – The Company sources its aggregates and sand from Long Island Enterprises, Gran Marameda Sand and Stone Corporation, and other suppliers in the Montalban, Bulacan, Antipolo, and Batangas regions. To ensure a steady supply, additional suppliers have also been established in the Pangasinan, Tarlac, Zambales, and Quezon areas, ensuring that projects in these regions and nearby locations face no supply issues.

e.) Dependence on a single or a few customers

The Company is not dependent on any single customer or just a few customers for its business. Any person, natural or juridical, who wants to build a plant, infrastructure, building, or any such similar structure, is a potential customer.

f.) Related Party Transactions

Please see Note 26 - Related Party Transactions, of the Company's 2024 Audited Consolidated Financial Statements for details.

g.) Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements

The Company does not own any patent, trademark, copyright, franchise, concession and royalty agreement.

h.) Government approval of Principal Products

After having complied with all the requirements for licensure in accordance with Republic Act No. 4566, as amended, and its implementing rules and regulations, the Company's application for license to engage in the construction contracting business in the Philippines was approved by the Philippine Contractors Accreditation Board (PCAB). The license is due to expire on June 30 of each year and renewal of application is done every March.

i.) Effect of existing or probable government regulations on the business

A. National Level
1. If there will be new minimum wage levels while the projects are:
   a.) Under negotiation or not yet awarded but the proposal is still valid
   b.) Project is currently on-going
2. If there will be new taxation laws while the projects are:
   a.) Under negotiation or not yet awarded but the proposal is still valid
   b.) Project is currently on-going

B. Local Level (LGU)
1. Business tax computation varies for each city/municipality
2. Changes or new local tax implemented while the projects are:
   a.) Under negotiation or not yet awarded but the proposal is still valid
   b.) Project is currently on-going

j.) Research and Development

The Company constantly researches on the developments in construction and allied industries; undertakes programs; studies new methodologies; and invests in innovative technologies, tools, equipment and software, to improve its construction operations, business processes, and customer service. Since the pandemic, digitalization is shaping various industries - construction sector included.

EEI is continuously improving in every component of its value chain with digitalization, innovative technologies and new techniques of construction such as Building Information Modelling (BIM), smart building technologies and new building materials to attain a greater maturity towards sustainability. These new innovations will significantly improve the efficiency of various processes during the engineering and design aspect of the projects.

Through its subsidiary, EEI Business Solutions, EEI is also able to look into its supply chain and explore possibilities of integrating upstream and downstream services into its operations, with the intention of improving its product offering, and increasing productivity to better satisfy its clients. By scanning the business landscape, the Company is also able to explore potential business opportunities in industries outside of construction, such as digital logistics, renewable energy, and manpower supply. This aims to diversify the Group's portfolio and make it resilient in the face of economic challenges.

k.) Training and Development Costs

The Group spent a total of ₱95.25 million in training and development costs for the last three (3) years, as follows:

Period Covered	Amount (in thousand ₱)	Percentage to Revenues
CY ended December 31, 2024	₱37,848	0.28%
CY ended December 31, 2023	14,986	0.08%
CY ended December 31, 2022	42,413	0.29%
Total	**₱95,247**	

l.) Costs and effects of compliance with environmental laws

EEI Corporation successfully fulfilled the Re-Certification Audit requirement of ISO 45001(Occupational Health and Safety Management System) and ISO 14001 (Environmental Management System) last January 2025. The successful recertification is a testament to the Company's compliance with the requirements of local and international standards.

EEI Corporation maintains a conducive working environment for its employees by continuously monitoring and testing generator sets, ambient air and noise levels within the Company premises. Compliance with DAO 2016-08 Water Quality Guidelines and General Effluent Standards of 2016 and 2021 are regularly performed through wastewater testing and continuous hauling of non-hazardous and hazardous waste.

m.) Major Risks and Opportunities

The Company's business is highly dependent on the continued service of its skilled labor force.

The Company's ability to plan, design, and execute current and future projects depends on its ability to attract, train, and retain its highly skilled labor force, including architects and engineers. The shortage of skilled manpower in the Philippines is primarily due to the significant demand for such professionals locally and overseas. Issues in attracting and retaining these qualified personnel could adversely affect EEI's ability to undertake future projects both locally and through ARCC, and could cause the Company to incur additional costs by engaging third parties to perform required functions.

Despite this industry phenomenon, the Company believes it can attract and retain such skilled professionals by providing competitive compensation and benefits packages and the training necessary to refine and advance their skills, while maintaining a positive relationship with its workforce.

Due to the volume of its concurrent projects, the Company typically redeploys workers to other construction projects rather than demobilizing them. This ensures that its skilled workers do not seek employment elsewhere and remain available for reassignment. A number of these workers are provided with technical skills training to further hone their capabilities while waiting for remobilization. The Company's new training facility in Tanza, Cavite was completed in December 2024, and now serves as EEI's center for development of its welders, masons, pipefitters, and other trades personnel.

In addition, the Company is currently running a comprehensive in-house management training program for top Engineering graduates from Mapua University, the University of the Philippines, the University of Sto. Tomas, Holy Angel University, and other reputable schools to establish, develop, and strengthen the next generation of EEI's leaders. Participants from the program's first run have already been deployed to project sites in various roles, and a new run is slated to begin in the second quarter of 2025.

The Company's business is highly capital-intensive.

The capital required for construction projects goes towards capital expenditure for equipment and working capital needed to pay labor; purchase of materials, consumables, and services; and project administration overhead. Generally, a contractor collects downpayment ranging from 10% to 20% of project cost at the start of the project. This is usually utilized for mobilization expenses and to bridge the gap between disbursements and collection. Thereafter, contract billings are normally submitted on a monthly basis.

The Company usually collects its first billing before the downpayment is depleted. If the Company is unable to collect on time due to unexpected delays in the project schedule, it will need to advance the working capital requirements of the project. This financing gap between disbursement and collection is normally equivalent to 5-10% of the project cost. In such cases, the Company's cash flow gets tied up which may result in depletion of the Company's cash reserves. Consequently, the Company will have to take out short-term loans to bridge the cash flow gap for certain projects, and to fund the working capital requirements of new and existing domestic and overseas projects. Such bridge financing may negatively affect the Company's results and operations.

To mitigate the risk of cash flow being tied up pending collection, the Company proactively reconciles and resolves any issues with the clients; submits billings on a timely basis; and collects as soon as possible. The Company can also adjust its disbursements to focus on critical expenditures necessary to prevent delays in the overall schedule. The Company also implements proper planning and timing of project completion schedules and reallocating resources from nearby projects to address this risk.

The Company's capability to bid for big government projects may also be adversely affected if it resorts to additional short-term borrowings due to cash flow constraints. The Government Procurement Policy Board has developed a set of criteria for companies bidding for government projects called the Net Financial Contracting Capacity (NFCC). NFCC is defined as current assets less current liabilities, multiplied by a factor depending on project duration, less the value of all outstanding or uncompleted portions of the projects under ongoing contracts. Any increase in the Company's current liabilities will cause its NFCC to decline. To address this, the Company is looking at sourcing long-term financing to reduce reliance on short-term funding and align its financing requirements with the tenor of its projects. The proceeds of the ₱6 billion preferred share offering in 2021 and ₱8 billion preferred share offering in 2024 were used to finance the capital requirement of new projects and minimize credit exposure.

Lastly, in lieu of the NFCC some project proponents would accept a credit line commitment or a credit line certification issued by the contractor's bank as proof that the contractor can financially support the project on its own or through financing.

The Company is exposed to credit risk on its receivables.

For ongoing construction projects in the Philippines and abroad, EEI is exposed to credit risk if project owners are unable to fully settle the unpaid balance of receivables under construction contracts and other claims owed to the Company.

Credit risk is mitigated by EEI's contractor's lien on the project. Pursuant to Article 2242 (3) of the Civil Code of the Philippines, a contractor's lien is the claim of a contractor engaged in the construction, reconstruction, or repair of buildings, canals or other works, upon said buildings, canals or other works.
Furthermore, client-related credit risk is managed in accordance with EEI'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 Company may be exposed to liquidity risk from delayed payments of progress billings, or collection risk from overdue receivables or outstanding claims.

The natural pace of construction project execution tends to create temporary negative cash flows. Moreover, the use of progress billing in the construction business exposes EEI to the risk of delayed collection in the payment of receivables. Any delay in the collection of progress billings from its customers in the Philippines and Saudi Arabia may cause liquidity and cash flow challenges.

The complex dynamics of construction, where each progress goes through rigorous testing, quality control, and validation from clients, their representatives, and other parties including government agencies for infrastructure projects, sometimes prolongs reconciliation of progress billings. On occasion, there are back-and-forth discussions between the Company and its clients and client representatives to substantiate progress. There are also instances where the Company files a claim, often due to a variation order, for negotiation and agreement with its clients and their representatives.

There may also be prolongation cost claims for events not within the Company's control, such as delays in the acquisition of right of way which is usually a client deliverable. This is typical for large infrastructure projects including the Malolos-Clark Railway, Metro Manila Subway, and MRT7. Thus, the Company and its clients are in constant discussion on extension of time claims due to delays.

To mitigate this risk, the Company has a dedicated team of contract and commercial specialists with extensive experience in contract negotiation, documentation, and construction contract conventions. The Company may also engage independent foreign quantity surveyors to substantiate its claims.
In addition, the Company submits progress billings on a monthly basis, in accordance with schedules established and mutually agreed with each client.

The Company mitigates liquidity risk by closely monitoring project cash flows and ensuring prompt follow-up on billing. Furthermore, the Company has developed cash flow projection models to determine the ample pace of its projects to minimize temporary negative cash flows without compromising contractual commitments.

To cover its short-term and long-term funding requirements, the Company intends to use internally-generated funds and available short-term and long-term credit facilities. Credit lines are obtained from Board-designated banks in amounts based on financial forecasts approved by the Board.

A group of customers contribute a significant portion of the Company's revenues.

The Company has a strong and relatively large and diversified customer base. However, as of December 31, 2024 Federal Group, SM Group and San Lorenzo Ruiz Investment Holdings and Services, Inc. account for more than 30% of the Company's total construction revenues. In terms of project type, over 50% of construction revenues in 2024 came from the Company's building projects, about 25% from electromechanical and light industry projects, and about 23% from infrastructure projects. Similarly, Samsung Saudi Arabia, ARAMCO, and ENPPI account for over 80% of ARCC's revenues in Saudi Arabia. While the Company believes that it maintains good relationships with its key customers, a disagreement, contract cancellation, material claim, or non-payment from any of them could adversely affect its business and financial condition.

To manage the risk, the Company submits billings on a timely basis and collects as soon as possible. The Company likewise continues to diversify and bid for projects from different clients in the major market segments. Finally, through its subsidiaries, the Company continues to look for opportunities both in and out of the construction industry in order to broaden its business and revenues.

Independent subcontractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or may not complete projects on time and within budget.

The Company relies on independent subcontractors to fulfill selected portions of its construction contracts. These include excavation and ground works, foundation works, non-specialized electrical works, insulation, and fire protection. The Company selects independent subcontractors principally by conducting tenders and considering factors such as the subcontractors' experience, financial and construction resources, any previous relationship with the Company, reputation for quality, and track record. While the Company has more than enough subcontractor relationships, there is always a risk that issues with subcontractor selection or performance could result in cost increases or project delays.

The project owners normally mandate owner-nominated subcontractors, managed by EEI, for finishings and the like. The Company carefully selects and accredits only qualified subcontractors to provide cost and budgetary estimates. The Company also appoints subcontractors based on qualifications such as experience in the project area, past project performance, and contract price. It also maintains an accreditation rating and evaluation system for these subcontractors to ensure that they perform within EEI's standards. In addition, the Company conducts periodic vendor conferences to improve business relations and ensure that quality requirements are satisfied. Finally, the Company is ready to take over any scope left behind by subcontractors.

The Company's operations could materially and adversely be affected by any deterioration in the Company's employee relations (unions, etc.)

The Company's rank-and-file employees belong to the EEI Workers Union affiliated with the Associated Labor Unions-Trade Union Congress of the Philippines (ALU-TUCP). Established in 1979, this labor union is the certified exclusive bargaining agent of the rank-and-file employees. Another labor union, the EEI Supervisory/Staff Employees Union (EEI-SSEU), an independent union which was established in 1993, is the bargaining unit of the staff-level and supervisory employees.

The Collective Bargaining Agreement (CBA) with the rank-and-file union expired on June 30, 2021. Negotiations for a new CBA were deferred by mutual agreement of the parties due to the COVID-19 pandemic. A new CBA was thereafter entered into between the Union and Management to cover the period from July 2024 until June 2027.

The CBA with the EEI Supervisory/Staff Employees Union (EEI-SSEU) was renewed from July 1, 2021 until June 30, 2025, with its provisions unchanged. The Union and Management agreed to meet should the Union request CBA changes to be considered. CBA negotiations will resume in July 2025.

Furthermore, the Company signed an agreement in July 2023 with both rank-and-file and staff and supervisory unions to use employee performance as basis for determining wage increases, and to move away from the previous practice of across-the board wage increases. The Company believes it maintains a good relationship with both unions through constant dialogue with them.

The Company believes that it has maintained good relations with its employees, and has not experienced any strike or work stoppage for more than four (4) decades or since 1977. Although the Company has had labor-related complaints and cases filed against it, the Company believes that cases of this nature are not unique to the Company and are in fact experienced by other businesses in the ordinary course of operations. However, should the employees' grievances escalate to such a degree that a strike or work stoppage occurs, the Company's operations and financial performance could be negatively affected.

The Company may be subject to suits and liability claims arising out of construction and other building-related defects.

The Company may, from time to time, be engaged in disputes with various parties involved in its projects, including contractual disputes with owners, developers, subcontractors, suppliers, and construction workers in relation to the scope, time frame for completion, and building-related defects, among others. These disputes may lead to legal or other proceedings, which may result in the incurrence of substantial costs, delay in the development schedule, delay in incoming payments, and diversion of resources and management's attention. Further, the Company may be subject to suits and liability claims, and its reputation may be negatively affected if any of its domestic or overseas projects experience construction or infrastructure failures, design flaws, significant project delays, or quality control issues. Any of these may consequently make it more difficult for the Company to book new projects or qualify for construction bid awards. These may also affect the Company's cash flows, expected profitability, and results of operations.

To the extent possible, the Company proactively manages the projects to prevent disagreements from becoming disputes. When a dispute arises, the Company will seek to amicably settle the dispute through negotiation and exhaustion of all avenues of resolution, with litigation as a last resort. Further, the Company occasionally procures warranty insurance to mitigate defects-related claims. Personnel are on standby to address defects within the defects notification period or defects liability period, which is usually one year from the date of project completion.

The Company's business may be negatively affected by slowdown in the Philippine and global economies.

The Philippine economy and securities of Philippine companies have been influenced in varying degrees by economic and market conditions in other countries especially in Southeast Asia, as well as investors' responses to those conditions. The uncertainty surrounding the global economic outlook could cause economic conditions in the Philippines to deteriorate. Any downturn can negatively impact consumer sentiment and general business conditions. Moreover, there can be no assurance that current or future Philippine economic policies will remain conducive to sustaining economic growth.

Changes in Saudi Arabia's economy and government policies, as well as the continuing implementation of the Saudization policy, may likewise affect the Company through their impact on ARCC's operations.

This risk is mostly beyond the control of EEI. The Company has sought to mitigate this by diversifying into different construction segments and clients, between private developers and government agencies, as well as geographically through its presence in Saudi Arabia. The Company has and will continue to strengthen its non-construction business through joint ventures and investments.

The credit ratings of the Philippines may restrict the access of local companies, including EEI, to capital.

Historically, the Philippines' sovereign debt has been rated non-investment grade by international credit rating agencies. In 2019, the Philippines' long-term foreign currency-denominated debt was upgraded by S&P Global (S&P) to BBB+ with stable outlook, while Fitch Ratings (Fitch) and Moody's Investment Services (Moody's) affirmed the Philippines' long-term foreign currency-denominated debt to the investment grade ratings of BBB and Baa2 respectively, with a stable outlook.

S&P's rating of BBB+ with stable outlook remained consistent from 2019 until it was upgraded to positive in November 2024, while Moody's again affirmed its rating of Baa2 with stable outlook in August 2024. On the other hand, Fitch maintained its rating of BBB from 2019 to June 2024, with the outlook fluctuating between stable (2019 and May 2020), positive (February 2020), and negative (July 2022 to October 2022), before settling again on a stable outlook which was affirmed in June 2024.

The Philippine Government's credit ratings directly affect companies domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that Fitch, Moody's, S&P, or any other international credit rating agency will not downgrade the credit ratings of the Philippine Government in the future and, therefore, Philippine companies. As a systemic risk, the Company cannot provide assurance of effective mitigation. Any such downgrade could have a material adverse impact on the liquidity of the Philippine financial markets, the ability of the Philippine Government and Philippine companies, including the Company, to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available.

The availability and volatility in the price of construction materials could affect the Company's profitability and projects.

The Company's domestic and international projects and operations are highly dependent on the price and procurement of raw materials such as rebars, flat bars, steel plates and other steel products, cement, fuel, aggregates, and sand. Non-availability of raw materials from their usual sources will result in the Company having to source its raw materials from other sellers. In addition, there is no assurance that increases in the prices of construction materials will be passed on to EEI's customers. Unless these are owner-supplied materials, all these will negatively affect the Company's project costs, which may in turn adversely affect its financial performance and results of operations. The Russia-Ukraine war which began in February 2022 continues to exacerbate supply risks and drive up global commodity and oil costs, as does the Israel-Hamas conflict which started in October 2023. In addition, changes in U.S. policy made by President Donald Trump during his second term are likely to have a long-lasting effect on global trade.

To mitigate this risk, EEI diversifies its sources of raw materials by purchasing from multiple principal suppliers who have undergone a stringent accreditation process. The Company carefully selects and accredits only qualified suppliers to provide materials and related details, such as cost information and budgetary estimates. This provides more comfort in terms of availability and stable pricing of the raw materials for the Company's construction projects. Sourcing of selected items from China is now being undertaken, with emphasis on competitive pricing and fulfillment of quality requirements. Furthermore, there are certain contracts negotiated with clients with adequate provisions on escalation and/or price protection on specific construction materials, especially if the Company provided a discount. To the extent that the carrying cost does not exceed the potential savings or price protection, the Company also considers forward buying / hedging.

Volatility in the value of the Peso against the US Dollar and other currencies as well as in the global and financial capital markets could adversely affect the Company's businesses.

The Philippine economy has experienced volatility in the value of the Peso and limitations to the availability of foreign exchange. In July 1997, the BSP announced that the Peso could be traded and valued freely on the market. As a result, the value of the Peso underwent significant fluctuations between July 1997 and December 2004, and declined from approximately P29.00 to US$1.00 in July 1997 to P56.18 to US$1.00 in December 2004.

The value of the Peso continues to be affected by events and circumstances such as the movement of the US economy, the rise of interest rates in the US, ongoing geopolitical conflicts in both the West and the East, and other events impacting the global markets or the Philippines, causing investors to move their investment portfolios to less risky markets. Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatility in the value of the Peso against the US Dollar and other currencies. While the Peso had achieved a small gain of P55.567:US$1.00 at end-2023 versus the rate of P56.12:US$1.00 at end-2022, BSP data shows that as of December 31, 2024, the Peso was at P58.014 against the US Dollar, its lowest year-end value since 1970.

The advent of another global health emergency could negatively affect the Company's business operations.

The COVID-19 pandemic made a huge impact across industries, lasting over three years from March 11, 2020, to May 5, 2023, when the World Health Organization (WHO) officially declared an end to the global health emergency. In the Philippines, President Ferdinand R. Marcos Jr. lifted the state of public health emergency on July 22, 2023. The Company has since returned to normal operations, but is ready to implement health guidelines, protocols, and lessons learned during the pandemic in alignment with business continuity plans should circumstances require.

The Company is exposed to potential construction contract deferrals and/or cancellation.

Economic difficulties impacting the Company's clients may lead to cancellations or deferrals of projects, which could adversely affect the Company's business operations and financial condition depending on the size of such projects. Examples are commercial and recreational developments that are put on hold or may be cancelled. Foreign funding for infrastructure projects may dry up as governments tighten belts to focus money domestically.

In the Philippines, a government agency's construction budget is highly dependent on the approval of both Congress and the Senate. On December 30, 2024, Republic Act 12116 or the 2025 General Appropriations Act was signed into law by President Ferdinand R. Marcos Jr., including a budget of P87.24 billion for the Department of Transportation (DOTr).

The Company's Commercial and Contracts Division ensures that cancellations are amicably settled with clients, and that all receivables, claims, and change orders are collected fairly. Even before reaching this point, the Company's cost and planning engineers ensure that the Company adjusts costs and resources accordingly to mitigate the impact of cancellation, and that all inputs are accounted completely and accurately for final settlement with the client.

The Company's reputation will be adversely affected if its projects are not completed on time, or if projects do not meet customer requirements.

The Company's brand equity may be damaged if it fails to deliver the project on time, or if its work is not in conformance with specifications.

As a safeguard, EEI has a project management team composed of well-trained and experienced technical managers who oversee the project's progress, schedule, and quality, and ensure a smooth workflow. The Company's current projects are progressing on schedule, while its backlog remains healthy due to the inflow of new projects. EEI expects a better overall performance from its domestic operations driven by the current buildings, infrastructure, electromechanical, and industrial projects in its pipeline as production continues to pick up. Likewise, the Company anticipates improved performance in ARCC projects in the medium term with oversight and support provided by domestic management.

Local and regional political or social instability, acts of terrorism, military conflict, or changes in laws and policies could adversely affect the Company's financial results.

From time to time, the Philippines has experienced political and military instability. In recent years, public and military protests arose due to alleged misconduct by the previous and current administrations. There can be no assurance that acts of political violence will not occur in the future, and such events could negatively impact the Philippine economy. An unstable political environment due to the impeachment of government officials, imposition of emergency executive rule, martial law, or widespread popular demonstrations or rioting could negatively affect the economy and operating environment, and consequently EEI's business operations and financial condition.

The Philippines has been subject to a number of terrorist attacks. Its military has been in conflict with various extremist groups claiming responsibility for terrorist activities in the country. An increase in the frequency, severity, or geographic reach of these attacks, violent crimes, bombings, and similar events could have a material adverse effect on investments, investor confidence, and the performance of the Philippine economy. Any such destabilization could interrupt parts of the Company's business and materially and adversely affect its financial condition, results of operations, and prospects.

The current administration has already made changes to various social, economic, and foreign policies set down by the previous administration, which may lead to an increase in political or social uncertainty and instability. In addition, continued aggression related to territorial claims may precipitate armed conflict in the region, which could have a significant adverse effect on the country's general economic conditions and business environment as well as on the Company's operations and financial condition.

In the Middle East, shifts in Saudi Arabia's relations with Iran, Yemen, Lebanon, Syria, Turkey, and Israel may impact ARCC's projects, business operations, and financial condition. Israel's ongoing conflict with Hamas could also have a negative impact if military activity ensues near ARCC offices and project sites.

To mitigate these risks, the Company maintains and obtains customary insurance coverage for all its projects. There is no assurance that such coverage will adequately compensate for all damage and economic losses. Any significant uninsured loss could materially and adversely impact the Company's business, financial condition, and results of operations.

The Company may be affected by the introduction of new laws and regulations that could impact its business.

The construction industry is regulated by the Philippine Government through the Philippine Contractors Accreditation Board (PCAB). Under Republic Act 4566, or the Contractor's License Law, a contractor must first secure a license from PCAB in order to engage in contracting activities. This was amended and reinforced under Republic Act 11711 in 2022.

However, in Philippine Contractors Accreditation Board v. Manila Water Company, Inc. G.R. No. 217590, March 10, 2020, the Supreme Court affirmed an earlier decision by the Quezon City Regional Trial Court which declared the portions of Section 3.1, Rule 3 of the Revised Rules and Regulations Governing Licensing and Accreditation of Constructors in the Philippines (or the Implementing Rules and Regulations of Republic Act 4566) that impose the foreign ownership restriction for construction firms securing a regular and/or special license, as void. Consequently, Section 12.7 of Rule 12 of said Rules was also nullified. The nullified provision provides for the automatic invalidation of a regular license of a construction firm if its foreign equity exceeds 30%. PCAB thereafter filed a motion for reconsideration, which was denied by the Supreme Court when it affirmed its 2020 decision on March 3, 2022.

Similarly, on August 11, 2020, House Bill No. HB07337 was filed seeking to revise Republic Act No. 4566 by amending the definition of a “person” applying for license with PCAB as an “individual, firm, partnership, corporation, association or other organization, or any combination thereof, regardless of nationality or citizenship”, explicitly removing the nationality restriction imposed upon those who secure licenses with PCAB. This bill was referred to the House Committee on Trade and Industry upon filing, and is still pending as of 2024.

Ahead of the passage of a law similar to the intention of House Bill No. HB07337, the Supreme Court decision has the effect of opening up the construction industry to foreign participation, which would increase EEI’s competitors and thereby negatively affect its operations and financial performance.

EEI intends to continue partnering with these foreign construction firms, rather than just competing with them. The Company has a joint venture with Hyundai Rotem for the MRT7 project, and another with Shimizu-Takenaka-Fujita on the Manila Subway Project. It has also formed a joint venture with Acciona of Spain on the Malolos Clark Railway Project and has partnered with other foreign firms on the bidding for Packages in the South Commuter Railway Project.

Even if construction contracts are awarded to foreign firms, it is sometimes more cost-efficient for them to subcontract locally instead of bringing in their own people and equipment from abroad. In cases like these, EEI works as a subcontractor to large foreign contractors.

Hence, while competition is unavoidable, the Company believes that over the years it has built its reputation for quality work and has sustained good relationships with customers and suppliers alike. The Company also intends to continue partnering with foreign firms to keep its competitive edge through transfer of knowledge and technology from its partners, and continued eligibility for bigger and better opportunities from project owners seeking international construction expertise.

The occurrence of natural catastrophes, man-made catastrophes, or power outages may materially disrupt the Company’s business.

Natural and man-made catastrophes including flood, earthquakes, and fire may disrupt the Company’s ability to deliver its services, and impair the economy of the affected locality or the Philippine economy as a whole. The Philippines has also experienced power outages due to power generation shortages and transmission problems, which may also arise because of the aforementioned catastrophes. Such events may materially disrupt and adversely affect EEI’s business and operations.

To mitigate this, the Company obtains and maintains customary insurance coverage for all its projects. Prospective investors cannot be assured that the insurance coverage maintained by EEI will adequately compensate for all damages and economic losses resulting from such business interruptions. Any significant uninsured loss could materially and adversely impact the Company’s business, financial condition, and results of operations.

The Company's operations may be affected by cybersecurity threats.

Cyberattacks from external parties or data breaches within the Company's network may result in the loss of critical assets and sensitive information, and in reputational harm. To mitigate this, the Company uses a security solution that collects data from sources such as endpoints, network devices, and cloud services, and uses that data to detect and respond to threats across the entire attack surface. The Company's corporate IT strategy also makes use of best practices in IT general controls, awareness campaigns, and social engineering. Finally, the Company has engaged a dedicated IT auditor to identify cybersecurity issues and opportunities for improvement.

n.) Human Resources

	Actual		**Estimate**
Manpower	**Year-end 2024**	**Average 2024**	**Average 2025**
Regular			
Rank & File - Monthlies	197	233	206
- Dailies	323	326	289
Supervisory - Staff	880	917	812
- Supervisor	596	631	559
Managers - Department	220	215	190
- Group	45	45	39
Officers	41	41	36
Project Workers			
Rank & File - Monthlies	545	572	507
- Dailies	14,094	15,401	13,641
Supervisory - Staff	1,195	1,320	1,169
- Supervisor	450	475	420
Managers	96	95	84
Officers	5	5	4
Total Company	**18,687**	**20,276**	**17,956**

o.) Labor Relations

The Company's rank and file employees belong to the EEI Workers Union affiliated with the Associated Labor Unions – Trade Unions Congress of the Philippines (ALU-TUCP) Established in 1979, this labor union is the certified exclusive bargaining agent of the rank-and-file employees. Another labor union, the EEI Supervisory/Staff Employees Union ("EEI-SSEU"), an independent union which was established in 1993, is the bargaining agent of the staff level and supervisory employees.

The Collective Bargaining Agreement (CBA) with the rank-and-file union expired on June 30, 2021. The Union agreed to defer further CBA negotiations due to the COVID-19 pandemic. The CBA for the EEI Supervisory/Staff Employees Union (EEI-SSEU) was renewed from July 1, 2021 until June 30, 2025, with its provisions unchanged as a result of the pandemic. CBA negotiations were deferred with the concurrence of both the Unions and Management. The CBA negotiations for the rank-and-file union resumed in 2024 and the renewed CBA took effect on July 1, 2024 and will expire on June 30, 2027 on the economic provisions and on June 30, 2029 for representation purposes. Furthermore, the Company signed an agreement in July 2023 with both rank-and-file and staff and supervisory unions to use employee performance as basis for determining wage increases and to move away from the previous practice of across-the-board wage increases.

The Company believes it maintains a good relationship with both unions through constant dialogue with them. The Company has sustained harmonious relations with its employees, and has not experienced any strike or work stoppage for more than four (4) decades or since 1977.

p.) Trainings

The Company is committed to fostering continuous growth through meticulously designed operations, ongoing training and development initiatives across all levels, and a steadfast dedication to the merit system for evaluating performance. Emphasizing the value of hard work, the Company offers a diverse range of training programs aimed at maintaining competitiveness and enhancing efficiency among its employees.

The onset of the pandemic presented an opportunity for the Company to reimagine and refine its employee training methodologies, marking a significant shift in the approach to learning. With constraints on in-person interactions, the adoption of remote learning solutions became essential, establishing them as the new standard for nurturing ongoing growth for both the organization and its workforce. By leveraging eLearning, online platforms, and distance education, the Company not only prepared its employees for remote training but also fostered seamless connectivity and empowered the development and application of essential skills.

In-house Programs
Basic Microsoft Excel for Data Analytics
Building Blocks to Self-Leadership Workshop
Communication and Branding Curriculum for EEI Leaders and Managers
Conflict Avoidance & Alternative Dispute Resolutions
Consultative Selling Excellence
COSO Training
Data Privacy Act Awareness
Email Etiquette and Eight Habits of Recruitment Strategy
Essentials of Leadership and management
Fundamentals of Leading People
Gender Training on Sexual harassment and Safe Space Act
Kapihan with Henry
linkedin Learning Reignite
Picqs Think Tank Training
Project Management in Construction
Rising Structures, Building Bridges, Breaking Barriers: Women's Excellence in Construction
Safe Space & Workplace Safety
Standard First Aid & BLS CPR
Transform Talent: Rethinking Employee Retention Strategies to Drive Organizational Growth
Transform Talent: Rethinking Recruitment Strategies To Drive Organizational Growth
Vacc It Up, Vaccine for All
Values to Virtues Program

External Programs
2024 Fire Protection Series
2024 Picqs What a Surveyor Is Not!
20th National Convention of Lawyers
56th National Industrial Safety, 2nd Industrial Hygiene Conference and National Assembly
6th National Emergency Management Conference
7th PCO Summit
Accounting for Non-accountants with an AI in Finance
Accredited Basic Training Course for P (Online)
ACFE 12th National Fraud Conference 2024
ACIIA Global Internal Auit Standards (GIAS)
ACP Revit Architecture Certification Exam
Administrative Investigation, Termination & Discipline
Advance Steel Fundamentals
American Welding Society - Welding Inspector Course
Annual Convention 2024: Catalyzing Purposeful Change: Auditing for Impactful Transformation

Basic Training Course for Managing Heads
Basic Training Course for Pollution Control Officers
Building a Greener Future, Sustainable Solutions in Managing EPC Projects
Continuing Environmental Education Seminar for Pollution Control
CQI IRCA ISO Lead Auditor Course
Enterprise Risk Management Program
Finance for Non-Finance Managers
Fundamentals of Construction Law & Dispute Resolution
Geo Structural Design: Challenges, Solution and Innovations
Global Trends in Construction Law and Contracts
GWO Training
HVAC Seminar Series
International Contract Management Forum 2024
Mandatory Continuing Legal Education (MCLE)
Overview and Principle of Various Forms of Contracts
Paralegal Certification - Training and Masterclass on Labor and Employment Law
Pasiaworld Annual Supply Chain Conference-remaking the Supply Chain
Privacy Impact Assessment
Project Management Based on PMBOK 7th Edition
Qs Summit 2024
Radiation Safety, Refresher Course
Sa Pagiwas sa Sunog, Di Ka Nag Iisa! Asspi 8th Osh Regional Forum
Standard First Aid & BLS-CPR
Strategic CBS Negotiation for Employers
Supervisory Upskilling Program for Excellent Result
Talent Development Approaches in Strategic Workforce Planning
Technical Workshop on Code Requirements for Design of Steel Special Moment Frame
Train the Trainers
Workers Institute on Labor Laws (Will)

ITEM 2. PROPERTIES

Properties in the name of EEI Corporation and Subsidiaries as of December 31, 2024 are enumerated below:

	Acquisition Date	Area (sqm)	Type
EEI Corporation – Parent			
Manggahan, Quezon City	2024	19,948	Industrial
Mariveles, Bataan	2024	149,314	Industrial
Itogon, Benguet	1985	688	Residential
Minuyan, Norzagaray, Bulacan	2005	138,216	Agricultural
Nueva Ecija	1997	149,086	Agricultural
Bulacan	1997	5,185	Agricultural
San Jose, Sta Maria, Bulacan	2005	102,633	Industrial
Minuyan, San Jose del Monte, Bulacan	2005	133,371	Agricultural
Total		**529,179**	

Properties in the name of Subsidiaries:

	Acquisition Date	Area (sqm)	Type
EEI Construction and Marine Inc.			
Silang, Cavite	2010	21,197	Fabrication Shop
EEI Realty Corporation			
Tanauan, Tanza Cavite (Quintana) Cavite	1995	408,579	Raw lands/residential
Tanza, Cavite	2023	110,942	Industrial
Calamba, Laguna	1995-96	82,764	Residential
Marikina, Suburbia East	1999	259	Residential
Total		**785,860**	
Equipment Engineers, Inc.			
Irisan, Benguet	2009	3,201	Residential
Itogon, Benguet	2006	100	Residential
Total		**3,301**	
Gulf Asia International Corp.			
General Trias, Cavite	1998	259	Residential

ITEM 3. LEGAL PROCEEDINGS

The Company is not involved in any legal proceedings for petition for bankruptcy, insolvency, or receivership. No judgment or resolution has been issued against any Director or Officer which would materially affect their ability or put into question their integrity to serve in their current position. The Company and its subsidiaries may have legal cases in the usual course of business, but any final resolution in these cases, whether adverse or favorable, and whether taken individually or collectively, will not have any material effect on the continued operations or financial position of the Company or its subsidiaries.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NOT APPLICABLE.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET PRICE OF AND DIVIDENDS ON REGISTRANT'S COMMON EQUITYAND RELATED STOCKHOLDERS' MATTERS

Dividends per Share

On February 14, 2024, the Board of Directors approved the declaration of cash dividends for Series A and Series B preferred shares at ₱1.441025 and ₱1.73485 respectively, and payable on March 25, June 24, September 23 and December 23.

Stock Prices

The following are the quarterly high, low and closing prices of EEI shares:

2024	**High**	**Low**	**Close**	2023	High	Low	Close
Common Shares							
Jan-Mar	**6.59**	**5.20**	**5.39**	Jan-Mar	3.28	2.65	2.70
Apr-Jun	**5.86**	**4.80**	**5.05**	Apr-Jun	6.20	2.66	4.90
Jul-Sep	**5.20**	**4.08**	**4.32**	Jul-Sep	5.19	4.41	4.69
Oct-Dec	**4.35**	**3.18**	**3.60**	Oct-Dec	6.03	4.57	5.97
Preferred Shares – Series A							
Jan-Mar	**100.00**	**80.00**	**90.00**	Jan-Mar	110.00	94.00	98.00
Apr-Jun	**97.95**	**86.10**	**88.20**	Apr-Jun	94.50	94.00	94.30
Jul-Sep	**98.95**	**88.30**	**94.85**	Jul-Sep	98.25	90.00	98.20
Oct-Dec	**99.00**	**90.10**	**99.00**	Oct-Dec	95.00	80.00	86.70
Preferred Shares – Series B							
Jan-Mar	**99.00**	**95.00**	**98.75**	Jan-Mar	103.50	100.00	103.00
Apr-Jun	**98.75**	**85.00**	**96.00**	Apr-Jun	103.00	98.00	100.00
Jul-Sep	**98.50**	**93.00**	**97.90**	Jul-Sep	100.00	94.00	98.00
Oct-Dec	**98.90**	**95.00**	**98.45**	Oct-Dec	98.70	80.00	96.90

On April 22, 2025, EEI shares were traded at its highest for the price of ₱3.50, lowest for ₱3.16 and closed at ₱3.31. The shares of the Company are traded at the Philippine Stock Exchange, Inc.

The number of common shares issued and subscribed as of December 31, 2024 is 1,036,401,386, out of which 93,668,503 shares are foreign owned. There are approximately 3,096 stockholders.

The number of Series A preferred shares issued and subscribed as of December 31, 2024 is 15,000,000, out of which 55,875 shares are foreign owned. There are approximately 5 stockholders.

The number of Series B preferred shares issued and subscribed as of December 31, 2024 is 45,000,000, out of which 765,080 shares are foreign owned. There are approximately 4 stockholders.

The number of Series C preferred shares (unlisted) issued and subscribed as of December 31, 2024 is 20,000,000. There is only 1 stockholder, which is Filipino.

The number of Series D preferred shares (unlisted) issued and subscribed as of December 31, 2024 is 60,000,000. There are 2 stockholders, out of which no shareholder is foreign.

Top 20 Stockholders as of December 31, 2024:

Name	No. of Shares Held	% Ownership
PCD NOMINEE CORP – FILIPINO	918,522,006.00	88.636342
PCD NOMINEE CORP – NON FILIPINO	92,372,092.00	8.913803
SOCIAL SECURITY SYSTEM	5,870,700.00	0.566516
YAN, LUCIO W. YAN &/OR CLARA	1,002,472.00	0.096737
MERCURY GROUP OF COMPANIES INC.	620,000.00	0.059829
ZALAMEA JR., ENRIQUE M.	600,000.00	0.057899
RODRIGUEZ, HORACIO	576,662.00	0.055647
BENJAMIN CONSUNJI SANDOVAL	550,000.00	0.053074
SEAFRONT RESOURCES CORPORATION	372,500.00	0.035946
UY, PERRY Y.	310,930.00	0.030004
EEI ACCT. # 1	310,500.00	0.029963
MENDOZA, ALBERTO &/OR JEANIE C. MENDOZA	305,000.00	0.029432
CHU, RAYMOND M.	300,000.00	0.028950
PAGUIO, ALFREDO S.	264,000.00	0.025476
ROCES, IRENE V.	229,500.00	0.022146
BEAM, WALTER A. JR	220,308.00	0.021259
MUNJI, DIVINA F.	212,019.00	0.020460
TAN, JOHNNY	200,000.00	0.019300
LIM, EDWIN B.	192,600.00	0.018586
CIRILOS JR., DOMINGO A.	190,000.00	0.018335
TOTAL	**1,023,221,289.00**	

No securities were sold within the past 3 years, which were not registered under the Revised Securities Act.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Audited Financial Statements of EEI Corporation and Subsidiaries (collectively, the Group) as at and for the period ended December 31, 2024 and the notes thereto, included in this report.

Results of Operations

2024 vs 2023

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).

For 2024, consolidated revenues of the Group reached ₱13.63 billion, 28% lower than the ₱18.75 billion generated in 2023. Meanwhile, overall cost of sales totaled ₱13.26 billion, which is 9% lower than the ₱14.52 billion in 2023. This resulted in a 92% reduction in overall gross profits, from ₱4.23 billion in 2023 to ₱367 million in 2024.

Revenues from EEI's construction operations dropped by 28% to ₱11.70 billion. This was due to the completion of several major projects and was further compounded by lower production from new projects. Although the overall value of new projects awarded in 2024 was more than double compared to the previous year, various ones which were originally forecasted to have a significantly accretive effect have had delays in both awarding, mobilization and ramp up. Legacy problematic projects which had significant pricing, planning and execution issues and which were substantially completed in the last quarter of 2024 drove the cost overrun for the year. This resulted in a gross profit deterioration of 93%, from ₱3.94 billion in 2023 to ₱285 million in 2024.

In 2024, EEI completed 5 projects, won 13 new projects, and continued to work on 32 projects locally. Current landmark projects include the Metro Manila Subway, Malolos-Clark Railway and the Cavitex-Calax (CC) Link.

Gross revenues from services declined from ₱2 billion in 2023, to ₱1.72 billion in 2024. Consequently, gross profits from services also declined from ₱132.95 million in 2023, to ₱26.59 million in 2024. These were primarily attributable to the lower trading and services of EEI Energy Solutions Corporation after the completion of contracts with various customers. EEI intends to ramp up initiatives to grow this segment of the business as part of its overall strategic goal of diversifying.

Meanwhile, revenues and gross profits from merchandise sales were also lower. Merchandise sales by EEI Business Solutions Inc. were lower by 58% from ₱452.96 million in 2023 to ₱188.62 million in 2024. Gross profits were consequently lower from ₱150.30 million in 2023 to ₱47.11 million in 2024.

Real estate sales by EEI Realty had a slight increase in revenue from ₱13.20 million in 2023 to ₱14.85 million in 2024, with gross profit mostly flat at ₱7.73 million in 2024 compared to ₱7.88 million in 2023.

In 2024, the Group registered an equity share in net losses of associates and joint ventures amounting to ₱3.77 billion, primarily from EEI's share in the losses of its joint venture in Saudi Arabia, ARCC. The restructuring effort in this area of the business continues as well. With the expected completion of all its legacy projects in 2025, ARCC expects to refocus its efforts in high value, low risk projects and services including shutdown works and manpower supply.

Selling and Administrative expenses were higher by 22%, from ₱1.69 billion in 2023 to ₱2.06 billion in 2024 as a result of capacity building efforts for upcoming projects and business initiatives.

Financing costs were also higher by 35%, from ₱811 million in 2023 to ₱1.09 billion in 2024. In order to improve its capital structure, EEI Corporation raised ₱8 billion in funding through a preferred share offering in the last quarter of 2024.

Other income jumped from ₱266 million in 2023 compared to ₱1.89 billion in 2024 due to the gain on the disposal several parcels of land located in Tanza, Cavite.

The Group closed 2024 with a consolidated net loss of ₱4.41 billion and a total comprehensive loss of ₱3.28 billion after other comprehensive income from remeasurement gains amounting to ₱1.13 billion.

2023 vs 2022

2023 was a year of transformation for EEI. In the second quarter, the Company, under its new management, embarked on transformational initiatives that positions the Company towards improved profitability and growth. The transformation agenda, as reported in the Company's 3rd Quarter Report, aims to strengthen the four key pillars of EEI's future: its governance, processes, financial health, and most importantly, its people. EEI followed through with the execution of this agenda while continuing to work on its backlog of projects both domestically and overseas.

EEI marked the year in review with a strong domestic performance generating a net income of ₱ 1.5 billion from its local construction operations. This was a result of various initiatives to improve overall operating efficiency, reorient its commercial approach, fix internal processes and execute better in its project delivery. In 2023, EEI completed 10 projects, won 12 new projects, and continued work on 30 projects locally.

For 2023, consolidated revenues of the Group reached ₱18.8 billion, 28% higher than the ₱14.7 billion generated in 2022. Meanwhile, overall cost of sales totaled ₱14.5 billion, 15% higher than the ₱12.7 billion in 2022. This resulted in an overall gross profit ratio improvement of 67%, from 14% in 2022 to 23% in 2023.

Domestic construction activities drove these improvements in 2023 as revenues from EEI's construction contracts grew by 30% to ₱16.3 billion, with a corresponding increase of 13% in direct costs at ₱12.3 billion. Gains from EEI's transformation initiatives yielded positive results for the Company's domestic operations, particularly a gross profit ratio improvement of 84%, from 13% in 2022 to 24% in 2023.

Gross profits from services, which is primarily attributable to EEI Energy Solutions' performance, was particularly challenged due to higher input costs in its retail energy supply activities. Gross profit ratios fell by 61% from 17% in 2022 to 6.5% in 2023 as revenues increased by only 9% at ₱2.0 billion with direct costs increasing by 23% at ₱1.9 billion. A strategic review of this business is ongoing. EEI Energy Solutions is a wholly owned subsidiary of EEI Power Corporation.

Meanwhile, merchandise sales also contributed to overall gross margin improvement with revenues increasing by 69% to ₱453.0 million compared to ₱268.4 million in 2022, with a corresponding increase of 33% in direct costs at ₱302.7 million compared to ₱227.0 million in 2022. This was attributable to the increase in delivery and supply of construction materials of its subsidiary EEI Business Solutions Inc.

Equipment rental, which is a new revenue stream in 2023 by EEI Business Solutions Inc. and real estate sales by EEI Realty also contributed to overall gross margins by delivering revenues of ₱14.3 million and ₱13.2 million respectively. Direct costs for equipment rental were at ₱9.4 million while cost of sales for real estate were at ₱5.3 million in 2023.

These performance improvements in various areas of EEI's domestic operations were also complemented by the Company's achievements in controlling overhead costs. The restructuring efforts aimed at right-sizing the business also delivered positive results in the most recent year as Selling and Administrative expenses before non-recurring items were lower by 7%. These expenses were contained to ₱1.5 billion in 2023 compared to ₱1.6 billion in 2022.

These efforts to improve operations and manage overhead enabled EEI to mitigate the significant challenges posed by tighter monetary conditions that led to higher borrowing costs. Financing costs were 106% higher in 2023 with a total of ₱810.7 million compared to ₱393.7 million in 2022. Ongoing initiatives related to improving EEI's contract management and commercial approach are expected to help in enhancing the Company's overall cashflow.

In 2023, the Group registered a loss of ₱1.3 billion from equity investments in associates and joint ventures primarily due to EEI's share in the losses of its joint venture in Saudi Arabia, Al Rushaid Construction Company, Ltd. (ARCC).

The losses from the ARCC joint venture were partially offset by equity share earnings from Petro Solar Corporation, Petro Wind Energy Inc, as well as EEI's share in joint ventures for the construction of the Metro Manila Subway Project and the Malolos-Clark Railway Project.

The recent year has been a challenging and redefining one for ARCC as the Company continued its operational restructuring efforts. For 2023, EEI's equity share in ARCC's losses amounted to ₱1.6 billion. While leadership and structural changes were undertaken to address weaknesses in key processes such as tendering, planning, resource management, contract management and project controls, the issues surrounding legacy problematic projects which were started prior to 2023 proved difficult to overcome.

From 2023 and continuing to this year 2024, ARCC has taken and will continue to take strong measures to account for and provision for all the project delivery issues caused by the weaknesses mentioned above. The goal of this is to establish a new baseline for improving ARCC's financial performance. The majority of these problematic legacy projects are expected to be complete by the first half of 2025. Project delivery issues identified are now localized and fixable but will require more time to work through. ARCC's new leadership team expects to complete its overall transformation of the business in 24 to 36 months.

Meanwhile, the new leadership team in ARCC will remain cautious and selective in winning new projects that will provide accretive support to the business while restricting efforts are ongoing. Such include the recently awarded contract with South Korea's SGC-eTEC Arabia as the general subcontractor for the expansion of the Ethylene Cracker Plant at the Saudi Ethylene and Polyethylene Company (SEPC), a joint venture of Tasnee Sahara Olefins Company, in Saudi Arabia. The SEPC project has an estimated total contract value of SAR 1.87 billion (~$500 million) and is expected to be completed in 2026. ARCC will execute on the construction portion of this contract.

Overall, EEI registered a consolidated net income of ₱158.3 million for the year ended December 31, 2023 while the loss per share was registered at ₱0.1442 in 2023.

2022 vs 2021

For the year in review, the consolidated revenues of the Group reached ₱14.7 billion, 9% lower than the ₱16.1 billion generated in 2021.

The Company had active construction operations in 2022 with health protocols and guidelines established, however, it encountered delays in the execution of backlog works which had adverse effect on revenues. On the other hand, subsidiary business performed well and generated a significant ₱2.5 billion contribution to the consolidated revenues primarily due to growth in EEI Power's Retail Electricity Supply Business.

In 2022, revenues from construction contracts of EEI decreased by 16% to ₱12.5 billion due to substantial completion of a number of infrastructure and building projects. Revenues from services grew by 129% to ₱1.8 billion which is mainly attributable to EEI Energy Solutions, Corp. EEI Power Corp. also contributed to the significant increase in service revenue mainly due to approved new orders for its major clients. Revenues from merchandise sales decreased by 30% to ₱271.5 million while revenue from real estate sales by EEI Realty decreased by 72% to ₱4.0 million.

Overall direct costs and expenses incurred by the Company totaled to ₱12.7 billion, a 12% decrease from the

₱14.4 billion in 2021. Costs from construction contracts decreased by 19% to ₱10.9 billion; costs of services increased by 128% to ₱1.5 billion, costs related to merchandise sales decreased by 25% to ₱250 million; while costs related to real estate sales decreased by 58% to ₱3.1 million.

EEI's gross profit ratio in 2022 stood at 14%, higher than the 11% profit ratio recorded in the previous year.

In 2022, EEI registered loss of ₱105.9 million from equity investments in associates and joint ventures primarily due to issues in recovering claims across major projects of the Al Rushaid Construction Company, Ltd. (ARCC) business in Saudi Arabia. This was partially countered by the positive results from the equity shares in PetroSolar Corporation and PetroWind Energy Inc. with combined earnings of ₱244.0 million, a 1% improvement from the ₱241.1 million earnings in 2021. Additionally, the Group's local joint ventures contributed earnings amounting to ₱37.2 million, a 54% increase from the ₱24.2 million generated in 2021. This is mainly driven by increased production of joint ventures for the construction of the Metro Manila Subway Project and Malolos-Clark Railway Project.

EEI registered a consolidated net income of ₱200.3 million for the year ended December 31, 2022 while the loss per share was registered at ₱0.0867 in 2022.

Financial Position

2024 vs 2023

The Group's consolidated assets stood at ₱36.66 billion at December 31, 2024, 22% higher than its 2023 year-end position. Cash and cash equivalents increased from ₱2.22 billion to ₱6.04 billion due to the proceeds from preferred shares issuance in the last quarter of 2024. Receivables decreased by 21% to ₱2.65 billion. Total contract assets representing actual production yet to be billed increased by 7% to ₱14.12 billion.

Inventories went down by 24% to ₱1.08 billion due to the disposal of excess rebars and cement from completed infrastructure projects.

Investments in associates and joint ventures reduced by 54% to ₱914.82 million due primarily to the recognition of the equity share in the losses in ARCC. Equity investments at fair value through other comprehensive income (FVOCI) is higher by 22% at ₱659.89 million due to the revaluation gains of equity shares in Hermosa Ecozone Development Corporation (HEDC) amounting to ₱95.4 million.

Investment properties increased by ₱1.20 billion after the acquisition of real estate properties in Bataan while property and equipment increased by 103% to ₱4.25 billion at the end of the year after the acquisition of a parcel of land in Manggahan, Quezon City which serves as the head office of the Company. Right-of-use assets decreased by 38% to ₱307.90 million after the termination of several lease agreements while other non-current assets also decreased by 20% to ₱1.54 billion due to the substantial collection of a long term receivable from EEI Retirement Fund.

As of December 31, 2024, total pension assets exceeded total retirement liabilities resulting to a net pension asset position of ₱1.05 billion. The present value of all retirement liabilities for existing employees are fully funded as of the end of the year.

EEI's total liabilities stood at ₱19.43 billion, a 14% increase from ₱17.07 billion in the previous year. Bank loans decreased by 9% to ₱3.94 billion while the current portion of long-term debt increased by 16% to ₱3.36 billion. Long term debt – net of current portion increased by 68% to ₱5.58 billion. Total lease liability decreased by 56% to ₱240.04 million while total contract liabilities increased by 263% to ₱2.22 billion after the collection of advance payments from newly awarded projects. Other non-current liabilities increased by 56% to ₱172.03 million due to additional retention from subcontractors.

Total equity stood at ₱17.23 billion as of December 31, 2024, which was 33% higher than the ₱12.92 billion in December 31, 2023.

2023 vs 2022

EEI Corporation's total assets stood at ₱30.0 billion at December 31, 2023, 4% higher than its 2022 year-end position. Cash and cash equivalents decreased by 14% to ₱2.2 billion mainly due to payment of loans and dividends.

Management has also increased efforts to increase cash flow from operating activities to mitigate the impact of higher borrowing costs. Receivables increased by 34% to ₱3.4 billion due to progress billings for various construction clients. The current portion of Contract assets increased by 31% to ₱6.8 billion primarily due to higher levels of production from ongoing and new projects, while contract assets net of current portion increased by 24% to ₱6.4 billion.

Inventories went up by 26% to ₱1.4 billion also due to a higher level of production.

Investments in associates and joint ventures were lower by 37% to ₱2.0 billion while equity investments at fair value through other comprehensive income (FVOCI) were also lower by 57% to ₱542.7 million. These were primarily due to the disposal of shares in Petro Solar Corporation, Petro Wind Energy Inc. and PetroGreen Energy Corporation.

Disposal and accumulated depreciation of machinery, tools and equipment resulted in a 14% decrease in the Group's property and equipment ending the year with a balance of ₱2.1 billion. Right-of-use assets decreased by 24% to ₱497.7 million due to the net impact of depreciation, retirement, additions, and reclassifications. Other non-current assets decreased by 8% to ₱1.9 billion.

EEI's total liabilities stood at ₱17.1 billion, a 10% increase from ₱15.6 billion in the previous year. Bank loans increased by 27% to ₱ 4.3 billion while the current portion of long-term debt decreased by 9% to ₱2.9 billion. Long term debt increased by 112% to ₱3.3 billion. Total lease liability decreased by 24% to ₱544.7 million while non-current contract liabilities decreased by 85% to ₱125.8 million due to the recoupment of down-payments from ongoing construction projects. Other liabilities increased by 63% due to the increase retirement liabilities.

Total equity stood at ₱12.9 billion as of December 31, 2023, which was 4% lower than the ₱13.4 billion in December 31, 2022.

The Company's book value per share decreased from ₱7.20 in 2022 to ₱ 6.67 in 2023.

2022 vs 2021

EEI Corporation's total assets stood at ₱29.0 billion at December 31, 2022, 10% lower than its 2021 year-end position. Cash and cash equivalents decreased by 64% to ₱2.5 billion mainly due to payment of loans and dividends. Receivables and total contract assets both grew by 6% to ₱2.5 billion and ₱10.4 billion, respectively, primarily due to the billed and unbilled production coming from new projects. Other current assets exhibited growth by 35% to ₱1.2 billion as a result of additional advances to suppliers and subcontractors and the recognition of creditable withholding taxes that will be utilized in the next twelve months as current assets.

Disposal and accumulated depreciation of machinery, tools and equipment led to a 27% decrease in the Group's property and equipment resulting to a balance of ₱2.4 billion while right-of-use assets increased by 11% to ₱658.5 million due to additional lease contracts entered into by the Group in 2022. The Group recorded a retirement asset amounting to ₱52.2 million as of year-end after its plan assets exceeded the present value of the retirement liability as of December 31, 2022. Deferred tax assets increased by 16% to ₱1.3 billion as a result of movements in temporary differences in the income tax computations of the Parent Company and other subsidiaries whereas other non-current assets increased by 38% to ₱2.1 billion after recognizing additional loan receivables for the year.

EEI's total liabilities stood at ₱15.6 billion, an 18% decrease from ₱18.9 billion in the previous year. Bank loans increased by 5% to ₱3.4 billion while total long-term debt declined by 42% to ₱4.8 billion after repayments of almost ₱3.5 billion. Total lease liability increased by 48% to ₱720.4 million as a result of new lease contracts while total contract liabilities increased by 28% to ₱1.3 billion due to advance payments received for new construction projects. Accounts payable and accrued expenses along with other non-current liabilities declined by 6% and 47%, respectively, due to the settlement of obligations with suppliers and subcontractors.

Total equity stood at ₱13.4 billion as at December 31, 2022 and 2021.

The Company's book value per share increased from ₱7.08 in 2021 to ₱7.20 in 2022.

2021 vs 2020

EEI Corporation's total assets stood at ₱32.2 billion in 2021, 20% higher than its 2020 year-end position. Cash and cash equivalents increased by 435% to ₱7.1 billion mainly due to the issuance of preferred shares and net proceeds from bank loans. Receivables decreased by 35% to ₱2.4 billion as more collections were made from various clients, while Contract Assets increased by 14% to ₱9.8 billion due to increase in production activities.

Investments in associates and joint ventures increased by 13% to ₱3.3 billion with the continuous active performance of EEI's diversified business ventures. Property and equipment decreased by 11% to ₱3.3 billion with the disposal of machinery, tools, construction equipment, and transportation equipment, as well as the accumulated depreciation recognized by the Group.

EEI Corporation's total liabilities decreased by 8% to 18.9 billion. Bank loans declined by 35% to ₱3.3 billion as more repayments were made during the year, while the current portion of long-term debt increased by 53% to ₱3.5 billion due to higher loan drawdowns. The noncurrent portion of long-term debt increased by 46% as a result of the availment of new loans, while the noncurrent portion of contract liabilities decreased by 66% to ₱566 million.

Total equity increased by 108% to ₱13.3 billion, which can be mainly attributed to the issuance of preferred shares.

The Company's book value per share increased to ₱7.08 in 2021 from ₱6.17 in 2020.

Operating Highlights

Newly Awarded

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

Completed Projects

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

Ongoing Projects

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

- Abqiaq 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

Prospects and Outlooks

EEI Parent

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.

On the overseas construction front, the ARCC team 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.

At the end of 2024, EEI Corporation's unworked portion of existing contracts stood at almost ₱38.20 billion, which includes ARCC's backlog of ₱12.51 billion.

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.

EEI Business Solutions, Inc.

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

EEI Realty Corporation

EEI Realty Corporation 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 Power Corporation

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.

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.

JP Systems Asia, Inc.

JP Systems Asia, Inc. (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.

Looking ahead, EEI Construction and Marine, Inc. (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.

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.

GAIC AND GAMSI (Together, GAIC GROUP)

GAIC

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

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

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.

We are 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 we are 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.

ANALYSIS AND DISCUSSION OF OPERATIONS OF SUBSIDIARIES

EEI Business Solutions, Inc.

2024 vs 2023

EEI Business Solutions, Inc. (EBSI) saw a decline in its sales in 2024 compared to 2023 (₱226 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.

2023 vs 2022

EEI Business Solutions, Inc. (EBSI) registered ₱303.2 million in revenue, 8% better than its production in 2022 of ₱300.7 million and netted a -₱5 million Operating Loss, which is an improvement of 48% compared 2022's losses of -₱11 million. In spite of the challenges it faced, EBSI ended its 2023 operations with a net income of ₱143 million due to its Dividend Income Earnings from EEI Power and JPSAI. EBSI's revenue were primarily attributable from its contracts and services (44%), stock sales (14%) and rental (29%).

While EBSI continued to manage its operating costs through its re-organization, it also rationalized its trading operations by concentrating on its flagship products such as CETCO and Franklin Fueling Systems. EBSI also established its newly formed Sales Group, Scaffolding Group and Equipment Rental Group. The search for profitable products continued to complement its Waterproofing and Petroleum Groups, including the resurrected Industrial & Mining Sales Group. Finally, EBSI's 2023 growth plans were impaired due to the cancellation of its petroleum station construction project from Pilipinas Shell as this client undertook its world-wide Capex cut.

2022 vs 2021

In 2022, EE started its major transformation in name change, from Equipment Engineers Inc, (EE Inc.) to EEI Business Solutions, Inc. (EBSI), rationalized its products trading operations, restructured its organization and acquired new vendor-partners to add in its product portfolio while maintaining its flagship partners like CETCO & Franklin Fueling Systems. EBSI also created a Channel Management Group to improve its market coverage outside the National Capital Region.

EEI Business Solutions, Inc. (EBSI) registered a ₱300.7 million revenue with a gross profit of ₱42.5 million for year 2022. These are 16% and 4% higher than the previous year, respectively. Major contributions came from CETCO, with an annual revenue of ₱88 million, ₱68 million from FFS, ₱26 million from SIKA and ₱25 million from Lightstrong. EBSI's mother company, EEI Corp., top the list as its highest revenue provider with ₱141 million in sales of products and services followed by Pilipinas Shell, ₱21 million, its Channel Dealer in Visayas & Mindanao at ₱19 million, ₱14 million from NW Steel Technologies, ₱13 million from Unioil Petroleum and others.

EEI Realty Inc.

2024 vs 2023

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.

2023 vs 2022

For year 2023, EEI Realty Corporation highlighted its operations by providing the space for building EEI's Technical Training Facility in Tanza Cavite. Gross revenue on the sale of land and development of EEI Realty was ₱13.2 million, a 238% increase from previous year's ₱3.9 million. The gross contribution derived from its three (3) sales revenue sources; Marikina, Calamba & Cavite, amounted to ₱7.9 million or 60%. All revenue factors and highlights are as follows:

- Additional work for a housing unit in Suburbia East in Marikina City was booked for ₱1.2 million, generating a contribution of ₱0.23 million,
- HDMF/PAGIBIG takeouts for the remaining two (2) Socialized housing units in Royal Parks @ Grosvenor Place are still suspended because of the inability of the Registry of Deeds to provide tracebacks certifications of individual Transfer Certificate of Titles. However, one (1) housing was booked for ₱0.61 million, generating a contribution of ₱0.17 million,
- Selling of lots at Puting Lupa, Calamba was re-opened where nine (9) lots were booked for ₱11.42 million, generating a contribution of ₱7.48 million,
- Aligned with its focus conceived in CY 2022 to strengthen rental revenue; EEI Realty relied 65% of its gross revenue coming from lease contracts for CY 2023. Rental income of ₱24.9 million (62% increase vs CY 2022) was generated from the 14.9-hectare industrial land (22% increase in rented area vs CY 2022) in Brgy. Tanauan, Tanza, Cavite.
- Other services amounting to ₱2.9 million generated from the management of EEI Corporation's assets and other activities.
- Interest income of ₱5 million from bank deposits and in-house financing of several Suburbia East buyers.

Net income after tax amounted to ₱3.2 million, 329% higher compared to (₱1.4 million) of previous year.

2022 vs 2021

For year 2022, gross revenue for EEI Realty Corporation (ERC) was ₱3.9 million, a 71% decline from previous year's ₱14.0 million. The gross contribution derived from only one revenue source amounted to ₱0.85 million or 21%. The revenue factors and highlights are as follows:

One (1) Housing unit in Suburbia East in Marikina City was booked for a total of ₱4.0 million, generating a contribution of ₱0.85 million.

HDMF/PAGIBIG takeouts for the remaining (4) Socialized housing units in Royal Parks @ Grosvenor Place were suspended because of the inability of the Registry of Deeds to provide tracebacks certifications of individual Transfer Certificate of Titles.

Selling of lots at Puting Lupa, Calamba, Laguna were suspended, speculating that there will be an increase in its market value after the construction of interior roads by the local government of Calamba.

Rental income of ₱15.3 million was generated from the 12.2-hectare industrial land in Brgy. Tanauan, Tanza, Cavite being rented out to EEI Corporation.

Other services amounting to ₱0.82 million generated from the management of EEI Corporation's assets and other activities.

Interest income of ₱4.7 million from bank deposits and in-house financing of several Suburbia East buyers.

Net income after tax amounted to (₱1.4 million), 161% lower compared to ₱2.3 million of previous year. With limited inventories to sell out of the three major revenue sources, ERC shifted its focus to provide additional rental areas for EEI Corporation during the middle of 2022 while building up its inventories for sale in Suburbia Marikina, RoyalParks @ Grosvenor Place Tanza and Puting Lupa Calamba for next coming years.

EEI Power Corporation
2024 vs 2023
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 million, which is 4% higher than the ₱167.7 million revenue recorded in 2023.

EEI Power's net income for 2024 was reported at ₱38.91 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.

2023 vs 2022
As has been in the past four years, EEI Power's revenue stream in 2023 was anchored principally on its power solutions business, which encompasses the sale of electrical equipment and services. Total revenue in 2023 reached ₱167.7 million, which was 33% lower than the ₱251.4 million revenue recorded in 2022.

Meanwhile, the combined equity earnings from EEI Power's investments in PetroSolar Corporation and PetroWind Energy Inc. totaled ₱161.1 million during the year, lower than the ₱244 million equity earnings in 2022. The significant drop in equity earnings 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.

EEI Power's consolidated net income for 2023 was reported at ₱100.6 million.

2022 vs 2021
For the past three years, EEI Power's revenue stream is heralded by its power solutions business, or the sale of electrical equipment and services, which reached ₱251.4 million in 2022, but which is lower compared to the ₱269.27 million revenue in 2021.

On the other hand, combined equity earnings from EEI Power's investments in PetroSolar Power Corporation and PetroWind Energy Inc. reached ₱244 million during the year, higher than the ₱241 million equity earnings in 2021.

Effectively, the overall consolidated net income of EEI Power for 2022 was registered at ₱254.0 million.

EEI Energy Solutions, Inc.

2024 vs 2023

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.

2023 vs 2022

In the fiscal year 2023, EEI Energy generated revenues of ₱990.9 million, or a 12% increase compared to the ₱882.8 million revenue recorded in 2022. This was primarily attributed to its energy trading endeavors within the Wholesale Electricity Spot Market (WESM), complementing the company's revenues derived from retail contracts. Despite these gains however, EEI Energy faced significant challenges with higher input costs during the year, resulting to a net loss of ₱111.2 million.

EEI Energy continued to serve its nine contestable customers, collectively accounting for an aggregate demand of 23MW. These clients include Grobest Feeds Philippines, International Electric Wiring Philippines Corp., Rogelio Y. Sarate (New Cardona Ice Plant), Onestop Warehousing Solutions Inc., Philam Properties Corporation, Armscor Global Defense Inc Facilities, Sucere Foods Corporation (Plants 1 and 2), Philippine Transmarine Carriers Inc., and Saffron Philippines, Inc.

Before the year concluded, EEI Energy successfully secured an additional four retail supply customers, with a combined demand of 4MW. The commencement of energy delivery for these new contestable customers is scheduled for the first quarter of 2024.

2022 vs 2021

For year 2022, EEI Energy achieved ₱882.8 million revenue which is 810% higher than the ₱97 million revenue achieved in 2021. Gains from energy trading efforts in the Wholesale Electricity Spot Market (WESM) significantly complemented EEI Energy's revenues from retail contracts. EEI Energy's net income for year 2022 reached ₱53.5 million which is exponentially higher than the ₱4.14 million net income in 2021.

For year 2022, EEI Energy served its existing six (6) contestable customers with aggregate demand of 12MW, namely: 1) Grobest Feeds Philippines; 2) Limcoma Multi-Purpose Cooperative; 3) Wesselton Inc.; 4) Genstar Manufacturing Inc.; 5) Liwayway Marketing Corporation; and, 6) Cathay Steel Pacific Corporation (CAPASCO).

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 by13% and

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

2023 vs 2022
2023 proved to be an excellent year for JP Systems Asia, Inc., registering ₱238.2 million revenue and ₱53.1 million net income. These represent 60% in revenue and an 126% increase in net income compared to its 2022 performance. With the assistance of its Hub, JPSAI's 2023 revenues were exclusively drawn from formworks, shoring and scaffolding rental contracts from the 36 various projects of EEI Corp., Powerhaus Industrial Sales' Power Plant Maintenance works, Radar projects of MG EXEO Network, Inc.in La Union and Zamboanga, EEI Marine projects, EEI-Fabshop's Tanks refurbishment job and others.

Opportunities and strategic plans were laid down during JPSAI's Annual Shareholders Meeting in April, which included a request to increase capital expenditures by ₱100 million pesos. This request was unanimously approved by the Board of Directors in the middle part of 2023. Pertinent documents are currently being processed and will soon be filed at the Securities and Exchange Commission. This additional investment will improve JPSAI's cashflow, fund its yard development plan and increase its rental assets.

2022 vs 2021
JP Systems Asia, Inc. continues to improve its performance year on year, amassing a ₱23.5 million net income from an annual revenue of ₱149 million in 2022. This is 70% and 70% better, respectively, than 2021. JPSAI's revenues came from formworks, shoring and scaffolding rental for 40 projects of EEI Corp., Scaffolding and accessories rental at MG EXEO Network, Inc. project in La Union, Power Plant Maintenance projects of Powerhaus Industrial Sales & Services and others. Main drivers of 2022 accomplishment came from rental of Scaffolding, ₱68.41 million, Formwork & Shoring at ₱49.60 Million and Inventory Management Services providing ₱23.36 million. With a plan of acquiring additional rental assets, JPSAI hopes to increase its presence in the rental market as it moves forward.

EEI Construction & Marine, Inc.

2024 vs 2023
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 ₱244.02 million with ₱25.45 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, Jetti, Rephil, and Shell for its tank fabrication works. Furthermore, reconnecting with past clients like Petron, Seaoil 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.

2023 vs 2022
ECMI generated a gross revenue of ₱391.4 million resulting to net income of ₱84.9 million which represents a 6% increase compared to the year 2022. These revenues were generated from its traditional clients in the oil and gas sector. Aside from Oil and Gas, ECMI also supplied Horizontal Storage Tanks for Food and Beverages industries like Jollibee Foods and Royal Cold Storage.

In the same year, ECMI generated revenue from steel fabrication works – railings, fences, trenches, sewer boxes, and formworks. ECMI continued to win tank repair works despite reduced budget allocations by major petroleum players in their capital projects. ECMI revived its previous capabilities, such as the construction of gas service stations for Unioil Petroleum and ship repair for the Herma Shipyard in Mariveles.

2022 vs 2021
ECMI continuously improved its numbers and surpassed the targets for 2022, generating a ₱568.3 million revenue and resulting to a ₱90 million consolidated net income. Major contributors came from petroleum sectors and railway projects. While the company is currently enjoying the Petroleum market, it is also preparing for some business developments such as returning to ship building/repair and do some modular structures thru cold formed steels. ECMI is also expecting to enhance its automation by investing to new equipment that will ease fabrication and repair jobs. ECMI is optimistic to perform well this year as everyone is entering the post-pandemic period which will give the company more window to produce more projects without compromising safety and quality.

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

2024 vs 2023
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.

GAMSI
In 2024, GAMSI has a favored achievement of a net income of P44.86 million with total revenues reaching P806.48 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.

2023 vs 2022
The GAIC Group posted a consolidated net income of ₱78 million in 2023, 11% lower than 2022 net income P88.1 million.

GAIC:

- Registered a net income of ₱43.3 million in 2023 from a net income of ₱48.9 million in 2022 mainly due to tax deficiency.
- Due to its non-renewal of its accreditation at POEA (now DMW), revenues from its in-house account (EEI overseas projects) decreased by 71% from ₱31.08 million in 2022 with 4,739 men deployed, down to ₱9.02 million in 2023 with 1,511 men deployed
- GAIC's ₱8.98 million or 32% of its total revenues were generated from its traditional accounts in Saudi Arabia, Guam, Equatorial Guinea, Malaysia, Japan and Ascencion Island.
- New accounts in Saudi Arabia, Japan, Singapore, Brunei and Papua New Guinea contributed ₱2.22 million or 8% of total revenues.

GAMSI:

- Net income was lower by 24% from ₱39.1 million in 2022 to ₱29.9 million in 2023. In spite of revenue growth in 2023, gross profits decreased due to a tax deficiency for the year 2020 and the compromise settlement with the BIR Audit for 2018 (which has a CTA case that is still pending).
- Acquired new janitorial, office and building maintenance service contracts in 2023 such as Anthem Solutions Inc., iPeople Inc., Varda Enterprise, DBP - Daiwa Capital Markets Philippines Inc., De La Salle University, Frame Properties Inc., Daiichi Properties Inc., Daiichi Properties Solutions Inc., Herbalife International Phils. Inc., contributed ₱1.56 million in total revenue with 114 men.
- The Yuchengco Group of Companies remains the most significant customer of GAMSI.
- One-time cleaning (OTC) / subscription and disinfection services generated ₱1.73 million in total revenue.

2022 vs 2021
GAIC Group posted a notable consolidated net income of ₱88.1 million in 2022, 240% higher than 2021 net income ₱25.94 million.

GAIC:
Registered a net income of ₱48.9 million in 2022 from a net loss of (₱8.43 million) in 2021.

- Revenues from in-house account (EEI overseas projects) increased substantially by 104% from ₱15.24 million in 2021 with 2,479 men deployed to ₱31.08 million in 2022 with 4,739 men deployed.
- GAIC's ₱3.85 million of its total revenues were generated from its traditional accounts in Saudi Arabia,
  Guam, Equatorial Guinea, Japan and Ascencion Island.
- New accounts in Japan, Zambia and Papua New Guinea contributed P0.76 million in revenues.
  GAMSI:
- Net income increased from ₱34.41 million in 2021 to ₱39.1 million in 2022.
- Acquired new janitorial, office and building maintenance service contracts in 2022 such as AEB, Inc., Manila Memorial Park Cemetery, Inc., La Funeraria Paz-Sucat, Inc. EEI Power, IASA, Inc. and Radio Wealth Finance, Inc. contributed ₱1.26 million in total revenue with 58 men.
- YGC remains the major customer of GAMSI.
- One-time cleaning (OTC) / subscription and disinfection services generated ₱7.18 million in total revenue.

Key Performance Indicators

The most significant key indicators of future performance of the Company are the following:

Construction contracts and orders – denote the value of construction projects won by the Company. Work to be done on these projects determines its revenue potential. In our domestic market, contracts and orders increase during an expansionary period when private business is on an investment mode, with significant capital expenditures allotted for new capacity and expansion and upgrading, and when government is spending for physical infrastructure.

In our overseas markets, orders tend to rise when investors (quasi private/government entities) and corporations invest on new upstream and downstream petroleum facilities and new power and mining facilities. This usually happens during a period of prolonged high price of oil or basic metals/minerals which encourages capacity expansion projects and spurs new infrastructure projects in the host countries. The regime of high petroleum and metal prices in the past has spurred increased construction activities in the Middle East, East Asia and Africa. But when the price of oil and precious metals go down, projects for expansion are sometimes put on hold.

Production – represents the value of construction work accomplished by the Company during the period in review. It is synonymous to sales revenue since these are recognized at the value corresponding to the percentage of completion of the projects and orders. Production is determined by capacity in terms of manpower, equipment and management resources, and higher productivity of the factors of production. These translate to better financial performance.

Orders backlog – corresponds to the value of unfinished portions of projects; thus, providing a measure of the near-term future source of production and revenues of the Company. Backlog tends to increase during times when private companies (both local and foreign) are on an expansionary cycle, as they undertake capital expansion and/or modernization of their respective factories and plants. It also occurs when national and local government is on a pump priming mode of investing on infrastructure. Bigger backlog means a probability of higher profit in the future.

Liquidity – refers to existing cash and cash resources and the capability of the Company to quickly draw financial resources (such as working capital and other credit lines) to fund operations and construction activities. This ability to deploy financial resources is critical in fulfilling its contract obligations and ensuring the operational and financial viability of the Company.

Materials, Trends, Events or Uncertainties known to Management that would have material impact on future operations

a. Any known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant’s liquidity increasing or decreasing in any material way.

   On the domestic scene, the Company estimates that there will be continue to be secular growth for construction services as the Philippines continues to develop its infrastructure and the climate for investment improves.

b. Any trends, events or uncertainties that are not public knowledge which would have a favorable or unfavorable material impact on net sales or revenues or income from continuing operations of the Company.

   The number of bids that the Company is invited to participate in, and the likelihood of winning a bid cannot be accurately predicted as these are dependent on many factors which are not within the control of the Company. Furthermore, the type of construction project, the size, and the scope of the required work varies from project to project. In general, the operating activities of the Company are carried out uniformly over the calendar year. There are no significant elements of revenue, income or loss that did not come from the Company's continuing operations other than those disclosed in the notes to financial statements.

c. Others - There are no known unusual undisclosed events that will trigger the settlement of a direct or contingent financial obligation that is material to the Company. There are usual customer complaints and workmanship claims which are handled on a day-to-day basis. There is no undisclosed material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unsolicited entities or other persons created during the reporting period. There are no substantial commitments for abnormal capital expenditures.

ITEM 7. FINANCIAL STATEMENTS

The consolidated audited financial statements of the Company for 2024 are attached herein for reference. The schedules listed in the accompanying index to Supplementary Schedules are filed as part of this Form17- A.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

INFORMATION ON INDEPENDENT ACCOUNTANT

Audit and Audit-Related Fees
SGV & Co. was engaged by the Group to audit its annual financial statements in connection with statutory and regulatory filings. The engagement fees for these services are as follows:

Year	Audit Fee
2024	₱ 14.8 million
2023	₱ 13.8 million
2022	₱ 13.5 million

Tax Fees and All Other Fees
The Audit Committee based on the recommendation by the Internal Audit and Management, evaluates the need for such professional services and approves the engagement and the fees to be paid for the services.

Disagreement with Accountants on Accounting and Financial Disclosures
There was no event for the last 5 years where SGV & Co. had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

Attendance of Accountants at the Meeting
Representatives of SGV & Co. are expected to be present at the annual stockholders meeting with the opportunity to make any statement, if they so desire.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors as of December 31, 2024:

The Directors of the company are elected at the Annual Stockholders' Meeting to hold office until the next succeeding Annual Meeting or until their respective successors have been elected and qualified. None of the members of the Board of Directors and Officers of the Company own more than 10% of the registrant's securities.

The business experience of the nominee Directors and the executive officers of the Corporation for the last five (5) years are as follows:

DIRECTORS:

LORENZO V. TAN
62, Filipino

Mr. Tan is the current Chairman of the Board. He was first elected as **Director** of the Corporation on June 16, 2017 and has since continued to serve as such until the present. Mr. Tan is presently the President and CEO of House of Investments, Inc. and Vice Chairman of Pan Malayan Management Incorporation. He is a former Managing Director of Primeiro Partners and Director of Philrealty Holdings and Investment Corporation. He was the President, Chief Executive Officer and Director of Rizal Commercial Banking Corp. He served as Chairman of the Asian Bankers Association from 2012 to 2014, President of the Bankers Association of the Philippines (BAP) from 2013 to March 14, 2016. As BAP President, he led the Association in representing the BAP in the ASEAN Bankers Association (ABA), composed of the national banking associations from the 10- member countries in the Association of Southeast Asian Nations (ASEAN). He is also a Director at Smart Communications, Digitel Telecommunications, House of Investments, iPeople, Malayan Insurance Company Inc., Sunlife Grepa, Manila Memorial Park Cemetery, Inc, HI-Eisai Pharmaceutical and Board of Trustees at De La Salle Zobel, and Vice Chairman TOYM Foundation. Mr. Tan is a Certified Public Accountant in Pennsylvania, USA and in the Philippines. Mr. Tan graduated from De La Salle University with a Bachelor of Science degree in Accounting and Commerce, and holds a Master in Management degree from the J.L. Kellogg Graduate School of Management, Northwestern University.

HENRY D. ANTONIO
50, Filipino

Mr. Antonio was first elected as **Director** of the Corporation on March 17, 2023. He is the **President and CEO** of the Corporation effective May 1, 2023. Prior to his appointment as President and CEO, he joined the Corporation on August 17, 2023 as its Chief Operating Officer. He was previously appointed as Chief Operating

Officer on August 17, 2023 until he assumed the position of President & CEO of the Corporation on May 1, 2023. He brings with him over 25 years of consulting experience in business transformation as well as risk and restructure management. Mr. Antonio previously oversaw all enterprise projects in Rizal Commercial Banking Corporation (RCBC). Before his tenure with RCBC, he was Vice Chairman and Head of Advisory for KPMG. He also served as CFO of PruLife UK and as Head of Risk of Aegon USA. He holds a Bachelor's Degree in Accountancy from the University of San Diego and a Strategic Management – C25 Certificate from INSEAD/Wharton.

MARICRIS C. ANG-CARLOS
43, Filipino

Atty. Ang-Carlos is being nominated as **director** for the first time. She is a partner in Joson and Associates and also serves as General Counsel for The Maguire Group of Companies. She concurrently a director of the Clark Development Corporation and sits as Committee Chairperson of the Audit and Legal Compliance Committee, member of the Risk Management, Legal and External Relations Committee and the Finance, Investments and Infrastructure Committee.

FRANCIS LLOYD T. CHUA
41, Filipino

Engr. Chua was first elected as director on May 23, 2023. He is an engineer by profession. He is currently the Chairman of Industry Holdings and Development Corporation, a domestic holding company with investments in the manufacturing, logistics, real estate, and energy sectors. Mr. Chua is also the Chairman and President of Industry Movers Corporation since 2018, a company engaged in freight handling and multiple vessel operations. He likewise serves as the Chairman of Concrete Stone Corporation since 2018, a corporation which primarily manufactures pre-cast concrete and trades cement products and aggregates. Mr. Chua obtained his Bachelor's Degree in Civil Engineering at the University of San Carlos in 2003.

REMEGIO C. DAYANDANAN, JR.
43, Filipino

He has been a Director of the Corporation since July 15, 2011 to present. Mr. Nera is presently a Director of HI, iPeople Inc., Seafront Resources Corp., National Reinsurance Corporation, Ionics, Inc. and Holcim Philippines, Inc. His past experiences include: President & CEO of HI, and RCBC Realty Corp. He also serves as Director and Chairman of the Risk Oversight Committee of the RCBC, a Director and Treasurer of CRIBS Foundation, Inc., and a Senior Partner at SGV & Co.

RAY C. ESPINOSA
66, Filipino

Atty. Espinosa is being nominated as **independent director** for the first time. He is the President and CEO of Manila Electric Company. He is a director of Philippine Long Distance Telephone Company (PLDT), a member of its Technology Strategy Committee of PLDT. He is the Advisor for New Investments, Office of the Chairman for the MVP Group of Companies. He is a director of Roxas Holdings Inc., an independent director of Lepanto

Consolidated Mining Company and chairman of its Audit Committee, and an independent director of Maybank Philippines Inc. and chairman of its Risk Management Committee. He is the chairman of the Philstar Group of Companies and BusinessWorld Publication Corporation. He is an Associate Director of First Pacific Company Limited. He is also a director in Smart Communications, Inc., Maybank Philippines, Inc., Mediaquest Holdings, Inc., Philstar Daily, Inc., BusinessWorld Publishing Inc., and Cignal TV, Inc. He has a Master of Laws degree from the University of Michigan School of Law and a Bachelor of Laws degree from the Ateneo de Manila University School of Law, and is a member of the Integrated Bar of the Philippines. He was a partner of SyCip Salazar Hernandez. & Gatmaitan from 1982 to 2000, a foreign associate at Covington and Burling (Washington, D.C.) from 1987 to 1988, and a law lecturer at the Ateneo de Manila School of Law from 1983 to 1985 and 1989. He placed first in the 1982 Philippine Bar Examinations.

CARLOS ALFONSO T. OCAMPO
58, Filipino

Atty. Ocampo was first elected as **Independent Director** of the Corporation on May 4, 2023. He also serves as independent director of Marcventures Holdings Inc. from August 2013 until the present. He was an independent director of Bright Kindle Resources & Investments, Inc. in January 2014 until December 2021. He is the founder of Ocampo & Manalo Law Firm, which was established in 1997. He is a member of the Board in various corporations, including MAA General Assurance Phils. Inc., South Forbes City College Corporation, Columbian Autocar Corporation, Asian Carmakers Corp., Jam Transit Inc., Prestige Cars Inc., Autohaus Quezon City Inc., and AVK Philippines, Inc. He is the Corporate Secretary of PSI Healthcare Development Services Corp., PSI Prescription Solutions Corp., Adrianse Phils. Inc., Bluelion Motors Corp., First Charters and Tours Transport Corp., Brycl Resorts and International Inc., AVK Philippines Inc., Jam Liner Inc., and Manila Golf and Country Club. He previously served as Vice President and General Counsel of Air Philippines Corporation. Atty. Ocampo obtained his Bachelor of Laws from the University of the Philippines. Upon graduation from college, he was admitted into the honor societies of Phi Kappa Phi and Pi Gamma Mu. He also completed an Executive Management Program at the Asian Institute of Management and earned Certificates from The Harvard Kennedy School of Government for the IME program in 2017 and MN program in 2016. In 2013, he was named as a leading adviser as well as a commercial law expert by Acquisition International and Global Law Experts, respectively.

ROBERTO F. DE OCAMPO
78, Filipino

Mr. de Ocampo has been an **Independent Director** from March 16, 2005 to present. He is the former Secretary of Finance. He is also the Chairman of the British Alumni Association, Philippine Veterans Bank, Philam Asset

Management, STRADCOM, and Foundation for Economic Freedom. Chairman and Board member of Alaska Milk Corporation, Centennial Asia Advisors Pte. Ltd. (Singapore), Centennial Group (Washington, D.C.), Investment & Capital Corporation of the Philippines (ICCP) Group of Companies, Philam Asset Management Inc., Phinma Corporation, Robinson's Land Corporation, Chairman of the Board of Advisers of the RFO Center for Public Finance & Regional Economic Cooperation, which is an ADB Regional Knowledge Hub; Co-Vice Chairman of the Makati Business Club; Founding Partner of a Global Advisory Group (Centennial Group), Washington, D.C.; Founding Director of Global Economic Forum: The Emerging Markets Forum; Emeritus Member of the Financial Executives of the Philippines (FINEX); Board of Advisers of the Conference Board, New York. His past experiences are: Chairman and CEO of Development Bank of the Philippines; Chairman, Land Bank of the Philippines, former member of Board of Governors of World Bank, Asian Development Bank (ADB), and International Monetary Fund. President of Asian Institute of Management, President, Management Association of the Philippines (MAP); Member of the AIM Board of Trustees.

ELMER B. SERRANO
56, Filipino

Atty. Serrano was first elected as director on June 16, 2023. He is currently the Managing Partner of Serrano Law. He is the Chairman of Dominion Holdings, Inc. and Invicta Cyber Defence Corporation. He is also Chairman and President of Three Angels Holding Corporation, ES Consultancy Group, Inc. and Three Point Star Holdings, Inc. He is the President of Landbridge Home Dev. & Realty Corp. He is a director, Corporate Secretary and Corporate Information Officer of 2GO Group, Inc. He is a director of KGLI-NM Holdings, Inc. He is the Corporate Secretary of BDO Capital & Investment Corp., BDO Insurance Brokers, Inc., BDO Securities Corporation, SM Investments Corporation, SM Prime Holdings, Inc., Atlas Consolidated Mining and Development Corporation, Philippine Payments Management, Inc., Philippine Dealing System Holdings Corp., Philippine Dealing & Exchange Corp., Philippine Depository & Trust Corp., PCD Nominee Corp., 2GO Group, Inc., N Lima BGC Properties Inc., N Park BGC Land Inc., N Park BGC Properties Inc., N One BGC Properties Inc., N Square BGC Properties Inc., N Cube BGC Properties Inc., N Quad BGC Properties Inc., N Plaza BGC Properties Inc., N Quad BGC Properties Inc., N Cube BGC Land Inc., N Square BGC Land Inc., N Plaza BGC Properties Inc., N One BGC Land Inc., DFNN Inc., BDO Life Assurance Company, Inc., BDO Towers Condoclub, Inc., BDO Towers Paseo Condominium Corp., BDO Towers Valero Condominium Corp., BDO Equitable Tower Condominium Corp. and JACCS Finance Philippines Corporation. He is the Corporate Information Officer of BDO Unibank, Inc. He obtained his Juris Doctor degree from Ateneo College of Law in 1992. He is a graduate of the Trust Operations & Investment Management of the Trust Institute of the Philippines and a Certified Treasury Associate from the Ateneo- BAP Institute of Banking BAP Treasury Certification Program..

ANTHONY M. TE
54, Filipino

Mr. Te was first elected as director on June 16, 2023. He has been a director of Marcventures Mining & Development Corp since August 2013. He is currently Chairman of the Board of Asian Appraisal Company, Inc., Amalgamated Project Management Services, Inc., Asian Asset Insurance Brokerage Corp. and AE Proteina Industries Corp. He serves as Chairman and Chief Finance Officer of Mactel Corp., and as Director and Treasurer for Manila Standard Today Management, Inc. Mr. Te is a licensed soliciting official for Non-Life Insurance with the Philippine Insurance Commission. He previously sat as director in the following companies: AG Finance, Inc. Balabac Resources & Holdings Co., Inc., Commonwealth Savings & Loans bank, EBECOM Holdings, Inc. Equitable PCI Bank, MRC Allied Industries, Inc., Oriental Petroleum & Minerals Corp., PAL Holdings, Inc., PGA Cars, Inc., and Phoenix Energy Corp. He obtained his Bachelor of Arts in Business Management from De La Salle University.

RENATO C. VALENCIA
82, Filipino

Mr. Valencia was first elected as **Independent Director** of the Corporation on September 08, 2015 and continues as such up to the present. He is also Chairman and Independent Director of iPeople, Inc.; Chairman and Director of Omnipay, Inc.; Independent Director of GT Capital Holdings, Inc., Anglo Philippine Holdings Corporation, Malayan Insurance Company, Inc. and Vulcan Industrial & Mining Corporation. His past experiences are CEO of the following: Social Security System (SSS); Roxas Holdings, Inc. and Union Bank of the Philippines; Independent Director: Metropolitan Bank and Trust Company, Roxas and Company, Inc., House of Investments, Inc., and Philippine Veterans Bank.

EXECUTIVE OFFICERS (in addition to the President and CEO) as of **December 31, 2024**:

HENRY D. ANTONIO

Mr. Antonio was first elected as **Director** of the Corporation on March 17, 2023. He is the **President and CEO** of the Corporation effective May 1, 2023. Prior to his appointment as President and CEO, he joined the Corporation on August 17, 2023 as its Chief Operating Officer. He was previously appointed as Chief Operating Officer on August 17, 2023 until he assumed the position of President & CEO of the Corporation on May 1, 2023. He also serves as Chairman of the Board for EEI Business Solutions, Inc. (*formerly Equipment Engineers, Inc*.), EEI Realty Corporation, EEI Power Corporation, EEI Energy Solutions Corporation, EEI Construction & Marine, Inc., EEI Carga Digital Logistics Corporation, LearnJP Corp., Bagumbayan Equipment & Industrial Products, Inc., GAIC Manpower Services, Inc., GAIC Professional Services, Inc., Philrock Construction and Services, Inc., JP System Asia Inc.; and President/Trustee of EEI Foundation Inc. He brings with him over 25 years of consulting experience in business transformation as well as risk and restructure management. Mr. Antonio previously oversaw all enterprise projects in Rizal Commercial Banking Corporation (RCBC). Before his tenure with RCBC, he was Vice Chairman and Head of Advisory for KPMG. He also served as CFO of PruLife UK and as Head of Risk of Aegon USA. He holds a Bachelor's Degree in Accountancy from the University of San Diego and a Strategic Management – C25 Certificate from INSEAD/Wharton.

JOSE T. TAN, JR.

Mr. Tan is the **Senior Vice President, Chief Audit Executive** for Internal Audit of the Corporation. He also serves as a retained Consultant and Treasurer of Beam Suntory Philippines, Inc., a shareholder and director of KPS Outsourcing, Inc., and a shareholder and director of a start-up company, Driven Solutions, Inc. He is a part-time professor in Accounting Information System at San Sebastian College. His past work experiences include: Principal for Forensic Accounting of LECG Hong Kong Ltd., Senior Vice President of Hill & Associates Philippines, Director of Business and Financial Advisory Services of KMPG Laya Mananghaya & Co., and Director of Business Risk Services and Business Fraud Investigation Services of Sycip, Gorres, Velayo and Co. He is a Certified Public Accountant (CPA), a Certified Fraud Examiner (CFE) and a Certified Forensic Accountant (CrFA). He is a member of the Philippine Institute of Certified Public Accountants (PICPA), Institute of Internal Auditors Philippines (IIAP), Association of Certified Fraud Examiners (ACFE), Institute of Certified Forensic Accountants Philippines, and a co-founder of the ACFE Philippines Chapter. A graduate of Bachelor of Science in Commerce major in Accounting (Cum Laude), he was awarded as one of the distinguished business graduates by San Sebastian College.

EARL JASON R. VISTRO

Mr. Vistro is the **Senior Vice President, Head of Government Relations & External Affairs**. He previously worked for Globe Packing & Rubber Corporation, Intel Corporation, Chevron Philippines, Energy Development Corporation, National Grid Corporation, Megawide Construction, and most recently prior to joining EEI, with the Joy-Nostalg Group, as SVP and Head for Supply Chain Management.

ANDRES P. TUMBOKON III

Mr. Tumbokon is the **Senior Vice President, Head of Buildings Division**. He also serves as Trustee of EEI Retirement Fund Inc. He obtained his Bachelor of Science in Civil Engineering from the University of Santo Tomas in Manila.

ANNA SHEILA P. FIGUERA

Ms. Figuera is the **Senior Vice President, Head of Commercial and Operations Division** of the Corporation. She also serves as Director of EEI Business Solutions, Inc. *(formerly Equipment Engineers, Inc.)*, EEI Carga Digital Logistics Corporation, EEI Construction & Marine, Inc., EEI Power Corporation, Philrock Construction Services, Inc., Bagumbayan Equipment Industrial and Products, Inc., GAIC Manpower Services, Inc., GAIC Professional Services, Inc., and EEI Energy Solutions Corporation; Director/Vice President of EEI Realty Corporation; and Trustee of EEI Foundation, Inc. She has extensive Commercial and Contract Management experience of almost twenty-seven years. She started her career in Hong Kong during the peak of the construction industry in Asia. Having worked in Ireland, UK, Qatar, Dubai, Hong Kong, Macau, Indonesia and the Philippines, she was able to gain valuable experience in project cost, contract review and formation, claims and commercial management of various large-scale projects in the Middle East, Europe and across South East Asia. She graduated with a degree of Bachelor of Science in Geodetic Engineering in University of the Philippines. She also received her Master in Science in Quantity Surveying in Dublin Institute of Technology, Republic of Ireland and Bachelor in Science (Hons) in Construction Economics and Management.

VICTOR G. PEREZ

Mr. Perez is the **Senior Vice President, Managing Director of Subsidiaries and Head of Logistics Division** of the Corporation. He is also the Chairman of Gulf Asia International Corporation. He also serves as President of EEI Business Solutions, Inc. *(formerly Equipment Engineers, Inc.)*, EEI Power Corporation, EEI Construction & Marine, Inc., EEI Realty Corporation, Gulf Asia International Corporation, Philrock Construction and Services, Inc., EEI Energy Solutions Corporation, EEI Carga Digital Logistics Corporation, LearnJP Corp., Bagumbayan Equipment & Industrial Products, Inc., and GAMSI Health Services, Inc.; Director of GAIC Manpower Services, Inc. and JP Systems Asia, Inc.; Trustee and Treasurer of EEI Retirement Fund Inc., and EEI Foundation Inc. He spent seventeen (17) years in the banking industry before joining EEI.

ROMAN M. LAPUZ

Mr. Lapuz is the **Senior Vice President**, **Head of Infrastructure Division** of the Corporation. He completed his Bachelor of Science degree in Civil Engineering from the University of the Assumption in Pampanga.

KENNETH B. SAMSON

Mr. Samson is a **Vice President, Commercial Division** of the Corporation. He holds a Bachelor of Science degree in Civil Engineering from the Mapua Institute of Technology.

CHRISTOPHER F. ESGUERRA

Mr. Esguerra is a **Vice President, Commercial Division** of the Corporation. He holds a Bachelor of Science degree in Mechanical Engineering from Pamantasan ng Lungsod ng Maynila.

ROMUALDO L. CANLAS

Mr. Canlas is the **Vice President, Head of Planning and Engineering Department** of the Corporation. He also serves as Trustee and Vice President of the EEI Retirement Fund Inc. He holds a Bachelor of Science degree in Civil Engineering from Tarlac State University.

LAURO FELICISIMO C. MATIAS

Mr. Matias is the **Vice President, Information Technology Department** of the Corporation. Prior to joining EEI, he held leadership roles as CIO at Starbucks Philippines and Jollibee

Foods Corporation, as well as Vice President and Chief IT Advisor of the Sinarmas Group based in Jakarta, Indonesia, and Regional VP IT for Lafarge Boral Group JV based in Shanghai, China. He obtained his Bachelor of Science degree in Computer Engineering from the Rizal Technological University in Mandaluyong.

PAUL C. VISAYA

Mr. Visaya is the **Vice President, Buildings Division** of the Corporation. He holds a degree in Bachelor of Science in Civil Engineering from the Mapua Institute of Technology (MAPUA) in Manila.

ROSELYN M. MASA

Ms. Masa is the **Vice President, Head of Cost Department** of the Corporation. She also serves as Director of EEI Realty Corporation. She graduated with a degree of Bachelor of Science in Civil Engineering from Guagua National Colleges in Pampanga.

IANNOEL V. MONDRAGON

Atty. Mondragon is the **Vice President, Corporate Secretary, Data Protection Officer and Compliance Officer** of the Corporation. He is also a Director of Gulf Asia International Corporation. He also serves as Corporate Secretary of the following subsidiaries: Gulf Asia International Corporation, GAIC Manpower Services, Inc., GAIC Professional Services, Inc., JP Systems Asia, Inc., Philrock Construction and Services, Inc., EEI Power Corporation, EEI Business Solutions, Inc. (*formerly Equipment Engineers, Inc*.), EEI Energy Solutions Corporation, EEI Construction & Marine, Inc., EEI Carga Digital Logistics Corporation, LearnJP Corp., Bagumbayan Equipment & Industrial Products, Inc., EEI Realty Corporation, and GAMSI Health Services Inc.; Trustee/Corporate Secretary of EEI Foundation Inc. Before joining the Corporation, he was the General Counsel for Mackay Green Energy Inc. and Managing Partner of Mondragon and Montoya Law Offices. He graduated with a Bachelor of Arts degree in Philosophy from the Ateneo de Manila University School of Humanities. He completed his Juris Doctor degree from the Ateneo de Manila University and was admitted as a member of the Philippine Bar in 2008. He is also a graduate of the 25th Executive Course on National Security of the National Defense College of the Philippines and a Certified Practitioner in Human Resources.

VIOLY B. ACEVEDO

She is the **Vice President, Chief Financial Officer** of the Corporation. She also serves as Director of the following subsidiaries: Gulf Asia International Corporation, GAIC Manpower Services, Inc., GAIC Professional Services, Inc., Philrock Construction and Services, Inc., EEI Power Corporation, EEI Business Solutions, Inc. (*formerly Equipment Engineers, Inc*.), EEI Energy Solutions Corporation, EEI Construction & Marine, Inc., EEI Carga Digital Logistics Corporation, LearnJP Corp., Bagumbayan Equipment & Industrial Products, Inc., and EEI Realty Corporation; Trustee of EEI Foundation Inc. She joined EEI as Group Manager of General & Project Cost Department in 2020 and was promoted to Assistant Vice President, Finance in 2022. She was the Country Finance Head of Jacobs Projects Philipines, Inc. prior to joining EEI and also held Finance and Accounting positions for construction and media companies after her stint in public practice with Isla Lipana and Company. She graduated with a degree of Bachelor of Science in Accountancy from St. Louis University in Baguio City.

MARIA CRISTINA R. AMBAT

Ms. Ambat is the **Head of Enterprise Risk Management** of the Corporation. She also serves as Trustee of EEI Retirement Fund Inc. She graduated with a degree of Bachelor of Science in Industrial Engineering from the University of the Philippines in Quezon City. She joined EEI as Manager, Quality Assurance in 2010. She was promoted to Assistant Vice President, Quality Assurance Department in 2018 before assuming her current role.

JAN IVAN M. SANTAMARIA

Mr. Santamaria is the **Vice President, Head of People Performance and Culture Division** of the Corporation. He also serves as President of Gulf Asia Internal Corporation and GAIC Manpower Services, Inc. and serves as a Director in GAIC Professional Services, Inc. Prior to joining EEI, he was Vice President, Human Resources for AG&P and Head of HR for Prime Metro BMD Corp. He is a member of the following organization: Philippine Society for Talent & Development, People Management Association of the Philippines, Psychological Association of the Philippines and International Association of Applied Psychology. He graduated with a degree of Bachelor of Arts in Political Science from the University of Santo Tomas and earned his Master of Industrial Relations from the University of the Philippines.

CHRISTOPHER L. PABILLON

Mr. Pabillon is a **Vice President, International Marketing** of the Corporation. He graduated on April 1992 from Mapua Institute of Technology in Manila with a degree of Bachelor of Science in Electrical Engineering. He has been with the Corporation since 1996, starting as a Business Development and Proposal Engineer then transitioned to Contracts Administrator in 2003 and Production & Cost Control Manager in 2006. He is currently assigned in Al Rushaid Construction Co., Ltd. as Head of Business Development & Marketing.

TONI VENETTE R. PICAR

Ms. Picar is the **Vice President, Corporate Finance and New Business Development, & Investor Relations Officer** of the Corporation. Prior to joining EEI, she was a Senior Deal Officer of First Metro Investment Corporation. She was also Assistant Vice President, Asset Quality Officer in 2022 and Assistant Vice President, Program Manager in 2021 of Rizal Commercial Banking Corporation. She graduated from De La Salle University in Manila on June 2013 with a degree of Bachelor of Science in Accountancy. She is a Certified Public Accountant.

REYNALDO C. ACURANTES, JR.

Mr. Acurantes is the **Vice President, Head of Heavy & Light Industries and Water Sector** of the Corporation. He is a licensed Electrical Engineer and has been working in the construction industry, both locally and internationally, for the past 28 years. He started his career as an Electrical Engineer with Interpolymer Corporation in 1998 before moving to D. M. Consunji, Inc. He subsequently worked for San Miguel Pure Foods and thereafter with Rezayat Co. Ltd. in 2009. Before joining Global Business Power Inc. in 2019, he also worked for Sta. Clara International Corporation for a little over two years. Prior to joining EEI, he was an executive for infrastructure projects in Prime Metro BMD. He graduated from Adamson University in 1998 with a degree in Electrical Engineering.

JESUS TEODORO C. REYES

Mr. Reyes is the **Vice President, Corporate Strategy and Communicatio**n of the Corporation. He joined EEI as Assistant Vice President, Corporate Strategy and Innovation Division in 2017 before assuming his current role.

MAUREEN S. FRIAS

Ms. Frias is the **Vice President**, **Head of Supply Chain Management Division** of the Corporation. She previously worked for Coca-Cola Beverages Philippines Inc., Johnson & Johnson International (Singapore) Pte. Ltd., Citibank, N.A., Avon Cosmetics, Avon Products Mfg. Inc., Regional Commodity Lead for Tube Caps for Asia Pacific & China, Ford Motor Company Philippines, Inc. and Toyota Motor Philippines Corporation. She graduated with a degree of Bachelor of Science in Industrial Engineering from the University of the Santo Tomas in Manila. She joined EEI as Assistant Vice President, Sourcing and Category Management in 2024 before assuming her current role.

ELLAINE ANNE L. BERNARDINO

Atty. Bernardino is currently the **Assistant Corporate Secretary** of the Corporation and **a Legal Counsel** belonging to the Corporate and Compliance Services Department of the Corporation. She concurrently serving as Assistant Corporate Secretary to the following subsidiaries of EEI: GAIC Manpower Services Incorporated, GAIC Professional Services, Inc., JP Systems Asia, Inc., Philrock Construction and Services, Inc., EEI Power Corporation, EEI Business Solutions, Inc. (formerly Equipment Engineers, Inc.), EEI Energy Solutions Corporation, EEI Construction & Marine, Inc., EEI Carga Digital Logistics Corporation, LearnJP Corp., Bagumbayan Equipment & Industrial Products, Inc., EEI Realty Corporation and GAMSI Health Services Inc. Before joining the Corporation, she was an Associate of Mata-Perez, Tamayo & Francisco Attorneys-at-Law and a contributing Author for The Manila Times. She graduated with a Bachelor of Arts degree in Political Science from the University of Santo Tomas. She completed her Juris Doctor degree from the San Beda University in Mendiola in Manila and was admitted as a member of the Philippine Bar in 2020.

JONAS RAPHAEL R. REDUBLO

He is the **Financial Controller** of the Corporation. He graduated with a degree of Bachelor of Science in Accountancy from the University of Santo Tomas in Manila. He joined EEI as Accounting Supervisor in 2015 and was promoted to Group Manager, Project Finance Forecasting and Analysis in 2022.

JOCELYN R. DIMAILIG

Ms. Dimailig is the **Head of Treasury Department** of the Corporation. She concurrently serving as Treasurer to the following subsidiaries of EEI: Gulf Asia International Corporation, GAIC Manpower Services, Inc., GAIC Professional Services, Inc., EEI Business Solutions, Inc. (*formerly Equipment Engineers, Inc*.), EEI Power Corporation, EEI Energy Solutions Corporation, EEI Construction & Marine, Inc., EEI Realty Corporation, Philrock Construction and Services, Inc., EEI Carga Digital Logistics Corporation, LearnJP Corp., Bagumbayan Equipment & Industrial Products, Inc., GAMSI Health Services Inc., and EEI Foundation Inc. She graduated with a degree of Bachelor of Science in Accountancy from the University of Northern Philippines in Vigan, Ilocos. She joined EEI as Treasury Assistant in 2002 and was promoted to Group Manager, Treasury in 2022.

ITEM 10. EXECUTIVE COMPENSATION

The members of the Board of Directors, except those holding management positions in the Company, are entitled to per diem of ₱100,000 for attending regular Board meetings while directors attending Board committee and special meetings will be entitled to per diem ranging from ₱10,000 to ₱30,000.

Total salaries, bonuses and benefits for the last two fiscal years and estimated to be paid for the ensuing year to the principal executive, operating and financial officers are as follows:

Summary Compensation Table (in thousand ₱)

Name and Position	Year	Salary	Bonus	Other Benefits
Top 5 Executives: 1. Henry D. Antonio, President and CEO 2. Cris Noel E. Torres, SVP & Chief Financial Officer 3. Earl Jason R. Vistro, SVP for Supply Chain Management and Logistics 4. Glenn F. Villasenor, SVP for Business Transformation 5. Roman M. Lapuz, VP for Project Controls	2025 Projected	48,154	-	4,343
	2024 Actual	51,353	-	2,543
	2023 Actual	53,207	-	2,550
All other officers	2025 Projected	98,318	-	10,932
	2024 Actual	125,807	-	12,925
	2023 Actual	119,695	-	14,288
Totals	2025 Projected	146,471	-	15,272
	2024 Actual	177,160	-	15,468
	2023 Actual	172,903	-	16,838

There are no other cash compensation granted to all officers and directors in addition to the above summary of compensation.

There are no outstanding warrants or options held by any director, officer or employee. The directors of the Company are not involved in any of the following transactions:

a. Standard arrangement and any other material arrangements;
b. Employment contracts and termination of employment and change-in-control arrangements
c. Outstanding warrants or options; and
d. Adjustments or amendments on the price of stock warrants or options

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security ownership of persons owning more than 5% of the registrant's securities as of December 31, 2024

As of December 31, 2024, EEI knows of no one who beneficially owns in excess of 5% of EEI's common stock except as set forth in the table below:

Class	Name/Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Nationality	No. of Shares Held	Percentage Held (%)
Common	PCD Nominee Corporation 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City 1226	**RYM Business Management Corporation** *Principal/Substantial Shareholder of the Issuer* (A client of RCBC Securities, a participant broker in PCD.)	Filipino	207,256,297	20.00
		House of Investments, Inc. *Principal/Substantial Shareholder of the Issuer* (A client of RCBC Securities, a participant broker in PCD.)	Filipino	155,443,419	15.00
		Industry Holdings and Development Corporation *Principal/Substantial Shareholder of the Issuer* (A client of Armstrong Securities, Inc. and First Resources Management and Securities Corporation, participant brokers in PCD.)	Filipino	148,664,942	14.346
		Shenton Resources Pte Ltd. *Principal/Substantial Shareholder of the Issuer* (A client of RCBC Securities, a participant broker in PCD.)	Non-Filipino	62,178,688	6.00
		Other Beneficial Owners lodged with PCD, none of which holds more than 5% of the Corporation's securities.	Filipino and Non-Filipino	437,350,752	42.20

The table below shows the securities beneficially owned by all directors, nominees and executive officers of EEI as of December 31, 2024:

Title of Class	Name of BOD/Officers	Positions	Nationality	Amount of Beneficial Ownership	Kind of Interest	Percentage (%)
Common	Lorenzo V. Tan	Chairman of the Board	Filipino	3	Direct	0.0000
Common	Henry D. Antonio	President & CEO	Filipino	1,000	Indirect	0.0000
Common	Remegio C. Dayandayan, Jr.	Director	Filipino	1	Direct	0.0000
Common	Roberto F. De Ocampo	Director	Filipino	54,005	Direct	0.0052
Common	Carlos Alfonso T. Ocampo	Ind. Director	Filipino	1	Direct	0.0000
Common	Renato C. Valencia	Ind. Director	Filipino	15	Direct	0.0000
Common	Maricris C. Ang-Carlos	Director	Filipino	1	Direct	0.0000
Common	Ray C. Espinosa	Ind. Director	Filipino	1	Direct	0.0000
				10,000	Indirect	0.0000
Common	Francis Lloyd T. Chua	Director	Filipino	1	Direct	0.0000
Common	Anthony M. Te	Director	Filipino	1	Direct	0.0000
Common	Elmer B. Serrano	Director	Filipino	1	Direct	0.0000
		TOTAL		65,030		0.0052

The aggregate number of shares owned of record by the Chairman, President, and Senior Vice Presidents as a group, as of December 31, 2023 is 1,003 shares or approximately 0.00% of the registrant's outstanding capital stock.

The aggregate number of shares owned by all officers and directors as a group (except those included in the immediately preceding paragraph) as of December 31, 2024 is 64,027 shares or approximately 0.0052% of the registrant's outstanding capital stock.

Beneficial or record owner has no right to acquire additional shares within 30 days arising from options, warrants, rights conversion, privilege or similar.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

There is no director, executive officer, nominee for director, beneficial holder, or any family member involved in any business transaction with EEI and subsidiaries.

There are no material transactions which were negotiated by the Company with parties whose relationship with the Company fall outside the definition of "related parties" under Philippine Accounting Standards 24, *Related Party Disclosures,* but with whom the Company has relationship that enables such parties to negotiate terms that may not be available from other, more clearly independent parties on an arm's length basis.

Refer to Note 26 – Related Party Transactions of the Consolidated Audited Financial Statements of EEI Corporation and Subsidiaries for the significant related party transactions that transpired during the year and transactions from previous years that have outstanding balances as of December 31, 2024.

Independent Directors
Among the eleven (11) Directors as of December 31, 2024, Roberto F. De Ocampo, Renato C. Valencia and Atty. Carlos Alfonso T. Ocampo are independent directors of the Company.

The Company knows of no event as specified in Rule 38 of 2015 Implementing Rules and Regulations of the Securities Regulation Code that are material to an evaluation of the ability or integrity of any director of the Company.

There is no director, executive officer, nominee for director, beneficial holder, or any family member involved in any business transaction with EEI and subsidiaries.

Family Relationship
The Chairman of the Board, Mr. Lorenzo V. Tan and all other Directors and Officers are not related by consanguinity or affinity with each other.

Involvement in certain Legal Proceedings
The Corporation has not been involved in any legal proceeding for petition for bankruptcy, insolvency, or receivership. No judgment or resolution has been issued against any Director or Officer which would materially affect their ability or put into question their integrity to serve in their current position. The Corporation is involved in various cases the final resolution of which will not have any material effect on the continued operation or financial position of the Corporation.

PART 1V – CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

Monitoring and evaluating compliance with the Revised Manual on Corporate Governance is a continuing mandate and direction of EEI Corporation (the "Company"). The Management continuously apprises itself of any relevant changes or updates in the Rules on Corporate Governance, and the Company actively amends the internal Manual on Corporate Governance to reflect both the changes and practices within the Company.

The Company maintains to strict adherence to all directives issued by the Securities and Exchange Commission ("SEC"), as well as all relevant circulars from the Philippine Stock Exchange ("PSE") on corporate governance standards. The Company's Revised Rules on Corporate Governance may be accessed at https://www.eei.com.ph/content/corporate- governance/governance.₱#manual-on-cg.

The Company also adheres to international principles on good corporate governance and the best practices by adopting a self-rating assessment and performance evaluation to determine the effectivity of its Management.

To ensure transparency and full disclosure, the Company has published its Integrated Annual Corporate Governance Report ("IACGR") in its website, which may be viewed at https://www.eei.com.ph/content/corporate- governance/governance.₱#annual-cg.

The Management continues to actively participate in conferences and educational seminars to remain abreast of the developments in governance practices and the challenges posed by the changing corporate landscape. All measures undertaken by the Company to ensure that its Management is well-informed and that governance practices are up-to-date are reflected in the IACGR.

PART V – EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

A. Exhibits

See the accompanying Index to Exhibits.

B. Reports on SEC Form 17-C

The Company filed the following reports on SEC Form 17-C (Current Report) during the period January to December 31, 2024:

Date of Report			Description
3	January	2024	Change in Directors and/or Officers (Promotion) – **Anna P. Figuera** (SVP-Contracts Division) and **Violy B. Acevedo** (VP-Financial Controller)
25	January	2024	Material Information/Transactions: Results of Special Board Meeting (January 25, 2024) re: Approval to Earmark 1.46B for international expansion
26	January	2024	Press Release re: EEI backs Saudi Arabia's Vision 2030 Initiatives
26	January	2024	Material Disclosure re: PASAR NTP to EEI
14	February	2024	Cash dividend declaration for Preferred shares series "A
14	February	2024	Cash dividend declaration for Preferred shares series "B"
29	February	2024	Press Release re: EEI Power Corporation completes installation of IPEX Philippines' solar rooftop system
1	March	2024	Change in Directors and/or Officers (Retirement) - Jose Lucio R. Mendoza (VP-Light Industry Division) and Change in Designation of Officers – **Glenn F. Villasenor** (SVP-Electromechanical Division, and Head of Heavy & Light Industry Division), **Earl Jason R. Vistro** (SVP-Assets & Supply Chain Management Division, and Head of Facilities Management & Safety Department), **Anna Sheila P. Figuera** (SVP-Contracts Division and Head of Commercial Division), **Victor G. Perez** (VP-Treasury and Head of Logistics Division)
7	March	2024	Press Release re: EEI Power Corporation inks 145.2WP solar rooftop system deal with Dagupan Doctors Villaflor Memorial Hospital
15	March	2024	Material Disclosure re: Results of 2024 Q1 Regular Meeting (March 15, 2024)
15	March	2024	Acquisition/Disposition of Shares of Another Corporation RE: Subscription to shares of stock as at incorporation of the new wholly owned subsidiary
15	March	2024	Notice of Annual Stockholder's Meeting
18	March	2024	Press Release re: SysNet, EEI Power Corp inaugurate ParkNCharge EV charging stations at SM Offices buildings
29	April	2024	Material Disclosure re: Results of Special Board Meeting (April 29, 2024) re: Approval of 2023 Consolidated Audited Financial Statements
3	May	2024	Acquisition/Disposition of Shares of Another Corporation RE: Investment in shares of stock to a new subsidiary to be registered
3	May	2024	Change in Directors and/or Officers (Resignation) – **Salvador M. Salire, Jr.** (Chief Energy Management Officer)
10	May	2024	Material Disclosure re: Letter of Acceptance issued by the CAVITEX Infrastructure Corporation for the Construction of the CAVITEX-CALAX Link (Segment 4 Extension) Project
24	May	2024	Press Release re: EEI, CIC ink P1.79B CAVITEX-ALAX Link 4 contract
13	June	2024	Press Release re: EEI signs MoU with Concrete Stone Corp.
28	June	2024	Material Disclosure re: Results of Annual Stockholders' Meeting
28	June	2024	Material Disclosure re: Results of Organizational Meeting of Board of Directors

28	June	2024	Change in Directors and/or Officers (Election/Appointment) – **Maricris C. Ang-Carlos** (Director), **Ray C. Espinosa** (Independent Director), **Toni Venette R. Picar** (Investor Relations Officer), **Ellaine Anne L. Bernardino** (Asst. Corporate Secretary); (Promotion/Change in Designation) – **Roberto F. De Ocampo** (Director)
3	July	2024	Press Release re: EEI wins at Asia Responsible Enterprise Awards 2024
29	August	2024	Material Disclosure re: Results of Special Board Meeting (August 29, 2024)
29	August	2024	Change in Directors and/or Officers (Resignation) – **Cris Noel E. Torres** (SVP – Chief Financial Officer); (Promotion/Change in Designation) – **Anna P. Figuera** (SVP -Head of Commercial and Operations Division), **Violy B. Acevedo** (VP -Chief Financial Officer), **Jonas Raphael R. Redublo** (Controller), **Victor G. Perez** (VP - Managing Director, Subsidiaries & Head of Logistics Department), **Jocelyn R. Dimailig** (Head of Treasury Department), **Earl Jason R. Vistro** (SVP - Head of Government Relations and External Affairs & Head of Safety, Security & Facilities Management Department), **Maureen S. Frias** (AVP - Head of Supply Chain and Management Division), **Toni Venette R. Picar** (VP - Corporate Finance and New Business Development, & Investor Relations Officer)
1	October	2024	Press Release re: EEI Corp. bestowed with Golden Arrow Award for good corporate governance
18	October	2024	Change in Directors and/or Officers (Retirement) – **Vicente A. Gayya** (VP-Electromechanical)
19	November	2024	Material Disclosure re: Issuance of 20,000,000 preferred shares from the unissued preferred shares of the Corporation by way of a private placement
5	December	2024	Press Release re: EEI Power, Mindoro Medical Center-Calapan, Inc. ink deal for 605kWp rooftop solar system
13	December	2024	Material Disclosure re: Results of 2024 Q4 Regular Meeting (December 13, 2024)
16	December	2024	Amendment to the Third Article of the Articles of Incorporation of the Company
16	December	2024	Change in Director and/or Officers (Promotion) – **Roman M. Lapuz** (SVP-Infrastructure Division), **Victor G. Perez** (SVP-Managing Director and Head of Logistics Division), **Jesus Teodoro C. Reyes** (VP-Corporate Strategy and Communication), **Maureen S. Frias** (VP-Head of Supply Chain Management Division)
17	December	2024	Material Disclosure re: Results of Special Board Meeting (December 17, 2024) re: Issuance of 60,000,000 Preferred Shares
17	December	2024	Change in Directors and/or Officers (Resignation) – **Glenn F. Villasenor** (SVP-Head of Heavy & Light Industry Division); (Appointment) – **Reynaldo C. Acurantes, Jr.** (VP-Head of Heavy & Light Industries and Water Sector

EEI CORPORATION AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A

EEI CORPORATION AND SUBSIDIARIES

INDEX TO EXHIBITS
Form 17-A

NA – Not Applicable

EEI CORPORATION
1931

12 Manggahan Street, Brgy. Bagumbayan
Quezon City, Philippines 1110
(632) 8-334-2677
www.eei.com.ph

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Quezon City on APR 2 2 2025 2025.

By:

Lorenzo V. Tan, Director
Chairman of the Board

Henry D. Antonio, Director
President and Chief Executive Officer

Violy B. Acevedo
Vice President &
Chief Financial Controller

Iannoel V. Mondragon
Vice President & Corporate Secretary

SUBSCRIBED AND SWORN to before me this ____ day of APR 2 2 2025 2025 affiants exhibiting to me the following documents:

Name	Competent Evidence of Identity	Date of Issuance	Place of Issuance
Lorenzo V. Tan	PP No. P9150965B	03.10.2022	DFA NCR East
Henry D. Antonio	PP No. P8029623A	07.21.2018	DFA Manila
Violy B. Acevedo	PP No. P8507891C	11.29.2024	DFA NCR East
Iannoel V. Mondragon	IBP No. 010430	-	IBP Head Office -Pasig City

MIGUEL ALBERTO I. PESUEÑA
Notary Public
Commission No. NP-249 until Dec. 31, 2026
IBP No. 499730; Jan. 6 2025; Makati Chapter
PTR No. 7120421; Jan. 14, 2025; Quezon City
Roll No. 78131
MCLE Compliance No. VIII-0024695; March 21, 202
12 Manggahan St., Bagumbayan, Quezon City

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Book No. I
Series of 2025

12 Manggahan Street, Brgy. Bagumbayan
Quezon City, Philippines 1110

(632) 8-334-2677
www.eei.com.ph

EEI CORPORATION
1931

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of EEI Corporation and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 not realistic alternative but to do so.

The Board of Directors is reponsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

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

Lorenzo V. Tan
Chairman of the Board

Henry D. Antonio
President & Chief Executive Officer

Violy B. Acevedo
VP & Chief Financial Officer

Signed this APR 2 2 2025 day of April 2025

SUBSCRIBED AND SWORN to before me this __________ day of APR 2 2 2025 __________ 2025, affiants exhibiting to me the following documents:

Name	Passport Number/ Driver's License Number	Date of Issuance	Place of Issuance
Lorenzo V. Tan	PP No. P9150965B	03.10.2022	DFA NCR East
Henry D. Antonio	PP No. P8029623A	07.21.2018	DFA Manila
Violy B. Acevedo	PP No. P8507891C	11.29.2024	DFA NCR East

MIGUEL ALBERTO I. PESUEÑA
Notary Public
Commission No. NP-249 until Dec. 31, 2026
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... gahan St., Bagumbayan, Quezon City

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C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	-	9	3	7					

C O M P A N Y   N A M E

EEI CORPORATION AND SUBSIDIARIES

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

No. 12 Manggahan Street, Bagumbayan, Quezon City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
eeicenter@eei.com.ph	8-334-2677	+63966-896-4342

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
3,096	Every Third Friday of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Iannoel V. Mondragon	ivmondragon@eei.com.ph	8-334-2677	N/A

CONTACT PERSON's ADDRESS

No. 12 Manggahan Street, Bagumbayan, Quezon City, Metro Manila, Philippines

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

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission*

SGV
Building a better working world

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

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 S. Chua
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)	**₱6,043,701,729**	₱2,216,974,593
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
	₱36,658,904,254	₱29,987,446,004

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 18)	**₱3,949,076,500**	₱4,985,371,958
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
	₱36,658,904,254	₱29,987,446,004

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)	**(₱4,416,365,861)**	₱158,264,930	₱200,306,876
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss in subsequent periods:			
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
Item to be reclassified to profit or loss in subsequent periods:			
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)	**(₱3,284,153,757)**	(₱134,643,082)	₱466,407,819
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	**(₱3,285,241,318)**	(₱143,241,104)	₱475,312,126
Non-controlling interests	**1,087,561**	8,598,022	(8,904,307)
	(₱3,284,153,757)	(₱134,643,082)	₱466,407,819

See accompanying Notes to Consolidated Financial Statements.

EEI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022

	Attributable to Equity Holders of the Parent Company										
				Other Comprehensive Income - Net of Deferred Tax Effect							
	Capital Stock (Note 29)	**Additional Paid-In Capital** (Note 29)	**Treasury Stock**	**Remeasurement Gains (Losses) on Retirement Liability** (Note 27)	**Cumulative Translation Adjustments**	**Fair Value Reserve of Equity Investments at FVOCI** (Note 12)	**Subtotal**	**Retained Earnings (Deficit)** (Note 30)	**Subtotal**	**Non-controlling Interests**	**Total**
Balances at December 31, 2021	**₱1,066,401,386**	**₱6,402,046,998**	**(₱3,720,790)**	**(₱165,161,422)**	**₱363,417,852**	**₱723,802,224**	**₱922,058,654**	**₱4,950,157,787**	**₱13,336,944,035**	**₱3,749,986**	**₱13,340,694,021**
Additional subscription										8,400,000	8,400,000
Net income (loss)	–	–	–	–	–	–	–	209,211,183	209,211,183	(8,904,307)	200,306,876
Other comprehensive income	–	–	–	85,996,547	177,444,434	2,659,962	266,100,943	–	266,100,943	–	266,100,943
Total comprehensive income (loss)	–	–	–	85,996,547	177,444,434	2,659,962	266,100,943	209,211,183	475,312,126	(8,904,307)	466,407,819
Dividends paid	–	–	–	–	–	–	–	(398,734,500)	(398,734,500)	–	(398,734,500)
Balances at December 31, 2022	₱1,066,401,386	₱6,402,046,998	(₱3,720,790)	(₱79,164,875)	₱540,862,286	₱726,462,186	₱1,188,159,597	₱4,760,634,470	₱13,413,521,661	₱3,245,679	₱13,416,767,340
Disposal of equity investments at FVOCI (Note 12)	–	–	–	–	–	(184,658,323)	(184,658,323)	184,658,323	–	–	–
Disposal of a subsidiary (Note 36)	–	–	–	–	–	–	–			32,729,859	32,729,859
Net income	–	–	–	–	–	–	–	149,666,908	149,666,908	8,598,022	158,264,930
Other comprehensive income (loss)	–	–	–	(153,666,322)	39,713,175	(178,954,865)	(292,908,012)	–	(292,908,012)	–	(292,908,012)
Total comprehensive income (loss)	–	–	–	(153,666,322)	39,713,175	(178,954,865)	(292,908,012)	149,666,908	(143,241,104)	8,598,022	(134,643,082)
Dividends paid	–	–	–	–	–	–	–	(398,734,500)	(398,734,500)	–	(398,734,500)
Balances at December 31, 2023	**₱1,066,401,386**	**₱6,402,046,998**	**(₱3,720,790)**	**(₱232,831,197)**	**₱580,575,461**	**₱362,848,998**	**₱710,593,262**	**₱4,696,225,201**	**₱12,871,546,057**	**₱44,573,560**	**₱12,916,119,617**
Issuance of preferred stock	**40,000,000**	**7,960,000,000**	**–**	**–**	**–**	**–**	**–**	**–**	**8,000,000,000**	**–**	**8,000,000,000**
Impact of changes in ownership of subsidiary (Note 2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**13,188,041**	**13,188,041**	**(13,188,041)**	**–**
Net income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,417,453,422)**	**(4,417,453,422)**	**1,087,561**	**(4,416,365,861)**
Other comprehensive income (loss)	**–**	**–**	**–**	**1,067,410,087**	**(34,818,111)**	**99,620,128**	**1,132,212,104**	**–**	**1,132,212,104**	**–**	**1,132,212,104**
Total comprehensive income (loss)	**–**	**–**	**–**	**1,067,410,087**	**(34,818,111)**	**99,620,128**	**1,132,212,104**	**(4,417,453,422)**	**(3,285,241,318)**	**1,087,561**	**(3,284,153,757)**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(398,734,500)**	**(398,734,500)**	**–**	**(398,734,500)**
Balances at December 31, 2024	**₱1,106,401,386**	**₱14,362,046,998**	**(₱3,720,790)**	**₱834,578,890**	**₱545,757,350**	**₱462,469,126**	**₱1,842,805,366**	**(₱106,774,680)**	**₱17,200,758,280**	**₱32,473,080**	**₱17,233,231,360**

See accompanying Notes to Consolidated Financial Statements.

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	**(₱4,595,020,355)**	₱723,160,406	₱304,272,833
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)	**₱11,762,000,000**	₱11,440,408,437	₱12,462,676,041
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)	**₱6,043,701,729**	₱2,216,974,593	₱2,571,374,751

See accompanying Notes to Consolidated Financial Statements

EEI CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

EEI 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 Direct	Percentage of Ownership 2024 Indirect	2023 Direct	2023 Indirect
EEI Limited (formerly EEI 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
EEI (PNG), Ltd	Papua New Guinea	Holding company	US Dollar	–	100	–	100
EEI Corporation (Guam), Inc.	United States of America	Construction	US Dollar	100	–	100	–
EEI Construction and Marine, Inc.	Philippines	Construction	Philippine Peso	100	–	100	–
EEI Realty Corporation (EEI Realty)	Philippines	Real estate	Philippine Peso	100	–	100	–
EEI Subic Corporation	Philippines	Construction	Philippine Peso	100	–	100	–
EEI 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
EEI 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	–
EEI Energy Solutions Corporation (EESC)	Philippines	Retail energy supplier	Philippine Peso	–	100	–	100
EEI Carga Digital Logistics Corporation (EEI 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. EEI 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 ease 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
EEI Carga enters into service agreements with truck owners and/or trucking companies to use the EEI Carga's application. A contract exists between EEI 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. EEI Carga concluded that it is acting as agent to facilitate the successful completion of delivery services by the truck owners and/or trucking companies. EEI 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' 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.

<u>Investment Properties</u>
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.

<u>Software Costs</u>
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 of. 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.

<u>Estimates and Assumptions</u>
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		
	Current	Noncurrent	Total
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
Associates				
Al-Rushaid Construction Company Limited (ARCC)	Kingdom of Saudi Arabia	Construction	49	49
Rice Integrated Commercial Enterprises, Inc. (RICEI)	Philippines	Agricultural	39	39
Joint ventures				
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:

2024	ARCC	PSOC	PWEI	RICEI	SHEC	LGE	SFTE	AE	Total
Acquisition cost:									
Balances as at January 1	**₱2,624,991,802**	**₱–**	**₱–**	**₱10,777,300**	**₱20,800,000**	**₱–**	**₱–**	**₱–**	**₱2,656,569,102**
Additional investment	**2,782,220,611**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,782,220,611**
Balances as at December 31	**5,407,212,413**	**–**	**–**	**10,777,300**	**20,800,000**	**–**	**–**	**–**	**5,438,789,713**
Accumulated equity in net earnings (losses):									
Balances as at January 1	**(1,053,995,987)**	**–**	**–**	**–**	**2,069,877**	**–**	**41,390,473**	**104,858,263**	**(905,677,374)**
Equity in net earnings (losses)	**(3,872,949,702)**	**–**	**–**	**–**	**(178,231)**	**–**	**41,354,645**	**60,353,469**	**(3,771,419,819)**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(60,353,146)**	**(60,353,146)**
Balances as at December 31	**(4,926,945,689)**	**–**	**–**	**–**	**1,891,646**	**–**	**82,745,118**	**104,858,586**	**(4,737,450,339)**
Accumulated share in other comprehensive income (loss):									
Balances as at January 1	**(104,668,114)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(104,668,114)**
Additions	**8,555,118**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8,555,118**
Balances as at December 31	**(96,112,996)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(96,112,996)**
Allowance for impairment	**–**	**–**	**–**	**(9,740,194)**	**–**	**–**	**–**	**–**	**(9,740,194)**
Equity in cumulative translation adjustments	**319,337,726**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**319,337,726**
	₱703,491,454	**₱–**	**₱–**	**₱1,037,106**	**₱22,691,646**	**₱–**	**₱82,745,118**	**₱104,858,586**	**₱914,823,910**

2023	ARCC	PSOC	PWEI	RICEI	SHEC	BEO DMC	LGE	SFTE	AE	Total
Acquisition cost:										
Balances as at January 1	₱595,948,045	₱693,303,362	₱288,490,782	₱13,540,700	₱20,800,000	₱450,000	₱–	₱–	₱–	₱1,612,532,889
Additional investment	2,029,043,757	–	–	–	–	–	–	–		2,029,043,757
Balances as at December 31	2,624,991,802	693,303,362	288,490,782	13,540,700	20,800,000	450,000	–	–	–	3,641,576,646
Accumulated equity in net earnings (losses):										
Balances as at January 1	541,647,535	511,410,622	257,365,159	(497,960)	313,289	(348,008)	–	9,357,434	54,418,305	1,373,630,376
Equity in net earnings (losses)	(1,595,643,522)	137,548,513	23,595,024	497,960	1,756,588	–	–	32,033,039	50,439,958	(1,349,772,440)
Balances as at December 31	(1,053,995,987)	648,959,135	280,960,183	–	2,069,877	(348,008)	–	41,390,473	104,858,263	23,857,936
Accumulated share in other comprehensive income (loss):										
Balances as at January 1	(111,716,606)	(181,079)	107,379	–	–	–	–	–	–	(111,790,306)
Additions	7,048,492	–	–	–	–	–	–	–	–	7,048,492
Balances as at December 31	(104,668,114)	(181,079)	107,379	–	–	–	–	–	–	(104,741,814)
Disposals	–	(1,342,081,418)	(569,558,344)	(2,763,400)		(65,992)	–	–	–	(1,914,469,154)
Equity in cumulative translation adjustments	354,463,037	–	–	–	–	–	–	–	–	354,463,037
	₱1,820,790,738	₱–	₱–	₱10,777,300	₱22,869,877	₱–	₱–	₱41,390,473	₱104,858,263	₱2,000,686,651

ARCC
EEI 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 EEI Limited over ARCC.

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

In 2024, EEI 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 EEI 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.

<u>RICEI</u>
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.

<u>SHEC</u>
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.

<u>BEO DMC</u>
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**	**SHEC**	**SFTE**	**AE**	**LGE**
Current assets	**₱14,393,229,173**	**₱3,534,736**	**₱54,013,132**	**₱55,068,074,033**	**₱1,894,591,134**	**₱2,694,034,030**
Noncurrent assets	**3,572,648,340**	**274,441**	**60,191,253**	**–**	**1,191,215,138**	**75,537,918**
Total assets	**₱17,965,877,513**	**₱3,809,177**	**₱114,204,385**	**₱55,068,074,033**	**₱3,085,806,272**	**₱2,769,571,948**
Current liabilities	**₱13,346,598,501**	**₱1,149,914**	**₱8,979,586**	**₱53,413,171,676**	**₱2,714,383,804**	**₱3,010,802,467**
Noncurrent liabilities	**2,500,798,864**	**–**	**31,855,682**	**–**	**21,893,848**	**8,586,549**
Total liabilities	**₱15,847,397,365**	**₱1,149,914**	**₱40,835,268**	**₱53,413,171,676**	**₱2,736,277,652**	**₱3,019,389,016**
Preferred stock	**₱–**	**₱–**	**₱16,640,000**	**₱–**	**₱–**	**₱–**
Net assets of the investee	**₱2,118,480,148**	**₱2,659,263**	**₱56,729,117**	**₱1,654,902,357**	**₱349,528,620**	**(₱249,817,068)**

2023:

	ARCC	RICEI	SHEC	SFTE	AE	LGE
Current assets	₱14,197,944,598	₱28,509,576	₱59,092,451	₱42,435,930,501	₱4,413,414,603	₱2,345,352,355
Noncurrent assets	3,666,407,082	274,441	64,692,620	–	505,045,210	38,497,790
Total assets	₱17,864,351,680	₱28,784,017	₱123,785,071	₱42,435,930,501	₱4,918,459,813	₱2,383,850,145
Current liabilities	₱11,179,383,351	₱1,149,914	₱7,968,095	₱41,608,121,044	₱4,296,612,409	₱2,427,453,692
Noncurrent liabilities	2,969,068,864	–	42,002,284	–	272,319,860	218,800
Total liabilities	₱14,148,452,215	₱1,149,914	₱49,970,379	₱41,608,121,044	₱4,568,932,269	₱2,427,672,492
Preferred stock	₱–	₱–	₱16,640,000	₱–	₱–	₱–
Net assets of the investee	₱3,715,899,465	₱27,634,103	₱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:

	ARCC	**RICEI**	**SHEC**	**SFTE**	**AE**	**LGE**
Revenue	**₱10,827,182,050**	**₱8,153,173**	**₱8,023,783**	**₱827,092,900**	**₱3,869,437,093**	**₱208,943,043**
Cost	**16,101,031,488**	**8,133,585**	**5,921,660**	**–**	**2,504,300,803**	**200,057,558**
Gross margin (loss)	**(5,273,849,438)**	**19,588**	**2,102,123**	**827,092,900**	**1,365,136,290**	**8,885,485**
Selling and administrative, and other expenses	**1,432,794,205**	**2,841,666**	**3,147,859**	**–**	**1,250,731,885**	**341,310,390**
Other income	**–**	**570**	**1,228,091**	**–**	**86,773,825**	**175,451,787**
Pre-tax income (loss)	**(₱6,706,643,643)**	**(₱2,821,508)**	**₱182,355**	**₱827,092,900**	**₱201,178,230**	**(₱156,973,118)**

2023:

	ARCC	RICEI	SHEC	SFTE	AE	LGE
Revenue	₱12,349,510,751	₱–	₱16,449,078	₱640,660,780	₱4,664,615,318	₱151,302,451
Cost	14,684,728,173	1,276,821	8,539,730		3,388,371,392	129,247,989
Gross margin (loss)	(2,335,217,422)	(1,276,821)	7,909,348	640,660,780	1,276,243,926	22,054,462
Selling and administrative, and other expenses	1,728,692,595	–	2,742,057	–	1,163,615,694	65,876,808
Other income (expenses)			463,472		55,504,961	–
Pre-tax income (loss)	(₱4,063,910,017)	(₱1,276,821)	₱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						
	ARCC	**RICE**	**SHEC**	**SFTE**	**AE**	**LGE**	**Total**
Pre-tax income (loss)	**(₱6,706,643,643)**	**(₱2,821,508)**	**₱182,355**	**₱827,092,900**	**₱201,178,230**	**(₱156,973,118)**	**(₱5,837,984,784)**
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)	**(₱3,872,949,727)**	**₱–**	**(₱178,206)**	**₱41,354,645**	**₱60,353,469**	**₱–**	**(₱3,771,419,819)**

2023

	December 31, 2023								
	ARCC	PSOC	PWEI	RICEI	SHEC	SFTE	AE	LGE	Total
Pre-tax income (loss)	(₱4,063,910,017)	₱312,610,257	₱117,975,120	₱1,276,821	₱5,630,763	₱640,660,780	₱168,133,193	(₱43,822,346)	(₱2,861,445,429)
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)	(₱1,595,643,522)	₱137,548,513	₱23,595,024	₱497,960	₱1,756,588	₱32,033,039	₱50,439,958	₱–	(₱1,349,772,440)

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	**₱31,581,145**	₱37,208,272
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	**₱16,101,388,316**	₱16,478,900,417
Interest income	**827,092,900**	640,660,782

Other relevant financial information of AE are as follows:

	2024	2023
Cash and cash equivalents	**₱1,061,794,552**	₱1,288,291,156
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	SHEC	SFTE	AE	Total
Net assets of the investee	**₱2,118,480,148**	**₱2,659,264**	**₱56,729,117**	**₱1,654,902,357**	**₱349,528,620**	**₱4,182,299,506**
Proportionate ownership in the associate	**49%**	**39%**	**40%**	**5%**	**30%**	
Carrying value of investment before adjustment	**₱1,038,055,273**	**₱1,037,113**	**₱22,691,647**	**₱82,745,118**	**₱104,858,586**	**₱1,249,387,737**
Adjustment*	**(334,563,828)**	–	–	–	–	**(334,563,828)**
Carrying value of investment	**₱703,491,445**	**₱1,037,113**	**₱22,691,647**	**₱82,745,118**	**₱104,858,586**	**₱914,823,909**

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

2023

	ARCC	RICEI	SHEC	SFTE	AE	Total
Net assets of the investee	₱3,715,899,465	₱27,634,103	₱57,174,692	₱827,809,457	₱349,527,544	₱4,978,045,261
Proportionate ownership in the associate	49%	39%	40%	5%	30%	
Carrying value of investment	₱1,820,790,738	₱10,777,300	₱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:

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	2024					
	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	**₱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**

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	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	**₱497,657,876**	₱658,508,891
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	**₱307,898,732**	₱497,657,876

In 2024 and 2023, the carrying amounts of leased land and improvements and office space are ₱297.5 million and ₱10.3 million and ₱484.6 million and ₱13.1 million, respectively.

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

	2024	2023	2022
Cost of services (Note 21)	**₱19,693,594**	₱7,398,084	₱22,071,035
Selling and administrative expenses (Note 22)	**49,106,565**	68,992,625	56,486,614
Discontinued operation	−	1,065,991	1,362,268
	₱68,800,159	₱77,456,700	₱79,919,917

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

	2024	2023
Balances at beginning of the year	**₱544,698,714**	₱720,390,289
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	**₱184,710,844**	₱449,016,644

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

	2024	2023	2022
Amortization of right-of-use assets	**₱85,577,256**	₱77,456,700	₱79,919,917
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
	₱510,711,952	₱819,311,097	₱516,974,517

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

	2024	2023
1 year	**₱72,440,765**	₱157,924,492
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	**₱277,732,944**	₱787,620,566

15. **Investment Properties**

The rollforward analyses of this account follow:

	2024	2023
Cost		
Balances at beginning of year	**₱14,295,711**	₱14,295,711
Additions	**1,200,000,000**	–
Net book value at end of year	**₱1,214,295,711**	₱14,295,711

Land classified as investment properties include parcels of land located in Bataan, Benguet, Cavite, Nueva Ecija, and Bulacan with total carrying values of ₱1.2 billion and ₱14.3 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 ₱1.2 billion. As of December 31, 2024, the fair value of the land in Bataan amounted to ₱1.4 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 ₱35.2 million and ₱32.0 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 ₱2.8 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.

<u>Term loan</u>
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	**₱1,335,752,774**	₱1,160,984,495
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	**₱1,252,481,080**	₱1,335,752,774

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	**₱55,475,833**	₱44,784,386
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	₱4,308,154,633	₱4,260,617,599	₱–	₱47,537,034	₱11,620,530
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
		₱5,001,112,532	₱4,601,278,341	₱–	₱399,834,191	₱93,123,610

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
Due from Related Party							
Parent Company	**Rendering of janitorial services**	**2024**	**₱–**	**₱–**	**₱–**		**Unsecured,**
		2023	₱32,280	₱5,504	₱–	**Non-interest bearing**	**no impairment**
	Purchase of management services	**2024**	**–**	**–**	**–**		**Unsecured,**
		2023	(3,736)	–	–	**Non-interest bearing**	**no impairment**
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,**
		2023	–	300	–		**no impairment**
Total Due from Related Party		**2024**		**₱169,264**	**₱–**		
		2023		₱195,262	₱–		
Due to Related Party							
Associate	**Availment of advances**	**2024**	**–**	**(1,935)**	**–**		**Unsecured,**
		2023	(290)	(1,852)	–	**Non-interest bearing**	**no impairment**
Total Due to Related Party		**2024**		**(₱1,935)**	**₱–**		
		2023		(1,852)	₱–		
Others							
Entities under the common control	**Bank deposits**	**2024**	**–**	**–**	**–**	**Interest bearing; 0.15%,**	**Unsecured,**
		2023	453,735	–	1,541,948	**-0.45% per annum**	**no impairment**
	Revenue from construction services	**2024**	**–**	**–**	**–**		**Unsecured,**
		2023	622,778	123,027	–	**Non-interest bearing**	**no impairment**
Other related parties	**Lease of property**	**2024**	**(89,690)**	**(89,690)**	**–**		**Unsecured,**
		2023	(73,300)	(6,108)	–	**Non-interest bearing**	**no impairment**
	Extension of advances	**2024**	**612,000**	**720,000**	**–**		**Unsecured,**
		2023	–	1,200,000	–	**Non-interest bearing**	**no impairment**
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)	₱–		

a. 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.

b. 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.

c. 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.

d. 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	**₱244,484,785**	(₱52,191,565)
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	**(₱1,056,661,858)**	₱244,484,785

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%	(₱44.63)	+0.5%	(₱53.04)
	-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	**₱131,109,649**	₱154,143,851
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:

a) 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.
b) 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.
c) 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.
d) 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

	Capital stock						
		Preferred					
	Common	**Series A**	**Series B**	**Series C**	**Series D**	**Subtotal**	**Total**
Balance as at January 1	**₱1,036,401,386**	**₱7,500,000**	**₱22,500,000**	**₱–**	**₱–**	**₱30,000,000**	**₱1,066,401,386**
Issuances	**–**	**–**	**–**	**10,000,000**	**30,000,000**	**40,000,000**	**40,000,000**
Balance as at December 31	**₱1,036,401,386**	**₱7,500,000**	**₱22,500,000**	**₱10,000,000**	**₱30,000,000**	**₱70,000,000**	**₱1,106,401,386**

	Additional paid-in capital						
		Preferred					
	Common	**Series A**	**Series B**	**Series C**	**Series D**	**Subtotal**	**Total**
Balance as at January 1	**₱477,037,443**	**₱1,481,252,389**	**₱4,443,757,166**	**₱–**	**₱–**	**₱5,925,009,555**	**₱6,402,046,998**
Issuances	**–**	**–**	**–**	**1,990,000,000**	**5,970,000,000**	**7,960,000,000**	**7,960,000,000**
Balance as at December 31	**₱477,037,443**	**₱1,481,252,389**	**₱4,443,757,166**	**₱1,990,000,000**	**₱5,970,000,000**	**₱13,885,009,555**	**₱14,362,046,998**

2023

	Capital stock				
		Preferred			
	Common	Series A	Series B	Subtotal	Total
Balance as at January 1 and December 31	₱1,036,401,386	₱7,500,000	₱22,500,000	₱30,000,000	₱1,066,401,386

	Additional paid-in capital				
		Preferred			
	Common	Series A	Series B	Subtotal	Total
Balance as at January 1 and December 31	₱477,037,443	₱1,481,252,389	₱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	₱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
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	**(₱4,417,453,422)**	₱149,666,908	₱209,211,183
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	**(₱4.5751)**	(₱0.1442)	(₱0.0867)

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	**(₱4,417,453,422)**	₱161,535,397	₱229,703,301
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	**(₱4.5751)**	(₱0.1327)	(₱0.0669)

	2024	2023	2022
Net loss from discontinued operations attributable to equity holders of the Parent Company	**₱–**	(₱11,868,489)	(₱20,492,118)
Weighted average number of common shares	**1,036,281,485**	1,036,281,485	1,036,281,485
Loss per share - basic/diluted	**(₱–)**	(₱0.0115)	(₱0.0198)

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 Geothemal, 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			
	High Grade	**Standard Grade**	**Past Due or Impaired**	**Total**
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			
	High Grade	Standard Grade	Past Due or Impaired	Total
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**
	Stage 1	**Stage 2**	**Stage 3**	**Approach**
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
	Stage 1	Stage 2	Stage 3	Approach
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		
	USD[1]	**SGD[2]**	**EUR[3]**	**YEN[4]**	**Equivalents in PHP**
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	₱–	₱846,392	₱3,141,606
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	–	(₱19,780,815)	(₱34,153,529)
Attributable to:	–		
Equity holders of the Parent Company	–	₱11,868,489	₱20,492,118
Non-controlling interest	–	7,912,326	13,661,411
	₱–	(₱19,780,815)	(₱34,153,529)

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	₱–	(₱5,003,483)	(₱9,387,287)
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 ₱35.99 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.

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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 S. Chua

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

SGV
Building a better working world

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

Tel: (632) 8891 0307
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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 S. Chua

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

SUPPLEMENTARY SCHEDULES

EEI 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
EEI Realty Corp	₱ 132,036	₱1,818,504	₱ 1,558,531	₱ 392,009
EEI Power Corp.	122,191	4,904,099	2,892,464	2,133,826
EEI 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
EEI 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
EEI Construction & Marine, Inc.	716,221	5,816,447	5,240,297	1,292,371
EEI Energy	318,533	895,555	–	1,214,088
Bagumbayan Equipt. Industrial Products, Inc.	18,182	–	–	18,182
EEI 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
EEI Realty Corp.	₱45,283,451	₱29,819,884	₱28,643,699	₱46,459,636
EEI Power Corp.	41,363,357	33,186,163	61,697,895	12,851,625
EEI 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
EEI 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
EEI 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
EEI 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: Category A: Items that are directly credited to Unappropriated Retained Earnings	
Reversal of retained earnings appropriation	–
Effect of restatements or prior-period adjustments	–
Others	–
Less: Category B: 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: Category C.1: 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</u>: **Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)**	
	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</u>: **Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)**	
	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

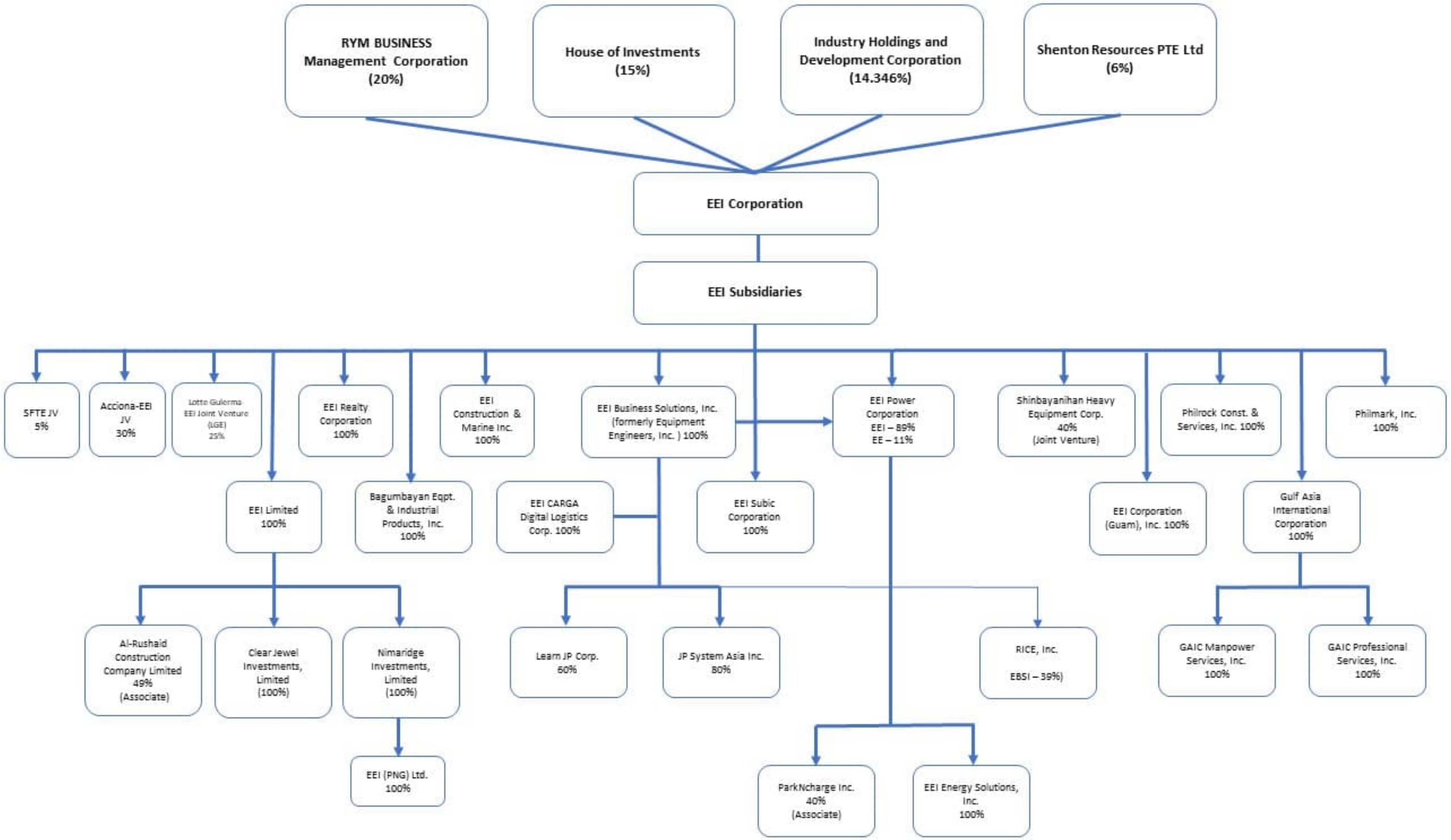
Add:	**Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)**	
	Depreciation on revaluation increment (after tax)	₱–
	Others	–
	Sub-total	–
Add/Less:	**Category E: Adjustments related to relief granted by the SEC and BSP**	
	Amortization of the effect of 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

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:



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	Current assets / Current liabilities	**1.58:1**	1.20:1
Solvency ratio	Net income plus depreciation / Total liabilities	**-0.20:1**	0.04:1
Debt - equity ratio	Total liabilities / Total equity	**1.13:1**	1.32:1
Asset-to-equity ratio	Total assets / Total equity	**2.13:1**	2.32:1
Interest rate coverage ratio	EBIT* / Interest expense	**-5.21:1**	-0.11:1
Return on assets	Net income / Average total assets	**-13%**	1%
Return on equity	Net income / 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

EEI CORPORATION
1931

12 Manggahan Street, Brgy. Bagumbayan
Quezon City, Philippines 1110
(632) 8-334-2677
www.eei.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of EEI CORPORATION (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has not realistic alternative but to do so.

The Board of Directors is reponsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

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

Lorenzo V. Tan
Chairman of the Board

Henry D. Antonio
President & Chief Executive Officer

Violy B. Acevedo
VP & Chief Financial Officer

Signed this APR 22 2025 day of April 2025

SUBSCRIBED AND SWORN to before me this ___________ day of APR 2 2 2025 2025 affiants exhibiting to me the following documents:

Name	Passport Number/ Driver's License Number	Date of Issuance	Place of Issuance
Lorenzo V. Tan	PP No. P9150965B	03.10.2022	DFA NCR East
Henry D. Antonio	PP No. P8029623A	07.21.2018	DFA Manila
Violy B. Acevedo	PP No. P8507891C	11.29.2024	DFA NCR East

Doc. No. 54

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Book No. I

Series of 2025

MIGUEL ALBERTO I. PESUENA
Notary Public
Commission No. NP-249 until Dec. 31, 2026
IBP No. 499730; Jan. 6 2025; Makati Chapter
PTR No. 7120421; Jan. 14, 2025; Quezon City
Roll No. 78131
MCLE Compliance No. VIII-0024695; March 21, 20
gahan St., Bagumbayan, Que

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P W - 9 3 7

COMPANY NAME

E E I C O R P O R A T I O N

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

N o . 1 2 M a n g g a h a n S t . , B a g u m b a y a n , Q u e z o n C i t y , M e t r o M a n i l a

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
eeicenter@eei.com.ph	8-334-2677	+63966-896-4342

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
3,096	Every Third Friday of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Iannoel V. Mondragon	ivmondragon@eei.com.ph	8-334-2677	N/A

CONTACT PERSON'S ADDRESS

No. 12 Manggahan St., Bagumbayan, Quezon City, Metro Manila

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

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

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of EEI Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2024 and 2023, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended 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 Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company 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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company 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 Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

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

The supplementary information required under Revenue Regulations No. 15-2010 is presented by management of the Parent Company in a separate schedule. Revenue Regulations No. 15-2010 requires the information to be presented in the notes to the parent company financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

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

SYCIP GORRES VELAYO & CO.

Lloyd S Chua
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
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱5,387,183,121**	₱1,476,402,592
Receivables (Note 7)	**2,034,140,528**	2,619,915,453
Contract assets - current portion (Note 8)	**9,582,038,672**	6,334,991,649
Due from related parties (Note 27)	**470,611,146**	2,461,501,662
Inventories (Note 9)	**661,779,867**	970,997,012
Assets held-for-sale (Note 14)	**36,520,332**	–
Other current assets (Note 10)	**1,419,458,081**	871,855,877
Total Current Assets	**19,591,731,747**	14,735,664,245
Noncurrent Assets		
Contract assets - net of current portion (Note 8)	**4,204,049,851**	6,192,883,387
Equity investments at fair value through other comprehensive income (FVOCI) [Note 11]	**654,307,865**	541,139,478
Investments in subsidiaries (Note 12)	**7,070,455,399**	2,259,191,009
Investment in joint ventures (Note 13)	**210,295,352**	169,118,613
Property and equipment (Note 14)	**3,897,050,991**	1,689,376,702
Right-of-use asset (Note 15)	**302,738,357**	578,001,341
Investment property (Note 16)	**1,200,000,000**	–
Deferred tax assets - net (Note 26)	**1,184,980,412**	1,277,573,470
Retirement asset - net (Note 28)	**1,033,597,348**	–
Other noncurrent assets (Note 17)	**1,350,781,557**	1,786,932,418
Total Noncurrent Assets	**21,108,257,132**	14,494,216,418
	₱40,699,988,879	₱29,229,880,663
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans (Note 18)	**₱4,140,000,000**	₱4,529,000,000
Accounts payable and other current liabilities (Note 19)	**4,040,786,336**	4,175,801,469
Lease liabilities - current portion (Note 15)	**59,498,415**	109,584,293
Contract liabilities - current portion (Note 8)	**2,156,537,356**	483,716,984
Long-term debt - current portion (Note 20)	**3,594,469,156**	2,990,877,354
Due to related parties (Note 27)	**184,574,799**	230,788,824
Total Current Liabilities	**14,175,866,062**	12,519,768,924
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 20)	**5,572,417,174**	3,453,660,377
Lease liabilities - net of current portion (Note 15)	**175,730,104**	532,485,017
Contract liabilities - net of current portion (Note 8)	**58,516,232**	125,826,185
Retirement liability - net (Note 28)	**–**	226,688,178
Other noncurrent liability (Note 19)	**132,035,700**	146,036,293
	5,938,699,210	4,484,696,050
Total Liabilities	**20,114,565,272**	17,004,464,974
Equity		
Capital stock (Note 30)	1,106,401,386	1,066,401,386
Additional paid-in capital (Note 30)	**14,362,046,998**	6,402,046,998
Treasury stock	**(3,720,790)**	(3,720,790)
Other comprehensive loss - net (Notes 11 and 28)	**1,373,385,090**	251,559,139
Retained earnings (Note 31)	**3,747,310,923**	4,509,128,956
Total Equity	**20,585,423,607**	12,225,415,689
	₱40,699,988,879	₱29,229,880,663

See accompanying Notes to Parent Company Financial Statements.

EEI CORPORATION
PARENT COMPANY STATEMENTS OF INCOME

	Years Ended December 31		
	2024	2023	2022
REVENUE (Note 21)	**₱11,630,846,195**	₱16,115,042,715	₱12,130,479,859
COSTS OF SALES AND SERVICES (Note 22)	**11,669,367,851**	12,293,251,648	10,545,096,683
GROSS PROFIT (LOSS)	**(38,521,656)**	3,821,791,067	1,585,383,176
SELLING AND ADMINISTRATIVE EXPENSES (Note 23)	**(1,672,098,424)**	(1,176,236,772)	(1,366,510,739)
EQUITY IN NET EARNINGS OF JOINT VENTURES (Note 13)	**101,529,885**	84,229,585	37,693,270
INTEREST INCOME (Notes 6, 7, 24 and 27)	**68,849,051**	67,497,419	30,240,978
DIVIDEND INCOME (Notes 11 and 12)	**2,224,797,200**	1,231,060,449	464,891,604
OTHER INCOME (CHARGES) - net (Note 25)	**(191,108,343)**	45,086,910	368,820,048
FINANCE COSTS AND OTHER EXPENSES			
Interest expense (Notes 15, 18 and 20)	**(1,060,904,132)**	(767,219,403)	(396,257,260)
Foreign exchange gains (losses) - net	**(3,315,581)**	(4,974,483)	23,662,960
	(1,064,219,713)	(772,193,886)	(372,594,300)
INCOME (LOSS) BEFORE INCOME TAX	**(570,772,000)**	3,301,234,772	747,924,037
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 26)			
Current	**58,571,340**	524,177,188	223,618,207
Deferred	**(266,259,807)**	(34,802,725)	(217,587,126)
	(207,688,467)	489,374,463	6,031,081
NET INCOME (LOSS)	**(363,083,533)**	₱2,811,860,309	₱741,892,956
Earnings (loss) per share - basic and diluted (Note 34)	**(₱0.6627)**	₱2.3286	₱0.4273

See accompanying Notes to Parent Company Financial Statements.

EEI CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023	2022
NET INCOME (LOSS)	**(₱363,083,533)**	₱2,811,860,309	₱741,892,956
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss in subsequent periods:			
Fair value change on equity investments (Note 11)	**113,168,387**	5,508,595	103,482,194
Remeasurement gain (loss) on retirement liability (Note 28)	**1,367,510,429**	(176,296,595)	176,991,446
Income tax effect	**(358,852,865)**	41,289,062	(59,866,632)
	1,121,825,951	(129,498,938)	220,607,008
TOTAL COMPREHENSIVE INCOME	**₱758,742,418**	₱2,682,361,371	₱962,499,964

See accompanying Notes to Parent Company Financial Statements.

EEI CORPORATION

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

				Other Comprehensive Income – Net of Deferred Tax Effect				
	Capital Stock	Additional Paid-in Capital	Treasury Stock	Remeasurement Loss on Defined Benefit Plan (Note 28)	Fair Value Reserve on Equity Investment at FVOCI (Note 11)	Subtotal	Unappropriated Retained Earnings (Note 31)	
Balances at January 1, 2022	1,066,401,386	6,402,046,998	(3,720,790)	(111,122,879)	274,745,141	163,622,262	1,749,673,498	9,378,023,354
Net loss	–	–	–	–	–	–	741,892,956	741,892,956
Other comprehensive income (loss)	–	–	–	132,743,585	87,863,423	220,607,008	–	220,607,008
Total comprehensive income (loss)	–	–	–	132,743,585	87,863,423	220,607,008	741,892,956	962,499,964
Dividends declared	–	–	–	–	–	–	(398,734,500)	(398,734,500)
Balances at December 31, 2022	₱1,066,401,386	₱6,402,046,998	(₱3,720,790)	₱21,620,706	₱362,608,564	₱384,229,270	₱2,092,831,954	₱9,941,788,818
Net income (loss)	–	–	–	–	–	–	2,811,860,309	2,811,860,309
Other comprehensive income	–	–	–	(132,222,447)	2,723,509	(129,498,938)	–	(129,498,938)
Reclassification from other comprehensive income to retained earnings	–	–	–	–	(3,171,193)	(3,171,193)	3,171,193	–
Total comprehensive income	–	–	–	(132,222,447)	(447,684)	(132,670,131)	2,815,031,502	2,682,361,371
Dividends declared	–	–	–	–	–	–	(398,734,500)	(398,734,500)
Balances at December 31, 2023	**₱1,066,401,386**	**₱6,402,046,998**	**(₱3,720,790)**	**(₱110,601,741)**	**₱362,160,880**	**₱251,559,139**	**₱4,509,128,956**	**₱12,225,415,689**
Issuance of preference shares	**40,000,000**	**7,960,000,000**	**–**	**–**	**–**	**–**	**–**	**8,000,000,000**
Net income	**–**	**–**	**–**	**–**	**–**	**–**	**(363,083,533)**	**(363,083,533)**
Transfer of fair value reserve of equity instruments designated at FVOCI	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other comprehensive income (loss)	**–**	**–**	**–**	**1,025,632,822**	**96,193,129**	**1,121,825,951**	**–**	**1,121,825,951**
Total comprehensive income (loss)	**–**	**–**	**–**	**1,025,632,822**	**96,193,129**	**1,121,825,951**	**(363,083,533)**	**758,742,418**
Dividends declared	**–**	**–**	**–**	**–**	**–**	**–**	**(398,734,500)**	**(398,734,500)**
Balances at December 31, 2024	**₱1,106,401,386**	**₱14,362,046,998**	**(₱3,720,790)**	**₱915,031,081**	**₱458,354,009**	**₱1,373,385,090**	**₱3,747,310,923**	**₱20,585,423,607**

EEI CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**(₱570,772,000)**	₱3,301,234,772	₱747,924,037
Adjustments for:			
Depreciation and amortization (Notes 14, 15, 22 and 23)	**434,164,899**	484,377,137	518,086,131
Interest expense (Notes 15, 18 and 20)	**1,060,904,132**	767,219,403	396,257,260
Movements in retirement liability	**106,512,757**	79,035,635	90,594,774
Provision for impairment losses (Notes 9 and 12)	–	–	10,698,128
Loss (Gain) on sale of investment property (Note 25)	–	–	200,500
Gain on sale of scraps (Note 25)	**(488)**	(317,742)	(547,385)
Unrealized foreign exchange gain - net	**339,579**	(482,222)	(23,662,960)
Gain on termination of lease (Note 15)	**(111,514,584)**	–	–
Interest income (Notes 6, 7, 24 and 27)	**(68,849,051)**	(67,497,419)	(30,240,978)
Equity share in net losses of joint venture (Note 13)	**(101,529,885)**	(84,229,585)	(37,693,270)
Gain on sale of investment (Note 12)	–	(35,985,167)	–
Gain (loss) on sale of property and equipment (Note 25)	**311,637,200**	1,110,090	(341,068,814)
Dividend income (Notes 11 and 12)	**(2,224,797,200)**	(1,231,060,449)	(464,891,604)
Operating income before changes in working capital	**(1,163,904,641)**	3,213,404,453	865,655,819
Decrease (increase) in:			
Receivables	**780,635,138**	(990,892,569)	356,922,529
Contract assets	**(1,258,213,487)**	(2,437,844,360)	(485,879,378)
Due from related parties	**1,996,328,923**	(2,132,504,577)	(224,531,493)
Inventories	**309,217,633**	(325,762,081)	209,226,385
Other current assets	**(390,086,104)**	38,810,060	189,402,343
Increase (decrease) in:			
Accounts payable and other current liabilities	**(117,139,507)**	47,602,714	(827,170,919)
Contract liabilities	**1,605,510,419**	(577,971,494)	174,893,313
Due to related parties	**(46,214,025)**	10,232,499	(145,337,904)
Cash generated from (used in) operations	**1,716,134,349**	(3,154,925,355)	113,180,695
Interest received	**68,849,051**	67,497,419	30,240,978
Interest paid	**(1,030,657,617)**	(785,314,554)	(403,654,370)
Income tax paid, net of withholding taxes	**(367,992,920)**	(242,979,293)	(223,618,207)
Net cash flows provided by (used in) operating activities	**386,332,863**	(4,115,721,783)	(483,850,904)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals of:			
Property and equipment (Notes 12 and 14)	**3,981,789,130**	9,031,787	928,233,931
Equity investments at fair value through other comprehensive income (FVOCI)	–	4,000,000	–
Decrease in loan from ERFI (Note 27)	**480,000,000**	–	–

(Forward)

Additions to:			
Property and equipment (Notes 12 and 14)	**(₱4,746,381,312)**	(₱82,938,144)	(₱150,768,746)
Investments in subsidiaries (Note 12)	**(4,811,264,390)**	–	(25,000,000)
Investment properties (Note 16)	**(1,200,000,000)**	–	–
Loan to retirement fund (Note 27)	–	–	(1,200,000,000)
Dividends received (Notes 11 and 12)	**23,699,827**	1,307,820,803	283,131,250
Net cash flows used in investing activities	**(6,272,156,745)**	1,237,914,446	(164,403,565)
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of:			
Bank loans (Note 18)	**11,762,000,000**	11,629,000,000	12,450,000,000
Long-term debt - net of transaction costs (Note 20)	**6,467,102,084**	5,230,000,000	–
Issuance of preferred shares (Note 30)	**8,000,000,000**	–	–
Payments of:			
Bank loans (Note 18)	**(12,151,000,000)**	(10,500,000,000)	(12,300,000,000)
Long-term debt (Note 20)	**(3,775,000,000)**	(3,375,000,000)	(3,500,000,000)
Principal portion lease liabilities (Note 15)	**(103,977,072)**	(100,268,843)	(68,722,819)
Cash dividends (Note 31)	**(398,734,500)**	(398,734,500)	(398,734,500)
Net cash flows provided by (used in) financing activities	**9,800,390,512**	2,484,996,657	(3,817,457,319)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(3,786,101)**	–	(23,662,960)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,910,780,529**	(392,810,680)	(4,489,374,748)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,476,402,592**	1,869,213,272	6,358,588,020
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱5,387,183,121**	₱1,476,402,592	₱1,869,213,272

See accompanying Notes to Parent Company Financial Statements.

1. Corporate Information and Authorization for Issuance of Parent Company Financial Statements

EEI 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 parent company 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 accompanying parent company 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 parent company 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 parent company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards.

The accompanying parent company financial statements are the parent company's separate financial statements prepared in compliance with PAS 27, *Separate Financial Statements*. These financial statements are prepared for submission to the Philippine Bureau of Internal Revenue (BIR). The Parent Company also prepares and issues consolidated financial statements for the same period as the separate financial statements in accordance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards. These may be obtained at the Securities and Exchange Commission (SEC) Head Office, Philippine International Convention Center (PICC), Roxas Boulevard, Pasay City or at the Parent Company's registered office address.

3. **Changes in Accounting Policies**
The accounting policies adopted are consistent with those of the previous financial year, except that the Parent Company has adopted the following new accounting pronouncements starting January 1, 2024. Adoption of these pronouncements did not have any significant impact on the Parent Company's financial statements unless otherwise indicated.

The Parent Company did not early adopt any other standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these pronouncements does not have a significant impact on the financial statements unless otherwise indicated.

- 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 Parent Company 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 Parent Company's 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
  - 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.

  - 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

The Parent Company 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.

The Parent Company as a lessee
The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent Company 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 Parent Company recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date ease 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 (EUL) of the assets, as follows:

Land	10-66 years (Lease term)
Buildings	2-10 years (EUL)

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 Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

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 Parent Company 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, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Parent Company 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.

The Parent Company as a lessor
Leases in which the Parent Company 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 Parent Company expects to be entitled in exchange for those goods or services. The Parent Company 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 Parent Company 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 Parent Company'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 Parent Company 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 Parent Company's performance. The Parent Company 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 entitled and expected 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 Parent Company 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 Parent Company 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 Parent Company 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 Parent Company's effort (i.e., costs incurred) and the transfer of service to the customer. The Parent Company excludes the effect of any costs incurred that do not contribute to the Parent Company'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 Parent Company's progress in satisfying the performance obligation (such as uninstalled materials).

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.

Onerous contracts
If the Parent Company 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 Parent Company 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 Parent Company 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 Parent Company'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 Parent Company 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 Parent Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Parent Company 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 Parent Company performs under the contract.

The Parent Company presents each contract with customer in the parent company 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 parent company 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 services include all direct materials and labor costs and those indirect costs related to contract performance.

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 Noncurrent Classification
The Parent Company presents assets and liabilities in the parent company 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 Parent Company classifies all other liabilities as non-current. Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

Cash
Cash includes cash on hand and in bank.

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 Parent Company.

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 Parent Company 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 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 financial statements on a recurring basis, the Parent Company 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 Parent Company 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 Parent Company recognizes a financial asset or a financial liability in the parent company 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 Parent Company 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 Parent Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component 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 Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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 Parent Company 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 Parent Company's financial assets at amortized cost includes Cash, Receivables, Due from related parties and Miscellaneous deposits.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Parent Company 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 parent company statement of income when the right of payment has been established, except when the Parent Company 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 Parent Company elected to classify irrevocably all its equity investments under this category.

The Parent Company 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 Parent Company 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 Parent Company 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 Parent Company applies a simplified approach in calculating ECLs. Therefore, the Parent Company 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 Parent Company 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 Parent Company 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 Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities
The accounting for the Parent Company's financial liabilities remains the same as it was under PAS 39. The Parent Company 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 Parent Company has no financial liabilities at FVPL.

Subsequent to initial recognition, the Parent Company'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 parent company 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 Parent Company'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 Parent Company of similar financial assets) is derecognized when: (a) the rights to receive cash flows from the asset have expired; or (b) 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 Parent Company 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 Parent Company'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 Parent Company 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 parent company statement of income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Parent Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Parent Company and all of the counterparties.

Investments in Subsidiaries
Investments in shares of stock of the subsidiaries and joint venture are carried at cost less accumulated impairment losses, if any.

A subsidiary is an entity that is controlled by the Parent Company. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in shares of stock of the following entities are accounted for under the cost method:

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2024 Direct	2024 Indirect	2023 Direct	2023 Indirect
Subsidiaries							
EEI Limited (formerly EEI 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
EEI (PNG), Ltd	Papua New Guinea	Holding company	US Dollar	**–**	**100**	–	100
EEI Corporation (Guam), Inc.	United States of America	Construction	US Dollar	**100**	**–**	100	–
EEI Construction and Marine, Inc.	Philippines	Construction	Philippine Peso	**100**	**–**	100	–
EEI Realty Corporation (EEI Realty)	Philippines	Real estate	Philippine Peso	**100**	**–**	100	–
EEI Subic Corporation	Philippines	Construction	Philippine Peso	**100**	**–**	100	–
Equipment 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
Learn JP Corp.	Philippines	Services for improvement in language proficiency	Philippine Peso	**–**	**60**	–	60
EEI Power Corporation (EPC)	Philippines	Power generation	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	–
EEI Energy Solutions Corporation	Philippines	Retail electricity supplier	Philippine Peso	**–**	**100**	–	100
EEI Carga Digital Logistics Corporation (EEI Carga)*	Philippines	Digital logistics	Philippine Peso	**–**	**100**	–	100

**On February 29, 2024, the Board of Directors of JP Systems Asia Inc. (JPSAI) approved the issuance of the remaining Five Million unsubscribed shares. EEI 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).*
***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.*

Investment in Joint Ventures
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 joint venture is accounted for using the equity method of accounting. Under this method, the investment amount is increased or decreased to recognize the Parent Company'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 Parent Company'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 Parent Company and its associate or joint venture are recognized in the 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 Parent Company for like transactions and events in similar circumstances.

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) borrowing costs, 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.

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

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

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

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 parent company statement of income when incurred.

Creditable Withholding Taxes (CWTs)
CWTs represent amounts withheld from income that are subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source to the rules on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within twelve months are classified as current assets.

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 parent company 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 parent company statement of financial position up to the extent of the recoverable amount.

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 Parent Company are as follows:

	Number of Years
Buildings	10 – 20
Machinery, tools and construction equipment	1 – 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 are 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 parent company statement of income in the year the asset is derecognized.

Investment Properties

Investment properties include land that is carried at cost, less impairment loss, if any, including transaction costs.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount of the investment property transferred at the date of change in use. If owner-occupied property becomes an investment property, the Parent Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Software Costs

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

Assets Held for Sale

Noncurrent assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale must be highly probable. For the sale to be highly probable, (a) an appropriate level of management must be committed to a plan to sell the asset, (b) an active program must have been initiated, (c) the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value, (d) the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and (e) actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Noncurrent assets classified as held for sale are measured at the lower of their previous carrying amount, net of any impairment, and fair value less costs to sell.

Impairment loss is recognized for any subsequent write-down of the asset to fair value less costs to sell. Gain for any subsequent increase in fair value less costs to sell of an asset is also recognized, but not in excess of the cumulative impairment loss that has been previously recognized.

If the Parent Company has classified an asset as held for sale but the criteria as set out above no longer met, the Parent Company ceases to classify the asset as held for sale. The Parent Company measures a noncurrent asset that ceased to be classified as held for sale at the lower of (a) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset not been classified as held for sale, and (b) is recoverable amount at the date of the subsequent decision not to sell.

Impairment of Non-financial Assets

For Property and equipment, Right-of-use assets, Software costs, Asset held for sale, Investments in associates and joint venture and Investment properties, the Parent Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Parent Company 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 Parent Company's 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 parent company 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 parent company 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 Parent Company'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 Parent Company (the Philippine Peso) at the closing rate as at the reporting date, and the 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 parent company 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 Parent Company, nor can they be paid directly to the Parent Company.

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, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, 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 Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate 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 Parent Company 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 Parent Company records a provision for the loss it expects to make on such contract.

Contingencies
Contingent liabilities are not recognized in the financial statements but disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the Parent Company financial statements but disclosed in the notes to Parent Company 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 Parent Company 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. When the Parent Company 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 of. 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.

Treasury Stock
When the Parent Company 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 of. 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.

Appropriated Retained Earnings
Appropriated retained earnings are set aside for specific purpose as approved by the Board of Directors.

Unappropriated Retained Earnings
Unappropriated retained earnings can be allocated for specific purposes and can be distributed as dividend.

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 Parent Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed when material, in notes the financial statements.

5. Significant Accounting Judgments and Estimates

The preparation of the parent company financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, 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.

Judgments
Determination of lease term of contracts with renewal and termination options – Parent Company as a lessee
The Parent Company has several lease contracts that include extension and termination options. The Parent Company 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 Parent Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Parent Company 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 Parent Company 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.

Recognition of revenue from construction contracts
Under PFRS 15, the Parent Company 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 Parent Company 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 Parent Company believes that this method faithfully depicts the Parent Company's performance towards satisfaction of its performance obligation because there is a direct relationship between the Parent Company's effort (i.e., costs incurred) and the transfer of service to the customer (Note 20).

Provisions and contingencies
The Parent Company is involved in various claims in the ordinary course of business. Management and its legal counsels believe that the Parent Company has substantial legal and factual bases for its position. The Parent Company's management believes that the outcome of these claims will not have a material adverse effect on the Parent Company'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.

Assessment of joint control
Judgment is required to determine when the Parent Company 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 Parent Company 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 Parent Company 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 13 for details of the Parent Company's investment in joint ventures.

Assets classified as held-for-sale
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.

<u>Estimates and Assumptions</u>
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 Parent Company 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 Parent Company. Such changes are reflected in the assumptions when they occur.

Leases - Estimating the incremental borrowing rate
The Parent Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Parent Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Parent Company 'would have to pay', which requires

estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Parent Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Parent Company's lease liabilities amounted to ₱0.24 billion and ₱0.64 billion as of December 31, 2024 and 2023, respectively (Note 15).

Estimating variable considerations arising from change orders and claims
The Parent Company 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 Parent Company to recognize, as part of its revenue from construction contracts, the estimated amounts the Parent Company 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 Parent Company 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 Parent Company 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.

Provision for expected credit losses of trade receivables and contract assets
The Parent Company uses the simplified approach in calculating the ECL of its trade receivables and contract assets wherein the Parent Company 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 Parent Company'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 Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The aggregate carrying values of receivables and contract assets arising from construction contracts amounted to ₱15.8 billion and ₱15.1 billion as of December 31, 2024 and 2023, respectively. (Notes 7 and 8).

Fair value measurement of unquoted equity investments at FVOCI
The Parent Company uses the adjusted net asset method to estimate the fair value of investment in Hermosa Ecozone Development Corporation (HEDC). This valuation technique requires significant unobservable inputs to calculate the fair value of its unquoted equity investments at FVOCI. These inputs include 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 ₱589.8 million and ₱494.3 million as of December 31, 2024 and 2023, respectively (Note 11).

Estimation of retirement obligation
The determination of the obligation and cost of retirement benefits are dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rate and salary increase rate. While the Parent Company 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 ₱1,033.6 million as of December 31, 2024 while retirement liabilities amounted to ₱226.7 million as of December 31, 2023 (Note 28).

Realizability of deferred tax assets
The Parent Company reviews the carrying amounts of deferred taxes at each balance sheet date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Management believes that it can generate sufficient taxable income to allow all or part of its deferred tax assets to be utilized.

As of December 31, 2024, and 2023, the Parent Company's deferred tax assets amounted to ₱1,656.1 million and ₱1,494.9 million, respectively (Note 26).

Impairment of nonfinancial assets
The Parent Company 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 Parent Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Parent Company to conclude that the assets are impaired. Any resulting impairment loss could have a material adverse impact on the Parent Company's financial position and performance.

The aggregate carrying values of investments in joint ventures, property and equipment, right-of-use assets and investment properties amounted to ₱5.6 billion and ₱2.4 billion as of December 31, 2024 and 2023, respectively (Notes 13, 14 and 15).

Classification of creditable withholding tax
The Parent Company classify 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 after twelve months after the reporting period is classified as noncurrent.

CWT recognized by the Parent Company are disclosed in Notes 10 and 17 to the financial statements.

6. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	**₱5,747,931**	₱5,639,244
Cash in banks	**4,881,435,190**	1,420,763,348
Cash equivalents	**500,000,000**	50,000,000
	₱5,387,183,121	₱1,476,402,592

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 Company and earn annual interest at the respective short-term investment rates.

Interest income from cash in banks amounted to ₱6.8 million, ₱5.2 million, ₱27.6 million in 2024, 2023 and 2022, respectively (Note 24).

Allowance for expected credit losses (ECL) on cash in banks amounted to ₱2,209 as of December 31, 2024, and 2023, respectively (Note 23).

7. Receivables

This account consists of:

	2024	2023
Trade receivables	**₱1,811,328,062**	₱2,547,039,314
Dividend receivables (Notes 12 and 13)	**161,300,173**	105,000,000
Receivable from ERFI	**72,000,000**	–
Receivable from sale of investment properties	**13,573,112**	14,924,186
Other receivables	**32,634,010**	25,445,275
	2,090,835,357	2,692,408,775
Less: Allowance for ECL	**56,694,829**	72,493,322
	₱2,034,140,528	₱2,619,915,453

Movements in the allowance for expected credit losses on trade receivables for the years ended December 31 are as follows:

	2024	2023
Balance at beginning of year	**₱72,493,322**	₱12,897,586
Provisions (recovery) [Note 23]	**(15,798,493)**	59,595,736
	₱56,694,829	₱72,493,322

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

In 2017, certain trade receivables were reclassified as receivables from customers, under other receivables, after the Parent Company and the customers agreed to extend the credit terms. These receivables bear interest of 5% per annum and will be repaid in five (5) years' time. As of December 31, 2024, and 2023, the related receivables are not yet paid. Interest income on receivables from customers amounted to ₱0.6 million, ₱0.6 million and ₱0.7 million in 2024, 2023 and 2022, respectively (Note 24).

8. Contract Assets and Liabilities

Contract assets

The Parent Company presents contract receivable and retentions withheld by customers as contract assets. The Parent Company's contract receivable pertains to accomplishments completed as of reporting period but not yet billed to customers and not yet due for payment. 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 account receivables upon billing to the customer.

The Parent Company's contract assets amounted to ₱13.8 billion and ₱12.5 billion as of December 31, 2024 and 2023, respectively. The significant increase is due to the recognition of additional accomplishment from completed and on-going projects upon reconciliation and agreement of quantities with the customer.

Details of the Parent Company's contract assets as of December 31, 2024 and 2023 are shown below.

	2024		
	Current	**Noncurrent**	**Total**
Contract asset	**₱9,987,796,766**	**₱4,522,725,361**	**₱14,510,522,127**
Less: Allowance for expected credit losses	**(405,758,094)**	**(318,675,510)**	**(724,433,604)**
Balances as at December 31	**₱9,582,038,672**	**₱4,204,049,851**	**₱13,786,088,523**

	2023		
	Current	Noncurrent	Total
Contract asset	₱6,345,498,993	₱6,439,542,977	₱12,785,041,970
Less: Allowance for expected credit losses	(10,507,344)	(246,659,590)	(257,166,934)
Balances as at December 31	₱6,334,991,649	₱6,192,883,387	₱12,527,875,036

Movement in the allowance for expected credit losses for the years ended December 31 are as follows:

	2024		
	Current	**Noncurrent**	**Total**
Balance as at beginning of year	**₱10,507,344**	**₱246,659,590**	**₱257,166,934**
Provision (Note 23)	**395,250,750**	**72,015,920**	**467,266,670**
Balance as at end of year	**₱405,758,094**	**₱318,675,510**	**₱724,433,604**

	2023		
	Current	Noncurrent	Total
Balance as at beginning of year	₱21,895,118	₱8,684,453	₱30,579,571
Provision (Note 23)	–	237,975,137	237,975,137
Recoveries (Note 23)	(11,387,774)	–	(11,387,774)
Balance as at end of year	₱10,507,344	₱246,659,590	₱257,166,934

<u>Contract liabilities</u>

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

	2024	2023
Total contract liabilities	**₱2,215,053,588**	₱609,543,169
Less current portion	**2,156,537,356**	483,716,984
	₱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 ₱191.7 million, respectively.

9. Inventories

This account consists of:

	2024	2023
Construction materials	**₱673,214,882**	₱978,569,343
Allowance for inventory obsolescence	**(11,435,015)**	(7,572,331)
	₱661,779,867	₱970,997,012

The Parent Company reversed allowance for inventory obsolescence amounting to ₱14.3 million in 2022 (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 2023. The Parent Company recognized provision for inventory obsolescence amounting to ₱3.9 million in 2024 (nil in 2023 and 2022).

10. Other Current Assets

This account consists of:

	2024	2023
Advances to suppliers and subcontractors	**₱590,259,890**	₱524,804,037
Creditable withholding taxes (CWT)	**306,919,229**	130,902,255
Input VAT	**266,104,000**	–
Miscellaneous deposits	**100,330,620**	112,940,109
Deferred input VAT	**35,342,309**	67,362,545
Advances to officers and employees	**77,414,837**	40,421,280
Prepaid expenses	**66,627,761**	29,799,412
Others	**33,652,262**	28,900,941
	1,476,650,908	935,130,579
Less allowance for impairment losses	**57,192,827**	63,274,702
	₱1,419,458,081	₱871,855,877

CWTs pertain to unutilized creditable withholding taxes which will be used as tax credit against income taxes due. The Parent Company determines that taxes withheld can be recovered in future periods. The Parent Company classified CWT as current based on assessment that it will be used as tax credits within the next twelve months from reporting period, otherwise, it is classified as noncurrent (see Note 17).

Miscellaneous deposits mainly represent the Parent Company's refundable rental, utilities and guarantee deposits on various leased properties, machinery and equipment items.

Movement in the allowance for impairment losses for the year ended December 31, 2024 follows:

	2024			
	Advances to suppliers and subcontractors	**Miscellaneous deposits**	**Advances to officers and employees**	**Total**
Balances at beginning of year	**₱20,133,033**	**₱41,265,425**	**₱1,876,244**	**₱63,274,702**
Provision (Note 23)	**2,371,777**	**–**	**–**	**2,371,777**
Recoveries	**–**	**(8,453,652)**	**–**	**(8,453,562)**
Balances at end of year	**₱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 at beginning of year	₱13,093,959	₱41,265,425	₱1,035,813	₱55,395,197
Provision (Note 23)	7,039,074	–	840,431	7,879,505
Balances at end of year	₱20,133,033	₱41,265,425	₱1,876,244	₱63,274,702

11. **Equity Investments at FVOCI**

This account consists of:

	2024	2023
Quoted securities - at fair value	**₱64,522,540**	₱46,858,748
Unquoted securities	**589,785,325**	494,280,730
	₱654,307,865	₱541,139,478

The rollforward analyses of equity investments at FVOCI for the years ended December 31 follows:

	2024	2023
Balances at beginning of year	**₱541,139,478**	₱539,630,883
Fair value changes	**113,168,387**	5,508,595
Disposals	**–**	(4,000,000)
Balances at end of year	**₱654,307,865**	₱541,139,478

The unquoted securities consist of shares of the following companies:

	2024	2023
Hermosa Ecozone Development Corporation	**₱586,053,258**	₱490,651,881
YGC Corporate Services, Inc.	**3,305,447**	3,305,447
Brightnote Assets Corporation	**378,945**	275,727
Architectural Center Club, Inc.	**32,000**	32,000
Philippine Contractors Association	**10,000**	10,000
Philippine Exporters Trading Corporation	**5,000**	5,000
Others	**675**	675
	₱589,785,325	₱494,280,730

The Parent Company 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.

Hermosa Ecozone Development Corporation (HEDC)
The fair value of the Parent Company'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 and 2023, respectively.

No dividends were earned from the equity investments in HEDC in 2024, 2023 and 2022.

Other quoted equity investment
In 2023, the Parent Company 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.

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

	2024	2023
Balances at beginning of year	**₱362,160,880**	₱362,608,564
Fair value changes	**96,193,129**	2,723,509
Disposals	–	(3,171,193)
Balances at end of year	**₱458,354,009**	₱362,160,880

12. **Investment in Subsidiaries**

This account consists of:

	2024	2023
Acquisition cost		
Balance at beginning of year	**₱2,274,648,670**	₱2,380,648,589
Additions	**4,811,264,390**	–
Disposals	–	(105,999,919)
Balance at end of year`	**7,085,913,060**	2,274,648,670
Allowance for impairment losses	**(15,457,661)**	(15,457,661)
	₱7,070,455,399	₱2,259,191,009

Movements in the allowance for impairment losses for the years ended December 31 are as follows:

	2024	2023
Balances at beginning of year	**₱15,457,661**	₱121,457,580
Disposal	–	(105,999,919)
Balances at end of year	**₱15,457,661**	₱15,457,661

The Parent Company received three parcels of land located in Tanza, Cavite with total area of 183,316 sqm. as property dividend from its subsidiary EEI Realty Corporation ("ERC"). The property dividend was recorded by the Parent Company as property and equipment at fair value of ₱2,145 million as evidenced by Certificate of Filing the Notice of Property Dividend Declaration approved by the SEC on December 23, 2024. This is treated as noncash investing activity in 2024 financial statements. The land is being leased by the Parent Company from ERC prior to property dividend. Subsequently, in December 2024, the Parent Company entered into a sale and lease back arrangement with EEI Retirement Fund Inc. (“ERFI”). Under the sale and leaseback arrangement the property was sold to ERFI at ₱1,833 million and leased the same from ERFI for the equipment yard and motorpool of the Parent Company. The Parent Company recorded loss from sale amounting to ₱312 million in 2024 (see Note 25).

In 2024 and 2023, the Parent Company also earned cash dividends amounting to ₱80.0 million and ₱1,231.0 million, respectively, from the subsidiaries. Cash dividend received in 2023 amounted to ₱1,307.8 million (nil in 2024) (see Note 7).

In November 2023, the Parent Company entered into a share purchase agreement to sell its shares in BiotechJP for a consideration of ₱50.0 million payables in installments until December 2030. As a result of this transaction, the Parent Company recognized long-term installment receivable and gain on disposal of ₱36.0 million (see Note 25).

13. **Investment in Joint Ventures**

In 2019, Saiga Co., Ltd., EEI Corporation and Showa Leasing Co. Ltd. entered into a Shareholders’ Agreement to form Shinbayanihan Heavy Equipment Corporation (SHEC). 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. The Parent Company accounted the investment as investment in joint venture.

On September 12, 2019, EEI Corporation entered into an unincorporated joint venture agreement with Shimizu Corporation, Fujita Corporation and Takenaka Civil Engineering & Construction Co. Ltd. to form SFTE JV 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, EEI acquired a proportionate share of 5% on the assets, liabilities, costs, profits and losses arising out of the execution of the works as identified in the contract with DOTr. The Parent Company accounted the investment as investment in joint venture. The Parent Company has no initial investment in 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.

On October 13, 2019, EEI Corporation 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 Parent Company’s participating interest in the joint venture is 30%. The Parent Company accounted the investment as investment in joint venture. The Parent Company has no initial investment in 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.

On May 13, 2023, Lotte Gulermak EEI Joint Venture (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 Parent Company 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 Parent Company's participating interest in the joint venture is 25%.

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

The Parent Company also entered into joint venture agreements with certain contractors for the purpose of establishing unincorporated joint ventures, the object 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 Parent Company has no initial capital investment on the joint ventures as these are unincorporated. The Parent Company accounts for these joint ventures under equity method of accounting.

Details of the investment in joint ventures accounted for under equity method follows:

	2024				
	SHEC	**SFTE JV**	**AE**	**LGE JV**	**Total**
Cost	**₱20,800,000**	**₱-**	**₱-**	**₱-**	**₱20,800,000**
Accumulated equity in net losses:					
Balance at beginning of year	**2,069,877**	**41,390,473**	**104,858,263**	**–**	**148,318,613**
Equity in net losses	**(178,229)**	**41,354,645**	**60,353,469**	**–**	**101,529,885**
Balance at end of year	**1,891,648**	**82,745,118**	**165,211,732**	**–**	**249,848,498**
Dividends	**–**	**–**	**(60,353,146)**	**–**	**(60,353,146)**
	₱22,691,648	**₱82,745,118**	**₱104,858,586**	**₱-**	**₱210,295,352**

	2023				
	SHEC	SFTE JV	AE	LGE JV	Total
Cost	₱20,800,000	₱–	₱–	₱–	₱20,800,000
Accumulated equity in net losses:					
Balance at beginning of year	313,289	9,357,434	54,418,305	–	64,089,028
Equity in net earnings	1,756,588	32,033,039	50,439,958	–	84,229,585
Balance at end of year	2,069,877	41,390,473	104,858,263	–	148,318,613
	₱22,869,877	₱41,390,473	₱104,858,263	₱–	169,118,613

Below are the summarized financial information relating to the joint ventures as at December 31:

	2024			
	SHEC	**SFTE JV**	**AE**	**LGE**
Current assets	**₱54,013,132**	**₱55,068,074,033**	**₱1,894,591,134**	**₱2,694,034,033**
Noncurrent assets	**60,191,253**	**–**	**1,191,215,138**	**75,537,918**
Total assets	**114,204,385**	**55,068,074,033**	**3,085,806,272**	**2,769,571,951**
Current liabilities	**8,979,586**	**53,413,171,676**	**2,714,383,804**	**3,010,802,467**
Noncurrent liabilities	**31,855,682**	**–**	**21,893,848**	**8,586,549**
Total liabilities	**40,835,268**	**53,413,171,676**	**2,736,277,652**	**3,019,389,016**
Preferred stock	**16,640,000**	**–**	**–**	**–**
Net assets (liabilities) of the investee	**₱56,729,117**	**₱1,654,902,357**	**₱349,528,620**	**(₱249,817,065)**

	2023			
	SHEC	SFTE JV	Acciona	LGE
Current assets	₱59,092,451	₱42,435,930,501	₱4,413,414,603	₱2,345,352,355
Noncurrent assets	64,692,620	–	505,045,210	38,497,790
Total assets	123,785,071	42,435,930,501	4,918,459,813	2,383,850,145
Current liabilities	7,968,095	41,608,121,044	4,296,612,409	2,427,453,692
Noncurrent liabilities	42,002,284	–	272,319,860	218,800
Total liabilities	49,970,379	41,608,121,044	4,568,932,269	2,427,672,492
Preferred stock	16,640,000	–	–	–

Net assets (liabilities) of the investee	₱57,174,692	₱827,809,457	₱349,527,544	(₱43,822,347)

Below is the summary of statements of comprehensive income (loss) of the joint ventures for years ended December 31:

	2024			
	SHEC	**SFTE JV**	**AE**	**LGE**
Revenue	**₱8,023,783**	**₱827,092,900**	**₱3,869,437,093**	**₱208,943,043**
Cost	**(5,921,660)**	**–**	**(2,504,300,803)**	**(200,057,558)**
Gross margin	**2,102,123**	**827,092,900**	**1,365,136,290**	**8,885,485**
Operating expenses	**(3,775,791)**	**–**	**(1,250,731,885)**	**(341,310,387)**
Other income	**1,228,091**	**–**	**86,773,825**	**175,451,787**
Net income	**(445,577)**	**827,092,900**	**201,178,230**	**(156,973,115)**
Proportionate ownership in the joint venture	**40%**	**5%**	**30%**	**25%**
Equity in net earnings	**(₱178,229)**	**₱41,354,645**	**₱60,353,469**	**₱–**

	2023			
	SHEC	SFTE JV	AE	LGE JV
Revenue	₱16,449,078	₱640,660,780	₱4,664,615,318	₱151,302,451
Cost	(8,539,730)	–	(3,388,371,392)	(129,247,989)
Gross margin	7,909,348	640,660,780	1,276,243,926	22,054,462
Operating expenses	(3,981,350)	–	(1,163,615,694)	(65,876,808)
Other income	463,472	–	55,504,961	–
Net income	4,391,470	640,660,780	168,133,193	(43,822,346)
Proportionate ownership in the joint venture	40%	5%	30%	25%
Equity in net earnings	₱1,756,588	₱32,033,039	₱50,439,958	₱–

Other relevant financial information of SHEC as of December 31 follows:

	2024	2023
Cash and cash equivalents	**₱31,581,145**	₱37,208,272
Depreciation and amortization	**5,182,279**	5,130,960
Interest income	**72,376**	134,344

Other relevant financial information of SFTE as of December 31 follows:

	2024	2023
Cash and cash equivalents	**₱16,101,388,316**	₱16,478,900,417
Interest income	**827,092,900**	640,660,782

Other relevant financial information of AE as of December 31 follows:

	2024	2023
Cash and cash equivalents	**₱1,061,794,552**	₱1,288,291,156
Depreciation and amortization	**139,794,130**	100,089,687
Interest income	**17,117,543**	32,115,331

Other relevant financial information of LGE as of December 31 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 financial statements follows:

	2024		
	SHEC	**SFTE JV**	**AE**
Net assets of the investee	**₱56,729,117**	**₱1,654,902,357**	**₱349,528,620**
Proportionate ownership in the joint venture	**40%**	**5%**	**30%**
Share in net identifiable assets	**₱22,691,647**	**₱82,745,118**	**₱104,858,587**

	2023		
	SHEC	SFTE JV	AE
Net assets of the investee	₱57,174,692	₱827,809,457	₱349,527,544
Proportionate ownership in the joint venture	40%	5%	30%
Share in net identifiable assets	₱22,869,877	₱41,390,473	₱104,858,263

Dividend receivable from AE
On December 27, 2024, the Steering Committee of AE approved a partial declaration of profits of which the Parent Company'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 (see Note 7).

14. Property and Equipment

The rollforward analyses of this account are as follow:

	2024						
	Land	**Buildings and leasehold improvements**	**Machinery, tools and construction equipment**	**Furniture, fixtures, and office equipment**	**Transportation and service equipment**	**Construction in progress**	**Total**
Cost							
Balances at beginning of year	**₱296,105**	**₱271,087,929**	**₱4,477,340,367**	**₱475,892,171**	**₱930,805,382**	**₱88,112,532**	**₱6,243,534,486**
Additions	**4,413,902,199**	**38,101,996**	**132,988,419**	**18,839,167**	**48,997,718**	**101,424,661**	**4,754,254,160**
Reclassification of assets	–	–	**(203,159,069)**	–	**(6,651,786)**	–	**(209,810,855)**
Disposals	**(2,144,797,200)**	**(47,560)**	**(38,962,086)**	**(1,785,013)**	**(26,120,171)**	–	**(2,211,712,030)**
Balances at end of year	**2,269,401,104**	**309,142,365**	**4,368,207,631**	**492,946,325**	**947,031,143**	**189,537,193**	**8,576,265,761**
Accumulated depreciation and amortization							
Balances at beginning of year	–	**171,418,185**	**3,223,229,449**	**420,519,748**	**738,990,402**	–	**4,554,157,784**
Depreciation	–	**16,497,673**	**219,419,949**	**29,472,348**	**84,861,080**	–	**350,251,050**
Reclassification of assets (Note 10)	–	–	**(156,290,852)**	–	**(5,820,312)**	–	**(162,111,164)**
Disposals	–	–	**(38,426,982)**	**(1,785,013)**	**(22,870,905)**	–	**(63,082,900)**
Balances at end of year	–	**187,915,858**	**3,247,931,564**	**448,207,083**	**795,160,265**	–	**4,679,214,770**
Net book values	**₱ 2,269,401,104**	**₱ 121,226,507**	**₱1,120,276,067**	**₱44,739,242**	**₱151,870,878**	**₱189,537,193**	**₱3,897,050,991**

	2023						
	Land	Buildings and leasehold improvements	Machinery, tools and construction equipment	Furniture, fixtures, and office equipment	Transportation and service equipment	Construction in progress	Total
Cost							
Balances at beginning of year	₱296,105	₱271,087,929	₱4,787,811,132	₱449,709,310	₱961,600,104	₱46,790,874	₱6,517,295,454
Additions	–	–	20,971,653	30,772,351	26,788,390	41,321,658	119,854,052
Disposal	–	–	(331,442,418)	(4,589,490)	(57,583,112)	–	(393,615,020)
Balances at end of year	296,105	271,087,929	4,477,340,367	475,892,171	930,805,382	88,112,532	6,243,534,486
Accumulated depreciation and amortization							
Balances at beginning of year	–	155,467,748	3,293,273,513	397,307,307	702,416,874	–	4,548,465,442
Depreciation	–	15,950,437	260,440,417	27,792,427	84,982,204	–	389,165,485
Disposal	–	–	(330,484,481)	(4,579,986)	(48,408,676)	–	(383,473,143)
Balances at end of year	–	171,418,185	3,223,229,449	420,519,748	738,990,402	–	4,554,157,784
Net book values	₱296,105	₱99,669,744	₱1,254,110,918	₱55,372,423	₱191,814,980	₱88,112,532	₱1,689,376,702

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

Construction-in-progress represents buildings and leasehold improvements under construction.

Outstanding liabilities from acquisition of property and equipment amounted to ₱22,141,039 and ₱14,268,191 as of December 31, 2024 and 2023, respectively.

The amount of fully depreciated assets still in use amounted to ₱3,053,522,553 and ₱2,210,281,045 as of December 31, 2024 and 2023, respectively.

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

	2024	2023	2022
Cost of sales and services (Note 22)	**₱281,545,259**	₱320,170,240	₱330,609,246
Selling and administrative expenses (Note 23)	**68,705,791**	68,995,245	99,776,594
	₱350,251,050	₱389,165,485	₱430,385,840

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.

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

In 2024, the Parent Company entered into a 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.

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 23).

15. Leases

The Parent Company as a lessee

The Parent Company has lease contracts for various items of land, buildings and office spaces used in its operations. Leases of land, buildings and office spaces generally have lease terms between 10 and 66 years. The Parent Company'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 Parent Company also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The Company 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 operating lease agreements for the said 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 ₱281.0 million and ₱392.5 million, respectively, were derecognized and the related gain recognized in the 2024 statement of income.

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.

   On December 21, 2022, the Parent Company and EEI-RFI entered into a lease agreement for the Bauan property at ₱3.75 million monthly rental cost with 5% annual escalation beginning 2023 for a term of 5 years subject to renewal under terms and conditions as mutually agreed by both parties (Notes 15 and 27).

c. In May 2016, the Parent Company entered into a lease agreement for a period of three (3) years commencing on July 1, 2016 and expired on June 30, 2019. The leased premises has an escalation of 5% on the rent starting the second year. In July 2019, the Parent Company renewed the lease for a period of three (3) years commencing on July 1, 2019 to June 30, 2022. The lease contract has a rate of ₱10 per square meter for the first year and 5% yearly increase thereafter.

d. On January 1, 2025, the Parent Company entered into a lease contract with EEI-RFI for the lease of land in Tanza, Cavite. The lease is for a term of 5 years with annual escalation of 5%.

   The carrying amount of right-of-use assets and the movement during the year follows:

Cost	**2024**	2023
Balances at beginning of year	**₱578,001,341**	₱650,655,594
Additions	**89,649,403**	20,227,399
Amortization	**(83,913,849)**	(92,881,652)
Disposals	**(280,998,538)**	–
Balances at end of the year	**₱302,738,357**	₱578,001,341

The distribution of the amortization of the Parent Company's right-of-use assets follow:

	2024	2023	2022
Cost of sales and services (Note 22)	**₱22,472,521**	₱27,146,215	₱33,306,286
Selling and administrative expenses (Note 23)	**61,441,328**	65,735,437	54,394,005
Balances at end of the year	**₱83,913,849**	₱92,881,652	₱87,700,291

The carrying amount of lease liability and the movement for the years ended December 31 are as follows:

	2024	2023
Balances at beginning of the year	**₱642,069,310**	₱722,110,754
Additions during the year	**89,649,403**	20,227,399
Disposals	**(392,513,122)**	–
Interest expense	**41,502,703**	51,513,541
Payments	**(145,479,775)**	(151,782,384)
Balances at end of the year	**235,228,519**	642,069,310
Less: current portion	**59,498,415**	109,584,293
Noncurrent portion	**₱175,730,104**	₱532,485,017

The following are the amounts recognized in the statements of income as of December 31, 2023:

	2024	2023	2022
Expenses relating to short-term leases (included in cost of services)	**₱380,720,734**	₱679,158,861	₱383,475,338
Amortization of right-of-use assets	**83,913,849**	92,881,652	87,700,291
Interest expense on lease liabilities	**41,502,703**	51,513,541	39,133,804
Expenses relating to leases of low-value assets (included in general and administrative expenses) [Note 23]	**1,687,988**	1,388,793	10,335,242
	₱507,825,274	₱824,942,847	₱520,644,675

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

	2024	2023
1 year	**₱74,689,860**	₱153,530,956
more than 1 years to 2 years	**73,436,130**	156,888,294
more than 2 years to 3 years	**76,360,697**	160,166,951
more than 3 years to 4 years	**22,746,061**	166,485,636
more than 4 years	**23,883,364**	133,689,961
Total	**₱271,116,112**	₱770,761,798

16. **Investment Property**

In 2024, the Parent Company acquired land in Bataan to be used for lease to third parties amounting to ₱1.2 billion. As of December 31, 2024, the fair value of the land in Bataan amounted to ₱1.4 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). There was no rental income yet from the land in 2024.

17. **Other Noncurrent Assets**

This account consists of:

	2024	2023
Deferred input VAT	**₱518,585**	₱9,527,153
Receivables from EEI RFI (Notes 15 and 26)	**648,000,000**	1,200,000,000
Creditable withholding taxes (Note 10)	**665,302,109**	531,897,503
Others	**36,960,863**	45,507,762
	₱1,350,781,557	₱1,786,932,418

There is no provision for impairment losses for the year ended December 31, 2024 and 2023.

Deferred input VAT pertains to unamortized input VAT on the purchase of capital goods exceeding ₱1.0 million.

On December 21, 2022, the Parent Company executed a loan agreement to EEI RFI amounting to ₱1.2 billion with a principal payment term of 10 years starting 2025 at 5% interest per annum for the purpose of financing EEI RFI's purchase of the EEI Bauan property. 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 (see Note 7).

18. **Bank Loans**

The Parent Company availed 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% - 7.25% and 4.63% - 7.65% in 2024 and 2023, respectively.

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

	2024	2023
Beginning balance	**₱4,529,000,000**	₱3,400,000,000
Availment	**11,762,000,000**	11,629,000,000
Payments	**(12,151,000,000)**	(10,500,000,000)
Ending balance	**₱4,140,000,000**	₱4,529,000,000

Interest expense incurred on these loans amounted to ₱440 million, ₱358.9 million and ₱88.7 million in 2024, 2023, and 2022, respectively.

19. Accounts Payable and Other Current Liabilities

This account consists of:

	2024	2023
Accounts payable (including retention payable amounting to ₱419.12 million and ₱353.33 million in 2024 and 2023, respectively)	**₱3,348,474,292**	₱3,240,975,946
Accrued expenses	**488,962,191**	371,185,080
Output VAT payable	–	115,897,254
Deferred output tax	**67,365,290**	253,305,651
Business taxes payable	**60,555,464**	90,536,828
Withholding taxes and others	**43,115,980**	70,183,155
Regulatory payables	**32,313,119**	33,717,556
	₱4,040,786,336	₱4,175,801,469

Trade payables are non-interest bearing and generally settled on 30 to 90-day terms.

Accrued expenses include accrual of salaries and wages, interests, professional fees, outside services, utilities and other expenses that are expected to be settled within one year.

Output VAT payable is net of any input VAT and is expected to be remitted to the government within one year.

Provisions were provided for claims by third parties in the ordinary course of business. As allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only a general description is provided as the disclosure of additional details beyond the present disclosures may prejudice the Parent Company's position and negotiation strategies with respect to these matters.

Other Noncurrent Liability
Other noncurrent liability solely pertains to the noncurrent portion of the retention payable that is 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 million and ₱146 million, respectively.

20. Long-term Debt

This account consists of:

	2024	2023
Corporate promissory notes	**₱9,166,886,330**	₱6,444,537,731
Less current portion	**3,594,469,156**	2,990,877,354
Non-current portion	**₱5,572,417,174**	₱3,453,660,377

Movements in the account follow:

	2024	2023
Beginning balance	**₱6,444,537,731**	₱4,607,632,882
Availments	**6,500,000,000**	5,230,000,000
Transaction costs	**(32,897,916)**	(39,687,990)
Amortization of transaction costs	**30,246,515**	21,592,839
Payments	**(3,775,000,000)**	(3,375,000,000)
Ending balance	**₱9,166,886,330**	₱6,444,537,731

On May 23, 2018, 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 4.8%. The promissory note matures within five (5) years from the date of issuance.

On November 11, 2019, the Parent Company received ₱909 million proceeds from the issuance of an unsecured corporate promissory note to a local bank that bears annual interest of 3.9%. The promissory note matures within three (3) years from the date of issuance. The loan was fully paid in November 11, 2022.

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 3.25%. 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 6.25%. 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 14, 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 10, 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 6.90%. 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 and ₱268.5 million in 2024, 2023 and 2022, respectively.

The aforementioned loans require the Parent Company to maintain certain financial ratios such as debt to equity ratio and current ratio based on stipulation with the lender banks. As of December 31, 2024 and 2023, the Parent Company was in compliance with the affirmative loan covenants. On the other hand, the Parent Company's negative covenant requires that no material change on the Parent Company'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 does not impact the classification of the Group's long-term debt as at December 31, 2023.

The Parent Company'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.

21. Revenues

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

	2024	2023	2022
Construction contracts	**₱11,501,736,777**	₱15,868,926,839	₱11,948,640,361
Merchandise sale	**122,418,736**	225,005,944	59,205,593
Others	**6,690,682**	21,109,932	122,633,905
	₱11,630,846,195	₱16,115,042,715	₱12,130,479,859

Construction Contracts

	2024	2023	2022
Building	**₱5,923,105,385**	₱6,550,333,124	₱6,196,089,457
Infrastructure	**2,654,685,509**	4,375,143,917	2,412,371,227
Industrial	**–**	1,596,447,459	2,545,398,025
Electro-mechanical	**2,923,945,883**	3,347,002,339	794,781,652
	₱11,501,736,777	₱15,868,926,839	₱11,948,640,361

The Parent Company recognized revenue amounting to ₱10.0 billion, ₱14.9 billion and ₱8.9 billion in 2024, 2023 and 2022, respectively from performance obligations partially satisfied in the previous periods.

Performance obligations
Information about the Parent Company's performance obligations are summarized below:

The transaction price allocated to the remaining performance obligations of the Parent Company (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, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
Within one year	**₱285,954,637**	₱4,336,901,303	₱11,910,385,748
More than one year	**24,866,176,490**	23,116,223,778	19,547,810,287
	₱25,152,131,127	₱27,453,125,081	₱31,458,196,035

22. Costs of Sales and Services

This account consists of:

	2024	2023	2022
Labor	**₱6,241,284,811**	₱6,195,531,507	₱5,240,702,220
Equipment costs and others	**2,621,911,545**	3,306,020,983	2,384,519,558
Materials	**2,502,153,715**	2,442,052,703	2,555,959,373
Depreciation and amortization (Notes 14 and 15)	**304,017,780**	349,646,455	363,915,532
	₱11,669,367,851	₱12,293,251,648	₱10,545,096,683

23. Selling and Administrative Expenses

This account consists of:

	2024	2023	2022
Personnel expenses	**₱522,369,982**	₱419,908,216	₱687,940,716
Provision for (recovery of) allowance for ECL - net (Notes 6, 7, 8, 10 and 17)	**465,367,268**	294,074,163	22,558,015
Depreciation and amortization (Notes 14 and 15)	**130,147,119**	134,730,682	154,170,599
Taxes and licenses	**109,555,483**	61,079,375	25,403,240
Repairs and maintenance	**62,582,469**	43,944,221	90,685,764
Travel and transportation	**45,776,732**	43,695,540	69,802,557
Outside services	**61,844,701**	35,638,445	43,352,494
Utilities	**28,925,230**	23,928,759	41,731,266
Professional fees	**31,409,049**	23,001,020	33,663,274
Training	**45,420,058**	11,937,874	43,206,431
Supplies	**3,177,273**	5,274,581	3,257,862
Management fee (Note 27)	–	3,735,714	8,185,714
Donations	**1,499,914**	3,439,367	2,119,451

(Forward)

	2024	2023	2022
Entertainment, amusement and recreation	**₱2,677,187**	₱1,827,146	₱1,310,140
Insurance	**1,857,673**	1,272,098	8,422,773
Food, meals and others	**16,555,681**	1,594,108	2,684,398
Advertising	**2,958,851**	1,350,015	3,149,762
Rent (Note 15)	**1,687,988**	1,388,793	10,335,242
Provision for impairment losses on investment in subsidiaries (Note 12)	—	—	25,000,000
Reversal of allowance for inventory obsolescence	**3,862,684**	—	(14,301,872)
Provision for impairment of assets (Note 12)	**11,179,359**	—	—
Others	**123,243,723**	64,416,655	103,832,913
	₱1,672,098,424	₱1,176,236,772	₱1,366,510,739

Details of the depreciation and amortization expense follows:

	2024	2023	2022
Property and equipment (Note 14)	**₱68,705,791**	₱68,995,245	₱99,776,594
Right-of-use asset (Note 15)	**61,441,328**	65,735,437	54,394,005
	₱130,147,119	₱134,730,682	₱154,170,599

Others include freight, membership fees and dues, employee welfare, bank charges and miscellaneous expenses.

24. **Interest Income**

This account consists of:

	2024	2023	2022
Receivable from customers (Note 7 and 27)	**₱628,299**	₱604,278	₱693,245
Receivables from EEI RFI (Notes 7 and 27)	**60,000,000**	60,000,000	–
Cash in banks (Note 6)	**6,848,252**	5,225,213	27,645,284
Due from related parties (Note 27)	**1,372,500**	1,667,928	1,902,449
	₱68,849,051	₱67,497,419	₱30,240,978

25. **Other Income (Charges) -** Net

This account consists of:

	2024	2023	2022
Gain on sale of BiotechJP (Note 12)	**₱–**	₱35,985,166	₱–
Gain on termination of lease (Note 15)	**111,514,584**	–	–
Rental income (Note 27)	**7,308,410**	7,344,349	6,918,697
Gain (Loss) on disposal of:			
Property and equipment (Notes 12 and 14)	**(311,637,200)**	(1,110,090)	341,068,814
Investment properties	**–**	–	(200,500)
Tax refund and discounts	**1,235,694**	521,143	374,470
Gain on sale of scrap	**488**	317,742	547,385
Others	**469,681**	2,028,600	20,111,182
	(₱191,108,343)	₱45,086,910	₱368,820,048

Rental income from the lease of office space and warehouse by Equipment Engineers, EEI Realty and EEI Construction and Marine, Inc. amounted to ₱7.3 million, ₱7.3 million and ₱6.9 million in 2024, 2023 and 2022, respectively.

In 2023 and 2022, the Parent Company also sold various property and equipment for total proceeds of ₱9.0 million and ₱1.1 billion, respectively. The Parent Company recognized loss on disposal of ₱1.1 million and gain on disposal of ₱341.1 million in relation to the sale in 2023 and 2022, respectively.

26. **Income Taxes**

The provision for current income tax in 2024, 2023 and 2022 represents regular corporate income tax.

The Parent Company's net deferred tax assets as of December 31 are as follows:

	2024	2023
Deferred tax assets recognized in profit or loss:		
Contract deposits	**₱1,296,720,960**	₱1,097,999,796
Allowance for ECL	**225,307,502**	106,867,066
Lease liability	**58,807,130**	160,517,327
Retirement asset	**46,611,023**	19,804,797
Provisions	**9,609,681**	48,041,743
Unamortized past service cost	**8,833,418**	12,663,255
Allowance for impairment in miscellaneous deposits	**8,202,944**	10,316,356
Allowance for inventory obsolescence	**2,858,754**	1,893,083
	1,656,951,412	1,458,103,423

(Forward)

	2024	2023
Deferred tax liabilities recognized in profit or loss:		
Amortization of transaction costs on long-term loans	**(₱9,528,417)**	(₱8,865,567)
Right of use asset	**(75,684,590)**	(144,500,335)
Unrealized foreign exchange gain	**(861,632)**	(120,555)
	(86,074,639)	(153,486,457)
	₱1,570,876,773	₱1,304,616,966
Deferred tax item recognized in other comprehensive income:		
Deferred tax asset (liability) on remeasurement loss on retirement liability	**(305,010,360)**	36,867,247
Deferred tax liability on fair value change of equity investment in FVOCI	**(80,886,001)**	(63,910,743)
Deferred tax assets – net	**₱1,184,980,412**	₱1,277,573,470

Reconciliation of net deferred tax assets:

	2024	2023
Balance at beginning of year	**₱1,277,573,470**	₱1,201,481,683
Profit and loss	**266,259,807**	34,802,725
Other comprehensive income (loss)	**(358,852,865)**	41,289,062
Balance at end of year	**₱1,184,980,412**	₱1,277,573,470

In 2022, the Parent Company applied all the recognized NOLCO incurred from the year 2020-2021.

The reconciliation between the statutory and effective income tax follows:

	2024	2023	2022
Income tax at statutory income tax rate	**(₱142,693,000)**	₱825,308,693	₱186,981,009
Add (deduct):			
Income subjected to final tax	**(1,712,063)**	(1,306,303)	(6,911,321)
Dividend income	**(556,199,300)**	(307,765,112)	(116,222,901)
Equity shares in earnings of associate and joint venture	**44,558**	(21,057,396)	(9,423,318)
Gain subject to CGT	**443,851,574**	(8,996,292)	–
Non-deductible expenses	**4,157,577**	334,594	41,795,845
Others	**44,862,187**	2,856,279	(90,188,233)
Effective income tax	**(₱207,688,467)**	₱489,374,463	₱6,031,081

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 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.

27. Related Party Transactions

The outstanding balances and transactions with related parties in 2024 and 2023 consist of the following:

Related party	Transaction		Amount/ Volume	Outstanding Balances	Terms	Conditions
Due from Related Parties						
Subsidiaries	Extension of advances	**2024**	**₱—**	**₱27,000,000**	Interest bearing,	Unsecured,
		2023	—	27,000,000	5.00% per annum	no impairment
	Interest income on	**2024**	**1,372,500**	**3,146,686**	Interest bearing,	Unsecured,
	extension of advances	2023	1,667,928	1,998,004	5.00% per annum	no impairment
	Extension of	**2024**	**31,212,919**	**24,083,599**	Non-interest	Unsecured,
	advances	2023	2,032,914,466	2,037,091,786	bearing	Impairment of P75,568,950
	Professional and	**2024**	**51,403,515**	**190,266,957**	Non-interest	Unsecured,
	service fees	2023	12,092,140	167,804,864	bearing	no impairment
	Utilities and other	**2024**	**116,207,738**	**193,740,824**	Non-interest	Unsecured,
	Charges	2023	37,317,077	224,218,976	bearing	no impairment
	Lease of properties	**2024**	**15,203,189**	**32,373,080**	Non-interest	Unsecured,
		2023	8,035,042	3,388,032	bearing	no impairment
Due from Related Parties						
	Dividend Income	**2024**	₱—	₱—	Non-interest	Unsecured,
		2023	1,097,603,545	—	bearing	no impairment
Total due from related parties		**2024**		**₱470,611,146**		
		2023		₱2,461,501,662		
Other Receivables						
Entities under common control	Rendering of engineering and	**2024**	**₱—**	**₱—**		
	construction services	2023	622,778,048	123,027,205	Non-interest bearing	Unsecured, no impairment
Other related parties	Bank deposits	**2024**	**—**	**—**	Interest bearing,	Unsecured,
		2023	5,063,701	908,387,762	Prevailing bank deposit rate	no impairment
	Interest income on sale	**2024**	**—**	**—**	Interest bearing,	Secured, no
	of investment property	2023	—	—	5% per annum	impairment
	Extension of	**2024**	**480,000,000**	**720,000,000**	Interest bearing,	Unsecured
	advances	2023	—	1,200,000,000	5% per annum	
	Interest income on	**2024**	**60,000,000**	**—**	Non-interest	Unsecured,
	extension of advances	2023	60,000,000	—	bearing	no impairment
	Utilities and other	**2024**	—	—	Non-interest	Unsecured
	Charges	2023	950,477	—	bearing	
Total other receivables		**2024**		**₱720,000,000**		
		2023		₱2,231,414,967		
Due to Related Parties						
Subsidiaries	Availment of	**2024**	**(₱100,000,000)**	**(416,972)**	Non-interest	Unsecured
	advances	2023	—	(₱89,079,662)	bearing	
	Availment of	**2024**	**—**	**(40,000,000)**	Interest bearing,	Unsecured,
	advances	2023	—	(40,000,000)	4.00% per annum	no impairment
	Interest expense on	**2024**	**(33,560,411)**	**(98,681,333)**	Interest bearing,	Unsecured,
	advances	2023	(12,525,206)	(4,077,488)	5% per annum	no impairment
	Janitorial and other	**2024**	**(7,888,001)**	**—**	Non-interest	Unsecured
	related services	2023	(9,323,632)	—	bearing	
	Lease of property and	**2024**	**(129,047,938)**	**(17,789,408)**	Non-interest	Unsecured
	equipment	2023	(98,614,799)	(14,741,777)	bearing	
(Forward)						
	Professional and service fees	**2024**	**(₱58,959,830)**	**(₱14,787,868)**	Non-interest	Unsecured
		2023	(₱173,522,554)	(₱78,968,217)	bearing	
	Rendering of engineering and	**2024**	**(74,765,564)**	**(12,899,218)**		Unsecured
	construction services	2023	(48,541,993)	(3,921,680)	Non-interest bearing	
Total due to related parties		**2024**		**(₱184,574,799)**		
		2023		(₱230,788,824)		
Other Payables						
Parent Company	Purchase of management services	**2024**	**(₱)—**	**₱—**		Unsecured
	(Note 22)	2023	(3,735,714)	—	Non-interest bearing	
Subsidiaries	Availment of advances	**2024**	**(430,000,000)**	**(430,000,000)**	Interest bearing,	Unsecured,
		2023	(430,000,000)	(430,000,000)	6.5% per annum	no impairment
		2024	**(117,801,499)**	**—**	Non-interest	Unsecured

Related party	Transaction		Amount/ Volume	Outstanding Balances	Terms	Conditions
Due from Related Parties						
Other related parties	Lease of property and others	2023	(118,300,258)	—	Bearing	
Total other payables		**2024**		**(₱430,000,000)**		
		2023		(₱430,000,000)		

a. 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 amounting to ₱165.5 million and ₱112.9 million as of December 31, 2024 and 2023, respectively. In 2024, SLRIHSI is not anymore a related party of the Parent Company.

b. 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, 2024 and 2023. In 2024, MESI is not anymore considered a related party of the Group.

c. Starting January 2007, the Parent Company and EEI-RFI entered into operating lease agreements for the said land and improvements. The lease terms are for one year and renewable every year with 5% increase effective January 1, 2014. Lease expense for the property located in Manggahan, Quezon City amounted to ₱69.8 million on December 31, 2022.

   The lease term expired and was terminated in December 2024. The Company derecognized the right-of-use asset and lease liability on this property as of December 31, 2024 resulting to gain of ₱27.03 million.

d. 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 sq.m, 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.

   On the same date, EEI 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. The Parent Company recognized right-of-use asset and lease liability on the lease of property to EEI-RFI amounting to ₱34.04 million and ₱139.68 million as of December 31, 2024 and ₱45.4 million and ₱175.3 million as of December 31, 2023. Interest expense from lease of property to EEI-RFI amounted to ₱11.67 million and 14.1 million for the years ended December 31, 2024 and 2023, respectively.

e. Under sale and leaseback arrangement, the Company 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.

f. As of December 31, the Parent Company's retirement plan assets include investments in equity securities of the following entities:

	2024	2023
Rizal Commercial Banking Corporation	**₱–**	₱22,098,413
House of Investments, Inc.	**114,920**	170,000
EEI Corporation	**22,496**	30,433
	₱137,416	₱22,298,846

The Parent Company's retirement plan assets also include investments in equity securities of Rizal Commercial Banking Corporation (RCBC) and House of Investments, Inc. (HI) amounting to ₱22.1 million and P170.0 thousand, respectively, as at December 31, 2023. As at December 31, 2024, RCBC ceased to be related party of the Group.

The remuneration of key management personnel are as follows:

	2024	2023	2022
Short-term benefits	**₱169,402,121**	₱171,782,319	₱197,041,407
Post-employment benefits	**15,149,282**	11,486,536	16,537,571
	₱184,551,403	₱183,268,855	213,578,978

Terms and conditions of transactions with related parties

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. 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. The Parent Company has not recognized any impairment losses on amounts due from related parties for the years ended December 31, 2024 and 2023.

28. Retirement Benefits

The Parent Company has a funded, noncontributory plan covering substantially all of their employees. The retirement funds are being administered and managed through EEI Corporation Retirement fund, with Rizal Commercial Banking Corporation (RCBC) as Trustee. The Parent Company, 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 sectors employee 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 the retirement expense recognized in the parent company statements of income and the amounts recognized in the parent company statements of financial position for the plan:

The components of retirement expense follow:

	2024	2023	2022
Current service cost	**₱92,807,611**	₱80,254,736	₱97,560,457
Net interest cost (income)	**13,705,146**	(1,219,101)	3,424,298
Retirement expense	**₱106,512,757**	₱79,035,635	₱100,984,755

Movements in the present value of defined benefit obligation follow:

	2024	2023
Balance at beginning of year	**₱1,095,946,577**	₱963,507,375
Transfer from (to) affiliates	**712,148**	(11,425,115)
Current service cost	**92,807,611**	80,254,736
Interest cost on benefit obligation	**66,295,279**	68,216,322
Benefits paid	**(106,327,767)**	(161,279,921)
Remeasurement loss (gain) arising from:		
Experience adjustments	**(14,435,419)**	(17,140,704)
Changes in financial assumptions	**(67,308,201)**	173,813,884
Balance at end of year	**₱1,067,690,228**	₱1,095,946,577

Changes in the fair value of plan assets follow:

	2024	2023
Balance at beginning of year	**₱869,258,399**	₱980,726,312
Interest income included in net interest cost	**52,590,133**	69,435,423
Remeasurement gain (loss) – net of changes in the effect of asset ceiling*	**2,877,931,865**	(19,623,415)
Benefits paid	**(106,327,767)**	(161,279,921)
Balance at end of year	**₱3,693,452,630**	₱869,258,399

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

The retirement asset and liability recognized in the parent company statements of financial position as of December 31, 2024 and 2023 are as follow:

	2024	2023
Fair value of plan assets - net of changes in the effect of asset ceiling	**₱2,101,287,576**	₱869,258,399
Present value of defined benefit obligation	**(1,067,690,228)**	(1,095,946,577)
Retirement asset (liability)	**₱1,033,597,348**	(₱226,688,178)

Movements in the retirement asset and liability follow:

	2024	2023
Balance at beginning of year	**(₱226,688,178)**	₱17,218,937
Transfer to (from) affiliates	**(712,148)**	11,425,115
Retirement expense	**(106,512,757)**	(79,035,635)
Remeasurement loss	**1,367,510,431**	(176,296,595)
Balance at end of year	**₱1,033,597,348**	(₱226,688,178)

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

	2024	2023
Investments in:		
Government securities	**15%**	64%
Equity securities	**4%**	20%
Debt and other securities	**–**	1%
Cash and cash equivalents	**8%**	15%
Interest and other receivables	**2%**	6%
Investment Property	**93%**	118%
Loans Payable	**-19%**	-137%
Input VAT	**2%**	13%
Accrued trust fees and other payables	**-5%**	–
	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 Parent Company does not expect to contribute to its defined benefit retirement plan in 2025.

The plan assets consist of the following:

- *Investment in government securities* - include 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.
- *Investments in other securities and debt instruments* - include 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.

Principal actuarial assumptions used to determine defined obligations are as follows:

	2024	2023	2022
Discount rate:			
Beginning of year	**6.05%**	7.08%	4.95%
End of year	**6.11%**	6.05%	7.08%
Salary increases:			
Beginning of year	**6.20%**	5.00%	5.60%
End of year	**5.50%**	6.20%	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 assumption were held constant:

	2024		2023	
	Increase (decrease)	**Impact on defined benefit obligation (in millions)**	Increase (decrease)	Impact on defined benefit obligation (in millions)
Discount rates	**+0.5%**	**(₱40.38)**	+0.5%	(₱45.8)
	-0.5%	**44.46**	-0.5%	50.74
Salary increase rates	**+1.0%**	**₱90.32**	+1.0%	₱102.7
	-1.0%	**(75.93)**	-1.0%	(86.0)

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

	2024	2023
Less than one (1) year	**₱110,429,133**	₱134,900,940
More than 1 to five (5) years	**388,612,269**	365,156,846
More than 5 to ten (10) years	**668,970,118**	579,833,216
More than 10 to fifteen (15) years	**586,937,127**	760,805,817
More than 15 to twenty (20) years	**1,055,276,478**	1,000,986,763
More than 20 years	**4,994,533,814**	6,179,389,813

The average duration of the defined benefit obligation is 19 years and 19 years as of December 31, 2024 and 2023, respectively.

29. 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 (5) 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 (5) years in 120 equal semi-monthly installments. Shares acquired under the Amended Plan are subject to a holding period of one (1) 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	19,365,815
Shares subscribed under the Amended Stock Option Plan	10,886,188
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.

30. **Capital Stock**

The Parent Company'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	**1,036,401,386**	**15,000,000**	**45,000,000**	**20,000,000**	**60,000,000**

	2023		
		Preferred	
	Common	Series A	Series B
Par value	₱1	₱0.5	₱0.5
Authorized	2,000,000,000	240,000,000	
Issued and outstanding	1,036,401,386	15,000,000	45,000,000

<u>Common shares</u>
The increase in the Parent Company's authorized capital stock to 2,000,000,000 shares with par value of ₱1.0 per share was approved by the SEC on August 28, 1997. As of December 31, 2024 and 2023, the Parent Company had shareholders on record of 3,101 and 3,105, respectively.

<u>Preferred shares</u>
On July 15, 2021, the BOD of the Parent Company approved the following:

a) Offer of up to four billion pesos of preferred shares of EEI, with over-subscription option of up to two billion pesos preferred shares, at an offer price of ₱100 per share.
b) 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.
c) 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.
d) 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 Parent Company issued and listed in PSE the non-convertible preferred shares generating net proceeds of ₱5.95 billion.

Cumulative dividends in arrears on preferred shares as at December 31, 2024 amounted to ₱39.5 million.

On November 19, 2024, the Board of Directors of the Corporation adopted and approved the Terms of the Offer of the Corporation's offer of up to Twenty (20) Million preferred shares (denominated as Preferred Shares Series "C") from the Corporation's unissued preferred shares at an offer price of up to ₱100.00 per share, through Private Placement.

On December 17, 2024, the Board of Directors of the Corporation adopted and approved the Terms of the Offer of the Corporation's offer of up to Sixty (60) Million preferred shares (denominated as Preferred Shares Series "D") from the Corporation's unissued preferred shares at an offer price of up to ₱100.00 per share, through Private Placement.

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

2024:

	Capital stock						
		Preferred					
	Common	**Series A**	**Series B**	**Series C**	**Series D**	**Subtotal**	**Total**
Balance as at January 1	**₱1,036,401,386**	**₱7,500,000**	**₱22,500,000**	**₱–**	**₱–**	**₱30,000,000**	**₱1,066,401,386**
Issuances	**–**	**–**	**–**	**10,000,000**	**30,000,000**	**40,000,000**	**40,000,000**
Balance as at December 31	**₱1,036,401,386**	**₱7,500,000**	**₱22,500,000**	**₱10,000,000**	**₱30,000,000**	**₱70,000,000**	**₱1,106,401,386**

	Additional paid-in capital						
		Preferred					
	Common	**Series A**	**Series B**	**Series C**	**Series D**	**Subtotal**	**Total**
Balance as at January 1	**₱477,037,443**	**₱1,481,252,389**	**₱4,443,757,166**	**₱–**	**₱–**	**₱5,925,009,555**	**₱6,402,046,998**
Issuances	**–**	**–**	**–**	**1,990,000,000**	**5,970,000,000**	**7,960,000,000**	**7,960,000,000**
Balance as at December 31	**₱477,037,443**	**₱1,481,252,389**	**₱4,443,757,166**	**₱1,990,000,000**	**₱5,970,000,000**	**₱13,885,009,555**	**₱14,362,046,998**

2023:

	Capital stock				
		Preferred			
	Common	Series A	Series B	Subtotal	Total
Balance as at January 1 and December 31	₱1,036,401,386	₱7,500,000	₱22,500,000	₱30,000,000	₱1,066,401,386

	Additional paid-in capital				
		Preferred			
	Common	Series A	Series B	Subtotal	Total
Balance as at January 1 and December 31	₱477,037,443	₱1,481,252,389	₱4,443,757,166	₱5,925,009,555	₱6,402,046,998

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company 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 Parent Company considers total equity as its capital. The Parent Company monitors capital using debt-to-equity ratio, which is total liabilities divided by total equity. The Parent Company's policy is to maintain a debt-to-equity ratio lower than 4:1 as at December 31, 2024 and 2023.

	2024	2023
Total liabilities	**₱20,114,565,272**	₱17,068,375,717
Total equity	**20,585,423,607**	12,225,415,689
Debt to Equity Ratio	**0.98:1**	1.40:1

31. Retained Earnings

The details of the Parent Company's declaration of cash dividends are as follows:

2024

	Date of BOD Approval	**Amount**	**Dividend per Share**	**Record Date**	**Payment Date**
Preferred Shares (Series A - 15 billion shares) at the rate per annum of 5.7641%	February 14, 2024	₱21,615,375	1.4410	March 1, 2024	March 25, 2023
	February 14, 2024	21,615,375	1.4410	June 1, 2024	June 24, 2024
	February 14, 2024	21,615,375	1.4410	September 1, 2024	September 23, 2024
	February 14, 2024	21,615,375	1.4410	December 1, 2024	December 23, 2024
Preferred Shares (Series B - 45 billion shares) at the rate per annum of 6.9394%	February 14, 2024	78,068,250	1.7349	March 1,2024	March 25, 2023
	February 14, 2024	78,068,250	1.7349	June 1, 2024	June 24, 2024
	February 14, 2024	78,068,250	1.7349	September 1, 2024	September 23, 2024
	February 14, 2024	78,068,250	1.7349	December 1, 2024	December 23, 2024
		₱398,734,500			

2023

	Date of BOD Approval	Amount	Dividend per Share	Record Date	Payment Date
Preferred Shares (Series A - 15 billion shares) at the rate per annum of 5.7641%	February 17, 2023	₱21,615,375	1.4410	March 6, 2023	March 23, 2023
	May 17, 2023	21,615,375	1.4410	June 1, 2023	June 23, 2023
	August 16, 2023	21,615,375	1.4410	September 1, 2023	September 23, 2023
	November 16, 2023	21,615,375	1.4410	December 1, 2023	December 23, 2023
Preferred Shares (Series B - 45 billion shares) at the rate per annum of 6.9394%	February 17, 2023	78,068,250	1.7349	March 6,2023	March 23, 2023
	May 17, 2023	78,068,250	1.7349	June 1, 2023	June 23, 2023
	August 16, 2023	78,068,250	1.7349	September 1, 2023	September 23, 2023
	November 16, 2023	78,068,250	1.7349	December 1, 2023	December 23, 2023
		₱398,734,500			

Retained earnings are further restricted for payment of dividends to the extent of cost of treasury shares and deferred tax assets amounting to ₱1,660.7 million and ₱1,461.8 million as of December 31, 2024 and 2023, respectively.

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.

Retained earnings available for dividend declaration amounted to ₱2.0 billion and ₱3.0 billion as of December 31, 2024 and 2023, respectively.

The Parent Company takes into consideration the financing requirements of its construction projects when deciding the amount to be declared as dividends.

32. Financial Instruments

Fair Value Information

Cash and cash equivalents, trade receivables, receivable from sale of investment properties, receivable from customers, due from related parties, miscellaneous deposits, 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.

Quoted equity investments
Fair values of investments in equity shares listed with Philippine Stock Exchange amounting to ₱ 5.97 million and ₱5.90 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 ₱58.55 million and ₱40.96 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
Hermosa Ecozone Development Corporation (HEDC)
The fair value of the Parent Company'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 and 2023, respectively.

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 Parent Company's investment by ₱26.05 million.

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.

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.

Receivable from customers
The fair value of the receivable from customers amounting to ₱32.5 million and ₱25.9 million as of December 31, 2024 and 2023 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% and 5.31% respectively.

Receivable from sale of investment property
The fair value of the receivable from sale of investment property amounting to nil and nil as of December 31, 2024 and 2023 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 are nil and nil, respectively.

The were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements in 2024 and 2023.

33. Financial Risk Management Objectives and Policies

The main purpose of the Parent Company's financial instruments is to raise finances for the Parent Company's operations. The Parent Company also has various other financial assets and liabilities which include trade payables.

The Parent Company has already established its process of systematizing its risk management process. As at reporting date, the main risks arising from the Parent Company's financial instruments are credit risk, liquidity risk and foreign currency risk. Market risk arising from open positions in interest rate, currency and quoted equity securities are exposed to general and specific market movements.

The BOD reviews and agrees on the policies for managing these risks, summarized as follows:

Credit Risk
Credit risk arises from the risk of counterparties from defaulting. The exposure to credit risk on its receivables relates primarily to the inability of project owners to fully settle the unpaid balance of contract receivables and other claims owed to the Parent Company. Credit risk is managed in accordance with the Parent Company'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 Parent Company can resort to carry out its contractor's lien over the project with varying degrees of effectiveness depending on the jurisprudence applicable on or country location of the project.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Parent Company does not have any significant exposure to any individual customer or counterparty.

The gross maximum exposure to credit risk is equivalent to the carrying values of the Parent Company's financial assets as presented in the statements of financial position.

For a financial asset that arises from long-term construction contracts, the Parent Company considers the asset to be in default if contractual payments are not settled within 120 days. The Parent Company's normal credit terms for construction projects is within 120 days based on its historical experience. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company 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.

As of December 31, 2024, and 2023, the credit quality per class of financial assets at amortized cost are as follows:

	2024			
	High Grade	**Standard Grade**	**Past Due or Impaired**	**Total**
Cash and cash equivalents	**₱5,381,435,190**	**₱–**	**₱–**	**₱5,381,435,190**
Receivables				
Trade receivables	**654,814,045**	**1,156,514,017**	**–**	**1,811,328,062**
Receivable from sale of investment properties	**13,573,112**	**–**	**–**	**13,573,112**
Receivable from customers	**32,469,189**	**–**	**–**	**32,469,189**
Due from related parties	**470,611,146**	**–**	**–**	**470,611,146**
Miscellaneous deposits	**–**	**100,330,620**	**–**	**100,330,620**
Receivable from EEI-RFI	**720,000,000**	**–**	**–**	**720,000,000**
	₱7,272,902,682	**₱1,256,844,637**	**₱–**	**₱8,457,747,319**

	2023			
	High Grade	Standard Grade	Past Due or Impaired	Total
Cash and cash equivalents	₱1,470,763,348	₱–	₱–	₱1,470,763,348
Receivables				
Trade receivables	1,127,156,505	1,419,882,809	–	2,547,039,314
Receivable from sale of investment properties	14,924,186	–	–	14,924,186
Receivable from customers	25,866,321	–	–	25,866,321
Due from related parties	2,461,501,662	–	–	2,461,501,662
Miscellaneous deposits	–	109,604,916	3,335,193	112,940,109
Receivable from EEI-RFI	1,200,000,000	–	–	1,200,000,000
	₱6,300,212,022	₱1,529,487,725	₱3,335,193	₱7,833,034,940

The Parent Company sets financial assets as 'high grade' based on the Parent Company'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 Parent Company applies a general approach in calculating the ECL on receivable from EEI-RFI and due from related parties.

The Parent Company has the following financial assets that are subject to the expected credit loss model under PFRS 9:

- Cash;
- Trade receivables;
- Contract assets
- Advances to officers and employees
- Due from related parties
- Receivable from ERFI

A summary of exposure to credit risk under general and simplified approach as of December 31, 2024 and 2023 follows:

	2024			
	General Approach			Simplified Approach
	Stage 1	Stage 2	Stage 3	
Amortized cost				
Cash	**₱5,381,435,190**	**₱–**	**₱–**	**₱–**
Trade receivables	–	–	–	**1,811,328,062**
Loan receivable	**720,000,000**	–	–	–
Contract assets	–	–	–	**14,510,522,127**
Advances to officers and employees	**77,414,837**	–	–	**77,414,837**
Total gross carrying amounts	**6,178,850,027**	–	–	**16,399,265,026**
Less allowance	**(1,878,453)**	–	–	**(779,960,700)**
	₱6,176,971,574	**₱–**	**₱–**	**₱15,619,304,326**

	2023			
	General Approach			Simplified
	Stage 1	Stage 2	Stage 3	Approach
Amortized cost				
Cash	₱1,470,763,348	₱–	₱–	₱1,470,763,348
Trade receivables	–	–	–	2,547,039,314
Loan receivable	1,200,000,000	–	–	–
Contract assets	–	–	–	12,785,041,970
Advances to officers and employees	40,421,280	–	–	40,421,280
Total gross carrying amounts	2,711,184,628	–	–	16,843,265,912
Less allowance	(1,878,453)	–	–	(329,660,256)
	₱2,709,306,175	₱–	₱–	₱16,513,605,656

Liquidity Risk

Liquidity risk arises from the possibility that the Parent Company may encounter difficulties in raising funds to meet commitments from financial instruments. The Parent Company 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 Parent Company 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 tables below show the maturity profile of the Parent Company's financial liabilities and details of the Parent Company's financial assets used to manage liquidity risk. The maturity groupings are based on the remaining period from the end of the reporting period to the contractual maturity.

	2024				
	On demand	**< 1 year**	**1 to < 2 years**	**> 2 years**	**Total**
Financial Liabilities					
Accounts payable and other current liabilities*	**₱487,212,299**	**₱3,008,341,944**	**₱56,365,283**	**₱270,363,053**	**₱3,822,282,579**
Bank loans					
Peso loan	–	**4,140,000,000**	–	–	**4,140,000,000**
Interest	–	**439,996,254**	–	–	**439,996,254**
Long-term debt					
Peso loan	–	**4,554,822,819**	**2,460,063,946**	**2,151,999,565**	**9,166,886,330**
Interest	–	**548,172,358**	**986,301**	–	**549,158,660**
Lease liabilities	–	**74,689,860**	**73,436,130**	**122,990,122**	**271,116,112**
Due to related parties	**184,574,799**	–	–	–	**184,574,799**
	₱671,787,098	**₱12,766,023,235**	**₱2,590,851,660**	**₱2,545,352,740**	**₱18,574,014,734**
Financial Assets					
Cash					
Cash on hand	**₱5,747,931**	**₱–**	**₱–**	**₱–**	**₱5,747,931**
Cash in banks	**4,881,435,190**	–	–	–	**4,881,435,190**
Cash equivalent	**500,000,000**	–	–	–	**500,000,000**
Receivables					
Trade receivables	–	**1,293,149,968**	**293,990,878**	**224,187,216**	**1,811,328,062**
Receivable from sale of investment property					
Peso amount	–	–	**13,573,112**	–	**13,573,112**
Receivable from customers					
Peso amount	–	–	**32,469,189**	–	**32,469,189**
Interest	–	–			
Receivable from EEI-RFI					
Peso amount	–	–	**72,000,000**	**648,000,000**	**720,000,000**
Interest	–	**36,000,000**	**61,200,000**	**100,800,000**	**198,000,000**
Due from related parties	**470,611,146**	–	–	–	**470,611,146**
	5,857,794,267	**1,329,149,968**	**473,233,179**	**972,987,216**	**8,633,164,630**
Liquidity gap (position)	**(₱5,186,007,169)**	**₱11,436,873,267**	**₱2,117,618,481**	**₱1,572,365,524**	**₱9,940,850,104**

	2023				
	On demand	< 1 year	1 to < 2 years	> 3 years	Total
Financial Liabilities					
Accounts payable and other current liabilities*	₱415,566,354	₱2,922,929,697	₱24,991,266	₱265,003,217	₱3,628,490,534
Bank loans					
Peso loan	–	4,529,000,000	–	–	4,529,000,000
Interest	–	47,066,944	–	–	47,066,944
Long-term debt					
Peso loan	–	3,306,817,517	1,731,542,314	1,406,177,900	6,444,537,731
Interest	–	333,957,299	154,602,397	47,794,521	536,354,217
Lease liabilities	–	153,530,956	156,888,294	460,342,548	770,761,798
Due to related parties	230,788,824	–	–	–	230,788,824
	₱646,355,178	₱11,293,302,413	₱2,068,024,271	₱2,179,318,186	₱16,187,000,048
Financial Assets					
Cash					
Cash on hand	₱5,639,245	₱–	₱–	₱–	₱5,639,245
Cash in banks	1,420,763,348	–	–	–	1,420,763,348
Cash equivalent	50,000,000	–	–	–	50,000,000
Receivables					
Trade receivables	1,127,156,505	1,139,368,548	92,378,081	188,136,181	2,547,039,315
Receivable from sale of investment property					
Peso amount	–	–	14,924,186	–	14,924,186
Interest	–	–	604,278	–	604,278
Receivable from customers					
Peso amount	–	–	25,866,321	–	25,866,321
Receivable from EEI-RFI					
Peso amount	–	–	120,000,000	1,080,000,000	1,200,000,000
Interest		60,000,000	60,000,000	270,000,000	390,000,000
Due from related parties	2,461,501,662	–	–	–	2,461,501,662
	5,065,060,760	1,199,368,548	313,772,866	1,538,136,181	8,116,338,355
Liquidity gap (position)	(₱4,418,705,582)	₱10,093,933,865	₱1,754,251,405	₱641,182,005	₱8,070,661,693

**Excludes statutory liabilities*

As of December 31, 2024, and 2023, the Parent Company has available undrawn committed borrowing facilities with local banks totaling to ₱2.7 billion and ₱2.7 billion, respectively.

Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of the financial instruments will change due to exchange rate fluctuations. The Parent Company's currency arises mainly from cash and receivables which are denominated in a currency other than the Parent Company's functional currency. Foreign currency risk is monitored and analyzed systematically and is managed centrally by the central finance department. The Parent Company's policy is to maintain foreign currency exposure within existing internal regulations and within acceptable risk limits. The Parent Company believes in ensuring that its foreign currency is at all times within the prescribed limits for companies who are engaged in the same type of business.

The foreign currency-denominated financial assets and financial liabilities in original currencies and equivalents to the functional and presentation currency are as follows:

	2024			
	USD[1]	**SGD[2]**	**YEN[3]**	**Equivalent in PHP**
Financial assets				
Cash	**$1,667,996**	**$12,363**	**¥129,659,643**	**₱144,624,069**
Receivables	**592,005**	**4,344**	**–**	**34,317,307**
	$2,260,001	**$16,707**	**¥129,659,643**	**₱178,941,376**

[1] *Exchange rate used - ₱57.85 to $1*
[2] *Exchange rate used - ₱42.69 to S$1*
[3] *Exchange rate used - ₱0.37 to ¥1*

	2023			
	USD[1]	SGD[2]	YEN[3]	Equivalent in PHP
Financial assets				
Cash	$436,966	$17,680	¥130,973,979	₱76,411,743
Receivables	34,243	–	–	1,896,047
	$471,209	$17,680	¥130,973,979	₱78,307,790

[1] Exchange rate used - ₱55.37 to $1
[2] Exchange rate used - ₱42.09 to S$1
[3] Exchange rate used - ₱0.39 to ¥1

The following tables demonstrate the sensitivity to a reasonably possible change in the foreign currency rates, with all variables held constant, of the Parent Company's income before tax:

	2024		2023	
	Percentage increase/decrease in foreign currency	**Effect on income before tax (in PHP)**	Percentage increase/decrease in foreign currency	Effect on income before tax (in PHP)
USD	**+3.68%**	**₱4,610,402**	+2.22%	₱4,379,456
SGD	**+0.35%**	**2,523**	+1.39%	10,248
JPY	**+4.36%**	**2,074,554**	+5.18%	186,110
USD	**(3.68%)**	**(₱4,610,402)**	(2.22%)	(₱4,379,456)
SGD	**(0.35%)**	**(2,523)**	(1.39%)	(10,248)
JPY	**(4.36%)**	**(2,074,554)**	(5.18%)	(186,110)

34. Earnings Per Share

The following table presents information necessary to calculate earnings (loss) per share:

	2024	2023	2022
Net income (loss)	**(₱363,083,533)**	₱2,811,860,309	₱741,892,954
Less: Cumulative preferred dividends	**(323,646,765)**	(299,050,876)	(299,050,876)
Net income (loss) attributable to common shareholders for EPS	**(686,730,298)**	2,512,809,433	442,842,078
Weighted average number of common shares	**1,036,281,485**	1,036,281,485	1,036,281,485
Earnings (loss) per share - basic and diluted	**(₱0.6627)**	₱2.4248	₱0.4273

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.

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

35. Changes in Liabilities Arising from Financing Activities

2024:

	January 1, 2024	Net cash flows	Non-cash movement	December 31, 2024
Bank loans (Note 18)	**₱4,529,000,000**	**(₱389,000,000)**	**₱–**	**₱4,140,000,000**
Long-term debt (Note 20)	**6,444,537,371**	**2,692,102,084**	**30,246,875**	**9,166,886,330**
Lease liabilities (Note 15)	**642,069,310**	**(103,977,072)**	**(302,863,719)**	**235,228,519**
Dividend payable	**–**	**(398,734,500)**	**398,734,500**	**–**
	₱11,615,606,681	**₱1,800,390,512**	**₱126,117,656**	**₱13,542,114,849**

2023:

	January 1, 2023	Net cash flows	Non-cash movement	December 31, 2023
Bank loans (Note 18)	₱3,400,000,000	₱1,129,000,000	₱–	₱4,529,000,000
Long-term debt (Note 20)	4,607,632,882	1,855,000,000	(18,095,151)	6,444,537,731
Lease liabilities (Note 15)	722,110,754	(100,268,843)	20,227,399	642,069,310
	₱8,729,743,636	₱2,883,731,157	₱2,132,248	₱11,615,607,041

36. Segment Information

For management purposes, the Parent Company is organized into business units based on its services and has two reportable segments as follows:

- Construction division - involved in general construction and construction equipment rental and main operation of the Parent Company.
- Steel Fabrication Division - involved in fabrication and erection of structures and assemblies for industrial installations and infrastructure projects which started in 2008.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on the net income and revenue.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	2024		
	Construction Division	**Steel Fabrication Division**	**Total**
Revenue			
Construction contracts	**₱10,668,858,418**	**839,569,041**	**₱11,508,427,459**
Merchandise sales	**101,716,247**	**20,702,489**	**122,418,736**
	10,770,574,665	**860,271,530**	**11,630,846,195**
Costs			
Construction contracts	**10,808,678,486**	**782,794,845**	**11,591,473,331**
Merchandise sales	**57,192,030**	**20,702,490**	**77,894,520**
	10,865,870,516	**803,497,335**	**11,669,367,851**
Gross profit	**(95,295,851)**	**56,774,195**	**(38,521,656)**
(Forward)			
Selling and administrative expenses	**(₱1,639,120,398)**	**(₱32,978,026)**	**(₱1,672,098,424)**

	2024		
	Construction Division	**Steel Fabrication Division**	**Total**
Interest income	**68,849,051**	–	**68,849,051**
Other income[a]	**2,134,833,009**	**385,733**	**2,135,218,742**
Finance costs and other expenses			
Interest expense	**(1,051,941,377)**	**(8,962,755)**	**(1,060,904,132)**
Foreign exchange loss – net	**(2,388,673)**	**(926,908)**	**(3,315,581)**
Total finance cost and other expenses	**(1,054,330,050)**	**(9,889,663)**	**(1,064,219,713)**
Income before income tax	**(585,064,239)**	**14,292,239**	**(570,772,000)**
Provision for (benefit from) income tax			
Current	**58,571,340**	–	**58,571,340**
Deferred	**(266,259,807)**	–	**(266,259,807)**
	(207,688,467)	–	**(207,688,467)**
Net income	**(₱377,375,772)**	**₱14,292,239**	**(₱363,083,533)**
Other disclosures			
Depreciation and amortization	**₱408,374,522**	**₱34,408,892**	**₱442,783,414**
Capital expenditure	**121,033,947**	**7,294,456**	**128,328,403**
Interest income	**68,849,052**	–	**68,849,052**
Investment in subsidiaries	**7,070,455,398**	–	**7,070,455,398**
Investment in joint ventures and associates	**210,295,353**		**210,295,353**

	2023		
	Construction Division	Steel Fabrication Division	Total
Revenue			
Construction contracts	₱15,190,791,976	₱699,244,795	₱15,890,036,771
Merchandise sales	221,516,517	3,489,427	225,005,944
	15,412,308,493	702,734,222	16,115,042,715
Costs			
Construction contracts	11,543,786,365	633,724,144	12,177,510,509
Merchandise sales	112,251,711	3,489,428	115,741,139
	11,656,038,076	637,213,572	12,293,251,648
Gross profit	3,756,270,417	65,520,650	3,821,791,067
Selling and administrative expenses	(1,141,827,880)	(34,408,892)	(1,176,236,772)
Interest income	67,497,419	–	67,497,419
Other income[a]	1,360,300,506	76,438	1,360,376,944
Finance costs and other expenses			
Interest expense	(754,229,314)	(12,990,089)	(767,219,403)
Foreign exchange loss – net	(4,955,086)	(19,397)	(4,974,483)
Total finance cost and other expenses	(759,184,400)	(13,009,486)	(772,193,886)
Income before income tax	3,283,056,062	18,178,710	3,301,234,772
Provision for (benefit from) income tax			
Current	(524,177,188)		(524,177,188)
Deferred	34,802,725		34,802,725
	(489,374,463)		(489,374,463)
Net income	₱2,793,681,599	₱18,178,710	₱ 2,811,860,309
Other disclosures			
Depreciation and amortization	₱443,966,249	₱40,410,888	₱484,377,137
Capital expenditure	109,049,751	1,848,363	110,898,114
Interest income	67,497,419	–	67,497,419
Investment in subsidiaries	2,259,191,009	–	2,259,191,009
Investment in joint ventures and associates	169,118,613	–	169,118,613

(Forward)

Revenue

	2023		
	Construction Division	Steel Fabrication Division	Total
Construction contracts	₱11,246,268,358	₱825,005,908	₱12,071,274,266
Merchandise sales	54,968,510	4,237,083	59,205,593
	11,301,236,868	829,242,991	12,130,479,859
Costs			
Construction contracts	9,790,477,469	695,413,621	10,485,891,090
Merchandise sales	54,968,510	4,237,083	59,205,593
	9,845,445,979	699,650,704	10,545,096,683
Gross profit	1,455,790,889	129,592,287	1,585,383,176
Selling and administrative expenses	(1,265,217,469)	(101,293,270)	(1,366,510,739)
Interest income	30,240,977	–	30,240,977
Other income[a]	530,071,972	341,332,951	871,404,922
Finance costs and other expenses	(396,257,260)	–	(396,257,260)
Interest expense			
Foreign exchange loss – net	11,879,936	11,783,024	23,662,960
Total finance cost and other expenses	(₱384,377,324)	₱11,783,024	(₱372,594,300)
Loss before tax	366,509,045	381,414,992	747,924,037
Provision for (benefit from) income tax			
Current	109,584,045	114,034,162	223,618,207
Deferred	(106,628,516)	(110,958,610)	(217,587,126)
	2,955,529	3,075,552	6,031,081
Net income	₱363,553,516	₱378,339,440	₱741,892,956
Other disclosures			
Depreciation and amortization	₱479,571,801	₱38,514,330	₱518,086,131
Capital expenditure	109,963,538	25,236,562	135,200,100
Interest income	30,240,977	–	30,240,977
Investment in subsidiaries	2,259,191,009	–	2,259,191,009
Investment in joint ventures and associates	84,889,028	–	84,889,028

Notes to operating segments:

a. Other income consists of:

	2024	2023	2022
Dividend income	**₱2,224,797,200**	₱1,231,060,449	₱464,891,604
Equity in net earnings of a joint venture	**101,529,885**	84,229,585	37,693,270
Other income (charges) - net	**(191,108,343)**	45,086,910	368,820,048
	₱2,135,218,742	₱1,360,376,944	₱871,404,922

b. In 2024, each of the two customers from the construction division segment contributed revenue that exceeded 10% of the Parent Company's revenue. Following are the revenue contributed by each of these customers: ₱1,617.4 million and ₱1,531.8 million.

c. In 2023, each of the two customers from the construction division segment contributed revenue that exceeded 10% of the Parent Company's revenue. Following are the revenue contributed by each of these customers: ₱1,688.6 million and ₱1,607.4 million.

d. In 2022, each of the two customers from the construction division segment contributed revenue that exceeded 10% of the Parent Company's revenue. Following are the revenue contributed by each of these customers: ₱2,615.7 million and ₱3,144.0 million.

37. **Subsequent Event**

On March 19, 2025, RYM Business Management Corporation entered into an agreement with a management-owned company led by Mr. Henry D. Antonio, President and Chief Executive Officer of the Parent Company, to sell its 20% interest in the Parent Company.

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INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

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

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of EEI Corporation (the Parent Company) as at December 31, 2024 and 2023 and for the years then ended, have issued our report thereon dated April 30, 2025. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Parent Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic financial statements. This has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Lloyd S Chua
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

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: Category A: Items that are directly credited to Unappropriated Retained Earnings	
Reversal of retained earnings appropriation	–
Effect of restatements or prior-period adjustments	–
Others	–
Less: Category B: 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: Category C.1: 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:	**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)**	
	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:	**Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)**	
	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

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
EEI Limited and Subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EEI Limited and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in capital deficiency and consolidated statements of cash flows for the year ended December 31, 2024 and 2023, and notes to the financial statements, including a 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 the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Group has a capital deficiency of balance amounting to $73.9 million and $4.03 million as of December 31, 2024 and 2023, respectively. In addition, the Group's current liabilities exceed its current assets by $86.04 million and $36.95 million, and has a negative operating cash flows of $2,791 and $26,664 as at December 31, 2024 and 2023, respectively. These conditions, among others, indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as going concern. The Ultimate Parent company has committed to provide financial support to enable the Group to continue as going concern. Our opinion is not modified in respect of this matter.

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 PFRSs, 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 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

SYCIP GORRES VELAYO & CO.

Cliff Richard B. Narag

Cliff Richard B. Narag
Partner
CPA Certificate No. 135141
Tax Identification No. 293-377-901
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-163-2025, January 8, 2025, valid until January 7, 2028
PTR No. 10465351, January 2, 2025, Makati City

April 30, 2025

EEI LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in United States Dollar)

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash in banks	**$6,102**	$8,894
Due from related parties (Note 8)	**207,598**	207,598
Total Current Assets	**213,700**	216,492
Noncurrent Asset		
Investment in an associate (Note 6)	**12,161,664**	32,916,136
TOTAL ASSETS	**$12,375,364**	$33,132,628
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 7)	**$207,703**	$201,095
Deposit for future stock subscription (Note 10)	**85,533,648**	–
Due to related parties (Note 8)	**516,697**	36,965,614
Total Liabilities	**86,258,048**	37,166,709
Capital Deficiency (Note 10)		
Capital stock	**1,689,822**	1,689,822
Cumulative translation adjustment (Note 6)	**(1,419,271)**	885,408
Share in other comprehensive loss of an associate (Note 6)	**(1,661,561)**	(1,859,193)
Deficit	**(72,491,674)**	(4,750,118)
Capital Deficiency	**(73,882,684)**	(4,034,081)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY	**$12,375,364**	$33,132,628

See accompanying Notes to Consolidated Financial Statements.

EEI LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in United States Dollar)

	Years Ended December 31	
	2024	2023
GENERAL AND ADMINISTRATIVE EXPENSES (Note 9)	**($126,405)**	($166,707)
EQUITY IN LOSS OF AN ASSOCIATE (Note 6)	**(67,615,172)**	(28,665,794)
INTEREST INCOME	**21**	46
NET LOSS	**($67,741,556)**	($28,832,455)

See accompanying Notes to Consolidated Financial Statements.

EEI LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in United States Dollar)

	Years Ended December 31	
	2024	**2023**
NET LOSS	**($67,741,556)**	($28,832,455)
OTHER COMPREHENSIVE INCOME (LOSS)		
Item not to be reclassified to profit or loss in subsequent periods:		
Share in other comprehensive income of an associate (Note 6)	**197,632**	260,576
Item to be reclassified to profit or loss in subsequent periods:		
Cumulative translation adjustment (Note 6)	**(2,304,679)**	877,913
TOTAL COMPREHENSIVE LOSS	**($69,848,603)**	($27,693,966)

See accompanying Notes to Consolidated Financial Statements.

EEI LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in United States Dollar)

	Capital Stock (Note 10)	Cumulative Translation Adjustments	Share in other comprehensive loss of an associate (Note 6)	Retained Earnings (Deficit)	Total
Balances at December 31, 2022	$1,689,822	$7,495	($2,119,769)	$24,082,337	$23,659,885
Net loss	–	–	–	(28,832,455)	(28,832,455)
Other comprehensive income	–	877,913	260,576	–	1,138,489
Total comprehensive income (loss)	–	877,913	260,576	(28,832,455)	(27,693,966)
Balances at December 31, 2023	**1,689,822**	**885,408**	**(1,859,193)**	**(4,750,118)**	**(4,034,081)**
Net loss	**–**	**–**	**–**	**(67,741,556)**	**(67, 741,556)**
Other comprehensive income	**–**	**(2,304,679)**	**197,632**	**–**	**(2,107,047)**
Total comprehensive income (loss)	**–**	**(2,304,679)**	**197,632**	**(67,741,556)**	**(69,848,603)**
Balances at December 31, 2024	**$1,689,822**	**($1,419,271)**	**($1,661,561)**	**($72,491,674)**	**($73,882,684)**

See accompanying Notes to Consolidated Financial Statements.

EEI LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in United States Dollar)

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	**($67,741,556)**	($28,832,455)
Adjustments for:		
Equity in net loss of an associate (Note 6)	**67,615,172**	28,665,794
Interest income	**(21)**	(46)
Operating loss before working capital changes	**(126,405)**	(166,707)
Increase (decrease) in:		
Accounts payable and accrued expenses	**6,608**	(14,670)
Due to related parties	**116,984**	154,667
Cash flows used in operations	**(2,813)**	(26,710)
Interest received	**21**	46
Net cash flows used in operating activities	**(2,792)**	(26,664)
CASH FLOWS FROM AN INVESTING ACTIVITY		
Additional investment in an associate (Note 8)	**(48,967,747)**	(36,565,987)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from deposit for future stock subscription (Note 10)	**48,967,747**	–
Advances from a related party (Note 8)	**–**	36,565,987
Net cash flows provided by financing activities	**48,967,747**	36,565,987
NET DECREASE IN CASH IN BANKS	**(2,792)**	(26,664)
CASH IN BANKS AT BEGINNING OF YEAR	**8,894**	35,558
CASH IN BANKS AT END OF YEAR	**$6,102**	$8,894

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information**

EEI Limited (the Parent Company) is a stock corporation incorporated under the laws of the British Virgin Islands on September 25, 1996. The Parent Company is a holding company which primary purpose is to purchase, acquire and undertake the whole or any part of the business, goodwill, assets and liabilities of any person, firm or company and to enter into partnership, joint venture or profit sharing arrangement with any person, firm or company.

The Parent Company is a wholly owned subsidiary of EEI Corporation (the Ultimate Parent), a listed company incorporated under the laws of the Philippines and is engaged in general contracting and construction equipment rental. 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 maintains its books of accounts in United States (US) Dollars in the Philippine office of the Ultimate Parent, which provides business and administrative support to the Parent Company.

The registered office address of the Parent Company is Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

Status of Operation
The Group has a capital deficiency of balance amounting to $73.9 million and $4.03 million as of December 31, 2024 and 2023, respectively. In addition, the Group's current liabilities exceed its current assets by $86.04 million and $36.95 million, and has a negative operating cash flows of $2,791 and $26,664 as at December 31, 2024 and 2023, respectively. These conditions, among others, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may not be able to realize its assets and discharge its liabilities in the normal course of business. To address this matter, the Group's management has approved in 2025 an additional capital infusion to its associate to fund its operations and future endeavors as well as implement right-sizing policies to improve over-all performance. Management is confident that the Group will be able to recover from losses in the succeeding years.

Moreover, the Ultimate Parent has committed to provide the Group with financial assistance to maintain it as going concern and enable it to meet its liabilities as and when they fall due until the next reporting period. Accordingly, the financial statement has been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Approval for Issuance of Financial Statements
The consolidated financial statements of the Group were approved 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 of the Group have been prepared on the historical cost basis and are presented in US Dollars ($), which is also the Parent Company's functional currency. Except as indicated, all amounts are rounded off to the nearest US Dollar.

Statement of Compliance
The Parent Company, being a subsidiary of a listed company in the Philippines, prepares these consolidated financial statements for submission to the Philippine Securities and Exchange Commission as required under Paragraph 10 (A), Part II of Revised Securities Regulation Code Rule 68.

Basis of Consolidation
The consolidated financial statements include the Parent Company and the following companies that it controls as of December 31, 2024 and 2023

				Percentage of ownership			
				2024		2023	
Subsidiaries	Place of incorporation	Nature of business	Functional currency	**Direct**	**Indirect**	Direct	Indirect
Clear Jewel Investments, Ltd.	British Virgin Islands	Holding company	US Dollar	**100**	**–**	**100**	–
Nimaridge Investments Ltd.	British Virgin Islands	Holding company	US Dollar	**100**	**–**	**100**	–
EEI (PNG), Ltd	Papua New Guinea	Holding company	US Dollar	**–**	**100**	–	**100**

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

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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- reclassifies to profit or loss, or transfer directly to retained earnings if required by other PFRSs, the amounts recognized in other comprehensive income in relation to the subsidiary; and
- recognizes any resulting difference as a gain or loss in profit or loss attributable to the parent

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- 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. Unless otherwise indicated, the group does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21*, Lack of exchangeability*

Effective beginning on or after January 1, 2026
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

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*

4. **Summary of Material Accounting Policies**

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.

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

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

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 amortised 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)
This category is the most relevant to the Group. 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 include Cash in banks, Receivables and Due from related parties as of December 31, 2024 and 2023.

The Group has no debt financial assets at FVPL, debt financial assets at FVOCI and equity financial assets at FVPL as at 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 FVPL. 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 which there has not been a significant increase in credit risk since initial recognition, ECL is 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 timing of the default (a lifetime ECL).

The Group generally considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts. 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.

Initial recognition
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL and other financial liabilities at amortized cost. The initial measurement of financial liabilities, except for designated at FVPL, includes transaction costs. The Group has no financial liabilities at FVPL.

Financial liabilities at amortized cost
After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method (EIR). Gains and losses are recognized in the statement of income when the liabilities are derecognized as well as through amortization process.

The Group's financial liabilities at amortized cost include "Accounts payable" under "Accounts payable and accrued expenses" and "Due to related parties" as at December 31, 2024 and 2023.

Derecognition of Financial Assets and Liabilities

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 where: (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 or has entered into a pass-through arrangement, 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 profit or loss.

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.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Investment in an Associate

The Parent Company has 49% investment in Al-Rushaid Construction Company Limited (ARCC) which is incorporated and based in the Kingdom of Saudi Arabia and is currently accounted for as an associate. An associate is an entity in which the Parent Company has significant influence.

Investments in associates 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.

The functional currency of the Group's associate, ARCC, is Saudi Arabia Riyal. The movement in the closing rate for Saudi Arabia Riyal against US Dollar is accounted for in the movement of equity for ARCC. The exchange differences arising on the translation are taken directly under "Cumulative translation adjustments" as a separate component of equity.

The reporting date and the accounting policies of the associate conform with those used by the Group for like transactions and events in similar circumstances.

The Group assesses investment in an associate at each reporting date whether there is any indication that asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset fair value less costs to sell and its value-in-use. 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 a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses are recognized in the consolidated statement of income.

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 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.

Capital Deficiency
Capital stock is measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings (deficit) represent accumulated earnings or losses of the Group less dividends declared and any adjustment arising from application of new accounting standards, policies or corrections of errors applied retroactively. When the retained earnings account has a debit balance, it is called “deficit”. A deficit is not an asset but a deduction from equity.

Deposit for Future Stock Subscription
Deposit for future stock subscription pertain to amount of money or property received with the purpose of applying the same as payment for future issuance of shares of stocks. This is shown as part of equity section in the statement of financial position if and only if all of the following are present as reporting date: (1) that the unissued authorized capital stock of the Company is insufficient to cover the amount of the shares indicated in the contract; (2) that there is BOD’s and stockholder’s approval on the proposed increase in authorized capital stock (for which the deposit was received by the Company); and (3) that the application for the approval of the proposed increase has been filed with the SEC. Otherwise, such deposit is presented as liabilities in the statement of financial position.

Expenses
“General and administrative expenses” are expenses that arise in the course of the ordinary operations of the Group. Expenses are recognized when incurred.

Events after the Financial Reporting Date
Post year-end events up to the date of the 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 in the notes to the consolidated financial statements when material.

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5. **Significant Accounting Judgment and Estimates**

The preparation of the consolidated financial statements requires management to make judgment and estimates that affect the reported amounts in the consolidated financial statements and the accompanying notes. The judgment and estimates used in the consolidated financial statements are based upon management’s evaluation of relevant facts and circumstances as at reporting date. Uncertainty about this judgement could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgement
Judgment is continually evaluated and is based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates
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 consolidated 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.

Impairment of investment in associate
The Group performs annual impairment review of its investment in an associate when certain impairment indicators are present. Determining the fair value of its investment in an associate, 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 consolidated 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. The carrying values of investment in an associate amounted $12.2 million and $32.9 million as of December 31, 2024 and 2023, respectively (see Note 6).

6. Investment in an Associate

The movements in this account follow:

	2024	2023
Acquisition cost:		
Balance at beginning of year	**$48,672,333**	$12,106,346
Additional investment	**48,967,747**	36,565,987
	97,640,080	48,672,333
Accumulated equity in net income (loss):		
Balance at beginning of year	**(14,782,412)**	13,883,382
Equity in net loss	**(67,615,172)**	(28,665,794)
Balance at end of year	**(82,397,584)**	(14,782,412)
	15,242,496	33,889,921
Accumulated share in other comprehensive loss:		
Balance at beginning of year	**(1,859,193)**	(2,119,769)
Equity in other comprehensive income (loss)	**197,632**	260,576
Balance at end of year	**(1,661,561)**	(1,859,193)
Cumulative translation adjustments	**(1,419,271)**	885,408
	$12,161,664	$32,916,136

EEI Limited made a capital infusion amounting to $49.0 million and $36.6 million in 2024 and 2023, respectively. The transaction did not result to a change in the 49% ownership of EEI Limited over ARCC.

The summarized financial information of ARCC follows:

	2024	2023
Current assets	**$248,824,085**	$255,509,732
Noncurrent assets	**61,762,440**	66,285,111
Total assets	**$310,586,525**	$321,794,843
Current liabilities	**$230,730,374**	$201,186,955
Noncurrent liabilities	**43,232,758**	53,432,100
Total liabilities	**$273,963,132**	$254,619,055
Net Assets	**$36,623,393**	$67,175,788

	2024	2023
Revenue	**$189,024,343**	$213,521,896
Cost	**(281,096,862)**	(263,810,642)
Gross loss	**(92,072,519)**	(50,288,746)
Expenses	**(11,877,149)**	(5,473,680)
Allowance for expected credit loss	**(13,137,022)**	(16,527,424)
Loss before income tax	**(117,086,690)**	(72,289,850)
Proportionate ownership in an associate	**49%**	49%
Equity in loss before income tax	**(57,372,478)**	(35,422,027)
Share in benefit from (provision for) income tax	**(10,242,694)**	6,756,233
Equity in net loss of the associate	**($67,615,172)**	($28,665,794)

For the years ended December 31, 2024 and 2023, ARCC's other comprehensive income amounted to $0.40 million and $0.53 million, respectively.

The table below shows the Group's share in other comprehensive income:

	2024	2023
Other comprehensive income	**$403,330**	$531,788
Proportionate ownership in the associate	**49%**	49%
Equity in other comprehensive loss	**$197,632**	$260,576

The reconciliation of the net assets of the associate to the carrying amounts of the investment in an associate recognized in the consolidated statement of financial position is as follows:

	2024	2023
Net assets of an associate before adjustment	**$36,623,393**	$67,175,788
Proportionate ownership in the associate	**49%**	49%
Group's share in net asset	**17,945,462**	32,916,136
Adjustments*	**(5,783,798)**	–
Carrying value of investment	**$12,161,664**	$32,916,136

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

On March 3, 2025 and March 27, 2025, the Parent Company made additional capital infusion amounting to $9.15 million and $13.07 million to support the operation of ARCC, respectively.

7. Accounts Payable and Accrued Expenses

This account consists of:

	2024	2023
Accounts payable	**$144,043**	$144,043
Accrued expenses	**63,660**	57,052
	$207,703	$201,095

Accounts payable are non-interest bearing and are generally settled on 30 to 60-day terms.

Accrued expenses pertain to accrual of professional fees that are expected to be settled within one year.

8. Related Party Transactions

Parties are considered to be related if one party has the ability to, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprises, or between and/or among the reporting enterprises and their key management personnel. Related parties may be individuals or corporate entities.

The following are the significant transactions and account balance with related parties:

Category / Transaction		Transactions during the year	Outstanding balances – receivables (payables)	Terms	Conditions
Ultimate Parent					
Advances	**2024**	**$36,448,917**	**($481,083)**	Non-interest bearing,	Unsecured
	2023	$36,715,186	($36,930,000)	due and demandable	
Deposit for future stock	**2024**	**85,533,648**	**85,533,648**	Non-interest bearing,	Unsecured
subscription	2023	–	–	due and demandable	
Advances	**2024**	–	**207,598**	Non-interest bearing,	Unsecured;
	2023	–	207,598	due and demandable	No impairment
Entities under common control					
Advances	**2024**	–	**(2,160)**	Non-interest bearing,	Unsecured
	2023	–	(2,160)	due and demandable	
Associates					
Advances	**2024**	–	**887,767**	Non-interest bearing,	Unsecured;
	2023	–	887,767	due and demandable	with impairment of $887,767
Advances	**2024**	–	**(33,454)**	Non-interest bearing,	Unsecured
	2023	5,468	(33,454)	due and demandable	

The statement of financial position include the following results from the above transaction:

	2024	2023
Due from related parties	**$207,598**	$207,598
Due to related parties	**516,697**	36,965,614
Deposit for future stock subscription	**85,533,648**	–

Terms and conditions of transactions with related parties
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. The Group recognized $887,767 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.

Compensation of Key Management Personnel
Compensation of the key management personnel of the Group includes only short-term employee benefits amounting to $0.05 million and $0.09 million in 2024 and 2023, respectively.

9. General and Administrative Expenses

General and administrative expenses consist of:

	2024	2023
Professional fees	**$72,267**	$70,614
Personnel expenses	**52,851**	94,967
Others	**1,287**	1,126
	$126,405	$166,707

10. Capital Deficiency

Capital Stock
The details of the Parent Company's capital stock follow:

	2024	2023
Common		
Authorized shares	**2,000,000**	2,000,000
Par value	**$1.00**	$1.00
Issued shares	**1,689,822**	1,689,822

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

The Group considers the equity (except for other comprehensive loss) as capital.

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.

Deposit for future stock subscription
As at December 31, 2024, deposit for future stock subscription amounting to $85,533,648 is consist of (a) deposit for future stocks subscription received from the Ultimate Parent in 2024 amounting to $48,967,747 and (b) advances to the Parent Company that the Ultimate Parent converted to capital infusion amounting to $36,565,901. The reclassification of due to related party to deposit for future stock subscription is treated as noncash investing activity in the 2024 statement of cash flows.

The Parent Company has not met all the conditions required under SEC Financial Reporting Bulletin 006, as Revised for the recognition of deposit for future stock subscription as equity as of December 31, 2024, thus presented as part of liability.

11. **Fair Value of Financial Instruments and Financial Risk Management Objective and Policies**

Fair Value of Financial Instruments
As at December 31, 2024 and 2023, the carrying amounts of the Group's financial assets and financial liabilities approximate their fair values due to their short-term maturities and demand feature.

Financial Risk Management Objectives and Policies
The main risks arising from the Group's financial assets and financial liabilities are liquidity risk and credit risk. The BOD reviews and agrees on the policies for managing these risks, which are summarized as follows:

Liquidity risk
Liquidity risk arises if the Group encounters difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's practice is to maintain a level of cash that is sufficient to fund its monthly cash requirements. Operating expenses and working capital requirements are funded through cash collections and borrowings from related parties.

As of December 31, 2024, and 2023, the Group's financial liabilities are either due and demandable or expected to be settled within one year from the reporting date. These financial liabilities can be settled using all the Group's financial assets which are also due and upon demand.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's maximum exposure to credit risk is equal to the carrying amount of the financial assets. The Group assessed the concentration risk with respect to financial assets as high since the Group only have limited counterparties.

EEI CORPORATION
1931

12 Manggahan Street, Brgy. Bagumbayan
Quezon City, Philippines 1110
(632) 8-334-2677
www.eei.com.ph

REPUBLIC OF THE PHILLIPPINES)
QUEZON CITY, METRO MANILA) S.S.

TREASURER'S CERTIFICATE

I **JOCELYN R. DIMAILIG** of legal age, Filipino, and with office address at No. 12 Manggahan Street, Bagumbayan, Quezon City, Metro Manila after being sworn in accordance with law, hereby certify that:

1. I am the Vice President for Treasury of EEI Corporation, a corporation duly and existing under and by virtue of the laws of the Republic of the Philippines under SEC Certificate of Registration No. PW-937 with principal office address at No. 12 Manggahan Street, Bagumbayan, Quezon City, Metro Manila;

2. The Special Form for Financial Statements (SFFS) submitted herein has the basic and material data in the Audited Financial Statements of EEI CORPORATION and SUBSIDIARIES for the years ended December 31, 2024, 2023 and 2022.

3. I am executing this certification to attest to the truth of foregoing and in compliance with the reportorial requirements of the Securities and Exchange Commission.

Done this __ day of APR 2 9 2025, 2025 in Quezon City, Metro Manila

JOCELYN R. DIMAILIG
Assistant Vice President for Treasury

SUBSCRIBED AND SWORN to before me this _________ day of APR 2 9 2025, 2025 in Quezon City, Metro Manila. Affiant exhibited to me her Driver's License ID No. N04-15001462 issued on December 7, 2022 in LTO Cubao.

Doc No. 19
Page No. 5
Book No. I
Series of 2025.

CYRIL C. GESULGA
Notary Public
Commission No. NP-250 until Dec. 31, 2026
IBP No. 498658; Jan. 6 2025; Quezon City Chapter
PTR No. 7078881; Jan. 8, 2025; Quezon City
Roll No. 46801
MCLE Compliance No. VIII-0015374; November 6, 2024
12 Manggahan St., Bagumbayan, Quezon City

Control No.:
Form Type: *PHFS (rev 2006)*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: EEI Corporation
CURRENT ADDRESS: No. 12 Manggahan St. Bagumbayan, Quezon City
TEL. NO.: 8-334-2677 **FAX NO.:** N/A
COMPANY TYPE : CONSTRUCTION **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Consolidated Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	**36,658,904**	**29,987,446**
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	21,212,061	15,353,567
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	6,043,702	2,216,975
A.1.1.1 On hand	6,188	6,302
A.1.1.2 In domestic banks/entities	5,465,269	2,088,439
A.1.1.3 Cash equivalents	572,245	122,233
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	2,815,048	3,551,670
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	2,815,048	3,551,670
A.1.2.1.1 Due from customers (trade)	2,584,586	3,391,599
A.1.2.1.2 Due from related parties	168,518	195,262
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)	235,016	120,838
A.1.2.1.3.1 Receivable from sale of investment properties	13,573	14,924
A.1.2.1.3.2 Loans receivable from ERFI	72,000	-
A.1.2.1.3.3 Dividend receivable	51,300	-
A.1.2.1.3.4 Others	98,143	105,913
A.1.2.1.4 Allowance for doubtful accounts (**negative entry**)	(173,072)	(156,028)
A.1.2.2 Due from foreign entities, specify	-	-
A.1.2.2.1 Allowance for doubtful accounts (**negative entry**)	-	-
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	10,994,291	8,430,179
A.1.3.1 Merchandise	67,082	85,470
A.1.3.2 Spare parts and supplies	73,891	89,632
A.1.3.3 Construction materials	732,478	1,029,509
A.1.3.4 Contract assets	9,915,947	7,010,999
A.1.3.5 Others, specify (A.1.3.6.1 + A.1.3.6.2)	204,892	214,569
A.1.3.5.1 Real estate inventories	219,143	222,911
A.1.3.5.2 Allowance for inventory obsolescence	(14,251)	(8,342)
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3	-	-
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities:	-	-
A.1.4.1.1 National Government	-	-
A.1.4.1.2 Public Financial Institutions	-	-
A.1.4.1.3 Public Non-Financial Institutions	-	-
A.1.4.1.4 Private Financial Institutions	-	-
A.1.4.1.5 Private Non-Financial Institutions	-	-
A.1.4.2 Held to Maturity Investments - issued by domestic entities:	-	-
A.1.4.2.1 National Government	-	-
A.1.4.2.2 Public Financial Institutions	-	-
A.1.4.2.3 Public Non-Financial Institutions	-	-
A.1.4.2.4 Private Financial Institutions	-	-
A.1.4.2.5 Private Non-Financial Institutions	-	-

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: EEI Corporation
CURRENT ADDRESS: No. 12 Manggahan St. Bagumbayan, Quezon City
TEL. NO.: 8-334-2677 **FAX NO.:** N/A
COMPANY TYPE : CONSTRUCTION **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Consolidated Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)	-	-
A.1.4.3.1 National Government	-	-
A.1.4.3.2 Public Financial Institutions	-	-
A.1.4.3.3 Public Non-Financial Institutions	-	-
A.1.4.3.4 Private Financial Institutions	-	-
A.1.4.3.5 Private Non-Financial Institutions	-	-
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)	-	-
A.1.4.4.1 National Government	-	-
A.1.4.4.2 Public Financial Institutions	-	-
A.1.4.4.3 Public Non-Financial Institutions	-	-
A.1.4.4.4 Private Financial Institutions	-	-
A.1.4.4.5 Private Non-Financial Institutions	-	-
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)	-	-
A.1.4.5.1 Financial Assets at fair value through profit or loss	-	-
A.1.4.5.2 Held-to-maturity investments	-	-
A.1.4.5.3 Loans and Receivables	-	-
A.1.4.5.4 Available-for-sale financial assets	-	-
A.1.4.6 Allowance for decline in market value (negative entry)	-	-
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3+A.1.5.4+A.1.5.5+A.1.5.6+A.1.5.7)	1,359,021	1,154,743
A.1.5.1 Advances to suppliers and subcontractors	740,751	626,529
A.1.5.2 Defererd Input VAT	71,863	66,138
A.1.5.3 Miscellaneous deposits	144,763	162,505
A.1.5.4 Time deposits	-	102,373
A.1.5.5 Prepaid expenses	32,712	36,939
A.1.5.6 Advances to officers and employees	89,579	55,058
A.1.5.7 Creditable withholding taxes	297,462	133,218
A.1.5.8 Others	39,083	35,258
A.1.5.9 Allowance for expected credit loss	(57,193)	(63,275)
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8)	4,253,729	2,099,967
A.2.1 Machinery, tools and construction equipment	4,823,740	4,900,794
A.2.2 Land, buildings and improvements	2,687,235	437,801
A.2.3 Furniture, fixtures, and office equipment	672,006	593,361
A.2.4 Transportation and service equipment	1,008,675	987,204
A.2.5 Others, specify	217,404	106,848
A..2.5.1 Construction in progress	217,404	106,848
A.2.6 Appraisal increase, specify	-	-
A.2.7 Accumulated Depreciation (negative entry)	(5,155,329)	(4,926,041)
A.2.8 Impairment Loss or Reversal (if loss, negative entry)	-	-
A.3 Investments accounted for using the equity method	914,824	2,000,687
A.3.1 Equity in domestic subsidiaries/affiliates	914,824	2,000,687
A.3.2 Equity in foreign branches/subsidiaries/affiliates	-	-
A.3.3 Others, specify	-	-
A.4 Investment Property	1,214,296	14,296
A.5 Biological Assets	-	-
A.6 Intangible Assets	-	-
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	-	-
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)	-	-
A.7 Assets Classified as Held for Sale	36,520	-
A.8 Assets included in Disposal Groups Classified as Held for Sale	-	-

Control No.:
Form Type: *PHFS (rev 2006)*

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: **EEI Corporation**
CURRENT ADDRESS: **No. 12 Manggahan St. Bagumbayan, Quezon City**
TEL. NO.: **8-334-2677** **FAX NO.:** **N/A**
COMPANY TYPE : **CONSTRUCTION** **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Consolidated Balance Sheet

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	-	-
A.9.1 From domestic entities, specify	-	-
A.9.2 From foreign entities, specify	-	-
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)	-	-
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	9,027,474	10,518,930
A.10.1 Deferred charges - net of amortization	-	-
A.10.2 Deferred Income Tax	1,252,481	1,335,753
A.10.3 Contract assets - net of current portion	4,206,428	6,203,829
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4+A.10.4.5+A.10.4.6+A.10.4.7)	3,584,986	2,980,986
A.10.4.1 Equity investments at fair value through other comprehensive income	659,890	542,692
A.10.4.2 Software cost	-	2,340
A.10.4.3 Deferred Input VAT	3,967	27,466
A.10.4.4 Interest-bearing trade receivables - net of current portion	-	-
A.10.4.5 Receivable from sale of a subsidiary	29,778	35,985
A.10.4.6 Receivable from EEI Retirement Fund, Inc. - net of current portion	648,000	1,200,000
A.10.4.7 Creditable withholding taxes	817,080	634,277
A.10.4.8 Right of use assets	307,899	497,658
A.10.4.9 Retirement Assets	1,056,662	-
A.10.4.10 Deposit for future subscription	20,000	20,000
A.10.4.11 Others	41,710	20,568
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)	(16,421)	(1,638)
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	**19,425,673**	**17,071,326**
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	13,467,618	12,812,077
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	13,412,018	12,694,985
B.1.1.1 Loans/Notes Payables	3,940,000	4,329,000
B.1.1.2 Trade Payables	2,882,145	3,403,585
B.1.1.3 Deferred output taxes	13,962	436,184
B.1.1.4 Payables to Related Parties	1,935	1,852
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)	472,300	597,101
B.1.1.5.1 Accrued expenses	377,761	468,616
B.1.1.5.2 Withholding taxes and other statutory liabilities	94,539	128,485
B.1.1.5.3 Subscription payable	-	-
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3)	6,101,676	3,927,263
B.1.1.6.1 Retention payable	441,768	378,104
B.1.1.6.2 Advances from joint venture partners	32,382	32,382
B.1.1.6.3 Dividends payable	-	-
B.1.1.6.4 Others	106,520	138,016
B.1.1.6.4 Current portion of contract liability	2,156,537	483,717
B.1.1.6.3 Current portion of long-term debt	3,364,469	2,895,044
B.1.2 Trade and Other Payables to Foreign Entities (specify)	-	-
B.1.3 Provisions	-	-
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions)	-	-
B.1.5 Liabilities for Current Tax	271	21,409
B.1.6 Deferred Tax Liabilities	-	-
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5)	55,328	95,682
B.1.7.1 Dividends declared and not paid at balance sheet date	-	-
B.1.7.2 Deferred Income (Unearned tuition fees)	-	-
B.1.7.3 Lease liability - current portion	55,328	95,682
B.1.7.4 Portion of long-term debt due within one year	-	-
B.1.7.5 Any other current liability in excess of 5% of Total Current Liabiilities, specify:	-	-

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: EEI Corporation
CURRENT ADDRESS: No. 12 Manggahan St. Bagumbayan, Quezon City
TEL. NO.: 8-334-2677 **FAX NO.:** N/A
COMPANY TYPE : CONSTRUCTION **PSIC:**
If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Consolidated Balance Sheet

FINANCIAL DATA		2024 (in P'000)	2023 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)		5,582,792	3,329,871
B.2.1 Domestic Public Financial Institutions		5,582,792	3,329,871
B.2.2 Domestic Public Non-Financial Institutions		-	-
B.2.3 Domestic Private Financial Institutions		-	-
B.2.4 Domestic Private Non-Financial Institutions		-	-
B.2.5 Foreign Financial Institutions		-	-
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		-	-
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		-	-
B.5 Other Liabilities (B.5.1 + B.5.2)		375,263	929,379
B.5.1 Deferred tax liabilities		-	-
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5)		375,263	929,379
B.5.2.1 Retirement Liabilities		-	244,485
B.5.2.2 Lease liability - net of current portion		184,711	449,017
B.5.2.3 Contract liabilty - net of current portion		58,516	125,826
B.5.2.4 Others		132,036	110,051
B.5.2.5		-	-
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)		**17,233,231**	**12,916,119**
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2)		2,120,000	2,120,000
C.1.1 Common shares	**2,000,000,000 authorized shares, P1 par value**	2,000,000	2,000,000
C.1.2 Preferred Shares		120,000	120,000
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2)		1,066,401	1,066,401
C.2.1 Common shares	**1,036,401,386 subscribed shares, P1 par value**	1,036,401	1,036,401
C.2.2 Preferred Shares		30,000	30,000
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)		1,106,401	1,066,401
C.3.1 Common shares		1,036,401	1,036,401
C.3.2 Preferred Shares		70,000	30,000
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		14,362,047	6,402,047
C.5 Noncontrolling Interest		32,473	44,574
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)		1,842,805	710,593
C.6.1 Fair value reserve of equity investments at FVOCI		462,469	362,775
C.6.2 Other comprehensive income		(28,769)	580,575
C.6.3 Remeasurement losses on retirement liability		1,409,105	(232,757)
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		-	-
C.8 Retained Earnings (C.8.1 + C.8.2)		(106,775)	4,696,225
C.8.1 Appropriated		-	-
C.8.2 Unappropriated		(106,775)	4,696,225
C.9 Head / Home Office Account (for Foreign Branches only)		-	-
C.10 Cost of Stocks Held in Treasury (**negative entry**)		(3,721)	(3,721)
TOTAL LIABILITIES AND EQUITY (B + C)		**36,658,904**	**29,987,446**

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: EEI Corporation

CURRENT ADDRESS: No. 12 Manggahan St. Bagumbayan, Quezon City

TEL. NO.: 8-334-2677 **FAX NO.:** N/A

COMPANY TYPE : CONSTRUCTION **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Consolidated Income Statement

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)	2022 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3 + A.4)	11,821,695	17,741,989	14,954,751
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity)	13,628,764	18,750,771	14,649,045
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity Method	(3,771,420)	(1,349,772)	(105,812)
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	1,888,331	266,049	376,385
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 +	1,888,331	266,049	376,385
A.3.5.1 Gain/(loss) on sale of assets	1,774,047	(578)	347,766
A.3.5.2 Gain on sale of scrap			
A.3.5.3 Tax refund/discounts	1,236	521	374
A.3.5.4 Rental income	1,258	1,702	443
A.3.5.5 Investment properties	-	-	32
A.3.5.6 Gain on termination of leases	92,379	-	-
A.3.5.7 Gain on sale of investment	-	60,080	-
A.3.5.8 Investment in associate	-	183,754	-
A.3.5.9 Others	19,412	20,570	27,771
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	76,019	74,941	35,132
A.4.1 Interest Income	76,019	74,941	35,132
A.4.2 Dividend Income	-	-	-
A.4.3 Gain / (**Loss**) from selling of Assets, specify	-	-	-
A.4.4 Others, specify	-	-	-
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	-	-	-
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)	-	-	-
B.1.1 Direct Material Used	-	-	-
B.1.2 Direct Labor	-	-	-
B.1.3 Other Manufacturing Cost / Overhead	-	-	-
B.1.4 Goods in Process, Beginning	-	-	-
B.1.5 Goods in Process, End (**negative entry**)	-	-	-
B.2 Finished Goods, Beginning	-	-	-
B.3 Finished Goods, End (**negative entry**)	-	-	-
C. COST OF SALES	-	-	-
D. COST OF SERVICES AND CONSTRUCTION CONTRACTS	13,324,128	14,516,782	12,647,229
E. GROSS PROFIT (A - B - C - D)	(1,502,433)	3,225,206	2,307,522

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

Control No.:	
Form Type:	*PHFS (rev 2006)*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: EEI Corporation

CURRENT ADDRESS: No. 12 Manggahan St. Bagumbayan, Quezon City

TEL. NO.: 8-334-2677 **FAX NO.:** N/A

COMPANY TYPE : CONSTRUCTION **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Consolidated Income Statement

F I N A N C I A L D A T A	**2024** (in P'000)	**2023** (in P'000)	**2022** (in P'000)
F. OPERATING EXPENSES (F.1 + F.2 + F.3)	**2,001,333**	**1,691,335**	**1,609,582**
F.1 Selling or Marketing Expenses	-	-	-
F.2 General and Administrative Expenses	1,995,997	1,690,308	1,622,644
F.3 Other Expenses, specify	5,336	1,028	(13,062)
F.3.1 Foreign exchange (gains) losses - net	5,336	1,028	(13,062)
G. FINANCE COSTS (G.1 + G.2)	**1,091,254**	**810,717**	**393,671**
G.1 Interest expense	1,091,254	810,717	393,671
G.2 Other interests, specify	-	-	-
G.2.1 Others	-	-	-
H. NET INCOME BEFORE TAX (E - F - G)	(4,595,020)	723,160	304,273
I. INCOME TAX EXPENSE (negative entry)	**178,654**	**(545,115)**	**(69,812)**
J. INCOME AFTER TAX	**(4,416,366)**	**178,045**	**234,461**
K. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii)	-	-	-
K.1	-	-	-
K.2	-	-	-
L. PROFIT OR LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	-	-
M. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**(4,416,366)**	**178,045**	**234,461**
N. EARNINGS PER SHARE			
N.1 Basic and diluted	5	0	0

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: EEI Corporation
CURRENT ADDRESS: No. 12 Manggahan St. Bagumbayan, Quezon City
TEL. NO.: 8-334-2677 **FAX NO.:** N/A
COMPANY TYPE CONSTRUCTION **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Consolidated Cash Flow Statements

FINANCIAL DATA	2024 (in P'000)	2023 (in P'000)	2022 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income Before Tax and Extraordinary Items	**(4,595,020)**	**723,160**	**304,273**
Loss before income tax from discontinued operations	**-**	**(20,669)**	**(34,154)**
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation and amortization	503,906	509,831	546,676
Others, specify: Interest expense	1,091,254	818,472	398,122
Unrealized foreign exchange loss (gain) - net	2,060	(10,875)	(4,163)
Gain on sale of investment in associates	-	(60,080)	-
Gain on sale of investment properties	-	(183,754)	(32)
Provision for impairment in RICEI	9,740	-	-
Gain on sale and leaseback	(1,775,406)	(6)	(4,005)
Gain on termination of lease	(92,379)	-	-
Movements in retirement assets and liabities	107,958	81,669	99,106
Interest income	(76,019)	(74,941)	(35,162)
Loss (gain) on sale of property and equipment	1,360	578	(343,766)
Equity in net losses (earnings) of asscoiates and joint ventures	3,771,420	1,349,772	105,852
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables	698,976	(859,829)	(132,505)
Contract assets	(907,547)	(2,842,027)	(552,089)
Due from related parties	25,999	794	(41,745)
Others, specify: Inventories	340,836	(307,029)	68,502
Other current assets	(193,098)	35,598	(310,904)
Other noncurrent assets	(13,116)	220,970	205,076
Increase (Decrease) in:			
Accounts payables and other current liabilities	(1,055,087)	(188,607)	(416,525)
Others, specify: Due to related parties	83	46,424	411
Contract liabilities	1,605,510	(651,498)	274,166
Interest received	76,019	74,941	35,525
Interest paid	(1,061,007)	(787,714)	(382,758)
Income taxes paid	(127,040)	(585,634)	(305,116)
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	**(1,660,599)**	**(2,710,455)**	**(525,214)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals of :			
Property and equipment	1,903,790	10,612	1,101,581
Investment properties	-	-	233
Equity investment at FVOCI	-	525,211	
Investment in associates and joint venture	-	2,095,468	-
Deposit for future subscription of shares of stock of a Company	40,000	-	-
Net reduction in (additions to) :			
Property and equipment	(2,766,311)	(268,542)	(196,669)
Investment in associate and joint venture	(2,782,221)	(2,029,044)	(47,761)
Investment properties	(1,200,000)	-	-
Loan to retirement fund/collection	480,000	-	(1,200,000)
Deposit for future subscription of shares of stock of a Company	-	(20,000)	-
Dividends received	-	6	122,805
B. Net Cash Used in Investing Activities (sum of above rows)	**(4,324,742)**	**313,712**	**(219,812)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment of:			
Loans			
Bank loans	11,762,000	11,440,408	12,462,676
Issuance of preferred shares	8,000,000	-	-
Others, specify: Long-term debt	6,467,102	4,961,524	-
Payments of:			
Bank loans	(12,151,000)	(10,511,408)	(12,312,676)
Long-term debt	(3,775,000)	(3,375,000)	(3,526,243)
Principal portion of lease liabilities	(91,321)	(75,253)	(60,977)
Cash dividends	(398,735)	(398,735)	(398,735)
Others, specify :			
Changes in non-controlling interests	-	-	8,400
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	**9,813,046**	**2,041,536**	**(3,827,554)**
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(979)	(806)	19,733
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	3,826,727	(354,401)	(4,552,847)
Cash and Cash Equivalents			
Beginning of year	2,216,975	2,571,375	7,124,222
End of year	**6,043,702**	**2,216,974**	**2,571,375**

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: EEI CORPORATION

CURRENT ADDRESS: #12 Manggahan Street, Bagumbayan, Quezon City

TEL. NO.: 635-0843

COMPANY TYPE : CONSTRUCTION

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

	(Amount in P'000)										
FINANCIAL DATA	Capital Stock	Additional Paid-in Capital	Treasury Stock	Remeasurement loss on Defined Benefit Plan	Cumulative Translation Adjustment	Fair Value Reserve on Equity Investment at FVOCI	Subtotal	Retained Earnings - Unappropriated	Subtotal	Noncontrolling Interests	TOTAL
A. Balance, *2022*	1,066,401	6,402,047	(3,721)	(79,165)	540,862	726,462	1,188,160	4,760,634	13,413,522	3,246	13,416,767
B. Disposal of a subsidiary	-	-	-	-	-	(184,658)	(184,658)	184,658	-	32,730	32,730
C. Net Income for the Period	-	-	-	-	-	-	-	149,667	149,667	8,598	158,265
D. Dividends (negative entry)	-	-	-	-	-	-	-	(398,735)	(398,735)	-	(398,735)
E. Other comprehensive income (loss)				(153,666)	39,713	(178,955)	(292,908)		(292,908)	-	(292,908)
F. Balance, *2023*	1,066,401	6,402,047	(3,721)	(232,831)	580,575	362,849	710,593	4,696,225	12,871,546	44,574	12,916,120
G. Impact of changes in ownership of subsidiary	-	-	-	-	-	-	-	13,188	13,188	(13,188)	-
H. Net Income for the Period	-	-	-	-	-	-	-	(4,417,453)	(4,417,453)	1,088	(4,416,366)
I. Other comprehensive income				1,067,410	(34,818)	99,620	1,132,212		1,132,212	-	1,132,212
J. Dividends (negative entry)	-	-	-	-	-	-	-	(398,735)	(398,735)	-	(398,735)
K. Appropriation for (specify)	-	-	-	-	-	-	-		-	-	-
L. Issuance of Preferred Stock	40,000	7,960,000	-	-	-	-	-		8,000,000	-	8,000,000
M. Balance, *2024*	1,106,401	14,362,047	(3,721)	834,579	545,757	462,469	1,842,805	(106,775)	17,200,758	32,473	17,233,231

ANNEX A: Sustainability Report

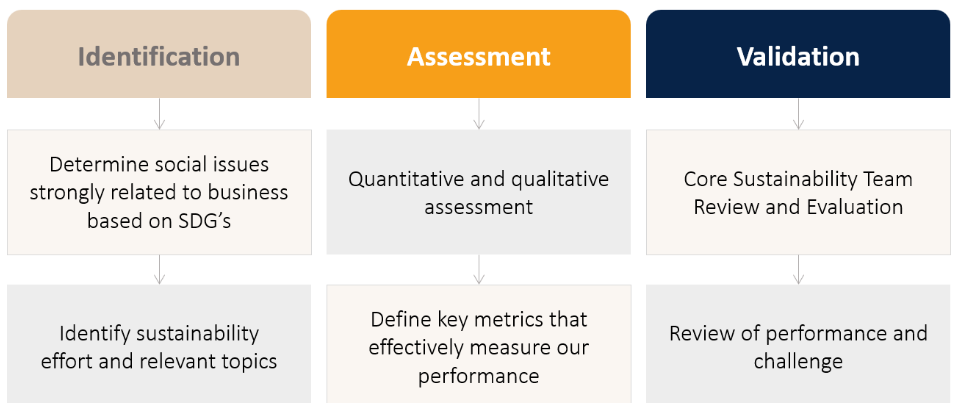
Company Details	
Name of Organization	EEI Corporation **(EEI)**
Location of Headquarters	#12 Manggahan St., Bagumbayan, Quezon City, Philippines
Location of Operations	With operations in Luzon, Visayas, and Mindanao
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	In addition to EEI, the following corporations were included in this sustainability report. For the economic portion, the consolidated report includes the following EEI subsidiaries: • EEI Business Solutions, Inc. (EBSI) • EEI Construction and Marine Inc. (ECMI) • EEI Power Corporation (EEI Power) • EEI Realty Corporation (EEIR) • EEI Carga Digital Logistics Corporation (eCarga) • Gulf Asia International Corporation (GAIC) • GAIC Manpower Services Inc. (GAMSI)
Business Model, including Primary Activities, Brands, Products, and Services	**EEI Corporation (EEI)** is one of the largest general contracting firms in the country with domestic and international operations in the Middle East. Years of contracting and collaborating with global contractors have enabled EEI to achieve world-caliber project management expertise and competencies in all fields and disciplines of construction. EEI is a Quadruple A rated General Engineering Contractor. This is the highest category license issued by the Philippine Contractors Accreditation Board (PCAB) of the Construction Industry Authority of the Philippines, an attached agency of the Department of Trade and Industry. The Company also holds ISO 9001, ISO 14001, and OHSAS 18001 certifications for quality, environmental management, and occupational health and safety standards. www.eei.com.ph **EEI Business Solutions, Inc. (EBSI)**, formerly known as Equipment Engineers, Inc., is a wholly owned subsidiary of EEI. It provides quality equipment and systems in the country. With its diverse range of industrial equipment and systems, EBSI serves the other sectors of the economy such as heavy industries, oil and petroleum industries, manufacturing industries, construction industries, and other businesses.

	https://eeinc.com.ph/our-company/ **EEI Construction and Marine Inc.** (**ECMI**) is a wholly-owned subsidiary of EEI. It provides general contracting services competing for small to medium sized projects specializing in providing industrial services covering construction and installation of tanks, rehabilitation works, piping works, and other general contracting works. https://www.eei.com.ph/content/our-company/eei-marine.php

	EEI Power Corporation (EEI Power), is a wholly-owned subsidiary of EEI. It is engaged in trading, power generation and retail electricity supply, with a focus on renewable energy. EEI Power continues to expand its power generation portfolio, specifically in the field of renewable energy, as testament to EEI's commitment to environmental stewardship through the utilization and deployment of clean and sustainable energy. EEI Power is likewise an energy solutions provider, supplying solar energy systems, electrical equipment and related services, and a licensed electro- mechanical contractor accredited by the Philippine Contractors Accreditation Board. On March 6, 2023, the Department of Energy (DOE) certified EEI Power as a registered Energy Service Company (ESCO), against the backdrop of escalating demand for energy services such as energy audits, which ESCOs are equipped to deliver. In response, EEI Power will offer its clients with comprehensive analyses and recommendations for energy efficiency measures and initiatives to reduce energy consumption. EEI Power will enhance the value of its energy audits, not solely for the purpose of complying with the prescriptions of Republic Act No. 11285, or the EE & C Act of 2019, but also as a sustainable strategy for the judicious use of energy and effectively minimize its clients' daily operations costs. In order to strengthen its strategic market position, EEI Power is also engaged in the retail electricity supply (RES) business through its wholly- owned subsidiary, EEI Energy Solutions Corporation (EESC). EESC was granted its RES license by the Energy Regulatory Commission in February 2021. EESC likewise acquired its Green Energy Option Program Operating Permit from the Department of Energy in September 2021. www.eeipower.com **EEI Realty Corporation** (**EEI Realty**) serves as the property management and real estate arm of EEI. EEI Realty developed the Suburbia East Subdivision located in Marikina City. It is currently engaged in the construction of socialized and low-cost housing units located in Cavite. https://www.eeirealty.ph/

	EEI Carga Digital Logistics Corporation (**eCarga**) is a wholly-owned subsidiary of EEI Business Solutions Inc. (formerly Equipment Engineers, Inc.). eCarga is an Online Logistics Solutions provider that has Digital Platforms available to Shippers and Truckers, making their delivery transactions convenient and efficient. These platforms enable small and medium enterprises, even individual shippers, to connect to a pool of professional truckers that can bring their goods to the intended destinations, on time and at an affordable rate. eCarga also gives truck owners the ability to monitor and track its fleet movement. https://www.ecarga.com.ph/ **Gulf Asia International Corporation (GAIC)** is a wholly-owned subsidiary of EEI established in 1984. It is a duly licensed private recruitment agency that caters to markets in construction, operation, maintenance, and engineering services. GAIC has a nationwide recruitment network and in- house testing facilities capable of evaluating applicants for various industries. www.gaicgrp.com **GAIC Manpower Services Incorporated** (**GAMSI**) is a wholly-owned subsidiary of GAIC engaged in local independent service contracting, duly registered with the Department of Labor and Employment (DOLE) under Department Order No. 174, series of 2017. GAMSI provides janitorial, messengerial, housekeeping, general cleaning services, ground maintenance, gardening, building and office maintenance, special one- time cleaning services, and other allied services. www.gaicgrp.com

<table>
<tr><td>Reporting Period</td><td>January 1, 2024 to December 31, 2024</td></tr>
<tr><td>Highest Ranking Person responsible for preparing this report</td><td>JESUS TEODORO C. REYES
AVP Corporate Strategy & Innovation</td></tr>
<tr><td>Materiality Process</td><td>EEI is committed to sustainable operations. To achieve this effectively, the management and business unit representatives contribute on which issues are most critical to our 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.</td></tr>
</table>

ECONOMIC

ECONOMIC PERFORMANCE

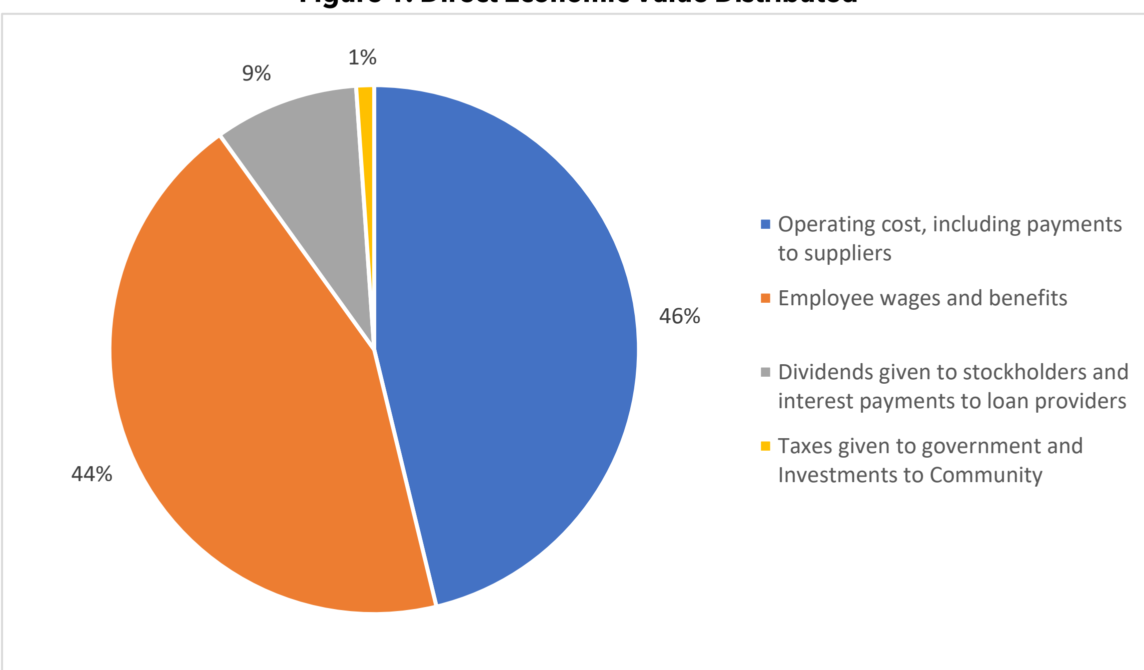
Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	11,778,086,590	PHP
Direct economic value distributed	16,872,407,500	PHP
a. Operating cost, including payments to suppliers	7,798,718,902	PHP
b. Employee wages and benefits	7,399,280,477	PHP
c. Payments to suppliers, other operating costs	-	PHP
d. Dividends given to stockholders and interest payments to loan providers	1,489,988,268	PHP
e. Taxes given to government	182,909,939	PHP
f. Investments to community	1,509,914	PHP

IMPACT AND RISK

In 2024, EEI generated a total direct economic value of Php 11,778,086,590 and distributed Php 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.

Figure 1. Direct Economic Value Distributed



OPPORTUNITY

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.

MANAGEMENT APPROACH FOR IMPACTS AND RISKS

Governance

EEI has a Board Risk Oversight Committee (BROC) that meets regularly to oversee the Company's enterprise-wide risk management (ERM) program, including Management's ability to assess and manage its risks, and to provide an open communication between Management and the Board for effective risk management. The BROC meets regularly to discuss the Company's major risks and opportunities, including those related to the climate.

EEI has a Risk Management Council chaired by the President and CEO and comprising the Company's various department heads. The Council oversees the implementation of the enterprise-wide risk management program and is responsible for providing timely, relevant and comprehensive risk information to the Board through the BROC. Part of what the Council oversees is the assessment, treatment and reporting of climate-related risks. Moreover, the Company also has a Risk Management Department that provides technical expertise and assistance to the risk owners for the implementation, monitoring and reporting of the ERM activities.

Strategy

Climate-related Risks and Opportunities

EEI identified risks related to the (a) physical impacts of climate change, and (b) transitional risks.

Identification of climate-related risks and opportunities are primarily done using a review of the Company's past experiences, brainstorming sessions with knowledgeable and experienced members of the organization and occasional engagement of consultants to fill in any knowledge gaps, along with literature review or research to find information on risks relevant to the Company.

As with any other risk, the Company employs four (4) general approaches to manage climate-related risks: accept, mitigate, transfer, or avoid. Such risks that can be evaded without compromising our targets are avoided, those that have contributing factors where we have significant ability to influence are mitigated, while those that can economically be transferred to entities more capable of handling them are transferred, and those that we cannot avoid, mitigate, or transfer without compromising our targets are accepted.

When the Company conducts its regular risk identification and assessment processes, climate- related risks are already considered and integrated into the overall risk management approach along with other non-climate-related risks.

Metrics and Targets

All our risks and opportunities are measured generally using two metrics: impact and probability of occurrence. This is also the case for climate-related risks.

All our risks are managed so that their probability-weighted impact will not exceed the margins in the areas of the business that they will mostly affect, should they occur.

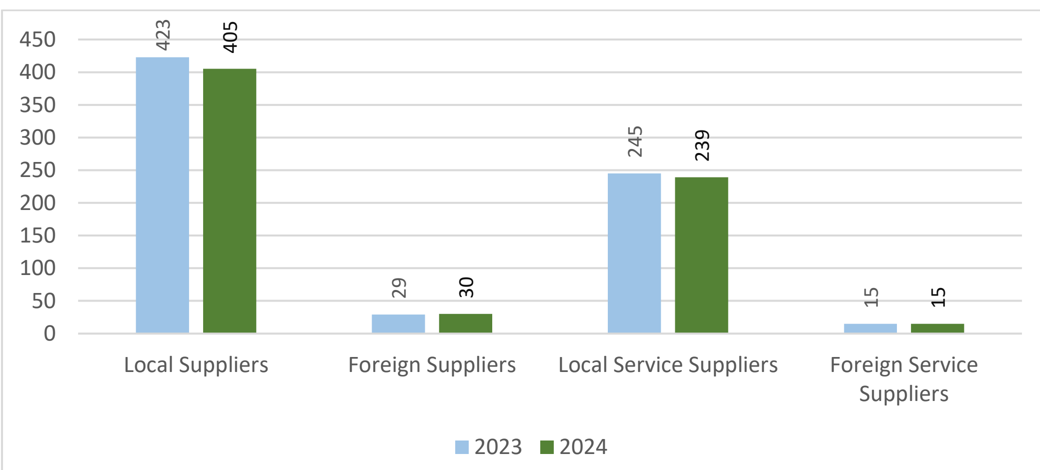
PROCUREMENT PRACTICES

The proportion of spending on local suppliers

Disclosure	Quantity				Units
	Number		%	Amount	
Percentage of procurement budget used for significant locations of operations that are spent on local suppliers	**TOTAL SUPPLIERS**	**689**		**6,740,829,914.15**	Number of Suppliers Percentage Pesos in value
	Local Suppliers	**405**	**54.18%**	**3,652,041,291.54**	
	SMEs	364		1,229,405,329.04	
	Large Enterprises	41		2,422,635,962.50	
	Foreign Suppliers	**30**	**3.22%**	**217,087,042.29**	
	SMEs	28		84,129,622.42	
	Large Enterprises	2		132,957,419.86	
	Local Service Suppliers	**239**	**41.08%**	**2,769,204,762.51**	
	SMEs	202		652,934,718.76	
	Large Enterprises	37		2,116,270,043.75	
	Foreign Service Suppliers	**15**	**1.52%**	**102,496,817.81**	
	SMEs	14		50,414,787.70	
	Large Enterprises	1		52,082,030.12	

Definition of Terms:
"Local suppliers" refer to suppliers with operations within the Philippines.
"SMEs" refer to suppliers with a Purchase Order of 20M and below
"Large Enterprise" refers to suppliers with more than 20M Purchase Order
The amount reflected in this table refers to the awarded new contract for the 2024 Procurement and Bidding awards

Figure 2. Suppliers and Service Providers



OPPORTUNITIES AND MANAGEMENT APPROACH

By adopting a balanced management approach that integrates diversified sourcing, strategic supplier partnerships, proactive risk management, and investment in cutting-edge technology like the new Enterprise Resource Planning system, EEI will be well-positioned to capitalize on opportunities within the supply chain.

This approach will not only enhance operational efficiency but also ensure that EEI remains competitive in the market. With strong supplier partnership, a resilient supply chain, and a focus on continuous improvement, EEI will maintain a competitive advantage and achieve long-term sustainability in its supply chain operations.

ANTI-CORRUPTION

Training on Anti-corruption Policies and Procedures

Disclosure	2023	2024	Units
Percentage of employees to whom the organization's anti- corruption policies and procedures have been communicated to[1]	100	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to[2]	100	100	%
Percentage of directors and management that have received anti-corruption training	0	0	%
Percentage of employees that have received anti-corruption training	0	0	%

[1]No formal training was conducted for employees; nonetheless, anti-corruption activities were expanded, such as the promotion of whistleblower hotlines and anti-fraud information.

[2]Aside from the Policies published in EEI's website (www.eei.com.ph), all Suppliers and Sub-contractors are required to attend an "Orientation Procedures", as part of the accreditation process, wherein EEI's policies and procedure on procurement are explained. This includes explaining EEI's various policies against bribery, corruption, theft, and ethical business conduct.

INCIDENTS OF CORRUPTION

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	None	Individual
Number of incidents in which employees were dismissed or disciplined for corruption	4	Employees
Number of incidents when contracts with business partners were terminated due to incidents of corruption.	1	Subcontractor

IMPACT AND RISK

EEI recognizes that corruption not only damages the good reputation of the Company, which it worked hard to build for many years, but also leads to an increase in project costs. As used herein, corruption is understood in its general sense, a type of misconduct affecting the integrity in the workplace, rather than referring solely to the crime of corruption as defined under penal laws.

Corruption can occur among the various departments of the Company and impacts the Company's overall performance, especially in the following aspects:

- Increased operating cost
- Loss of trust on and reputation of the Company
- Delay in project delivery
- Reduced work efficiency

MANAGEMENT APPROACH FOR IMPACTS AND RISKS

Unethical action at work can significantly impede the Company's progress in its overall development, which hampers operations, erodes employee trust, and impacts profitability. EEI stands firm against any immoral action that any individual or business partner who is found guilty of fraud and violation of its company policy is dismissed from the Company. Criminal and/or civil charges are also filed if deemed necessary.

To strengthen its anti-corruption campaign, EEI regularly organizes vendor and supplier summits, town hall meetings, and policy dissemination efforts. Additionally, ongoing whistleblowing campaigns are in place to encourage all employees and vendors to report any instances of fraud or irregularities they may encounter within the organization.

ENVIRONMENT

RESOURCE MANAGEMENT

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Disclosure	2023 Quantity	2024	Units
Energy consumption (gasoline)	209,098.59	192,646	Liters
Energy consumption (LPG)	0	0	Liters
Energy consumption (diesel)	4,595,517.98	10,787,509	Liters
Energy consumption (total electricity)	10,719,072.06	13,186,274	kWh
a. Electricity via grid	10,584,734.11	13,186,274	kWh
b. Electricity via renewable sources	134,337.95	120,904.15	kWh

Electricity via renewable sources reflects only consumption at EEI Head Office.

REDUCTION OF ENERGY CONSUMPTION

Disclosure	(2023 – 2024)	Units
Energy reduction (gasoline)	16,452.59	Liters
Energy reduction (LPG)	0	Liters
Energy reduction (diesel)	- 6,191,991.02	Liters
Energy reduction (total electricity)	- 2,467,201.94	kWh
a. Electricity via grid	- 2,601,539.89	kWh
b. Electricity via renewable sources	13,433.80	kWh

IMPACT AND RISK

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

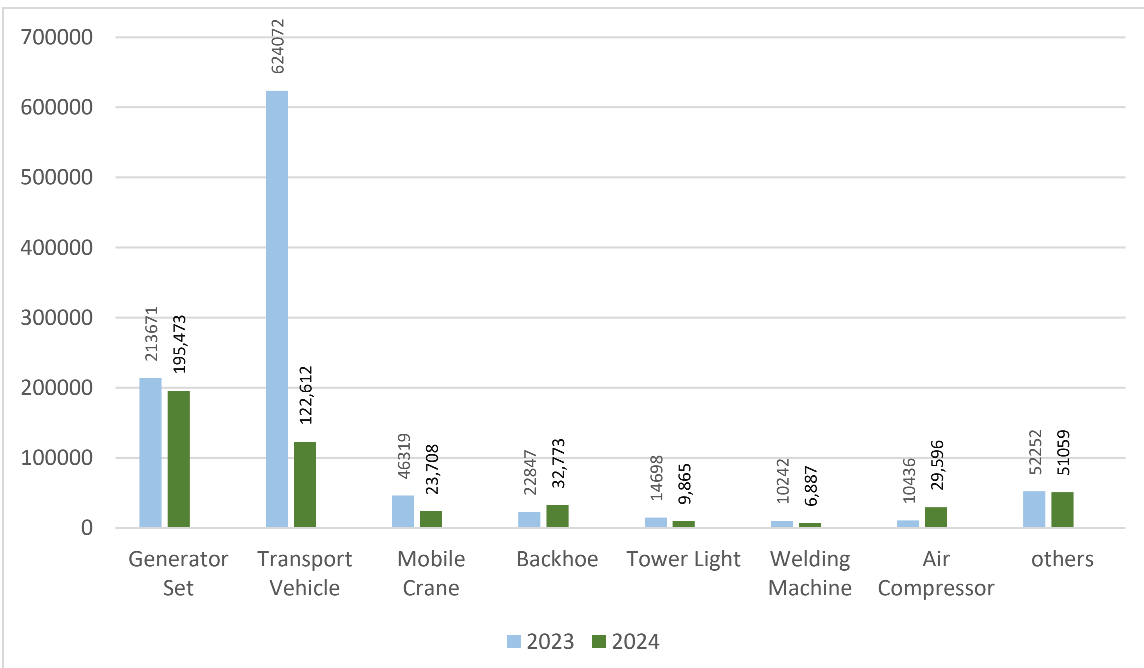
While construction equipment and transport vehicle significantly contribute to the overall productivity and quality of a project, inefficient use of these resources during the construction phase can lead to a significant increase in fuel and energy consumption, posing a threat to the environment.

This inefficiency directly affects EEI and its clients, who may face increased operational costs and reduced profitability due to higher fuel and energy expenses. Additionally, the community suffers indirectly from the pollutants released into the environment.

Figure 3 presents the breakdown of energy consumption for construction equipment and transport vehicles in 2024. Remarkably, energy usage for Transport Vehicle has significantly declined, attributed to the disposal of units that were costly to repair.

While EEI hasn't fully transitioned from using non-renewable energy, the management continues to forge solutions to reduce its environmental impact and strengthen its system in managing climate-related risks more effectively. These efforts are crucial for promoting sustainability within the construction industry, ensuring that infrastructure development does not come at the expense of environmental health.

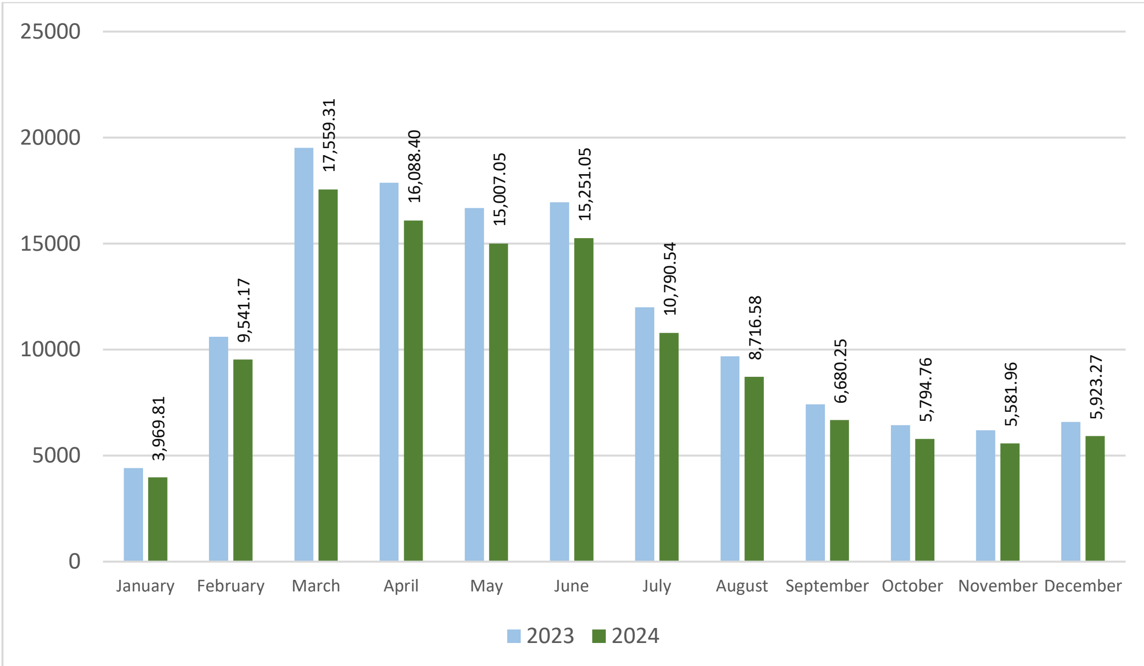
Figure 3. Breakdown of Energy Usage (in GJ)



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

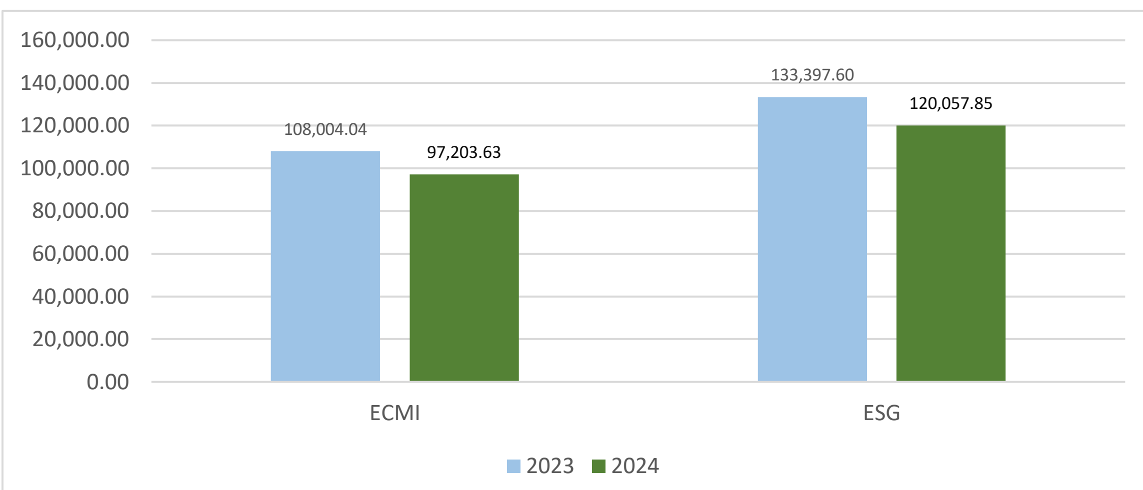
EEI Headquarters and its permanent sites utilize solar panels to supplement power sourced from the grid. Figure 4 presents the monthly energy generated from these solar panels. The increase of energy generated from the solar panels indicates reduced demand for power sourced from grid.

Figure 4 – Monthly Solar Production (in kWh)



EEI Construction & Marine Inc. (ECMI) one of EEI Subsidiary, also enjoys the benefits of sourcing their electricity from solar panels. See figure 5.

Figure 5. The energy produced by the Solar Panel (in kWh)



WATER CONSUMPTION WITHIN THE ORGANIZATION

Disclosure	2023 Quantity	2024 Quantity	Increase/Decrease	Units
Water withdrawal	471,637.58	548,677.00	77,039.42	cubic meters
Water consumption	471,637.58	548,677.00	77,039.42	cubic meters

IMPACT AND RISK

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.

Additionally, potable water is vital at project sites with numerous workers living in camps. Ensuring access to clean water for drinking and hygiene is essential for maintaining workers' health and well-being.

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.

MANAGEMENT APPROACH AND OPPORTUNITIES on ENERGY and WATER

EEI is committed to its Occupational Safety, Health, and Environmental Management Objectives and Programs, emphasizing energy conservation through the efficient use of power. The goal is to achieve at least a 5% improvement in efficiency compared to the previous year's power consumption.

For energy conservation, the goal is to improve energy efficiency by 5% compared to previous year's consumption. Below are the activities implemented in 2024:

1. Inventory of energy-consuming machines and equipment
2. Monitoring of actual fuel consumption and operating hours of machine and equipment
3. Inventory of Information and Communications Tech (ICT) equipment and monitoring of actual operating hours
4. Phase-out of all mercury-added lighting products i.e., compact/linear/ cold cathode / external electrode fluorescent lamps, high pressure Hg vapor lamps etc.
5. Regular conduct of energy audit in all project sites and offices

6. Installation of automatic sensor for switches in toilets and hallways
7. Gradual conversion to inverter-type Air Conditioning Units
8. Use of power from electricity from grid and solar panels instead of diesel generators
9. Use of appropriate capacity of equipment instead of over-rated capacity

For sustainable water consumption, the goal is to use at least 10% recycled water. Below are the activities implemented in 2024:

1. Reuse of water from excavation dewatering
2. Rainwater collection and reuse
3. Provide water purification system (reverse osmosis) as source of drinkable water and domestic water
4. 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.

MATERIALS USED BY THE ORGANIZATION

Disclosure	Material/Units	Quantity
Renewable	**NONE**	N/A
Non-renewable Percentage of recycled input materials used to manufacture the organization's primary products and services	**AGGREGATES & BACKFILLING MATERIALS (Gravel, Sand, Basecourse, Backfill) and Other Related Cost**	
	Bag	207,906.00
	Cubic Meter	106,608.86
	Pieces	625.00
	CEMENT and Other Related Cost	
	Bag	1,621,140.488
	Liter	40.00
	READY MIX CONCRETE and Other Related Cost	
	Cubic Meter	161,839.58
	Bag	33,325.00
	STEEL (REBAR, STRUCTURAL, FLATS, SPECIAL STEEL) and Other Related cost	
	Pieces	183,144.45
	Set	149,246.00
	Sheet	1,227.00
	Unit	-

MANAGEMENT APPROACH AND OPPORTUNITIES

EEI 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.

The Company assures its clients and stakeholders that at every engineering design and construction stage, it meets the highest standards of safety and quality, protecting both its workforce and the end-users of the buildings. By prioritizing high-quality, durable materials, EEI not only enhances the longevity of its structures, but also minimizes the environmental impact associated with frequent repairs and replacements.

The Company is actively addressing these environmental concerns by enhancing every aspect of its value chain. This includes adopting digitalization, innovative technologies, and new building materials.

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.

ECOSYSTEMS AND BIODIVERSITY (WHETHER IN UPLAND/WATERSHED OR COASTAL/MARINE)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
Habitats protected or restored	None	
IUCN Red List species and national conservation list species with habitats in areas affected by operations	None	

AIR EMISSIONS

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	2,848.04	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	N/A	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)		

Table on the next page shows the majority of Scope 1 emissions used in its operations, from the usage of generators to heavy equipment such as mobile cranes and backhoes.

Source	Fuel Used	Fuel Amount (Liters)	Total GHG Emissions, exclude Biofuel CO2 (metric Tonnes CO2e)
BACKHOE	On-Road Diesel Fuel	186,249	398.752
COMPACT ROLLER	On-Road Diesel Fuel	20,188	43.222
FORKLIFT	On-Road Diesel Fuel	18,046	38.636
MANLIFT	On-Road Diesel Fuel	5,385	11.529
MOBILE CRANE	On-Road Diesel Fuel	134,734	288.460
PAYLOADER	On-Road Diesel Fuel	49,694	106.393
ROAD GRADER	On-Road Diesel Fuel	23,097	49.450
SERVICE VEHICLE	On-Road Diesel Fuel	680,879	1,457.734
SERVICE VEHICLE	On-Road Petrol	15,925	34.095
Total		**1,134,197**	**2,428**

Noted: Calculation Method (Green Gas) - Scope 1

AIR POLLUTANTS

Disclosure	Quantity	Units
NO_x	3,026	Ug/ncm.
SO_x		
Persistent organic pollutants (POPs)		
Volatile organic compounds (VOCs)		
Hazardous air pollutants (HAPs)		
Particulate matter (PM)		

IMPACT AND RISK

Industrial air pollutants are a risk to both human health and the environment. 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.

MANAGEMENT APPROACH AND OPPORTUNITIES

EEI Occupational 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).

To reduce air pollution contribution, EEI committed to:

- Never burning waste materials, as the smoke emitted releases carbon dioxide and other potentially toxic gases such as methane and carbon monoxide into the atmosphere.
- Using low-sulfur diesel to power heavy equipment and vehicles.
- Improving existing equipment by using particulate filters and catalytic converters.
- Using water sprays or sprinklers to control or minimize dust particles to be carried off in the air and spread to nearby areas, particularly during tasks such as the filling of skips or breaking down of concrete.
- Use of an on-tool extraction to control some types of dust. This is a type of exhaust that fits onto some tools and equipment which captures particulates as they are emitted.

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 the following projects and offices:

Project/Offices	Testing Conducted
Steel Fabrication Division	Ground Water Quality Sampling – (Semi Annual 2024) Wastewater Monitoring – (Quarterly 2024)
Tanza Yard	Wastewater Monitoring (Quarterly 2024) Work Environment Measurement (WEM) (June 2024)
EEI Headquarters	Wastewater Monitoring (Quarterly 2024) Ambient Air and Noise Level Monitoring (May 2024) Source Emission Testing-Internal Monitoring (May 2024) Work Environment Measurement (WEM) (October 2024)

SOLID WASTE

Disclosure	2023 Quantity	2024 Quantity	Units
Total solid waste generated	10,043,854.00	12,423,027	Kg
Reusable	3,123,351.00	4,330,309	Kg
Recyclable		0	
Composted (landscaping waste + composted food waste)	N/A	N/A	
Incinerated	0	0	
Residuals/Landfilled	6,920,503.00	8,092,718	Kg

HAZARDOUS WASTE

Disclosure	2023 Quantity	2024 Quantity	Units
Total weight of hazardous waste generated	45,782	51,762	Kg
Total weight of hazardous waste transported	45,782	51,762	Kg

EFFLUENTS

Disclosure	2023 Quantity	2024 Quantity	Units
A total volume of water discharges	796	17,089	cubic meters
Percent of wastewater recycled			cubic meters

Note: The EEI Steel Fabrication Shop Annex and Main Shop have been included in the 2024 data, following the commencement of operations for its new sewage treatment facilities.

MANAGEMENT APPROACH AND OPPORTUNITIES

EEI 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 the following measures:

1) Reuse of scrap materials such as phenolic board, plywood, lumber, metal, GI sheets and rebars
2) Donation/Sale of other wastes to cement plants which can be used as alternative fuel/co- processing
3) Issuance of Memo banning the use of plastics
4) Conduct refresher training to all workers on solid waste management program (segregation, storage, and disposal)
5) Donation of shredded paper and collected PET bottles to 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.

ENVIRONMENTAL COMPLIANCE

NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

Disclosure	Quantity	Unit
The total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	Pesos
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	None	Case
No. of cases resolved through dispute resolution mechanism	None	Case

MANAGEMENT APPROACH ON ENVIRONMENTAL COMPLIANCE

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

The management is committed to keeping its business practices updated and aligned to the latest sustainability standards. Such as exploration of innovative concepts in partnership with local communities and businesses that solve long term sustainability challenges. This commitment involves not only adhering to the established guidelines, but more importantly, integrating new engineering technologies and environment-friendly materials throughout the entire project lifecycle.

SOCIAL

EMPLOYEE MANAGEMENT

EMPLOYEE DATA

Disclosure	Male	Female	Total	Unit
Permanent employees	1,852	450	2,302	Individual
Temporary employees	15,674	711	16,385	Individual

Definition of Terms:

a. "Permanent employees" are employees hired for an indefinite period, until such time that the employer-employee relationship is terminated.
b. "Temporary employees" are employees that are hired for a specific project. They often work for a specified Project and for a predetermined length of time often pegged at project completion.

Disclosure	Quantity	Unit
Attrition rate[1]	-3.305	Percentage
Ratio[2] of the lowest-paid employee against minimum wage[3]	1:1	Ratio

[1] Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of the previous year and total no. of employees of the current year. May also be considered as Labor Turnover.

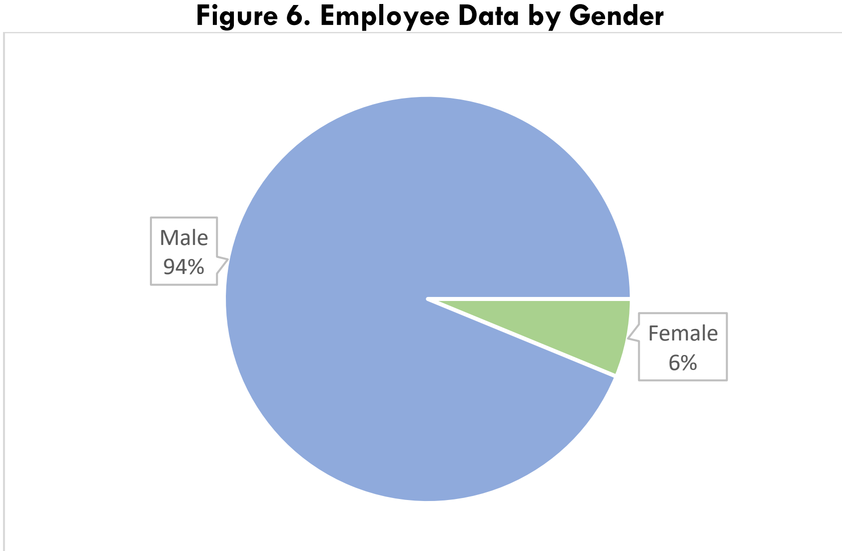
[2] Ratio is presented as follows: salary of lowest-paid employee: minimum wage

[3] The minimum wage per locality was applied in calculating the ratio.

FEMALE PARTICIPATION IN THE ORGANIZATION (2020-2024):

2020	2021	2022	2023	2024
1,022	4,042	2,674	2,216	1,161

Figure 6. Employee Data by Gender



EMPLOYEE BENEFITS

List of Benefits	Y/N	Female		Male	
		% coverage	Count	% coverage	Count
GOVERNMENT-MANDATED BENEFITS[1]					
SSS	**Y**	100%	**64**	100%	**354**
PhilHealth	**Y**	100%	**38**	100%	**182**
Parental Leaves	**Y**	100%	**26**	100%	**15**
Vacation Leaves	**Y**	100%	**619**	100%	**2071**
Service Incentive Leaves (PRW's)	**Y**	100%	**27**	100%	**1268**
Sick Leaves	**Y**	100%	**491**	100%	**1100**

Note:
[1] Government-mandated benefits are received by both permanent and temporary employees, however, for reporting purposes, this only includes availment from EEI Corporation.
[2] Parental leave includes Maternity, Parental, and Solo Leaves.

NON-GOVERNMENT-MANDATED BENEFITS[1]

List of Benefits	Y/N	Female		Male	
		% coverage	Count	% coverage	Count
Medical benefits (aside from PhilHealth)	Y	100%	276	100%	822
Retirement Fund (aside from SSS)	Y	100%	12	100%	182
Further education support[2]	Y	100%	1	100%	7
Company stock options	N				
Telecommuting	N				
Flexible Working Hours	N				
Others					
Burial Assistance	Y	100%	1	100%	12
Health Card	Y	100%	447	100%	1712
Group Personal Insurance	Y	100%	1080	100%	20306
Housing Assistance (aside from the Pag-Ibig)	Provision of onsite housing and bunkhouses in project sites for deployed employees				

Note:
[1] Non-government benefits are received by both permanent and temporary employees.
[2] For Education Support, all regular employees may apply for the company-sponsored scholarship (Builder of a Better Future Scholarship Program)

IMPACT AND RISK

Labor Shortages & Productivity Issues

EEI heavily relies on its most valuable asset, its people. With numerous projects, insufficient skilled workers could lead to costly delays. Conversely, overstaffing can inflate operational costs. Hence, optimizing human resources is crucial to ensure that day-to-day targets are attained.

While the attrition rate significantly improved this year, the Company remains steadfast in its effort to maintain a balanced and highly productive work environment.

Salaries and Benefits

Salaries are crucial in attracting and retaining talents. EEI understands that employees depend on their compensation for financial stability, while the Company relies on their skills and performance to maintain a competitive edge in the market.

Moreover, employee benefits significantly enhance the overall job satisfaction. Given the labor-intensive nature of the construction industry, employee burnout is a common challenge. Therefore, comprehensive benefits packages are often a primary consideration for job applicants when evaluating potential employment with the Company.

MANAGEMENT APPROACH AND OPPORTUNITIES

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.

DIVERSITY AND EQUAL OPPORTUNITY

Disclosure	Quantity	Percentage	Units
% of female workers in the workforce	**1,161**	**6.21%**	%
• Permanent	450	2.41%	%
• Temporary	711	3.80%	%
% of male workers in the workforce	**17,526**	**93.79%**	%
• Permanent	1,852	9.91%	%
• Temporary	15,674	83.88%	%
Number of employees from indigenous communities and/or vulnerable sector[1]	**201**		Individuals

[1] Vulnerable sector includes, the elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

IMPACT AND RISK

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, refer to Figure 6 above.

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.

MANAGEMENT APPROACH AND OPPORTUNITIES

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	# 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 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.

EMPLOYEE TRAINING AND DEVELOPMENT

Disclosure	2023 Quantity	2024 Quantity	Units
Total training hours provided	10,728	21,467	hours
a. Female employees	1,634	9,353	hours
b. Male employees	9,094	12,114	hours
Average training hours provided to employees	**.40**	**.89**	hours/employee
a. Female employees	.70	.44	hours/employee
b. Male employees	.40	.56	hours/employee

IMPACT AND RISK

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.

Considering challenges like high turnover rates, low productivity, and unsafe working conditions that arise from a lack of technical skills training, EEI recognizes the need for effective, targeted training. If the training does not translate into practical skills that meet organizational demands, it could lead to wasted resources and missed opportunities, exposing both workforce and operational effectiveness.

In 2024, male employees received more total training hours (12,114 hours) than female employees (9,353 hours). This difference indicates that male employees had access to more training opportunities compared to their female counterparts, despite the fact that female employees have notable increase in their training hours by 572%. This could influence how employees perceive the inclusivity of the work environment, potentially affecting overall job satisfaction and motivation. If female employees feel they are not receiving equal opportunities for development and advancement, it could impact their engagement and job performance.

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.

Skills training courses provided to project workers are as follows:

Program Title	Male	Female	Total
Mason Training Program	320	-	320
Pipe Fitter Training Program	100	-	100
Plumber Training Program	59	-	59
Rigger Training Program	10	-	10
Tile Setter Training Program	10	-	10
Welder Training Program	541	-	541
Total	1040	-	1040

MANAGEMENT APPROCH AND OPPORTUNITIES

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 68~~47~~0 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-bed 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.

LABOR-MANAGEMENT RELATIONS

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	Rank & File Union; Staff & Supervisors Union-TOTAL MEMBERSHIP – **767** **34%** of the regular employees are covered by CBA; the rest are not part of the collective bargaining units and receive benefits similar to those given to the Unions. Agency fees are paid by those who benefit from CBAs but are not Union members.	Person
Number of consultations conducted with employees concerning employee-related policies	The Unions meet regularly with Management through the established Labor Management Relation Committees. These can also be convened as the need arises to allow for mutual discussion on all aspects of labor and employee relations. **Twenty (20)** Meetings with Rank-and-File Union in 2024 **Eighteen (18)** Meetings with Staff and Supervisor Union in 2024	Count

Union Member	Female	Male	Grand Total
Rank & File - NAFLU	5	219	224
Staff & Supervisory - EEIC-SSEU	48	495	543
Grand Total	**53**	**714**	**767**

IMPACT AND RISK

EEI recognizes the Constitutionally guaranteed right of every person to self-organization which includes the right to form, join or assist labor organizations for the purpose of collective bargaining through representatives of their own choosing and to engage in lawful concerted activities for the same purpose for their mutual aid and protection.

Industrial peace is a shared responsibility of Management and the Unions. Any imbalance or disruption to industrial peace eventually results in not only delays in project completions but possibly temporary cessation of operations and thereby loss of profit to the Company and to the employees affected.

MANAGEMENT APPROACH AND OPPORTUNITIES

Through the Labor Management Council (LMC), Management and the Unions are able to meet in good faith and transparency and address respective concerns and arrive at mutually acceptable and equitable terms. The LMC provides resolution through Labor Management Relations Committees, regular meetings, and continuing dialogue through various channels to settle any grievances.

1. Labor Management Relations Committees
2. Common activities involving the Unions and Management (ex: medical missions, community welfare programs, safety, health and wellness programs, policy dissemination and enforcement etc.)
3. Whistleblowing and reporting hotlines and Company-wide communication platforms.

EEI believes that this approach enhances employee engagement and fosters contributions to cultural change by promoting ongoing consultation, communication, and dialogue on mutual concerns, as well as encouraging direct participation of Unions in culture change initiatives.

WORKPLACE CONDITIONS, LABOR STANDARDS, AND HUMAN RIGHTS

OCCUPATIONAL HEALTH AND SAFETY

Disclosure	Units	EEI Corporation
Safe Man-Hours[1]	#	49,348,399
No. of work-related injuries	#	400
No. of work-related fatalities	#	0
No. of work-related illnesses	#	0
No. of safety drills	#	75

[1] "Safe manhours" is defined as the total number of continuous working hours since the last safety-related incident. This count resets to zero if an accident occurs. "Total manhours" is defined as Total Working Hours Less Lost Time due to accident or other safety-related incidents. All figures are exclusive for EEI Corporation and as of December 31, 2024

MANAGEMENT APPROACH AND OPPORTUNITIES

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:

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

<u>LABOR LAWS AND HUMAN RIGHTS</u>

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Listed below are the policies ensuring that the Company complies with the Labor Laws and respect for Human Rights in the workplace:

Topic	Y/N	If Yes, cite the reference in the supplier policy
Environmental performance	Y	Document Required for Accreditation: 3.4.8 Legality of Existence
Forced labor	Y	Refer to notes
Child labor	Y	Refer to notes
Human Rights	Y	Refer to notes
Bribery and corruption	Y	SCM-D-00-00-01 Procurement Code of Behavior

Notes: EEI has the following policies in place:

- Anti-Sexual Harassment and Safe Spaces Policy.
- Anti-Discrimination in the Workplace Policy
- Anti-Child Labor Policy

In the attached Checklist of Vendor Survey and Qualification Policy (Exhibit 11- 9 LEGALITY of Company Existence) and in the EEI Vendor Code of Conduct, EEI ensures that all Suppliers comply with all EEI policies, rules and regulations and do not violate with any laws on Forced Labor, Child Labor, and Human Rights. It is also stipulated in the Supplier Contracts under the provision on "Labor Condition" that the supplier ensures compliance with Standards of Social Accountability.

SUPPLY CHAIN MANAGEMENT

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:
Yes, refer to EXO-Q-00-00-13 VENDOR SURVEY AND QUALIFICATION

Do you consider the following sustainability topics when accrediting suppliers?

Procurement Shared Services (PSS) Supplier Accreditation Policy:

Topic	Y/N	Link or reference to policy
Environmental performance	Y	Each prospective supplier is required to submit a copy of its DENR issued Environmental Clearance Certificate (ECC) or Certificate of Non-Coverage (CNC), as proof of its compliance with environmental regulations.
Forced labor	Y	The supplier accreditation process strictly requires compliance with all labor laws and compliance with all regulatory and local laws. While not explicitly mentioned, this includes vetting against forced labor, child labor, human rights abuses, labor only contracting practices, anti-discrimination practices, sexual harassment, privacy, compliance with mandated benefits, and safety practices. Suppliers are asked to sign the Vendor Code of Conduct (VCC) as part of their mandatory compliance for accreditation.
Child labor	Y	Suppliers are asked to sign the Vendor Code of Conduct (VCC) as part of their mandatory compliance for accreditation. Strict Compliance with the following laws: 1. RA 8972 Solo Parent Act 2. RA 9710 Magna Carta of Women 3. RA 9262 Violence for Women and their Children 4. Labor Code of the Philippines 5. Data Privacy Act of 2012
Human Rights	Y	The supplier accreditation process strictly requires compliance with all labor laws and compliance with all regulatory and local laws. While not explicitly mentioned, this includes vetting against forced labor, child labor, human rights abuses, labor only contracting practices, anti-discrimination practices, sexual harassment, privacy, compliance with mandated benefits, and safety practices. Suppliers are asked to sign the Vendor Code of Conduct (VCC) as part of their mandatory compliance for accreditation.
Bribery and corruption	Y	Bribery by suppliers of personnel and consultants of EEI, its subsidiaries or affiliates is one of the grounds for permanent blacklisting. Suppliers are asked to sign the Vendor Code of Conduct (VCC) as part of their mandatory compliance for accreditation.

MANAGEMENT APPROACH AND OPPORTUNITIES

Supply Chain Management (SCM) is considered as the coordination of distributed decision-making of EEI, from project requirement (information flow) to material requisition and distribution.

EEI is guided by the following policies:

1. For Evaluation of Suppliers: SCM-Q-00-00-01 Supplier Performance Evaluation Policy
2. Complements the Yuchengco Group of Companies: Code of Business Conduct and Ethics and EEI Policies on Conflict of Interest and Fraud: SCM-D-00-00-01 Procurement Code of Behavior
3. Vendor Code of Conduct Ver. 2023-001

Also, SCM Department ensures that all legal documents such as SEC/DTI registrations, business permits, DENR permits are updated and submitted before the release of payments due to the suppliers.

The challenges of applying supply chain management techniques to a construction environment willrequire more quantitative studies, to cast light on potential gains from better information management and the use of digital technologies.

<u>SIGNIFICANT IMPACTS ON LOCAL COMMUNITIES</u>

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have an impact on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Infrastructure Projects • METRO MANILA SUBWAY • MALOLOS CLARK RAILWAY PACKAGE 4 • MALOLOS CLARK RAILWAY PACKAGE 5 • CC LINK	Metro Manila, Malolos, Cavite and Clark, Pampanga, Laguna	N/A	N	Environmental Rights (i.e. noise, air, waste pollution) of nearby communities	Coordination with MMDA, LGU, and other applicable regulatory agencies for traffic management schemes Joint Venture for Subway
Light Industry • PROJECT ALKALINE	Batangas	N/A	N	Environmental Rights (i.e. noise, air, waste pollution) of nearby communities	Coordination with MMDA, LGU, and other applicable

Building Projects • 18TH AVE DE TRIOMPHE • ARCOVIA PALAZZO • FOUR SEASONS • GLAM RESIDENCES • GRAND MIDORI • ICE TOWER • JADE RESIDENCES • LIGHT 2 RESIDENCES • MASTERS TOWER • MANHATTAN PLAZA • SANDS RESIDENCES • SEASONS RESIDENCES • THE ESTATE MAKATI • THE YUCHENGCO CENTER • TWO BOTANICA NATURE RESIDENCES	Metro Manila, Cebu, Muntinlupa,	N/A	N	Environmental Rights (i.e. noise, air, waste pollution) of nearby communities	Coordination with MMDA, LGU, and other applicable regulatory agencies for traffic management schemes
Electro-Mechanical Projects • BATANGAS COMBINED CYCLE POWERPLANT • CAPITOL STEEL ROLLING MILL • NABAS WIND FARM • SILANGAN MINING	Metro Manila, Batangas, Aklan, Mindanao	N/A	N	Environmental Rights (i.e. noise, air, waste pollution) of nearby communities	Full compliance with DENR, LGU, and other gov't agencies for compliance with environment and biodiversity requirements

* *Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid.*

Certificates	Quantity	Units
FPIC process is still undergoing	Not Applicable	#
CP secured	Not Applicable	#

IMPACT AND RISK

EEI projects involve residential and commercial buildings, road infrastructures, heavy and light industries. These involve activities such as excavation, site preparation, demolition, materials delivery, equipment operation and others. Such work often causes noise and traffic congestion which can impact the surrounding community. As a result, public complaints are inevitable and may lead to suspension orders from the government. These interruptions can delay project timelines and increase costs.

MANAGEMENT APPROACH AND OPPORTUNITIES

To address varying concerns, EEI ensures proper coordination with Metropolitan Manila Development Authority (MMDA), the local government units (LGU), and other agencies to address proper execution of Traffic Management Measures at job sites. This ensures safe pedestrian access on roadways, maintains the orderliness and cleanliness of construction materials on roads, and provides essential traffic and pedestrian safety signage.

Projects located near residential areas adhere to permitted hours of operations, particularly at night, when most of residents are at home resting. These measures are just a few of the strategies to mitigate traffic impact and prevent accidents.

From experience gained over time, the Company has anticipated such challenges and integrates these learnings as early as the pre-planning phase. Ultimately, while the construction activities may cause temporary inconveniences, the employment opportunities and benefits generated for surrounding communities outweigh this disruption.

CUSTOMER MANAGEMENT

CUSTOMER SATISFACTION

Disclosure	Score	Did a third-party conduct the customer satisfaction study (Y/N)?
Employee Survey	-	None for the reportable year

HEALTH AND SAFETY

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	6	#

No. of complaints addressed	6	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by agencies.*

MANAGEMENT APPROACH AND OPPORTUNITIES

EEI continues to improve its safety and health policy and procedures to protect internal and external customers. These policies are regularly updated to ensure compliance with all laws and safety regulations. EEI continues to adhere to the best international health and safety practices.

MARKETING AND LABELING

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labeling*	0	#
No. of complaints addressed	0	#

** Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

CUSTOMER PRIVACY

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users, and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

DATA SECURITY

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts, and losses of data	0	#

IMPACT AND RISK

With regard to confidential and non-confidential information as well as propriety information and trade secrets, the Company has appropriate cybersecurity measures in place to safeguard said data. The same cybersecurity measures also cover Personal and Sensitive Personal Information collected, held, processed or used by the Company. There is always an ever-present danger of data breach as nefarious persons continue to innovate in their methods of accessing any and all sorts of data or withhold access to data, as in the case of ransomwares. But the measures and countermeasures in place are aimed at mitigating any impact that breaches may bring.

For the reportable year, there was no perceived significant risk or impact to its continued operations. However, in cases of data breach of personal and sensitive personal information, the risk lies on the imposable fines that the Company may face should it be proven that it failed to comply with the minimum standards set by law but will have little to no perceived significant impact on the operations.

MANAGEMENT APPROACH AND OPPORTUNITIES

As methods of accessing data continue to evolve, so should the Company and its security measures. Thus, the opportunities to improve and evolve the policies and practices to secure Company data never ends. A multi-department team constantly undertakes a review of current measures and discusses innovative ways to further secure information. Management recognizes the role of Data and Cyber Security as one of the principal concerns of any Corporation.

Product or Service Contribution to UN SDGs
Key products and services and their contribution to sustainable development.

Construction

Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Health and Well- Being	1. **Occupational Hazards:** Employees and workers at project sites face a higher risk of occupational accidents, injuries, or even fatalities due to the nature of their work environment. This includes falls, equipment-related incidents and exposure to hazardous materials. 2. **Illness, Disease, and Infection**: Employees may be susceptible to infections, illnesses, and the development of diseases due to their lifestyle or exposure to external environment.	1. **Efficient use of allocated fund:** To ensure good health and safety of its workers. The management allocates fund to maintain or improve sanitation and hygiene facilities in preventing and/or minimizing the entry of infectious diseases in the workplace. 2. **Well-trained Safety Personnel:** Every project has each own team of highly trained OSHE team who underwent to regular comprehensive trainings that meet international standards. Fully-equipped with safety and medical devices, on-site medical teams and ambulances. 3. **Equip each worker with safety training/s:** Prior to deployment, batch of workers are required to undergo comprehensive safety trainings. Toolbox meetings done before starting the workday is crucial to remind each worker of safety. 4. **Regular info-drive about Health and Safety:** The management keeps its employees and workers properly informed of seasonal illnesses, infections, and diseases to help them prepare, prevent, and/or curb the spread of infectious diseases in the workplace. 5. **Rewarding top contributors to culture of safety:** To strengthen the culture of safety, the management recognizes and rewards project teams who are the top contributors of Safety.

Reduced Environmental Impact	Some of the issues that pose environmental problems include: 1. Heavy reliance on fossil fuel 2. Discharge of wastewater 3. Generation of solid waste 4. Disposal of hazardous waste 5. Air pollution emissions 6. Traffic congestion 7. Noise Pollution	1. Continuous research and improvement on the efficient use of energy and water, aiming 5% reduction of usage each year. 2. Systemized safeguards and protocols in the discharge of wastewater and hazardous waste. 3. Leveraging on modern technology in mitigating air pollution. 4. Ensuring full compliance and implementation of environmental laws, rules, and regulations.
Uplift Livelihood	1. **Gender inequality and inequity:** construction jobs are offered mostly for males, providing less opportunity for females. 2. **Underskilled labor workers:** construction jobs, given its labor-intensive nature of work, requires highly-trained manpower which may lead to narrow hiring rate among job applicants.	3. **Non-discriminatory policy:** The management stands firm in its implementation of the non-discriminatory policy in its hiring process and employee management practices. 4. **Growth opportunities for all:** The management actively promotes leadership roles for women by offering leadership roles. Technical and personal development training is made accessible to all employees. 5. **Skills training for beginners:** The company is manned with experienced and highly-skilled construction professionals and trainers which has opened opportunities for young job applicants to build their career in the construction industry. 6. **People-focused initiatives:** The management develops programs suited to the needs of its employees that extends to the welfare of their families such as scholarship program for the workers' beneficiaries and loan program for workers. 7. **Employee management:** a. **Equal Remuneration:** The company ensures equal pay and benefits for work of equal value, regardless of gender.

		b. **Zero-Tolerance Policy:** There is a strict zero-tolerance policy for any form of discrimination or violence in the workplace. c. **Equal Opportunity:** The management is dedicated to providing equal opportunities in promotions, training, and decision-making processes, challenging entrenched gender stereotypes.
Support for Nation Building	1. The construction industry is the backbone of nation building, creating essential infrastructure and sustainable communities. However, its reliance on fossil fuels and wasteful practices can undermine its contributions if not properly managed. 2. Computing and technology-based skills are highly valued in business due to the demand for advanced infrastructure, which significantly impacts economic growth and societal progress. EEI plays a key role, not only by providing construction services, but also by developing strategies to optimize urban systems for safer, sustainable, and disaster-resilient cities.	1. The management streamlines its processes and systems in order to fast track its contribution to the sustainability goals. 2. Establish standards and encourage regulations to ensure that projects and initiatives are managed sustainably. 3. Work together with clients' designers to identify solutions that enhance energy efficiency in building designs. 4. Collaborate with private and government institutions in creating solutions to future mobility needs that minimize environmental impact.