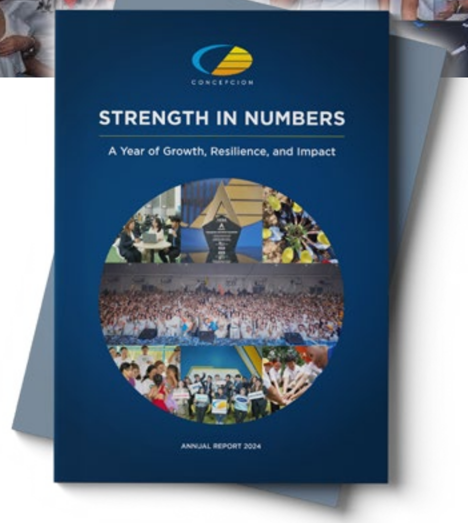
CONCEPCION

STRENGTH IN NUMBERS

A Year of Growth, Resilience, and Impact

ANNUAL REPORT 2024



Strength in Numbers

Strength in Numbers reflects the collective spirit that fueled our journey through 2024—a year marked by growth, resilience, and meaningful impact. It emphasizes how unity, collaboration, and shared purpose empower us to rise above challenges and achieve extraordinary milestones together. This report celebrates these shared successes while recognizing the work that remains ahead.

In a rapidly changing world, we embrace uncertainty through continuous innovation, driven by our commitment to growth and a legacy rooted in strong values. As we advance, we remain dedicated to creating happy spaces for Filipino homes and businesses—guided by the vision established in 1962—and look forward to a future of ongoing success and inspiration.

The cover of the 2024 Annual Report brings to life the theme of **Strength in Numbers** through a collection of meaningful moments across the year. Each image reflects the collective energy, resilience, and unity that powered our achievements—from team collaboration and industry recognition to community engagement and shared celebrations.

Set against a bold, cohesive backdrop, the circular layout symbolizes how every part of the organization contributes to the whole. Together, these visuals tell the story of CIC moving forward with purpose—inspired by its people, and strengthened by its values.

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Message from the Chairman & President

RAUL JOSEPH A. CONCEPCION

Our progress represents more than operational gains. It reflects a deeper alignment across strategy, capability building, and responsiveness to the evolving needs of our customers."

The past year marked a defining chapter in our transformation journey. This was a period in which our post-pandemic recalibrations began to take shape in a more tangible way. Our capabilities matured, and the strategic choices we made in earlier years bore fruit, firmly positioning CIC for long-term, sustainable growth.

Driving Strategic Growth and Responsible Impact

Across the Group, we sharpened our focus and made the necessary investments to elevate performance. We strengthened our core businesses while pursuing new opportunities, including our entry into lifestyle appliances through SharkNinja. These initiatives helped us expand our reach and grow ahead of the market in 2024.

Our progress represents more than operational gains. It reflects a deeper alignment across strategy, capability building, and responsiveness to the evolving needs of our customers. At the same time, we remained equally committed to our social impact initiatives. We advanced our environmental efforts through programs focused on plastic recovery and recycling, including community-level engagement and ecosystem restoration efforts. By enabling local access to waste collection and supporting grassroots livelihood models, we helped turn sustainability into a shared endeavor, benefitting both people and the planet. These efforts reaffirm our role not only as an industry leader but as a trusted, long-term development partner.

With the foundation we have built, guided by discipline, agility, and shared values, and strengthened by the leadership of our new CEO, we are confident in our ability to navigate what lies ahead."

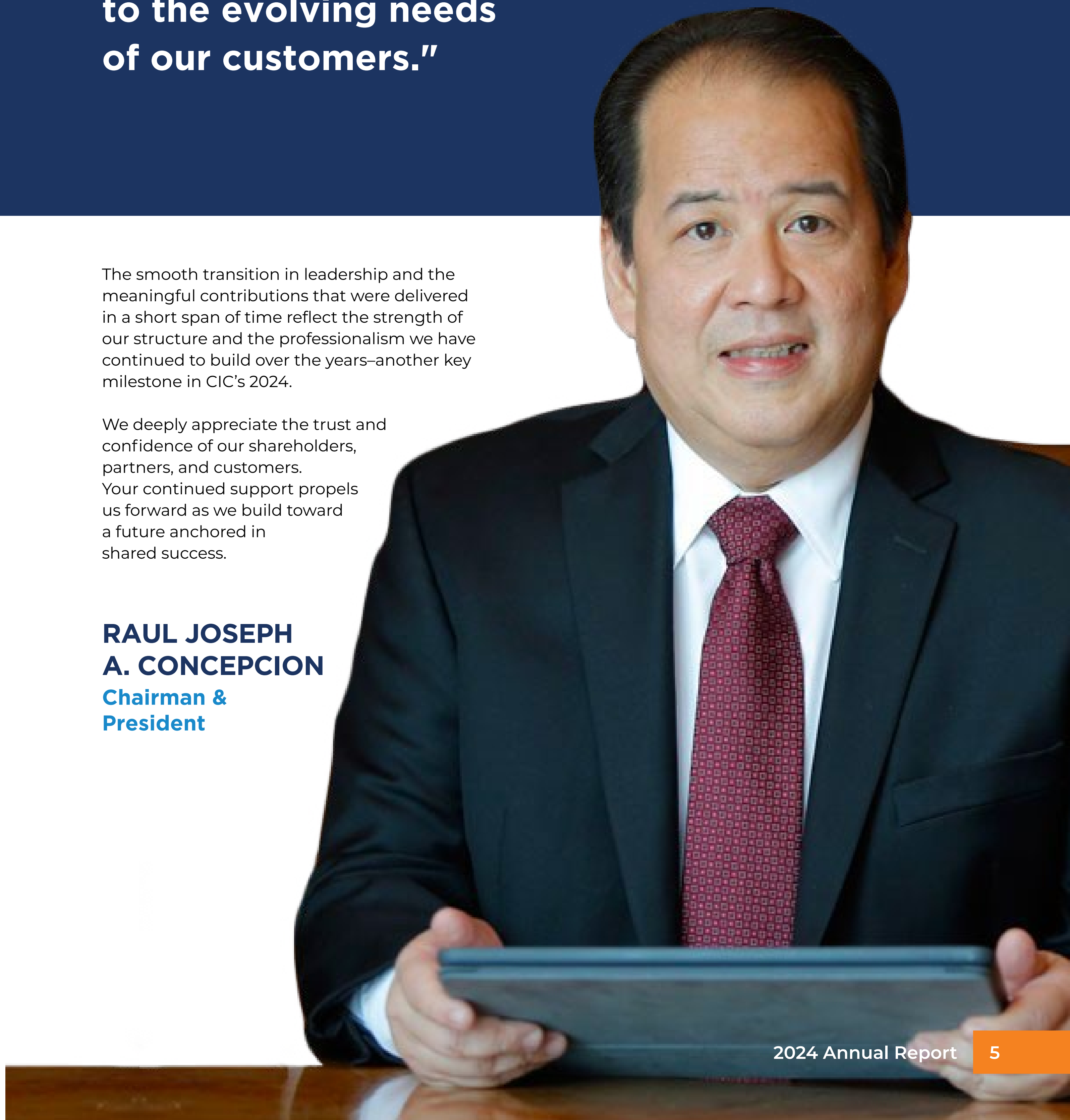
Onward with Confidence and Continuity

As we move forward, we are certain that we are well-positioned to serve our markets, with demand remaining strong across sectors like hospitality, wellness, and retail. With the foundation we have built, guided by discipline, agility, and shared values, and strengthened by the leadership of our new CEO, we are confident in our ability to navigate what lies ahead.

The smooth transition in leadership and the meaningful contributions that were delivered in a short span of time reflect the strength of our structure and the professionalism we have continued to build over the years–another key milestone in CIC's 2024.

We deeply appreciate the trust and confidence of our shareholders, partners, and customers. Your continued support propels us forward as we build toward a future anchored in shared success.

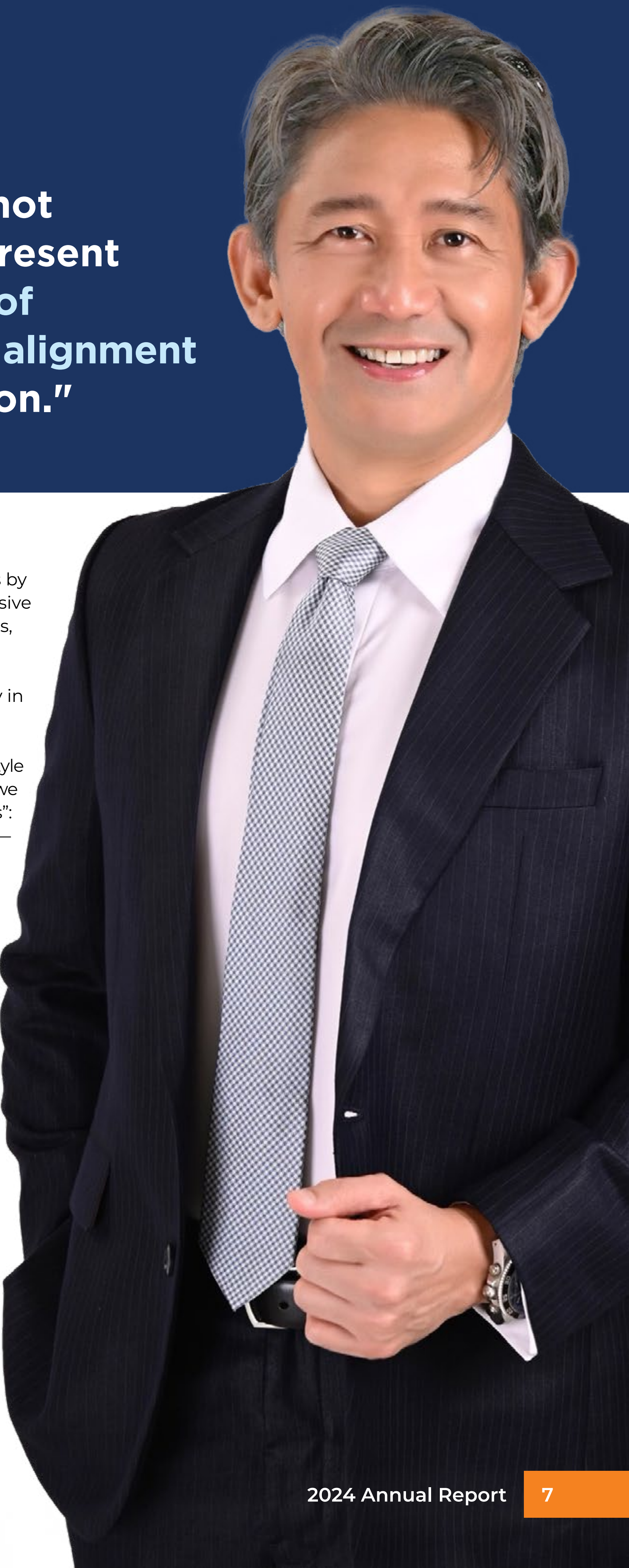
RAUL JOSEPH A. CONCEPCION
Chairman & President



Message from the CEO

ARIEL P. FERMIN

"These outcomes are not just metrics; they represent convergence, clarity of thought, and pipeline alignment across the organization."



We began the year rooted in our mantra: *Strength in Numbers*. This is more than a theme; it is a call to act as *One Concepcion*, unified in culture and aligned through our House of Greatness. Here, we aim to bring a Concepcion solution to every home and business, guided by the values of customer intimacy, people development, and a commitment to sustainability.

Acting with a shared sense of purpose, we made bold changes across our brands, go-to-market approaches, supply chains, and business models. We embraced the principle that success happens when opportunity meets preparation—a belief that guided our decisions throughout the year and enabled us to respond to shifting market conditions. As a result, we have crossed the Php 20 billion mark, grown by nearly 30 percent, and almost doubled our profits. These outcomes are not just metrics; they represent convergence, clarity of thought, and pipeline alignment across the organization.

In 2024, we also introduced new ways of reaching the market. For the first time, we participated in the Franchise Asia Philippines Expo, featuring Concepcion-Carrier Air Conditioning Company (CCAC). This was a proud milestone and a key component of our evolving business model, especially as we expand through franchising and online-to-offline retail formats.

Leading with Customer Intimacy

Joining CIC has been a profound opportunity for me personally. I entered with gratitude and a sense of purpose, determined to contribute

"Our emphasis on customer intimacy ensures that every solution begins and ends with the people we serve. We believe brand love is the antidote to commoditization."

meaningfully by drawing from experiences in both multinational and local organizations. From the start, I have been energized by the challenge to evolve a manufacturing-centered company into one that leads with service and marketing. Our emphasis on customer intimacy ensures that every solution begins and ends with the people we serve. We believe brand love is the antidote to commoditization, and it is through meaningful experiences that we secure long-term relevance.

Growth with Responsibility

As with any journey, there are headwinds and tailwinds. Yet, in our case, the net effect remains positive. We continue to see opportunity in a young, highly digitalized population. Infrastructure growth in areas such as hospitality, wellness, and retail supports our long-term view. With this goal, we aim to double our business within the next five years by leveraging the strength of our brands, our extensive market footprint, and the support of our partners, dealers, and suppliers.

We are also excited about the future, particularly in the rollout of new business models, such as franchising, our entry into online-to-offline retail through pocket stores, and our expansion into lifestyle appliances through SharkNinja. At the same time, we remain focused on sustainability through our "3 Es": Education, Entrepreneurship, and Environment—pillars that reflect both our company's purpose and our family's long-standing values.

Carrying the Vision Forward

Lastly, we look ahead with excitement as the next generation of Concepcion leaders rises—bright minds ready to shape CIC's future, both in ownership and management. Their energy and commitment give us confidence that we are building not just for the present, but for generations to come. We also extend our heartfelt thanks to our employees, whose dedication and hard work continue to drive our shared success.

Thank you for your belief in our journey. We are just getting started, and the road ahead is filled with promise.

ARIEL P. FERMIN
Chief Executive Officer

Message from the Chief Finance & Operating Officer

RAJAN KOMARASU

> Profit after tax increased by 83 percent to Php 1.2 billion, while PATAMI doubled to Php 769.1 million."

Delivering Strong Results and Building for the Future

2024 marked a year of strong financial and operational performance for CIC. We began the year with clear and achievable goals, supported by disciplined execution, enhanced customer engagement, and sustained market demand. These efforts allowed us to exceed our targets and strengthen our position across core segments.

Solid Financial Performance

Net sales grew by 23 percent to Php 18.1 billion, while total sales, which include our associate, Concepcion Midea, Inc. (CMI), rose by 29 percent to Php 23.5 billion. The margin improvement of 1.2 percentage points reflected better procurement outcomes and improved manufacturing efficiency. Operating expenses (OpEx) rose by 18 percent to Php 4.5 billion, mainly driven by volume growth and sales-related activities. Profit after tax increased by 83 percent to Php 1.2 billion, while PATAMI doubled to Php 769.1 million.

Segment and Product Highlights

Our Consumer segment grew by 29 percent to Php 13.0 billion, driven by strong retail execution and healthy demand across air conditioning,

> We remain committed to delivering long-term value and building on the momentum we've created."

refrigeration, and appliances. The Commercial segment contributed Php 5.0 billion in sales, up 10 percent year-on-year, supported by channel expansion and distribution growth, which helped moderate the impact of delays in project-based business.

Operational Efficiency and Resilience

We continued to enhance operational resilience through Enterprise Risk Management (ERM), which supported better visibility, compliance, and alignment across our organization. Our commitment to operational excellence included streamlining processes and leveraging digital tools.

Cautious but Confident Outlook

As we look ahead, our strategic focus remains on expanding market reach, deepening penetration in key channels, and growing our business-to-business (B2B) presence, while continuing to invest in product innovation, brand strength, and factory equipment upgrades. We are mindful of external uncertainties, including foreign exchange volatility and a more competitive pricing environment. These conditions may place pressure on margins and require us to remain agile in execution. Nonetheless, we are confident that the strong foundation we have built positions us to navigate these headwinds while pursuing sustainable growth.

We are proud of what we have achieved in 2024 and are grateful to our teams for their dedication and resilience. To our investors and partners, thank you for your continued support and trust. We remain committed to delivering long-term value and building on the momentum we've created.

RAJAN KOMARASU
Chief Finance & Operating Officer

About Concepcion Industrial Corporation

Concepcion Industrial Corporation (CIC) is a trusted name in the Philippine market for air conditioning, refrigeration, consumer appliances, and building and industrial solutions. With a foundation built on decades of industry expertise, a clear understanding of consumer needs, and long-standing partnerships, CIC has cultivated a reputation for excellence and innovation. Strategic alliances and joint ventures have played a vital role in strengthening the Company's capabilities, allowing it to develop leading brands and remain a dominant force in the industry.

CIC's operations are anchored in a robust corporate structure, comprising eight subsidiaries:

- Concepcion-Carrier Air Conditioning Company (CCAC)
- Concepcion Durables, Inc. (CDI)
- Concepcion-Otis Philippines, Inc. (COPI)
- Concepcion Business Services, Inc. (CBSI)
- Cortex Technologies Corporation (CTC)
- Alstra Incorporated (Alstra)
- Teko Solutions Asia Inc. (Teko)
- Tenex Services, Inc. (Tenex)

It also includes two associates:

- Concepcion Midea Inc. (CMI)
- Teko Solutions Pte. Ltd. (Teko SG).

CIC sets itself apart by serving a broad spectrum of customers through an expansive portfolio that addresses residential and commercial needs. Its offerings go beyond cooling and refrigeration, encompassing laundry, kitchen, small household appliances, vertical transport solutions, and Heating, Ventilation, Air Conditioning, and Refrigeration (HVAC/R) parts. CIC also provides comprehensive after-market services—from routine maintenance and repairs to parts replacement—ensuring long-term value and support throughout the product life cycle.

Since its founding in 1962 by Jose Concepcion Sr., the Company has remained committed to innovation and service. With eyes on the future, CIC continues to create better solutions and more joyful spaces for Filipino families and businesses nationwide.

Creating Value and Delivering Solutions at Scale

CIC brings decades of expertise in delivering high-quality, end-to-end solutions that meet the evolving needs of both homes and businesses. With a nationwide presence and a strong portfolio of trusted brands, CIC combines deep industry capabilities with a customer-first mindset—ensuring reliable and scalable solutions that create real value for the customers we serve.

What We Offer

- Reliable home and enterprise solutions
- Commercial, Light Commercial and Residential Air Conditioners and Refrigerators
- Vertical Transport Solutions (Escalators, Elevators)
- Laundry Machines, Kitchen and Small Domestic Appliances
- Home Cleaning and Beauty & Personal Care Appliances

Where We Operate

1 Head Office in Muntinlupa City

8 Branches in Key Provinces

20,000
Air Conditioner and Refrigerator Research & Design and Manufacturing Plants

7 Totaline Parts Center

Concepcion Innovation Center in Mandaue City

How We Support Customers

- End to End Capabilities
- Retail Sales
- Customer Service
- Engineering Design
- Equipment Selection
- Project & Installation Management
- Testing & Commissioning
- Service Repair
- Parts Supply
- Retrofit Services

Who Makes It Happen

888
Employees*

170
Accredited Installer Companies

2,000+
Technicians

100+
Service Centers

2,200+
In-Store Merchandisers

*As of December 2024

How We Stay Ahead

- Turning data into customer-centric innovation
  - Real-time insights through our Weekly Point-of-Sale (POS) System
  - Data-backed decision making across product development, sales, and service
  - Proactive inventory and demand forecasting
  - Enhanced customer experience through trend analysis and feedback loops

Mission and Purpose

We thrive on creating happy spaces for the Filipino people, fueled by our mission to bring these spaces to life.

We go beyond offering products, services, and solutions by leveraging our expertise and technology to address the specific pain points and needs of the families and businesses we serve. We promise convenience, growth, and positivity in their everyday spaces, and we envision becoming an integral part of the homes and businesses in the country. In doing so, we empower everyone to build better lives.

Brand Manifesto

Our Chairman and Chief Executive Officer (CEO), Raul Joseph Concepcion (RJC), reflects on the Company's spirit:

We turn **EVERY SPACE** into an environment where

PEOPLE CAN THRIVE,

with the help of **experts** who know how to make this **possible**.

We empower the **entrepreneurial spirit** by seeking **innovative solutions**

for businesses. We use **technology** and **innovation** to make life

EASIER, HEALTHIER, AND MORE COMFORTABLE.

Our principle is to **transform the everyday** into something **extraordinary.**

That's why we continually search the globe

for the **best technology and innovations.**

Bringing global advancements to local customers enables us to bring

HAPPY SPACES TO LIFE.

Our Core Values

INNOVATING FOR HAPPIER OUTCOMES:
We are always looking for new and better ways to ensure happier outcomes for the people we serve by utilizing the power of technology.

GOING ABOVE AND BEYOND:
We cultivate a sense of ownership in our employees to fulfill our commitment to customer satisfaction with urgency and consistency.

DOING THE RIGHT THING:
In CIC, doing right is non-negotiable. We strive to do the right thing, the right way, all the time.

MAKING CUSTOMERS HAPPY:
Our customers' happiness guarantees our success as a business. We are always listening and learning to find new and better ways to serve.

CARING FOR PEOPLE AND THE PLANET:
We are keenly aware of our responsibility to current and future generations. We promote environmental protection because we care for our customers and our people. Their safety and development matter to us.

DOING OUR BEST ALWAYS:
We maintain high standards for our products and services to ensure they deliver reliability, quality workmanship, and solutions that drive progress. This commitment is made possible by CIC employees, who are dedicated to our customers' satisfaction.

Business Activities

Supporting the Filipino Entrepreneurial Spirit at the Franchise Expo

CIC participated in the Franchise Asia Philippines Expo, providing attendees with a closer look at its appliance lineup and franchising model. The CIC booth featured Carrier, Condura, Midea, Otis, SharkNinja, and Toshiba, with team representatives guiding aspiring franchisees. This activity helped extend CIC's reach in the entrepreneurship space.

CCAC Hosts ACS Dealer Convention

CIC gathered key dealer partners for the CCAC Air Conditioning Solutions (ACS) Dealer Convention. Held under the theme Samahang Walang Katulad, the event included performance awards, product updates, and a renewed commitment to growth—reinforcing the value of CIC's nationwide dealer network.

SharkNinja Joins CIC's Powerhouse Brands

CIC officially launched SharkNinja in the Philippines, introducing premium kitchen and cleaning appliances to its expanding consumer portfolio. The launch featured product demonstrations, media coverage, and broader retail availability in support of CIC's strategic push into high-performance home solutions.

CCAC Renews Partnership with Ayala Land Premier, Alveo, and MDC

CIC renewed its partnership with Ayala Land Premier, Alveo, and Makati Development Corporation, continuing to deliver Carrier's energy-efficient solutions to high-end residential projects. The collaboration reflects shared goals of sustainability, innovation, and reliability.

COPI Showcases Solutions at the 29th CebuCon Build Expo

Concepcion-Otis Philippines, Inc. participated in the 29th CebuCon Build Expo for the second consecutive year, highlighting innovations in elevator and escalator systems tailored to Philippine infrastructure. Its presence contributed to stronger brand visibility among developers and contractors in the Visayas.

Concepcion Innovation Hub Opens in Cebu

CIC opened the Concepcion Innovation Hub in Mandaue City, showcasing solutions from Carrier, Otis, Condura, Midea, Toshiba, and SharkNinja. The space featured product displays, training rooms, and collaborative workspaces for consultants, engineers, and partners. This initiative reflects CIC's focus on regional empowerment, innovation, and reliable aftermarket support.

Midea AC Pro Shop Opens in Davao City

CIC and LDC Refrigeration opened the Midea AC Pro Shop in Davao City, expanding the availability of Midea residential air conditioners in Mindanao. Featuring interactive displays and energy-efficient models, the shop supports CIC's goal of strengthening its presence in key provincial markets.

COPI Celebrates 10 Years of Partnership

CIC and Otis celebrated the 10th anniversary of COPI at Okada Manila, honoring a decade of delivering vertical mobility solutions. Attended by Otis executives from Hong Kong and Singapore, the event reaffirmed CIC's commitment to advancing elevator and escalator technologies in the Philippines.

Carrier Community Shop Opens in Butuan City

The Carrier Community Shop officially opened in Butuan City, earning a triple-A rating in visibility, accessibility, and foot traffic. Operated by long-time partner Hi-Trade Air Conditioning and Refrigeration Service, the center strengthens Carrier's presence in Caraga and reinforces its after-sales support.

First-Ever UAP District C1 Synergy Event with Carrier and Otis

CIC hosted the United Architects of the Philippines (UAP) District C1 Synergy Event at the Cebu Innovation Center, bringing together architects, engineers, and designers to foster collaboration in the building and construction industries. The event highlighted Carrier and Midea's energy-efficient solutions and paved the way for future partnerships as CIC increases its engagement with professional stakeholders.

ConcepStore Pop-Up

CIC brought the ConcepStore experience to Ayala Malls Feliz through its first holiday pop-up, featuring trusted appliance brands SharkNinja, Condura, Toshiba, and Midea. Guided demos and festive activities helped shoppers find the perfect gift for their homes and loved ones. The activity marked a key step forward in CIC's retail experience strategy.

Milestones

1962–2000: Strengthening Partnerships and Brand Building

1962

- Concepcion Industries Inc. (CII) was established
- Carrier license was obtained

1977

- Kelvinator license was obtained

1987

- CII launched the Condura brand

1997

- Concepcion-Carrier Air Conditioning Company (CCAC) was formed through a joint venture with United Technologies Corporation (UTC) and its subsidiary Carrier Corporation (USA)

2000–2012: Forming the Local Organization

2006

- Concepcion Durables Inc. (CDI) was created as the manufacturer and distributor of Condura

2009

- Totaline license was obtained

2010

- Carrier Linde Refrigeration was acquired by CCAC

2013: Integration and Focus

2013

- CII was renamed into Concepcion Industrial Corporation (CIC)
- CIC had Its Initial Public Offering (IPO)
- CIC signed a joint venture with the Midea Group

2014–2017: Growth and Expansion

2014

- CIC signed a joint venture with United Technologies Corporation (UTC) to introduce Otis in the market and strengthen the commercial solutions offerings of the Company
- Raul Joseph A. Concepcion, Chairman & CEO, wins an Asia Pacific Enterprise Award (Outstanding Category)

2015

- CIC was recognized at the Asia's Best Companies Poll: 1st place - Best Small Cap, 6th place - Best Investor Relations, and 6th place - Best Corporate Governance

2016

- Concepcion Business Services Inc. (CBSI) was formed
- Raul Joseph A. Concepcion, Chairman & CEO, was a Finalist in the CEO of the Year category at the Asia CEO Awards
- CIC was awarded 1st place in the Best Small Cap category at the Asia's Best Companies Poll

2017

- CIC's commercial division was relaunched as Alstra
- Cortex Technologies Inc. was formed

2017–2023: Transformation

2018

- CIC migrates to SAP S/4HANA®, a future-ready enterprise resource planning (ERP) system

2019

- CIC begins tech ventures expansion and innovation investments (AllCare, Teko, Studio Dresden, and Tenex)

2020

- CIC launches WeCARE and expands its CSR and emergency response programs
- CIC invests in digital platforms
- CIC launches ConcepStore Appliance Store, SureServ, and CNX for Home

2021

- SmartTech and CRAFT after-sales groups were formed
- Worked with Oracle to improve online customer experience
- Rebranded the Concepcion logo and restated its core values, mission, and vision

2022

- CIC celebrated its 60th Anniversary: Commemorating 6 Decades of Building Better Lives

2023

- CIC forms strategic partnership with SharkNinja

Awards and Recognitions

2024 Awards

Carrier's Enduring Strength in the Industry

Carrier was awarded the prestigious Gold Award in the Air Conditioner category at the 2024 Reader's Digest Trusted Brands Awards—a testament to its enduring legacy as a trusted industry leader.

For over 20 years, Carrier has delivered innovative cooling solutions that ensure comfort and satisfaction for Filipino homes and businesses. This recognition reaffirms the brand's unwavering commitment to excellence and creating happy customer spaces.

As Carrier maintains its commitment to quality and reliability, this latest recognition reinforces its status as a top brand in the air conditioning industry, establishing the standard for innovation and performance.

Concepcion-Midea Inc. Philippines Earns Global Distinction at MIB 2024

At the Midea International Business (MIB) 2024 Annual Conference, CMIP was honored with the Best Distribution Expansion and Best Product Mix Management Index. Chosen among 31 global entities outside China, CMIP's achievement underscores its dedication to operational excellence and international competitiveness.

Midea Philippines Recognized as a 2024 Superbrand

Midea Philippines earned its place on the prestigious 2024 Superbrands Philippines list, a testament to its excellence in quality, technical expertise, and service reliability. The brand was also awarded the Superbrand Philippines' Choice Gold Standard Climate Change Seal, recognized as a Consumers' Choice Asia-Pacific Awardee, and given the Seal of Product Quality. These distinctions reflect the strong consumer trust Midea continues to build, as well as its commitment to delivering dependable, forward-thinking solutions for Filipino families.

Our Brands

Carrier
CONDURA
Midea
TOSHIBA
OTIS
Kelvinator
TOTALINE
Shark NINJA

Carrier

The Air Authority

Since 1915, Carrier has led the way in cooling innovation—designing and delivering high-performance solutions that improve indoor environments. From homes to workplaces, Carrier products help create healthier, more comfortable, and more energy-efficient spaces.

Condura

An Excellent Choice for Every Filipino Home and Business

Proudly homegrown since 1987, Condura offers high-quality, durable cooling and refrigeration solutions built with Filipino ingenuity. Each product is designed using quality materials to withstand the unique conditions of the Philippines.

Midea

Leading the World in Home Appliances

Midea offers a full range of home appliances, from electric kettles and microwaves to washing machines and air conditioners. Trusted in over 150 countries, Midea continues to expand its presence in the Philippines.

Toshiba

A Trusted Name in Japanese Innovation

Toshiba is a world-renowned Japanese brand known for its innovation in electronics, home appliances, and industrial solutions. In 1981, it pioneered inverter technology, setting a new global standard in energy-efficient air conditioning. With decades of expertise and a strong commitment to quality, Toshiba continues to deliver precision-engineered products powered by trusted Japanese innovation.

SharkNinja

Real Solutions for Real Life

SharkNinja enhances everyday life with products that combine advanced technology, practical design, and exceptional performance. Known globally, Shark and Ninja are recognized for their innovative solutions that simplify and elevate daily tasks, making life easier and more efficient.

Otis

Moving the World Ahead

Otis is a global leader in the manufacturing of escalators, elevators, and moving walkways, operating in over 200 countries and territories. In the Philippines, the company became Concepcion-Otis Philippines, Inc. in 2014 following its joint venture with CIC.




Totaline

The Most Dependable Supplier of Ventilation, Heating, and Air Conditioning Parts

Totaline is the exclusive supplier of original spare parts and essential components for top Heating, Ventilation, and Air Conditioning (HVAC) brands, including Carrier, Condura, Kelvinator, and Midea. As a trusted one-stop shop, Totaline consistently delivers high-quality parts that ensure optimal performance for cooling and refrigeration systems.




Kelvinator

Quality and Affordability That Fit Your Lifestyle

Kelvinator offers high-quality appliances that combine reliable performance with modern convenience, catering to every budget. Known for balancing functionality and value, Kelvinator delivers products that customers can trust and take pride in.

2024 Captured: A Year in Photos







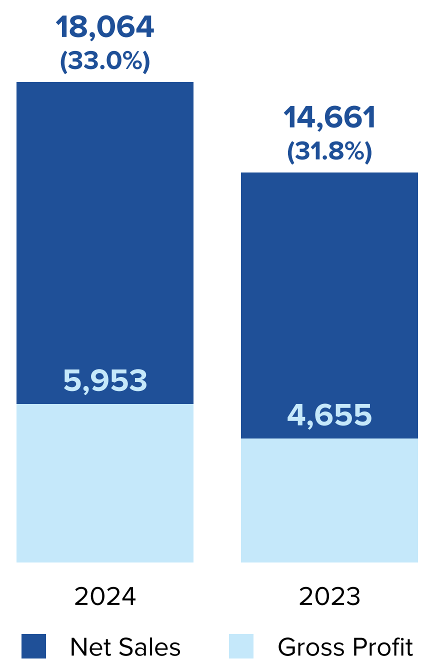




Financial Highlights

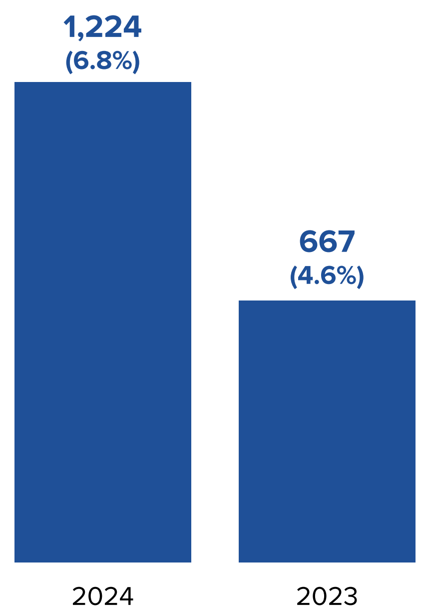
(in Million Php)	2024	2023	% Change
Net Sales	18,064	14,661	23%
Gross Profit	5,953	4,655	28%
Gross Margin (%)	33.0%	31.8%	1.2 pts
OPEX	-4,453	-3,778	-18%
% of Sales	24.7%	25.8%	1.1 pts
Profit Before Tax (PBT)	1,665	913	82%
PBT%	9.2%	6.2%	3.0 pts
Profit After Tax (PAT)	1,224	667	83%
PAT%	6.8%	4.6%	2.2 pts
Net Income Attributable to Shareholders	769	383	101%
FY Return on Average Equity (%)	14.7%	7.7%	7.0 pts
FY Return on Average Assets (%)	9.5%	5.6%	3.9 pts
Earnings per Share	2.0	1.0	1
Number of Shares	393.7	397.9	-4.20
Debt to Equity Ratio	0.8	0.8	0
Asset to Equity Ratio	1.8	1.8	0
Current Ratio	2.1 pts	2.2 pts	0.1 pt
Book Value per Share	13.8	12.7	1.1

Net Sales and Gross Margin



23% GROWTH IN SALES

Profit After Tax and PAT %



83% GROWTH IN EARNINGS (PAT)

Stronger Together: Building the Future with Purpose

The year 2024 marked a renewed momentum for CIC—a year of shared strength, forward motion, and deeper alignment across its businesses. At the core of this progress is a culture shaped by collaboration, continuous improvement, and a commitment to long-term value creation.

This spirit was on full display at the 2024 CIC Kick-Off on January 25, where over a thousand employees gathered to celebrate the theme "Strength in Numbers." The event honored key milestones, including the anniversaries of CII, Carrier, CCAC, and CDI, and reaffirmed CIC's focus on building lasting partnerships and delivering meaningful solutions.

Chief Corporate Affairs Officer Rafael C. Hechanova, Jr. encouraged employees to embrace the challenges ahead with a unified mindset: "We are in a pivotal moment of transition. This year, we will take bold steps forward together." His message captured the energy behind CIC's forward-looking strategy.

This evolution is driven by three guiding pillars: innovation, sustainability, and collaboration. These priorities continue to inform its business strategies and stakeholder partnerships, empowering the Company to remain agile and relevant in an ever-changing landscape.

With its people aligned and its purpose clear, CIC moves ahead with confidence—ready to shape a future that connects more Filipino homes and businesses through shared progress.

Our Pledge to Innovate

CIC's dedication to innovation is steadfast, even as the world evolves. We leverage technology and refined processes to improve the lives of Filipinos. Our expansion into new offerings aims to touch even more lives, but our core remains focused on delivering convenience to businesses and homes across the country. By integrating home technologies and understanding Filipino lifestyles, we provide tailored solutions that elevate the quality of life for families.

At the same time, we are fostering deeper relationships with our business partners, becoming their trusted solutions provider rather than just a transactional entity. We believe that collaboration is the key to driving innovation and empowers teams to create fresh solutions for our customers.

As we face rapid change, CIC is committed to transformation at all levels, ensuring we continue to revitalize the spaces where people and businesses thrive.

Transforming Customer Experience

In today's competitive landscape, digital transformation is essential for growth and improving customer experiences. CIC remains dedicated to creating seamless, positive interactions at every customer touchpoint, harnessing the power of technology and data. While significant strides have been made in strengthening digital capabilities, the Company acknowledges that customer experience transformation goes beyond digital innovation alone. It also includes refining internal processes, optimizing customer support, and personalizing services to meet evolving customer needs.

By consolidating its customer support channels, CIC ensures even greater efficiency and convenience for customers moving forward, further elevating the customer experience across multiple touchpoints.

Strengthening Communities: Bringing Concepcion Products and Solutions Closer to Filipinos

Driven by its commitment to enhancing customer experiences, CIC continues to improve nationwide accessibility to its products and services for Filipino homes and businesses.

In 2024, CIC expanded its footprint through a growing network of physical locations, including community-based shops and Carrier Community Shops, making trusted Concepcion solutions more accessible. As comprehensive service hubs, these centers offer a full suite of HVAC solutions, from the purchase of new units and authorized replacement parts to professional installation and after-sales support.

This growth is further supported by strategic partnerships that strengthen the Company's presence and ensure greater availability across multiple channels, including online platforms, dealer partners, and retail locations.

Through continued expansion and strategic collaboration, CIC aims to deepen its connection with Filipino customers by delivering dependable solutions that meet their evolving needs.

Carrier Community Shop Expands in Siargao

CCAC's commitment to bringing trusted, reliable Carrier products and services closer to Filipino communities continued in 2024 with the opening of over 30 Carrier Community Shops across the country. These are part of the Company's initiative to make energy-efficient cooling solutions more accessible, wherever Filipinos are.

One such milestone was the launch of a Carrier Community Shop in Siargao, made possible through a partnership with RAM AC, a local air conditioning service provider. The shop ensures that both residents and businesses in this emerging innovation hub have access to high-quality, dependable cooling solutions tailored to their needs.

The launch event was attended by Chairman and President Raul Joseph A. Concepcion, Chief Corporate Affairs Officer Rafael C. Hechanova Jr., and key members of the leadership team, including Carrier Air Authority's Franchise Program Head Joanne Ramos. Reflecting on the expansion, RJC emphasizes, "We aim to grow more so that more Filipinos can enjoy comfortable homes and support local entrepreneurs."

With more Carrier Community Shops set to open, CCAC remains focused on expanding its reach and bringing premium products and services to even more Filipino communities nationwide.

Empowering People and Optimizing for Success

CIC empowers its employees through systems that promote accountability, learning, and engagement. A key initiative is the Quarterly PULSE Survey, reinforced by Departmental FGDs, which identifies organizational and team-level challenges in real-time. These insights inform targeted action plans, including leadership-level initiatives and departmental-specific interventions to strengthen frontline accountability.

Subsidiaries like CDI continue to build a strong coaching culture that promotes collaboration, accountability, and continuous learning. These efforts help enhance leadership capabilities and encourage employees to take ownership of their development. Meanwhile, CCAC advances this focus through structured training programs that empower partners and employees with in-depth product knowledge, customer service skills, and troubleshooting expertise. These programs ensure that both internal teams and external partners are equipped to deliver exceptional customer experiences.

The Company also cultivates a vibrant company culture through meaningful engagement activities and authentic connections across all levels of the organization. Initiatives like "Kumustahan with Raffy," a regular engagement platform led by Chief Corporate Affairs Officer Rafael "Raffy" Hechanova Jr., promote transparency, dialogue, and continuous improvement. These efforts are complemented by recognition programs and inclusive events that reinforce a sense of belonging. Together, they reflect CIC's commitment to building a unified and empowered workforce.

Plastic Responsibility Movement

Plastic waste continues to be a major environmental challenge in the Philippines. According to the Department of Environment and Natural Resources (DENR), the country generates around 61,000 metric tons of solid waste daily, with plastic accounting for nearly 24%, or approximately 14,640 metric tons. This contributes to the estimated 2.7 million tons of plastic waste produced annually nationwide.

In response to this growing issue, CIC has embraced responsible plastic use and recovery as a core component of its sustainability agenda. Its efforts support the mandates of the Extended Producer Responsibility Act of 2022, which requires large enterprises to recover and divert at least 20% of their plastic packaging footprint by the end of 2023.

In 2024, CIC surpassed this target by diverting a total of 478,000 kilograms of plastic waste through its ongoing partnership with Plastic Credit Exchange Markets (PCX), a platform that funds verified and traceable plastic recovery and processing initiatives.

Driving this achievement were the collective efforts of CIC's four key subsidiaries:

110%
of their plastic footprint diverted
CCAC

100%
of their plastic footprint diverted
Cortex Technologies Corporation

90%
of their plastic footprint diverted
CDI

45%
of their plastic footprint diverted
CMIP

In addition to diverting plastic waste, CIC contributed to community-based recovery projects, including the *Aling Tindera* "waste-to-cash" initiative, which empowers women micro-entrepreneurs to collect and sell plastic waste. This effort diverted an additional 73,000 kilograms of plastic and contributed Php 182,500 in income to underserved communities.

Altogether, these initiatives reflect CIC's deep commitment to environmental stewardship, going beyond regulatory compliance to help build a more sustainable future for the Philippines.

Beyond Business: Making a Difference

CIC's purpose of creating happy spaces for the Filipino people and businesses continues to evolve in meaning as the organization grows. Beyond delivering trusted home and business solutions, the Company embraces innovations that help build better, more sustainable spaces for all. CIC also aims to go beyond serving customers and clients, extending its impact to the larger community through initiatives anchored on people, the planet, and progress.

Through programs on entrepreneurship, environmental sustainability, and education, CIC drives meaningful change across communities. These efforts reflect the Company's commitment to improving lives by supporting economic resilience, environmental protection, and lifelong learning.

CIC's Advocacy Pillars

Entrepreneurship

The Company contributes to building resilient and thriving communities by creating jobs and encouraging local businesses.

Environment

CIC ensures that its business processes and practices prioritize the well-being of both people and the planet.

Education

By fostering education, the Company empowers individuals to drive progress and contribute to nation-building.

The Company's initiatives are rooted in a strong culture of action and compassion—qualities that continue to shape CIC's evolving purpose of building better lives for generations to come.

Driving Environmental Responsibility

Caring for the environment is a shared responsibility that CIC embraces as part of its commitment to building a more sustainable future. As an industry leader, CIC recognizes the impact of its operations and has taken proactive steps to reduce its environmental footprint.

In alignment with the Extended Producer Responsibility Act (EPRA), CIC has been strengthening its initiatives to manage plastic waste more responsibly and promote environmentally conscious practices within the organization. Through partnerships, employee engagement, and nature-based solutions, CIC continues to make sustainability an integral part of its business operations, ensuring that progress and environmental care go hand in hand.

Environmental Stewardship: Acting Today for a Greener Tomorrow

In celebration of World Environment Day on June 5, 2024, CIC reaffirmed its commitment to environmental stewardship through the *"Trees for Tomorrow"* tree-planting initiative. In partnership with Fostering Education & Environment for Development (FEED), Inc., CIC employee volunteers gathered in the lush landscapes of Siniloan, Laguna, to participate in an impactful greening effort.

Together, the team planted 1,000 native seedlings, focusing on species carefully selected for their compatibility with the local ecosystem. This initiative not only supports biodiversity conservation but also strengthens CIC's long-term sustainability goals by promoting reforestation and community engagement.

By partnering with FEED, Inc., CIC continues integrating meaningful environmental action into its corporate values, ensuring that every step toward progress also nurtures the planet.

One for the Ocean: Coastal Cleanup at Las Piñas-Parañaque Wetland Park

As part of its environmental efforts, CIC organized a coastal cleanup activity under the *"One for the Ocean"* initiative at the Las Piñas-Parañaque Wetland Park. Employee volunteers gathered to remove plastic waste and other debris from the shoreline, contributing to the preservation of one of Metro Manila's critical coastal ecosystems.

The team successfully collected over 50 sacks of garbage during the activity, reinforcing CIC's commitment to reducing plastic pollution and protecting marine environments through direct, hands-on action.

Working Together for a Plastic-Responsible Future

In 2024, CIC strengthened its commitment to responsible plastic waste management by partnering with The Plastic Flamingo (PLAF), a recycling organization focused on turning plastic waste into practical, sustainable products.

CIC's Cabuyao and Alabang offices now serve as official plastic drop-off points, where PLAF gathers waste monthly. This plastic is then repurposed into eco-boards, which are used to produce school chairs, benches, and emergency shelters.

Through this initiative, CIC helps divert plastic from landfills and oceans, while supporting innovative recycling solutions that benefit both the environment and local communities.

For Our Communities

Empowering Strong and Resilient Communities

In collaboration with the Philippine Red Cross, CIC launched its first-ever simultaneous Blood Donation Drive across its Cabuyao, Alabang, and Makati offices. The initiative drew strong participation from employees, with over a hundred volunteers contributing to a total of 129 blood bags collected.

This effort supports local blood banks and reflects CIC's commitment to community health and solidarity, providing critical aid to fellow Filipinos during medical emergencies.

Fight Malnutrition: CIC Joins Servathon 2024

In 2024, CIC partnered with Hands On Manila for the annual Servathon, a service marathon that addresses child malnutrition under the theme, "Fight Malnutrition, Save Futures!" The initiative focused on supporting at-risk pregnant women, new mothers, and children up to five years old to promote healthy growth and development.

The activity was held in collaboration with the Negrense Volunteers for Change Foundation and aligned with CIC's commitment to improving the well-being of communities, particularly those facing nutritional challenges.

Empowering Education: CDI's *Lapis at Papel* Initiative

Through the Lapis at Papel initiative, CIC's subsidiary CDI sought to address the school supply needs of indigent students at Diezmo Elementary School. By gathering data on the specific needs of students, CDI, along with CIC employees and business partners, collected and donated pencils, paper, and other essential supplies.

These donations were distributed through the *Lapis at Papel* Turnover Program, ensuring students had the resources to focus on their studies without worrying about school supplies. The turnover event, which included a message from Condura on the power of giving our best to support the nation, left a lasting impact on the students and highlighted the importance of community involvement in education.

Creating Comfortable Learning Spaces: "From *Bodega to Eskwela*"

CIC's retail group, Mang Kosme, launched the *"From Bodega to Eskwela"* campaign to support public schools in need of cooling solutions. Through this online initiative, the public was invited to nominate schools that would benefit from the donation of air conditioners.

As a result, four schools—Ganado Elementary School in Biñan, Laguna; Silangan Elementary School in Taguig; Rosemary Daycare in Muntinlupa; and the Special Needs Education Department of Pedro P. Cruz Elementary School—received the much-needed air conditioning units. This initiative not only provided relief from the heat, creating a more comfortable learning environment for students, but also underscored CIC's ongoing commitment to supporting education and enhancing community well-being.

Innovative Cooling: the Carrier Cool Spot in BGC

In 2024, Carrier showcased its technical expertise and commitment to sustainability through the *Carrier Cool Spot*, a larger-than-life air conditioner installed at a bus station in Bonifacio Global City (BGC). Designed to provide relief from the summer heat, the Cool Spot cools commuters, offering a moment of comfort amid the scorching weather.

The installation utilized a combination of solar power and electricity, reflecting Carrier's dedication to environmentally sustainable solutions—an integral part of its global CSR initiatives. The *Carrier Cool Spot* demonstrates the team's creativity, technical prowess, and effective collaboration, reinforcing Carrier's role as a leader in both innovation and public service.

Feature

Transforming Lives and Spaces with Mapúa University's Brave Path Project

At CIC, creating happy spaces goes beyond homes and businesses; it means uplifting lives through inclusive and purposeful design. In 2024, the Company partnered with Mapúa University's Interior Design Exhibit Class for the Brave Path project, an initiative that reimagines spaces for underserved communities.

Set at the Divine Mercy Center in Manila—home to disabled children and elderly men cared for by the Missionaries of the Poor—the project focused on redesigning key areas: a sensory-friendly hallway, custom cribs, and a wheelchair-accessible dining area. These enhancements were thoughtfully designed not only to improve mobility and comfort but also to foster dignity and autonomy.

Br. Rikardus Rianto, Apostolate-in-charge at the Missionaries of the Poor Manila, reflects, "My experience with this project is a moment of reflection, seeing the team work together amidst the hardships and struggles they encounter. The Brave Path is a theme that gives this project meaning and fulfillment."

More than just a project, The Brave Path is a movement that inspires hope, resilience, and community. Through this collaboration, CIC helped empower the next generation of designers while reaffirming our commitment to creating spaces that nurture care, comfort, and connection—wherever they are needed.

Feature

Moments That Matter: *Masayang Salu-salo sa Pasko 2024*

The season of giving offers more than just gifts—it's a chance to share hope, uplift spirits, and create moments that matter. Yet for some, festive cheer can feel like a distant luxury.
With a heartfelt mission to bring light to those who need it most, CIC once again held its annual holiday outreach, *Be the Light*, themed *Masayang Salu-salo sa Pasko* in 2024, to spread joy in its adopted communities.

Employee volunteers led festive celebrations in Barangay Alabang Riles and Diezmo, Cabuyao. Over 300 children enjoyed Filipino games, Christmas storytelling, and thoughtful gift-giving. Families also shared warm meals and moments of genuine connection.
The event was a rare and welcome break from daily struggles for resident Susan Dela Cruz, a hardworking vendor and mother. *"Sa araw-araw, vendor ako... Kaya't sobrang espesyal ng araw na 'to para sa amin."* (Every day, I work as a vendor... So, today was extra special for us.)

Now in its fourth year, *Be the Light* has grown from a pandemic-born initiative into a meaningful tradition that fosters resilience and belonging. With the support of partners like KC Wonderland, OTTO Shoes, and Gardenia, the program reflects CIC's purpose of creating happy spaces—not only for customers and partners, but for the broader community as well.

Education

CIC recognizes the value of practical, industry-relevant education in preparing individuals for real-world opportunities. By supporting initiatives that emphasize technical proficiency and hands-on learning, CIC contributes to developing a skilled workforce that can meet the demands of today's evolving industries. The establishment of the Midea Academy reflects this focused and future-oriented approach.

Feature

Advancing Technical Skills Through the Midea Academy

In a significant step toward bolstering the Philippines' technical workforce, Concepcion-Midea Philippines and the Technical Education and Skills Development Authority (TESDA) formally launched the Midea Academy at TESDA Navotas on July 30, 2024.

The newly inaugurated training facility is designed to deliver specialized education in HVAC systems, as well as Midea's range of home appliances. By combining practical training with technical instruction, the Midea Academy empowers students and technicians to meet the demands of a fast-evolving industry.

This initiative reflects CIC's long-standing commitment to capability-building, particularly in areas that create real opportunities for economic advancement. Through this program, graduates gain a competitive edge in the job market, equipped with skills aligned with global service standards.

The partnership between Concepcion-Midea Philippines and TESDA demonstrates the power of collaboration in closing workforce gaps and building a sustainable future for Filipino workers. As CIC continues to invest in education and technical excellence, the Midea Academy stands as a symbol of what can be achieved when industry and government work together to drive inclusive progress.

Our Leaders

Board of Directors

RAUL JOSEPH A. CONCEPCION

Chairman & President

Raul Joseph A. Concepcion has been the Chairman of the Board since 2008. He is also the President of the CCAC and CII, as well as the Chairman Emeritus of the Philippine Appliance Industry Association (PAIA). He holds a business administration degree from Simon Fraser University.

Concurrent Positions

- President of CCAC and CII
- Chairman Emeritus of the Philippine Appliance Industry Association (PAIA)

Educational Background

- Bachelor of Business Administration — Simon Fraser University - Vancouver Campus

RENNA C. HECHANOVA-ANGELES

Vice Chairman and Treasurer

Renna Hechanova-Angeles has been CIC's Vice Chairman and Treasurer since July 18, 2013. She oversees key functions across CIC's subsidiaries.

Concurrent Positions

- Vice Chairman and Treasurer of Concepcion Durables Inc. (CDI)
- Director of CCAC and ALI-CII Development Corporation (joint venture of Ayala Land, Inc. and CII)
- Corporate Secretary of Contel Communications, Republic Commodities Corporation (RCC), and Hyland Realty and Development Corporation
- Executive Vice President and Corporate Secretary of CII

Educational Background

- Bachelor of Science in Commerce, Major in Management — Assumption College

RAUL ANTHONY A. CONCEPCION
Vice Chairman

Raul Anthony Concepcion was appointed to the Board on July 5, 2013, and as Vice Chairman on July 20, 2022. He was recognized as a finalist in the 2011 Ernst and Young Entrepreneur of the Year Awards, receiving the Business Excellence Award. He is also the Founder and Chief Event Officer of one of the premier running events in the Philippines, the Condura Skyway Marathon.

Concurrent Positions
- President and Chief Operations Officer of Contel Communications
- Vice President of ALI-CII Development Corporation (joint venture of Ayala Land, Inc. and CII)
- Chairman of the Board of CDI

Educational Background
- Executive Master in Business Administration — Asian Institute of Management
- Bachelor of Arts in Political Science — University of the Philippines - Diliman

MA. VICTORIA HERMINIA C. YOUNG
Director

Ma. Victoria Hermina Young was elected to the Board on July 5, 2013. She has been a Director, the Vice President, and the General Manager of the White King Division of RFM Corporation since 2006, while holding leadership positions in several charitable organizations. Additionally, she was a Director of the Assumption Alumnae Association from 2000 to 2003.

Concurrent Positions
- Director, Vice President, and General Manager of the White King Division of RFM Corporation
- Director and General Manager of Interbake Commissary Corporation
- Trustee of the Soul Mission Organization and the Ronald McDonald House of Charities
- President of RFM Foundation

Educational Background
- Bachelor of Science in Management and Marketing — Assumption College

JOSE MA. A. CONCEPCION III
Director

Jose Ma. Concepcion III serves as a Director of the Company and brings extensive leadership experience. He is the current President and CEO of RFM Corporation and Chairman of RFM Unilever Ice Cream, Inc. From 2005 to 2010, he held the post of Presidential Consultant for Entrepreneurship. He is widely known for his work in supporting Filipino micro, small, and medium enterprises (MSMEs) through Go Negosyo, a non-profit organization he founded. He is actively involved in several business and civic organizations, including the Philippine Chamber of Food Manufacturers, Inc. (PCFM), Makati Business Club, and the Management Association of the Philippines (MAP).

Concurrent Positions
- President and CEO of RFM Corporation
- Chairman of RFM Unilever Ice Cream, Inc.
- Co-Chairman of the Agri-business and Food Committee of the Philippine Chamber of Commerce and Industry (PCCI)
- Member of the PCCI, Philippine Association of Feed Millers (PAFMI), Philippine Association of Flour Millers (PAFMIL), Philippine Chamber of Vice Chairman and Trustee of RFM Foundation, Inc.
- Director of the Laura Vicuna Foundation for Street Children
- Vice Chairman of the Micro Small and Medium Enterprise Development Council (MSMED)
- Founder of Go Negosyo

Educational Background
- Bachelor of Science in Business Management — De La Salle University

RAISSA C. HECHANOVA-POSADAS
Director

Raissa Hechanova-Posadas has served as Director since July 5, 2013, bringing over 25 years of expertise in corporate and investment banking. She held several leadership roles at Citigroup, including Managing Director, Head of the Corporate Finance Unit, and Senior Credit Officer. She was also part of the Citi Philippines Senior Management Team for a decade and served on the boards of multiple Citigroup entities in the country.

Concurrent Positions
- Director of Hy-land Realty and Development Corporation
- Advisor to the Board of Directors of BDO Private Bank
- Diversity, Equity, and Inclusion (DEI) Committee Head and Deputy Membership Head of District 3820 of Rotary International
- President of Barangay San Lorenzo (BSL) Persons with Disabilities & Co. Inc.

Educational Background
- Master of Business Administration — IMD International Institute for Management Development (formerly IMEDE)
- Bachelor of Arts in Applied Economics — De La Salle University

CESAR A. BUENAVENTURA
Independent Director

Cesar Buenaventura was the first Filipino to be appointed CEO and Chairman of Pilipinas Shell Petroleum Corporation (PSPC) in 1975, where he currently serves as a Director. He has also served in key roles such as member of the Monetary Board of the Central Bank of the Philippines, Regent of the University of the Philippines (1987–1994), Trustee of the Asian Institute of Management (1994–2007), and President of the Benigno Aquino S. Foundation (1985–2000).

Concurrent Positions
- Chairman of Buenaventura Echauz and Partners, Inc. and Mitsubishi Hitachi Power Systems, Inc.
- Vice Chairman of DMCI Holdings, Inc.
- Director of DM Consunji, Inc., International Container Terminal Services, Inc. (ICTSI), iPeople, Inc., PetroEnergy Resources Corp., and PSPC

Educational Background
- Master of Science in Civil Engineering, Major in Structures — Lehigh University
- Bachelor of Science in Civil Engineering — University of the Philippines

JUSTO A. ORTIZ
Independent Director

Justo Ortiz has been an Independent Director since November 6, 2020. He has nearly three decades of leadership experience at UnionBank, serving as Vice Chairman, and previously as Chairman (2018–2020) and CEO (1993–2017). Earlier in his career, he was a Managing Partner for Global Finance and Country Executive for Investment Banking at Citibank, N.A.

Concurrent Positions
- Chairman of Philippine Payments Management, Inc., Fintech Philippines Association, Distributed Ledger Technology Association of the Philippines, and Union Digital Bank
- Vice Chairman of the UnionBank of the Philippines
- Director and Trustee of the Insular Life Assurance Co., Ltd., Philippine Trade Foundation, Inc., Pilmico Foods Corporation, and Aboitiz Equity Ventures
- Member of the Board of Governors of the Management Association of the Philippines, Makati Business Club, World Presidents' Organization, and the Claustro de Profesores of the University of Santo Tomas

Educational Background
- Doctor of Humanities (Honoris Causa) — University of Santo Tomas
- Bachelor of Arts in Economics (Honors Program), Magna Cum Laude — Ateneo de Manila University

LUIS Y. BENITEZ
Independent Director

Luis Benitez has served as an Independent Director since October 26, 2022. He also sits on the boards of Insular Life Assurance Co. Ltd., Insular Healthcare, Inc., and CTBC Bank Philippines. Previously, he was Vice Chairman, Senior Partner, and Head of Audit at SGV & Co., where he worked from 1978 to 2007. He is a Certified Public Accountant.

Concurrent Positions
- Independent Director of Insular Life Assurance Co. Ltd., Insular Healthcare, Inc., and CTBC Bank Philippines

Educational Background
- Master of Business Administration — New York University Stern School of Business
- Pacific Rim Bankers Program — University of Washington
- Bachelor of Science in Business Administration, Major in Accounting — University of the Philippines

Executive Committee

ARIEL P. FERMIN
Chief Executive Officer

Ariel P. Fermin was appointed Chief Executive Officer of CIC on January 1, 2024. He has held senior leadership positions at prominent multinational companies like Procter & Gamble, Coca-Cola, Unilever, and Nike, as well as local publicly listed companies like Max's Group, Inc. (MGI), Jollibee Foods, and PLDT. His extensive background covers brand management, product development, retail and sales operations, supply chain management, and general management.

Educational Background
- Bachelor of Science in Chemical Engineering — University of the Philippines - Diliman

RAFAEL C. HECHANOVA, JR.
Chief Corporate Affairs Officers

Rafael Hechanova, Jr. has been with the Company since 1997 in various senior roles, including leadership of the Consumer and Business Solutions Groups. He also spearheaded new corporate marketing and business development initiatives. He is currently a Director of Concepcion-Carrier Realty Holdings, Inc. and Hy-land Realty. Prior to joining CCAC, he was a Director at Pacific Basin Development Company in Vancouver, Canada. He played a key role in sales and aftermarket services of chillers and air handling units (AHUs) starting in 1994, and by 1998 became a CCAC operating partner, leading residential and light commercial retail sales and marketing efforts.

Educational Background
- Bachelor of Science in Mechanical Engineering — De La Salle University
- British Columbia Institute of Technology

RAJAN KOMARASU
Chief Finance and Operating Officer

Rajan Komarasu was appointed Chief Finance and Operating Officer on November 1, 2021. He also serves as President of Alstra Incorporated and Concepcion-OTIS Philippines, Inc. (COPI). He previously held the CFO role at CCAC (2007–2011). Before joining the Company, he worked with United Technologies Corporation (now Raytheon Technologies), particularly in the HVACR segment, and served as Director for Financial Planning and Analysis (Asia) in Shanghai. He is also a Chartered Accountant in Singapore.

Educational Background
- Bachelor of Business, Major in Accounting — Curtin University

MA. VICTORIA A. BETITA
Chief Strategy and Transformation Officer

Ma. Victoria Betita became the Chief Strategy and Transformation Officer on November 1, 2021, and retired effective March 21, 2024. She brought deep expertise in finance and management, having held multiple leadership roles, including CFO of CIC and CCAC (2011–2021) and CFO of CCAC (2001–2005). She was also Treasurer and CFO for various Carrier subsidiaries, Finance Director and Country Controller at Asea Brown Boveri (1996–2001), and Director at Deutsche Knowledge Services (2005–2011).

Educational Background
- Master's in Business Management — Asian Institute of Management
- Bachelor of Science in Management Engineering — Ateneo de Manila University

Corporate Governance

Building and sustaining a strong reputation remains central to CIC's long-term success. This commitment to good corporate governance is reflected in adherence to best practices and regulatory standards. Guided by a formal Corporate Governance Manual, updated in February 2020, CIC clearly defines the roles and responsibilities of the Board and key management. The Manual fosters a culture of integrity and accountability across the organization and its subsidiaries, with strong checks and balances ensured through a clear separation of powers and supported by independent audit, compliance, and risk management functions.

ASEAN Corporate Governance Scorecard (ACGS) 2024 Golden Arrow Award

For the second consecutive year, CIC has been recognized with the ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Award, affirming its consistent performance in upholding responsible governance practices.

The recognition reflects CIC's ongoing efforts to strengthen its structures of transparency, integrity, and accountability—foundations that support its purpose of creating happy spaces for Filipino homes and businesses.

As CIC grows and evolves, so does its commitment to long-term value creation, not only for customers and partners but for the broader community it serves.

Duties and Responsibilities of the Board

The Board guides the Company's long-term value creation for all shareholders, laying a strong foundation through clear corporate values and a commitment to ethical business practices. It plays an active role in shaping the Company's future by approving, overseeing, and reviewing key initiatives. Specifically, the Board oversees business affairs, upholds high ethical standards, conducts annual evaluations of its own and executive management's performance, carries out directors' peer reviews, plans for management succession, monitors related party transactions, and ensures effective enterprise risk management.

Board Attendance and Remuneration

CIC's Corporate Governance Manual requires the Board to meet at least six times annually, whether in person or virtually, with additional meetings convened as necessary. The presence of independent directors is required in all meetings. To enable informed and meaningful discussions, the meeting agenda and relevant materials are provided to directors in writing or electronically at least five days in advance, whenever possible.

Directors receive an approved per diem for attending Board and committee meetings.

2024 Board Meetings and Attendance

Members	Board Meetings Attended	Annual and Special Stockholders Meeting
Raul Joseph A. Concepcion Chairman and President	☑ ☑ ☑ ☑ ☑	Present
Renna C. Hechanova-Angeles Vice Chairman & Treasurer	☑ ☑ ☑ ☑ ☑	Present
Raul Anthony A. Concepcion Vice Chairman	☑ ☑ ☑ ☐ ☐	Present
Raissa C. Hechanova-Posadas Director	☑ ☑ ☑ ☑ ☑	Present
Ma. Victoria Herminia C. Young Director	☑ ☑ ☑ ☑ ☑	Present
Jose Ma. A. Concepcion III Director	☑ ☑ ☑ ☑ ☐	Present
Cesar A. Buenaventura Director	☑ ☑ ☑ ☑ ☑	Present
Justo A. Ortiz Independent Director	☑ ☑ ☑ ☑ ☐	Present
Luis Y. Benitez, Jr. Independent Director	☑ ☑ ☑ ☑ ☑	Present

CIC offers remuneration that is competitive and sufficient to attract and retain highly qualified professionals who can effectively guide and manage the Company.

For executive directors, a portion of their remuneration may be performance-based, aligning rewards with corporate and individual outcomes. In 2024, the aggregate compensation of the Company's most highly compensated executive officers amounted to Php 161.6 million. Additionally, the total compensation for all officers and directors amounted to Php 312.6 million.

The Company has no standard compensation plans for directors beyond per diem fees, nor does it maintain special employment contracts with its executive officers.

Board Committees and Members

Executive Committee

This committee exercises the authority of the Board in overseeing the Company's business and affairs, except in matters that require stockholders' approval.

Name of Director	Committee Meetings Attended
Raul Joseph A. Concepcion Chairman	11/11
Renna C. Hechanova-Angeles Vice Chairman & Treasurer	1/11
Raul Anthony A. Concepcion Member	11/11

Corporate Governance, Nominations, and Remuneration Committee

The committee supports the Board in fulfilling its corporate governance responsibilities by ensuring adherence to established principles and best practices. As part of its nominations function, the committee (1) formulates screening policies to guide the review of qualifications of nominees for directors and independent directors, and (2) oversees the nomination process for independent directors ahead of the stockholders' meeting.

Office	Name of Director	Committee Meetings Attended
Committee Chairman	**Cesar A. Buenaventura** Independent Director	3/3
Committee Member	**Raul Joseph A. Concepcion** Executive Director	3/3
Committee Member	**Renna C. Hechanova-Angeles** Executive Director	3/3
Committee Member	**Justo A. Ortiz** Independent Director	2/3
Committee Member	**Luis Y. Benitez, Jr.** Independent Director	3/3

Audit and Risk Oversight Committee

This committee oversees senior management in establishing and maintaining a sound internal control framework. It ensures the effectiveness of financial reporting, internal and external audits, as well as the Company's monitoring and compliance systems.

Office	Name of Director	Committee Meetings Attended
Committee Chairman	**Luis Y. Benitez, Jr.** Independent Director	5/5
Committee Member	**Cesar A. Buenaventura** Independent Director	5/5
Committee Member	**Raissa C. Hechanova-Posadas** Non-Executive Director	3/5
Committee Member	**Ma. Victoria Herminia C. Young** Non-Executive Director	4/5
Committee Member	**Justo A. Ortiz** Independent Director	5/5

Strategy and Investments Committee

The committee supports the Board in executing the Company's investment strategies by reviewing, evaluating, and recommending significant opportunities, including mergers, acquisitions, joint ventures, and wholly owned subsidiaries. It also provides guidance on the identification, assessment, and negotiation of potential investments and ventures.

Office	Name of Director	Committee Meetings Attended
Committee Chairman	**Justo A. Ortiz** Independent Director	3/3
Committee Member	**Ma. Victoria Herminia C. Young** Non-Executive Director	1/3
Committee Member	**Raissa C. Hechanova-Posadas** Non-Executive Director	3/3

Company Policies

Benefits
CIC offers competitive benefits that promote employee well-being, engagement, and productivity. This policy outlines the scope and limitations of such benefits to position CIC as an employer of choice and sustain a high-performing workforce. HR Operations regularly reviews and updates this policy to align with evolving workforce needs.

Business Gifts, Corrupt Payments, Sales Intermediaries, and Sponsoring Third-Party Travel
This policy supports CIC's commitment to ethical conduct by setting clear guidelines on dealing with counterparties, aligning with the Code of Ethics.

Compensation
This policy guides the development of fixed and variable pay components that attract, retain, and motivate talent. HR Operations is responsible for implementing and periodically reviewing the strategy.

Conflict of Interest
All CIC directors, officers, employees, and representatives must avoid situations that may result in actual, potential, or perceived conflicts of interest with suppliers, customers, or any related parties. Any such conflicts must be disclosed promptly by the concerned individuals or those aware of them.

Whistleblowing
This policy protects and empowers stakeholders who report suspected misconduct, fraud, or safety issues. Whistleblowers may report anonymously and in good faith through designated channels, with the assurance of confidentiality and protection against retaliation.

Environment, Health, and Safety (EHS)
This policy reflects CIC's ongoing commitment to environmental stewardship and employee safety. It ensures compliance with Philippine laws and internal standards while advancing the use of eco-friendly refrigerants, setting measurable EHS goals, minimizing pollution, and embedding sustainability in product design. Contractors and suppliers are likewise encouraged to adopt similar practices.

Grievance Mechanism
CIC enables all stakeholders to submit feedback anonymously—including suggestions, complaints, or concerns—through the ProActive platform.

Individual Development Plan (IDP)
This policy supports employee career growth and performance enhancement aligned with business goals. Employees collaborate with their managers to create actionable development plans. HR provides training, tools, and oversight, tracking progress and fostering a culture of adaptability and continuous learning.

Labor-Management Cooperation (LMC)
This policy cultivates collaboration between management and employee unions. It strengthens worker participation beyond collective bargaining, aiming to enhance workplace harmony, employee welfare, and organizational productivity. The Chief HR Officer oversees implementation, while a Labor-Management Council facilitates dialogue and resolution beyond the bargaining agreement, ensuring fair representation and transparent communication.

Enterprise Risk Management

CIC's Enterprise Risk Management (ERM) Framework provides a structured and proactive approach to identifying and managing risks across the organization.

The Board maintains overall responsibility for oversight, with implementation support from the Executive Committee and the Corporate Governance and Audit Committee.

The framework consists of five core components:

1 Control Environment:
Establishes the foundation through ethical standards, risk appetite, and a defined risk landscape.

2 Risk Assessment:
Identifies risks and opportunities that could affect organizational goals.

3 Control Activities:
Implements mitigating actions such as approvals, verifications, and procedural reviews, validated by internal and external audits.

4 Information and Communication:
Promotes timely and clear communication of risk-related responsibilities and expectations.

5 Monitoring:
Ensures continual evaluation of all the ERM components and identifies areas for improvement to maintain effectiveness.

Financial Statements

CONCEPCION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Concepcion Industrial Corporation and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 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 no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Isla Lipana & 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.

Isaias P. Fermin
Chief Executive Officer

Raul Joseph Concepcion
Chairman of the Board

Rajan Komarasu
Chief Finance and Operating Office

Signed this 26th day of March 2025

CONCEPCION INDUSTRIAL CORPORATION
308 Sen. Gil Puyat Ave., Makati, Metro Manila
Tel. No. +632 8 772 181P ex No. +632 8 809 1819
www.cic.ph I www.concepcion.ph

Signed in the presence of:

MA. ANNUNCIATA A. TRANGCO

KRISHA ANNE Y. CAHIGAN

ACKNOWLEDGEMENT

Republic of the Philippines)
MAKATI CITY) SS

Before me, a notary public for and in the MAKATI CITY this 31 MAR 2025 personally appeared.

Name	Evidence of Competent Identity
ISAIAS P. FERMIN	N03-90-095285 issued on Apr. 15, 2022
RAJAN KOMARASU	NCR-2022-03-004041 issued on Jan. 24, 2023
RAUL JOSEPH CONCEPCION	P6306423A issued on Mar. 6, 2018

Known to me to be the same persons who execute the foregoing Statement of Management Responsibility, consisting of one (1) page, and they acknowledge to me that they executed the same as their free and voluntary act and deed.

IN WITNESS WHEREOF, I have unto set my hand and affixed my notarial seal this 31 MAR 2025.

Doc No. 495
Page No. 100
Book No. 22
Series of 2025

ATTY. RODRIGO S. DE REAL, JR.
Notary Public Makati until 12/31/2026
Apt. No. M-045 IBP No. 486045 12/20/2024
Roll No. 49763 MCLE No. VII-018902
PTR No. 2079464 01/02/2025 Manila
6th Flr VGP Center Room 605 6772 Ayala Ave. Makati

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Independent Auditor's Report

To the Board of Directors and Shareholders of
Concepcion Industrial Corporation
308 Gil Puyat Avenue
Makati City

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Concepcion Industrial Corporation and its subsidiaries (together, 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.

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2024;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2024;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2024; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for our Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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Independent Auditor's Report
To the Board of Directors and Shareholders of
Concepcion Industrial Corporation
Page 2

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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.

The only key audit matter (KAM) identified for the Group pertains to impairment of goodwill.

KAM	How our audit addressed the KAM
Impairment of goodwill The Group has goodwill arising from its acquisition of Concepcion-Otis Philippines, Inc. (COPI) in 2014 and acquisition of Teko Solutions Asia, Inc. (Teko) in 2018. Under Philippine Accounting Standards (PAS) 36, "Impairment of Assets", the amount of goodwill is required to be tested annually for impairment. This annual impairment test was significant to our audit since the related goodwill amounting to PHP 802.4 million as at December 31, 2024 (Note 8) is material to the consolidated financial statements. In addition, the computation of the recoverable amount of the goodwill is considered complex and is based on key assumptions, specifically revenue growth rate, margin assumptions and discount rate which are affected by expected future market or economic conditions, and terminal growth rate. Note 27.1.9 to the financial statements presents management's disclosure on the estimate applied in assessing impairment of goodwill.	We addressed the matter by evaluating the work performed by management's third-party valuation expert to assist us in evaluating the assumptions and methodologies used in management's valuation. We involved our internal expert in validating the methodology and assumptions adopted by management. The procedures performed to assess the reasonableness of management assumptions include, among others, the following: • Model integrity. Checked logic, links, formulas, mathematical accuracy, and completeness of the key model inputs. • Discount rate and terminal growth rate estimates. Compared the discount rate and terminal growth rate used against our internal benchmarks and independent recalculation of the Group's weighted average cost of capital. • Reasonableness of cash flow forecast in consideration of key assumptions. Compared the revenue growth rate and margin assumptions with historical performance, outstanding projects, and industry outlook for the businesses. We evaluated the competence, capabilities and objectivity of the third-party valuation expert engaged by the Group, and our internal expert.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Concepcion Industrial Corporation
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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, which we obtained prior to the date of this auditor's report and the SEC Form 20-IS and the Annual Report which are expected to be made available to us after that date.

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 audit 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 audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information identified above that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read other information identified above not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if required by Securities Regulation Code 68, to the Securities and Exchange Commission.

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.

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Independent Auditor's Report
To the Board of Directors and Shareholders of
Concepcion Industrial Corporation
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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 PSA 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 PSA, 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 units within the Group as a basis for forming an opinion on the 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

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Independent Auditor's Report
To the Board of Directors and Shareholders of
Concepcion Industrial Corporation
Page 5

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, actions taken to eliminate threats or safeguards applied.

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 Jocelyn J. de Chavez.

Isla Lipana & Co.

Jocelyn J. de Chavez
Partner
CPA Cert. No. 111554
P.T.R. No. 0018576; issued on January 3, 2025 at Makati City
T.I.N. 235-712-609
BIR A.N. 08-000745-145-2025; issued on February 12, 2025; effective until February 11, 2028
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
March 26, 2025

Statements Required by Rule 68 Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Concepcion Industrial Corporation
308 Gil Puyat Avenue
Makati City

We have audited the consolidated financial statements of Concepcion Industrial Corporation and its subsidiaries (the "Group") as at and for the year ended December 31, 2024, on which we have rendered the attached report dated March 26, 2025. The supplementary information shown in Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration, and A Map Showing Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates and Schedules A, B, C, D, E, F, and G as required by Revised Rule 68 of the Securities Regulation Code, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic financial statements. Such supplementary information and schedules are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information and schedules have been prepared in accordance with Revised Rule 68 of the Securities Regulation Code.

Isla Lipana & Co.

Jocelyn J. de Chavez
Partner
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Makati City
March 26, 2025

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Independent Auditor's Report on Components of Financial Soundness Indicators

To the Board of Directors and Shareholders of
Concepcion Industrial Corporation
308 Gil Puyat Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Concepcion Industrial 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 March 26, 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 each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

Isla Lipana & Co.

Jocelyn J. de Chavez
Partner
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Makati City
March 26, 2025

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Concepcion Industrial Corporation and Subsidiaries

Consolidated Statements of Financial Position
As at December 31, 2024 and 2023
(All amounts in thousand Philippine Peso)

	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	2	2,398,515	2,372,614
Trade and other receivables, net	3	4,136,234	3,745,305
Contract assets	15	1,015,568	849,419
Inventories, net	4	2,940,648	2,489,373
Prepayments and other current assets		282,194	241,591
Total current assets		10,773,159	9,698,302
Non-current assets			
Property and equipment, net	5	492,400	435,257
Investment property	6	40,255	40,255
Investment in associates	7	227,819	98,891
Intangible assets, net	8	111,588	118,980
Goodwill	8	802,362	806,682
Right-of-use assets, net	19	200,767	341,101
Deferred income tax assets, net	9	693,500	620,497
Other non-current assets		88,860	82,935
Total non-current assets		2,657,551	2,544,598
Total assets		13,430,710	12,242,900
Liabilities and Equity			
Current liabilities			
Trade payables and other liabilities	10	4,803,192	4,107,377
Short-term borrowings	13	4,600	4,600
Lease liabilities	19	124,557	191,304
Provision for warranty	11	100,216	80,775
Other provisions	12	117,490	104,175
Income tax payable		58,586	-
Total current liabilities		5,208,641	4,488,231
Non-current liabilities			
Retirement benefit obligation	20	660,715	641,245
Lease liabilities, net of current portion	19	99,141	181,282
Provision for warranty, net of current portion	11	3,383	2,874
Total non-current liabilities		763,239	825,401
Total liabilities		5,971,880	5,313,632
Equity			
Attributable to owners of the Parent Company			
Share capital	21	407,264	407,264
Share premium	21	993,243	993,243
Treasury shares	21	(292,064)	(241,464)
Retained earnings		4,439,416	3,949,873
Other comprehensive loss, net		(94,986)	(69,814)
		5,452,873	5,039,102
Non-controlling interest		2,005,957	1,890,166
Total equity		7,458,830	6,929,268
Total liabilities and equity		13,430,710	12,242,900

The notes on pages 1 to 60 are integral part of these consolidated financial statements.

Concepcion Industrial Corporation and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2024
(All amounts in thousand Philippine Peso, except earnings per share)

	Notes	2024	2023	2022
Net sale of goods	15	16,947,680	13,702,837	12,235,287
Sale of services	15	1,116,452	958,580	939,786
Net sales		18,064,132	14,661,417	13,175,073
Cost of sales and services	16	(12,111,465)	(10,006,235)	(9,119,396)
Gross profit		5,952,667	4,655,182	4,055,677
Operating expenses	17	(4,453,054)	(3,777,744)	(3,359,970)
Other operating income (loss), net	18	51,547	52,111	(65,934)
Operating income		1,551,160	929,549	629,773
Interest expense	13, 19	(16,407)	(25,659)	(32,530)
Income before share in net income of associates and income tax		1,534,753	903,890	597,243
Share in net income (loss) of associates	7	129,907	9,415	(31,996)
Income before income tax		1,664,660	913,305	565,247
Income tax expense	9	(441,070)	(246,013)	(207,183)
Net income for the year		1,223,590	667,292	358,064
Other comprehensive income (loss) that will not be subsequently reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefits, net of tax	20	(30,799)	(21,427)	6,938
Total comprehensive income for the year		1,192,791	645,865	365,002
Net income attributable to:				
Owners of the Parent Company		769,119	383,256	153,836
Non-controlling interest		454,471	284,036	204,228
		1,223,590	667,292	358,064
Total comprehensive income attributable to:				
Owners of the Parent Company		743,947	365,258	158,126
Non-controlling interest		448,844	280,607	206,876
		1,192,791	645,865	365,002
Earnings per share – basic and diluted	22	1.95	0.96	0.38

The notes on pages 1 to 60 are integral part of these consolidated financial statements.

Concepcion Industrial Corporation and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2024
(All amount in thousand Philippine Peso)

	Notes	Share capital	Share premium	Treasury shares	Retained earnings	Other comprehensive income (loss)	Non-controlling interest	Total
		Attributable to owners of the Parent Company						
Notes		21	21	21	21	20	7	
Balances as at January 1, 2022		407,264	993,243	(172,108)	4,013,851	(55,913)	1,856,869	7,043,206
Comprehensive income								
Net income for the year		-	-	-	153,836	-	204,228	358,064
Remeasurement gain on retirement benefits, net of tax		-	-	-	-	4,289	2,649	6,938
Total comprehensive income for the year		-	-	-	153,836	4,289	206,877	365,002
Transactions with owners								
Adjustment due to change in ownership		-	-	-	(259)	(192)	3,213	2,762
Cash dividends declared		-	-	-	(401,855)	-	(241,300)	(643,155)
Treasury shares		-	-	(69,356)	-	-	-	(69,356)
Total transactions with owners		-	-	(69,356)	(402,114)	(192)	(238,087)	(709,749)
Balances as at December 31, 2022		407,264	993,243	(241,464)	3,765,573	(51,816)	1,825,659	6,698,459
Comprehensive income								
Net income for the year		-	-	-	383,256	-	284,036	667,292
Remeasurement gain on retirement benefits, net of tax		-	-	-	-	(17,998)	(3,429)	(21,427)
Total comprehensive income for the year		-	-	-	383,256	(17,998)	280,607	645,865
Transactions with owners								
Cash dividends declared		-	-	-	(198,956)	-	(216,100)	(415,056)
Balances as at December 31, 2023		407,264	993,243	(241,464)	3,949,873	(69,814)	1,890,166	6,929,268
Comprehensive income								
Net income for the year					769,119	-	454,471	1,223,590
Remeasurement loss on retirement benefits, net of tax		-	-	-	-	(25,172)	(5,627)	(30,799)
Total comprehensive income for the year		-	-	-	769,119	(25,172)	448,844	1,192,791
Transaction with owners								
Impact of share transfer on NCI		-	-	-	(1,947)	-	(4,053)	(6,000)
Cash dividends declared		-	-	-	(277,629)	-	(329,000)	(606,629)
Treasury shares		-	-	(50,600)	-	-	-	(50,600)
Total transactions with owners		-	-	(50,600)	(279,576)	-	(333,053)	(663,229)
Balances as at December 31, 2024		407,264	993,243	(292,064)	4,439,416	(94,986)	2,005,957	7,458,830

The notes on pages 1 to 60 are integral part of these consolidated financial statements.

Concepcion Industrial Corporation and Subsidiaries

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2024
(All amounts in thousand Philippine Peso)

	Notes	2024	2023	2022
Cash flows from operating activities				
Income before income tax		1,664,660	913,305	565,247
Adjustments for:				
Provisions for (Reversal of):				
Warranty cost	11	195,467	135,813	147,668
Commission	12	88,305	76,114	26,728
Contingencies	12	12,670	34,737	27,054
Inventory obsolescence	4	(23,982)	21,257	16,329
Impairment of receivables	3	(23,558)	10,173	3,026
Amortization of right-of-use assets	19	187,991	225,925	190,270
Depreciation and amortization of property and equipment	5	143,885	142,895	151,365
Retirement benefit expense	20	114,607	107,318	110,872
Interest expense	13, 19	16,407	25,659	32,530
Amortization of intangible assets	8	12,793	16,863	28,397
Write-off of Goodwill	8	4,320	-	-
Loss on disposal of property and equipment	18	2,502	519	62
Loss on disposal of intangible asset	8	1,313	-	-
Gain on lease termination	19	(3,212)	-	-
Unrealized foreign exchange losses (gains)	25	(9,765)	11,291	(13,532)
Interest income on bank deposits, short-term placements	18	(38,887)	(24,844)	(8,493)
Share in net loss (income) of associates	7	(129,907)	(9,415)	31,996
Operating income before working capital changes		2,215,609	1,687,610	1,309,519
Changes in:				
Trade (net of provision) and other receivables		(533,466)	(359,258)	(221,332)
Inventories		(427,293)	651,349	(208,707)
Prepayments and other current assets		(443,950)	(283,756)	(55,051)
Other non-current assets		(5,925)	(2,152)	(16,376)
Trade payables and other liabilities		687,392	202,389	(86,084)
Cash generated from operations		1,492,367	1,896,182	721,969
Payments of provision for warranty cost	11	(175,517)	(126,182)	(137,217)
Income tax paid		(42,588)	(122,138)	(182,621)
Retirement contributions/ benefits directly paid by the Group/ settlements paid from book reserved	20	(139,816)	(72,515)	(95,692)
Payments of other provisions	12	(90,838)	(61,716)	(30,851)
Interest received on bank deposits		952	3,027	2,432
Net cash provided by operating activities		1,044,560	1,516,658	278,020
Cash flows from investing activities				
Interest received from short-term placements and loans to a related party		43,373	21,300	8,939
Proceeds from disposal of property and equipment		3,763	9,564	415
Additions to property and equipment	5	(183,798)	(99,179)	(58,381)
Acquisition of additional shares	7	(6,000)	-	-
Additions to intangibles	8	(1,253)	-	-
Acquisition of subsidiary, net of cash		-	-	11,254
Net cash used in investing activities		(143,915)	(68,315)	(37,773)
Cash flows from financing activities				
Cash distributions of profits	21	(606,629)	(415,056)	(643,155)
Principal repayment of lease liabilities	19	(201,154)	(213,131)	(190,280)
Acquisitions of treasury shares	21	(50,600)	-	(69,356)
Interest paid on lease liabilities	19	(16,070)	(23,805)	(18,087)
Interest paid on short-term borrowings	13	(337)	(1,890)	(14,393)
Payments of short-term borrowings	13	-	(109,400)	(286,000)
Proceeds from short-term borrowings	13	-	-	150,000
Net cash used in financing activities		(874,790)	(763,282)	(1,071,271)
Net increase (decrease) in cash and cash equivalents		25,855	685,061	(831,024)
Cash and cash equivalents as at January 1		2,372,614	1,688,163	2,518,403
Effects of foreign exchange rate changes on cash and cash equivalents		46	(610)	784
Cash and cash equivalents as at December 31	2	2,398,515	2,372,614	1,688,163

The notes on pages 1 to 60 are integral part of these consolidated financial statements.

Concepcion Industrial Corporation and Subsidiaries

Notes to the Consolidated Financial Statements
As at December 31, 2024 and 2023 and for each of the
three years in the period ended December 31, 2024
(All amounts are shown in thousand Philippine Peso except number of shares,
per share amounts and unless otherwise stated)

1 General information

1.1 Registration and business

Concepcion Industrial Corporation (the Parent Company or CIC) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 17, 1997 primarily to carry on business as a holding company, including but not limited to the acquisition by purchase, exchange, assignment, gift, importation or otherwise, and to hold, own and use for investment or otherwise, and to sell, assign, transfer, exchange, mortgage, pledge, traffic or otherwise to enjoy and dispose of real and personal property of every kind and description, including land, condominium units, buildings, machineries, equipment, bonds, debentures, promissory notes, shares of capital stock or other securities or obligations, created, negotiated or issued by any corporation, association, or other entity, foreign or domestic, and while the owner thereof, to exercise all the rights, powers and privileges of ownership, including the right to receive, collect, and dispose of, any and all dividends, rentals, interest and income derived therefrom and generally perform acts or things designed to promote, protect, preserve, improve or enhance the value of any such land, condominium units, buildings, machineries, equipment, bonds, debentures, promissory notes, shares of capital stock, securities or obligations to the extent permitted by law without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company. CIC's subsidiaries are incorporated and operating in the Philippines.

CIC is one of the Philippines' most established and leading supplier of air conditioning products and solutions, refrigerators, consumer appliances, such as laundry, kitchen, and small domestic appliances and elevators and escalators. The Company has expanded its business beyond being a trusted expert in air conditioning and refrigeration, towards becoming a complete consumer and commercial solutions company with a range of products and aftermarket services across multiple international and Philippine brands including Carrier, Toshiba, Condura, Kelvinator, Midea, Otis, Shark and Ninja. These solutions are designed to serve a wide array of customers from individuals and families living in residences, to thousands of people spread across various verticals like high rise residential towers, office buildings, shopping malls, factories, hotels, hospitals, transportation, and entertainment facilities. These solutions are also designed to meet a variety of diverse needs, such as reliability, durability, comfort, energy efficiency, environmental impact, ease of use, and aesthetic appeal at varying price points with customized features to match user requirements. Moreover, the Company continues to develop these technologies to meet the ever-changing needs of its customers. In addition, the Company offers an array of aftermarket services such as periodic maintenance, parts supply, repairs, and other services intended to support its products through their entire life cycle. Moving beyond products, CIC invests heavily in strengthening its relationship with its customers through the development of various technological platforms and applications designed to ensure a better fit between the product and service offerings to the customer's lifestyle.

CIC and its subsidiaries are herein collectively referred to as the "Group".

CIC's primary shareholders are Foresight Realty & Development Corp., Hyland Realty & Development Corp., and Horizons Realty Inc., entities registered and doing business in the Philippines, which have equally divided equity over CIC. These companies are beneficially owned by Filipino individuals.

CIC's registered office address, which is also its principal place of business, is located at 308 Gil Puyat Avenue, Makati City. As at December 31, 2024, the Company has three (3) regular employees (2023 - two (2)).

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1.2 Significant business developments

Cortex Technologies Corporation (CTC)

On December 19, 2019, the BOD approved the proposed increase in authorized share capital of CTC from 200 million shares to 450 million shares at P1 par value per share. The application for the increase in share capital was filed with the SEC on November 3, 2021. On July 17, 2020 and February 2, 2021, the Company received deposit for future stock subscription from CIC amounting to P15.6 million and P20 million, respectively, the shares of which were issued to CIC subsequently in November 2021 and April 2023, respectively. On November 30, 2023, CIC paid P26.8 million to fully pay the P62.5 million subscription.

On July 30, 2021, CTC acquired 33% ownership interest in Teko Solutions Pte. Ltd. (Teko SG) for 1USD. Teko SG is a company incorporated in Singapore. Its purpose is to be a holding company for the regional expansion of Teko across Southeast Asia. As at December 31, 2024, Teko SG has not started commercial operations.

On September 29, 2023, CIC entered into a Distribution Agreement with JS Global Trading HK Limited, a Hongkong limited liability company. JS Global with its principal office at Sheung Wan, Hongkong, has granted the exclusive right to sell and distribute the products of JS Global brand "Shark" and "Ninja" in the Philippines through CIC's wholly owned subsidiary and appointed distribution arm, CTC.

On March 26, 2024, the CIC board approved the issuance of Redeemable Preferred Stock of CTC to capitalize the existing loan from CIC of P276 million and subscribe up to P50 million of preference stock. In addition, to fund for Shark Ninja and direct-to-consumer business operations, CTC has been authorized to borrow up to P100 million from banks. On May 14, 2024 and July 16, 2024, CTC received an additional P10 million and P20 million cash, respectively from CIC as deposit for future stock subscription.

Concepcion Business Services, Inc. (CBSI)

On March 26, 2024, the CIC board approved the issuance of Redeemable Preferred Stock of CBSI to capitalize the existing loan from CIC of P127 million and subscribe up to P132 million of preference stock on May 17, 2024 and July 11, 2024, CBSI received additional P20 million and P10 million in cash, respectively from CIC as deposit for future stock subscription. In addition, to support its working capital need.

Teko Solutions Asia Inc. (Teko)

On December 19, 2019, Teko's BOD approved the issuance of 127,500 shares of preferred stock to CTC at an issue price equal to the par value, payable by applying or offsetting an equivalent amount of the outstanding advances due and payable by Teko to CTC. CTC and Teko's shareholders are in the process of finalizing the terms and conditions regarding the issuance of shares and the offsetting of advances. Hence, the balance of CTC's deposit for future stock subscription was recorded as a liability as at December 31, 2019. The shares were issued on February 3, 2020.

On January 16, 2020, CTC paid the remaining subscription price of the 127,500 preferred shares amounting to P1.1 million.

On October 1, 2020, one of the shareholders of Teko sold 1,831 shares of its ordinary shares to the CTC for a consideration of P6.1 million increasing its ownership to 16,581 shares or 58% ownership. As at December 31, 2024 and 2023, transfer of share certificates is on hold and is awaiting the release of Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR).

Tenex Services, Inc. (Tenex)

On July 2, 2020, Tenex issued the 15,500 stock subscription which was considered as a non-cash transaction in the statements of cash flows. Subsequent issuance of the additional shares did not change the Alstra's ownership at 49%.

On July 1, 2022, Alstra purchased 9,300,000 additional shares of stock in Tenex for a total purchase price of P9.3 million. These shares represent 31% of the issued and outstanding capital stock of Tenex. Consequent to this purchase, the equity of Alstra in Tenex increased from 49% to 80%. Tenex became a subsidiary of CIC upon the increase in ownership.

2

On October 10, 2024, Alstra Inc., a wholly owned subsidiary of CIC, acquired the remaining 20% of the subscribed capital of Tenex Services Inc. from Ms. Maribeth Pastoral. This acquisition involved 6 million shares, each with a par value of P1, amounting to a total of P6 million.

As of December 31, 2024, Goodwill of P4.3 million arising from the acquisition of Tenex in 2022 was derecognized.

Alstra, Inc.

On October 10, 2024, Alstra Inc., a wholly owned subsidiary of CIC, purchased from Ms. Maribeth Pastoral 20% of the subscribed capital of Tenex Services Inc. equivalent to 6 million shares with par value of P1 per share or P6 million. As at reporting date, Alstra Inc.'s ownership to Tenex increased from 80% to 100%.

1.3 Approval of financial statements

On March 24, 2025, the Audit and Risk Oversight Committee endorsed to CIC's BOD to approve and authorize the issuance of the consolidated and separate financial statements of CIC as at and for the year ended December 31, 2024.

The BOD approved and authorized the issuance of the consolidated and separate financial statements of CIC as at and for the year ended December 31, 2024 on March 26, 2025.

2 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2024	2023
Cash on hand	257	415
Cash in banks	1,052,867	1,060,754
Short-term placements	1,345,391	1,311,445
	2,398,515	2,372,614

Cash in banks and short-term placements amounting to P2,362,393 and P35,865 (2023 - P2,226,946 and P145,253) are made with universal and commercial banks, respectively. These earn interest at the prevailing bank deposit rates. Total interest income earned from cash in banks and short-term placements amounted to P38,887 for the year ended December 31, 2024 (2023 - P24,844; 2022 - P8,493) (Note 18).

Short-term placements are made for varying periods of up to 91 days, depending on the immediate cash requirements of the Group, and earn interest at rates ranging from 0.13% to 6.00% (2023 - 1.00% to 5.30%).

The carrying values of cash and cash equivalents, and short-term investments represent the maximum exposure to credit risk other than cash on hand. While these are also subject to the impairment of PFRS 9, the identified impairment loss was immaterial.

3 Trade and other receivables, net

Trade and other receivables as at December 31 consist of:

	Note	2024	2023
Trade receivables			
Third parties		4,986,673	4,140,219
Related parties	14	3,469	17,326
Provision for volume rebates, trade discounts and other incentives		(896,805)	(567,956)
Provision for impairment of receivables		(144,138)	(183,032)
Net trade receivables		3,949,199	3,406,557
Non-trade receivables, net			
Advances to/Claims to suppliers		112,467	153,496
Advances to employees		32,168	27,328
Related parties	14	6,174	86,249
Rental deposits		6,245	1,160
Others, net		29,981	70,515
Net non-trade receivables		187,035	338,748
		4,136,234	3,745,305

Provisions

The Group applies PFRS 9 simplified approach in measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 to 60 months before January 1, 2024 and 2023 and the corresponding historical credit losses experienced within this period.

The Group's financial assets are categorized based on the Group's collection experience with the counterparties as follows:

a. High performing - settlements are obtained from counterparty following the terms of the contracts without much collection effort.
b. Underperforming - some reminder/follow-ups are performed to collect accounts from counterparty.
c. Credit impaired - constant reminder/follow-ups are performed to collect accounts from counterparty.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified inflation rate in the Philippines to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in such rates.

On that basis, the loss allowance as at December 31 was determined as follows for both trade receivables and contract assets:

	High performing	Underperforming		Credit impaired	
	Current	Up to 6 months past due	6 to 12 months past due	Over 12 months past due	
Expected loss rate	Within 0%	Within 0%	Within 1% to 70%	Within 70% to 100%	Total
2024					
Trade receivables					
Third parties	3,461,884	1,284,927	146,759	93,103	4,986,673
Related parties	3,469	-	-	-	3,469
	3,465,353	1,284,927	146,759	93,103	4,990,142
Contract assets	1,015,568	-	-	-	1,015,568
Total	4,480,921	1,284,927	146,759	93,103	6,005,710
Loss allowance	-	-	76,183	67,955	144,138
2023					
Trade receivables					
Third parties	2,997,063	904,521	101,143	137,492	4,140,219
Related parties	5,172	12,154	-	-	17,326
	3,002,235	916,675	101,143	137,492	4,157,545
Contract assets	849,419	-	-	-	849,419
Total	3,851,654	916,675	101,143	137,492	5,006,964
Loss allowance	-	-	52,594	130,438	183,032

Advances to employees are realized through salary deductions. Rental deposits are expected to be applied to future lease obligations. All these accounts, including non-trade receivables from related parties, and other receivables do not contain impaired assets and are not past due.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The maximum exposure to credit risk at the reporting date are the respective carrying values of trade receivables, contract assets, other receivables and due from related parties as at reporting date.

Movements in the provision for impairment of receivables for the years ended December 31 follow:

	Note	2024	2023
Beginning		183,032	177,158
Provisions (reversals), net	17	(23,558)	5,874
Write-offs		(15,336)	-
Ending		144,138	183,032

Receivables written-off relate to customers with difficult economic situations and deemed not collectible despite collection efforts.

Movements in the provision for volume rebates, trade discounts and other incentives for the years ended December 31 follow:

	Note	2024	2023
Beginning		567,956	637,424
Provisions	15	2,330,391	1,170,502
Charges		(2,001,542)	(1,239,970)
Ending		896,805	567,956

Trade and volume discounts and other incentives presented in Note 15 include provisions and direct charges to profit or loss.

5

Non-trade receivables - others are presented net of the provision for impairment of receivables amounting to P6,543 for 2024 (2023 - P6,543).

Movements in provision for impairment of non-trade receivables for the years ended December 31 follow:

	Note	2024	2023
Beginning		6,543	2,244
Provisions, net	17	-	4,299
Ending		6,543	6,543

4 Inventories, net

Inventories, net as at December 31 consist of:

	Note	2024	2023
At cost			
Raw materials		1,240,815	1,155,853
Finished goods	16	1,422,063	1,223,368
Work in process	16	1,578	574
Inventories-in-transit		281,981	143,524
Spare-parts and supplies used in business		95,783	91,608
		3,042,220	2,614,927
Provision for inventory obsolescence		(101,572)	(125,554)
		2,940,648	2,489,373

For the year ended December 31, 2024, the cost of inventories recognized as expense and included in cost of sales and services amounted to P11,247,799 (2023 - P9,107,409; 2022 - P8,335,616) (Note 16).

Movements in the provision for inventory obsolescence on raw materials and finished goods as at December 31 are as follows:

	Notes	2024	2023
Beginning		125,554	104,297
Provisions (reversals), net	16, 17	(23,982)	21,257
Ending		101,572	125,554

There are no write-offs in 2024 and 2023.

6

5 Property and equipment, net

Details and movements of property and equipment as at and for the years ended December 31 follow:

	Machinery and equipment	Transportation equipment	Furniture, fixtures and office equipment	Tools and equipment	Leasehold improvements	Building improvements	Construction in progress (CIP)	Total
Cost								
At January 1, 2024	1,352,482	30,417	340,808	255,205	283,711	35,676	8,757	2,307,056
Additions	79,941	4,759	47,621	17,496	52,613	-	10,574	213,004
Retirement	(116,035)	(9,214)	(11,159)	-	(10,115)	-	-	(146,523)
Transfers/Reclassifications	(5,371)	-	(6,089)	10,180	518		(7,122)	(7,884)
At December 31, 2024	1,311,017	25,962	371,181	282,881	326,727	35,676	12,209	2,365,653
Accumulated depreciation								
At January 1, 2024	1,121,467	26,177	264,315	239,019	193,860	26,961	-	1,871,799
Depreciation and amortization	59,080	3,244	38,805	11,676	29,214	1,866	-	143,885
Retirement	(116,035)	(8,650)	(7,405)	-	(8,168)	-	-	(140,258)
Transfers/Reclassifications	(8,690)	-	(2,173)	8,690	-	-	-	(2,173)
At December 31, 2024	1,055,822	20,771	293,542	259,385	214,906	28,827	-	1,873,253
Net book values as at December 31, 2024	255,195	5,191	77,639	23,496	111,821	6,849	12,209	492,400
Cost								
At January 1, 2023	1,400,994	28,395	287,327	269,628	266,319	35,676	22,694	2,311,033
Additions	22,215	4,540	57,599	2,417	17,271	-	9,678	113,720
Retirement	(90,640)	(2,518)	(2,550)	(16,840)	-	-	(5,149)	(117,697)
Transfers/Reclassifications	19,913	-	(1,568)	-	121	-	(18,466)	-
At December 31, 2023	1,352,482	30,417	340,808	255,205	283,711	35,676	8,757	2,307,056
Accumulated depreciation								
At January 1, 2023	1,143,994	25,258	236,968	240,411	165,702	24,185	-	1,836,518
Depreciation and amortization	67,750	3,110	30,942	10,159	28,158	2,776	-	142,895
Retirement	(90,277)	(2,191)	(3,595)	(11,551)	-	-	-	(107,614)
At December 31, 2023	1,121,467	26,177	264,315	239,019	193,860	26,961	-	1,871,799
Net book values as at December 31, 2023	231,015	4,240	76,493	16,186	89,851	8,715	8,757	435,257

The cost of fully depreciated property and equipment still being used by the Group as at December 31, 2024 amounted to P1,322,442 (2023 - P1,303,980).

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In 2024, retirement and disposal of property and equipment resulted in a loss of P2,502 (2023 - P519).

As at December 31, 2024, property and equipment acquisition amounting to P213,004 (2023 - P113,720) out of which P183,798 was paid during the year (2023 - P99,179).

Depreciation and amortization for the years ended December 31 were charged to:

	Notes	2024	2023	2022
Cost of sales and services	16	82,317	83,211	88,225
Operating expenses	17	61,568	59,684	63,140
		143,885	142,895	151,365

6 Investment property

As at December 31, 2024 and 2023, CIC's investment property consists of parcel of land that it acquired in Davao City, which is held for capital appreciation.

The value of the investment property as at December 31, 2024 and 2023 amounted to P40,255, at cost. No further costs were incurred that were considered as additions to investment property in 2024.

There was no income earned related to the property for the years ended December 31, 2024 and 2023. Further, P31 real property tax for the investment property was incurred for the years ended December 31, 2024 and 2023.

7 Investments in shares of stock

7.1 Associates

Details of movement in investment in associates for the years ended December 31 follow:

	2024	2023
At cost, beginning and ending	260,000	260,000
Cumulative share in total comprehensive loss, beginning	(161,109)	(169,991)
Share in net income for the year	129,907	9,415
Share in other comprehensive loss for the year	(979)	(533)
Cumulative share in total comprehensive loss, ending	(32,181)	(161,109)
	227,819	98,891

7.1.1 Concepcion Midea Inc. (CMI)

CMI's primary business is to sell and distribute air conditioners, refrigerators, laundry, kitchen, and small domestic appliances marketed under Midea and Toshiba brands for the domestic market. CIC has a share subscription agreement with CMI, whereby the former subscribes from the increase in the authorized share capital of the latter. As at December 31, 2024 and 2023, CIC and CCAC had a total of 110 million and 150 million shares equivalent to 22% and 30% interests, respectively, in CMI making up for the Group's 40% effective interest. CMI is classified as an associate (Note 14).

8

The following is the summarized financial information of the associate as reported in its financial statements as at and for the years ended December 31:

	2024	2023
Current assets	2,878,384	1,936,479
Non-current assets	130,879	112,202
Current liabilities	(2,571,691)	(1,857,302)
Non-current liabilities	(32,197)	(33,942)
Total equity	(405,375)	(157,437)
Revenue	5,394,229	3,545,336
Net income for the year	249,821	18,106
Other comprehensive loss	(1,883)	(1,025)
Total comprehensive income	247,938	17,081
Cash provided by operating activities	440,268	19,697
Cash used in investing activities	(4,442)	(1,975)
Cash used in financing activity	(99,454)	(34,899)

7.1.2 Teko SG

Teko SG was incorporated in Singapore with the purpose to be a holding company for the regional expansion of Teko business across Southeast Asia.

Teko SG has not started commercial operations. As at and for the years ended December 31, 2024 and 2023, the transaction and balances of Teko SG are limited to cash and equity of USD3.

7.2 Subsidiaries

The subsidiaries of CIC are presented in Note 28.2.1.

The summarized financial information of subsidiaries with material non-controlling interest (NCI) as at and for the years ended December 31 is as follows:

7.2.1 CCAC

	2024	2023
Current assets	6,049,251	5,675,801
Non-current assets	726,371	859,462
Current liabilities	(2,609,522)	(2,527,710)
Non-current liabilities	(408,978)	(473,108)
Total equity	(3,757,122)	(3,534,445)
Revenue	10,571,209	8,993,594
Net income for the year	935,029	582,732
Other comprehensive loss	(12,351)	(6,982)
Total comprehensive income	922,678	575,750
Cash provided by operating activities	1,003,971	1,093,871
Cash used in investing activities	(69,779)	(46,137)
Cash used in financing activities	(856,327)	(616,114)

As at December 31, 2024, the carrying value of NCI amounted to P1,889,882 (2023 - P1,800,811). Distribution of profit to NCI of CCAC amounted to P280,000 (2023 - P172,000; 2022 - P202,100) (Note 21.2).

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7.2.2 COPI

	2024	2023
Current assets	1,136,150	1,124,331
Non-current assets	98,089	29,591
Current liabilities	(786,959)	(751,261)
Non-current liabilities	(44,121)	(4,613)
Total equity	(403,159)	(398,048)
Revenue	1,155,759	1,122,537
Net income for the year	106,354	106,234
Other comprehensive loss	(1,242)	(1,501)
Total comprehensive income	105,111	104,733
Cash provided by operating activities	1,624	88,462
Cash used in investing activities	(12,780)	(521)
Cash used in financing activities	(107,107)	(103,230)

As at December 31, 2024, the carrying value of NCI amounted to P149,132 (2023 - P149,378. Distribution of profit to NCI by COPI in 2024 amounted to P49,000 (2023 - P44,100; 2022 - P39,200) (Note 21.2).

7.2.3 Teko

	2024	2023
Current assets	16,153	17,643
Non-current assets	14,282	14,023
Current liabilities	(68,461)	(73,401)
Non-current liabilities	(4,081)	(3,386)
Total capital deficiency	42,107	45,121
Revenue	68,637	52,551
Net gain (loss) for the year	2,661	(2,214)
Other comprehensive income	353	206
Total comprehensive income (loss)	3,014	(2,007)
Cash provided by operating activities	5,870	457
Cash provided by (used in) investing activities	426	(88)
Cash used in financing activities	(2,455)	(1,417)

As at December 31, 2024, the carrying value of NCI amounted to P(30,448) (2023 – P(31,713)). In 2024, NCI's share in net income of Teko amounted to P1,117 (2023 - P929 loss).

7.2.4 Tenex

On October 10, 2024, Alstra Inc., a wholly owned subsidiary of CIC, acquired the remaining 20% of the subscribed capital of Tenex Services Inc. from Ms. Maribeth Pastoral. This acquisition involved 6 million shares, each with a par value of P1, amounting to a total of P6 million.

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The following is the summarized financial information of Tenex as at and for the years ended December 31:

	2024	2023
Current assets	81,708	105,030
Non-current assets	6,123	789
Current liabilities	(67,368)	(86,444)
Non-current liabilities	(1,441)	(450)
Total equity	(19,022)	(18,925)
Revenue	152,314	161,229
Net income for the year	756	1,981
Other comprehensive (loss) income	(658)	681
Total comprehensive income for the period	97	2,662
Cash used in operating activities	(4,687)	(13,601)
Cash used in investing activities	(1,911)	(561)
Cash used in financing activity	-	(189)

On October 10, 2024, the effective percentage of ownership of Alstra Inc. in Tenex increased from 80% to 100%, resulting to the reversal of the accumulated share of non-controlling interest of Tenex amounting to P4,053. As at December 31, 2024, the carrying value of NCI is nil (2023 - P4,053).

8 Goodwill and intangible assets, net

8.1 Goodwill

Goodwill is the excess of consideration over proportionate share in fair value of net assets.

	COPI	TEKO	TENEX	Total
December 31, 2022 and 2023	783,983	18,379	4,320	806,682
Write-off	-	-	(4,320)	(4,320)
December 31, 2024	783,983	18,379	-	802,362

Goodwill resulted from CIC's acquisition of COPI in 2014, Teko in 2018 and Tenex in 2022.

For the COPI acquisition, the Group applied the proportionate interest approach to account for the resulting NCI from this business combination. The goodwill of P783,983 arising from the acquisition is attributable to customer and product base.

For Teko acquisition, the Group applied the proportionate interest approach to account for its NCI. The goodwill of P18,379 arising from the acquisition is attributable to Teko's web-based platforms, consisting of its website and mobile application (Note 7.2.3).

In 2022 under acquisition method, the Group recognized a goodwill of P4,320 from the acquisition of Tenex (Note 7.2.4). The Group applied the proportionate interest approach to account for its NCI. In 2024, upon acquiring 100% ownership of Tenex, the Group derecognized the goodwill of P4,320 against the outstanding NCI at December 31, 2024.

Impairment test for goodwill

Discounted cash flow (DCF) method was used as base for estimating the recoverable value of COPI and Teko as at December 31, 2024 and 2023. The Group did not recognize impairment losses for each of the three years in the period ended December 31, 2024 as the recoverable value exceeds the carrying amount of the cash-generating unit (CGU) (Note 27.2.1).

8.2 Intangible assets, net

Details and movements of intangible assets account at December 31 are shown below:

	Notes	Customer relationship	Customer backlogs	Computer software	Total
Cost					
At January 1, 2024		187,113	13,883	118,561	319,557
Additions		-	-	1,253	1,253
Transfers	5	-	-	7,634	7,634
Retirement		-	-	(3,751)	(3,751)
At December 31, 2024		187,113	13,883	123,697	324,693
Accumulated amortization					
At January 1, 2024		75,876	13,883	110,818	200,577
Amortization	16, 17	7,484	-	5,309	12,793
Transfers	5	-	-	2,173	2,173
Retirement		-	-	(2,438)	(2,438)
At December 31, 2024		83,360	13,883	115,862	213,105
Net book values at December 31, 2024		103,753	-	7,835	111,588
Cost					
At January 1 and December 31, 2023		187,113	13,883	118,561	319,557
Accumulated amortization					
At January 1, 2023		68,392	13,883	101,439	183,714
Amortization	16, 17	7,484	-	9,379	16,863
At December 31, 2023		75,876	13,883	110,818	200,577
Net book values at December 31, 2023		111,237	-	7,743	118,980

9 Deferred income tax/Provision for income tax

For the year ended December 31, 2024, CIC and its subsidiaries applied the RCIT rate of 20% or 25%, as applicable, and MCIT rate of 2% (2023 and 2022 - RCIT rate of 20% or 25%; MCIT rate of 1.5% for 2023 and 2% for 2022).

The components of the Group's recognized deferred income tax assets and liabilities as at December 31 are as follows:

	2024	2023
Deferred income tax assets to be recovered within 12 months		
Provision for volume rebates, trade discounts and other incentives	224,118	141,989
Accrued employee-related costs	70,517	63,697
Provision for impairment of receivables	35,810	45,475
Provision for inventory obsolescence	25,393	31,389
Provision for warranty costs	24,712	19,077
Accrued royalties and other liabilities	12,031	8,935
Accrual for advertising and promotion expenses	7,083	4,149
Provision for commission	6,372	5,907
Provision for contingencies	4,534	13,024
Provision for customer claims	333	1,398
Unrealized foreign exchange loss	3,217	4
Unamortized past service cost	-	132
	414,120	335,176
Deferred income tax assets to be recovered after 12 months		
Net operating loss carry over (NOLCO)	131,615	147,381
Retirement benefit obligation	70,940	68,721
Remeasurement loss on retirement benefits charged directly to equity	69,191	64,899
Unamortized past service cost	21,820	21,229
Minimum corporate income tax (MCIT)	9,893	5,842
Excess of lease liabilities over right-of-use assets	5,727	7,696
Provision for tax assessment	1,408	-
Provision for warranty costs	846	718
Unrealized foreign exchange loss	-	954
	311,440	317,440
Total deferred income tax assets	725,560	652,616
Deferred income tax liability to be settled within 12 months		
Unrealized foreign exchange gain	(1,695)	-
Deferred income tax liabilities to be settled after 12 months		
Intangible assets	(30,247)	(32,119)
Net actuarial gain charged directly to equity	(118)	-
Total deferred income tax liabilities	(30,365)	(32,119)
Net deferred income tax assets	693,500	620,497

The National Internal Revenue Code (NIRC) of 1997 provided for the introduction of NOLCO privilege, which can be carried over for the three (3) succeeding taxable periods immediately following the period of such loss.

On September 11, 2020, Republic Act (R.A.) No. 11494, otherwise known as "Bayanihan to Recover as One Act", was passed into law to strengthen the government's efforts in mitigating the effects of COVID-19 pandemic. Under R.A. No. 11494, NOLCO for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Details of NOLCO as at December 31 are as follows:

Year of incurrence	Year of Expiration	2024	2023
2020	2025	292,195	292,195
2021	2026	365,649	365,649
2022	2025	200,802	200,802
2023	2026	77,619	77,619
2024	2027	167,877	-
		1,104,142	936,265
Amount applied		(127,168)	(15,003)
		976,974	921,262
Effective tax rate		24.72%	24.70%
		241,485	227,592

As provided under the Tax Reform Act of 1997, the Company shall pay the MCIT or the normal tax, whichever is higher. Any excess of MCIT over the normal income tax shall be carried forward on an annual basis and credited against the normal income tax for the next three (3) succeeding taxable years.

As at December 31, the details of MCIT are as follows:

Year incurred	Year of expiration	2024	2023
2020	2023	-	2,249
2021	2024	1,116	1,116
2022	2025	2,607	2,607
2023	2026	2,150	2,150
2024	2027	5,285	-
		11,158	8,122
Amount expired		(1,116)	(2,249)
		10,042	5,873

Realization of future tax benefits related to the deferred income tax assets is dependent on many factors including the ability of each entity to generate taxable income in the future. Correspondingly, the Group's management believes that related future tax benefits will be realized for all recognized deferred tax assets.

Details of unrecognized deferred income tax assets as at December 31 are as follows:

	2024	2023
NOLCO	109,870	80,211
Accrued expenses	25,328	21,441
Retirement benefit obligation	6,582	5,864
MCIT	149	31
	141,929	107,547

Movements of net deferred income tax assets as at December 31 are as follows:

	Note	2024	2023
Beginning		620,497	579,879
Charged to other comprehensive income	20	10,531	7,164
Credited to profit or loss		57,212	31,323
MCIT		5,260	2,131
Ending		693,500	620,497

Details of income tax expense for the years ended December 31 follow:

	2024	2023	2022
Current	498,282	277,336	231,812
Deferred	(57,212)	(31,323)	(24,629)
	441,070	246,013	207,183

The reconciliation of the income tax expense computed at the statutory tax rate to actual income tax expense shown in the consolidated statements of total comprehensive income for the years ended December 31 follow:

	2024	2023	2022
Statutory income tax at 20% or 25%	419,045	227,795	142,921
Add (Deduct) reconciling items:			
Non-deductible expenses	1,983	(652)	3,519
Unrecognized NOLCO	57,566	14,724	36,371
Movement on deferred tax	4,511	12,018	4,182
Unrecognized MCIT	168	486	8
Share in net (income)/loss of associates	(32,477)	(2,353)	7,999
Interest income subject to final tax	(9,726)	(6,005)	(2,106)
Prior year income tax	-	-	14,289
Actual provision for income tax	441,070	246,013	207,183

10 Trade payables and other liabilities

Trade payables and other liabilities as at December 31 consist of:

	Note	2024	2023
Trade payables			
Third parties		1,956,609	1,051,779
Related parties	14	229,974	337,606
		2,186,583	1,389,385
Accrued expenses			
Project costs		582,715	541,677
Personnel costs		423,505	426,398
Outside services		337,433	238,351
Advertising and promotion		67,943	29,377
Freight		51,471	47,128
Rental and utilities		48,471	42,552
Importation costs		30,242	40,034
Professional fees		20,207	18,654
Repairs and maintenance		5,553	5,541
Others		94,942	79,515
		1,662,482	1,469,227
Other liabilities			
Advances on sales contract		334,959	302,323
Billings in excess of costs incurred and estimated earnings on uncompleted contracts		164,192	199,792
Output value-added tax (VAT), net of input VAT		116,644	291,337
Withholding taxes and other mandatory government remittances		73,355	42,564
Related parties	14	4,118	54,092
Others		260,859	358,657
		954,127	1,248,765
		4,803,192	4,107,377

Billings in excess of costs incurred and estimated earnings on uncompleted contracts, which is a contract liability, represent the excess of contract billings amounting to P515,054 (2023 - P841,019) over the cumulative costs incurred amounting to P350,862 as at December 31, 2024 (2023 - P641,227).

Contract liabilities relate to payments received from customers in advance. It is recognized as revenue when or as the Group satisfies the performance obligation stated in the contract. The opening balances of billings in excess of costs incurred and estimated earnings on uncompleted contracts as at December 31, 2024 and 2023 amounted to P199,792 and P277,572, respectively.

11 Provision for warranty

Movements in provision for warranty as at December 31 follow:

11.1 Current

	2024	2023
Beginning	80,775	68,077
Provisions	192,121	134,439
Payments	(172,680)	(121,741)
Ending	100,216	80,775

11.2 Non-current

	2024	2023
Beginning	2,874	5,941
Provisions	3,346	1,374
Payments	(2,837)	(4,441)
Ending	3,383	2,874

In 2024, provisions for warranty costs amounting to P178,550 (2023 - P134,995) and P16,917 (2023 - P818) were recognized as part of operating expenses (Note 17) and materials and labor on cost of services, respectively.

12 Other provisions

Details of other provisions as at December 31 consist of:

	2024	2023
Contingencies	79,010	66,320
Commission	38,480	37,855
	117,490	104,175

Movements in provision for contingencies as at December 31 follow:

	2024	2023
Beginning	66,320	29,504
Provisions	12,670	34,737
Payments	(3,158)	(4,553)
Other	3,178	6,632
Ending	79,010	66,320

Provision for contingencies pertains to provision for assessments, and customer claims.

In 2024, provisions for contingencies amounting to P1,760 (2023 - P29,333) and P10,910 (2023 - P5,404) were recognized as part of operating expenses (Note 17) and materials and labor on cost of services, respectively.

Movements in provision for commission as at December 31 follow:

	2024	2023
Beginning	37,855	9,187
Provisions	88,305	76,114
Payments	(87,680)	(57,163)
Other	-	9,717
Ending	38,480	37,855

Provision for commission pertains to the incentives granted to sales employees based on a percentage of gross sales. Commissions vary depending on the serving business unit and payment is dependent on whether agreed targets are met or exceeded.

Provision for commission was recorded under personnel cost in operating expenses (Note 17). Provision for commission is expected to be settled within twelve (12) months after the reporting date and payment is dependent on whether sales targets are met or exceeded.

13 Short-term borrowings

Movements of short-term borrowings for the years ended December 31 are as follows:

	2024	2023
Beginning	4,600	114,000
Payments	-	(109,400)
Ending	4,600	4,600

As at December 31, 2024, the Group has unsecured interest-bearing short-term loans ranging from three (3) to six (6) months at 5.25% to 7.30% (2023 - 6.75% to 7.35%). Interest expense on borrowings recognized during the year amounted to P337 and paid P337 (2023 - P1,854 and paid P1,890; 2022 - P14,443 and paid P14,393).

There were no non-cash movements on borrowings for the years ended 2024 and 2023. Net asset after deducting cash and cash equivalents amounting to P2,398,515 (2023 - P2,372,614; 2022 - P1,688,163) from the balance of short-term borrowings amounted to P2,393,915 (2023- P2,368,014; 2022- P1,574,163).

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14 Related party transactions

In the normal course of business, the Group transacts with related parties. The significant related party transactions, which are presented gross of VAT and net of creditable/expanded withholding taxes, and balances as at and for the years ended December 31 follow:

	2024		2023		2022		
	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)	Terms and conditions
Shareholders							
Rent and utilities	114,770	-	66,087	-	62,495	(7,597)	Outstanding payables are due within 30 to 60 days from transaction date. These are payable in cash, non-interest bearing and unsecured.
Lease of warehouse	44,309	-	43,441	-	42,589	-	
Dividends declaration	277,629	-	198,956	-	401,855	-	Refer to Note 21.2.
Reimbursements from shareholders	57	-	141	598	368	613	Outstanding receivables/payables are due within 30 to 60 days from transaction date. These are collectible/ payable in cash, non-interest bearing and unsecured.
Reimbursements to shareholders	112	(1,157)	-	(1,157)	1,157	(1,157)	
Associate							
Administrative services	43,503	3,469	32,206	14,761	24,774	4,542	Outstanding receivables are due within 30 to 60 days from transaction date. These are collectible in cash, non-interest bearing and unsecured.
Transfer of employees (payable)	132	(1)	7,870	7,870	7,961	7,844	Benefits due to the employee transferred up to date of transfer will be paid by the former employer to the receiving company. Outstanding receivables/payables are due within one year from transaction date. The balance is collectible/payable in cash, non-interest bearing and unsecured.
Transfer of employees	4,447	4,332	-	-	-	-	Payable in cash on demand, unsecured and non-interest bearing.
Purchase of goods, net of returns	6,919	(7,293)	671	(1,691)	2,637	(2,000)	Outstanding payables are due within 30 to 90 days from transaction date. These are payable in cash, non-interest bearing and unsecured in nature. These receivables are unsecured and non-interest bearing.
Sale of goods and services	3,199	532	8,798	2,565	1,645	1,087	The outstanding receivables (Note 3) is unsecured in nature and bears no interest and is settled within 60 days after the date of sale.
Outside Services (Transaction fees)	2,848	-	2,782	258	2,769	4	Outstanding receivables/payables are due within 30 to 60 days from transaction date. These are collectible/ payable in cash, non-interest bearing and unsecured
Reimbursements from associates	48,745	1,310	140,421	76,172	127,181	37,677	
Reimbursements to associates	546	(1,747)	1,234	(1,735)	4,078	(6,680)	

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	2024		2023		2022		
	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)	Terms and conditions
Entities under common control							
Rent and utilities	-	-	35,330	(2,944)	35,607	(5,746)	Receivables/payables are collectible/payable in cash within 30 to 60 days from billing date. These are unsecured, unguaranteed and non-interest bearing. Balances are fully recoverable with no impairment loss recognized.
Entities with common shareholders							
Commission income	1,963	-	1,351	1,351	11,038	-	Receivables/payables are collectible in cash within 30 to 60 days from billing date. These are unsecured, unguaranteed and non-interest bearing. Balances are fully recoverable with no impairment loss recognized. Advances are primarily cost reimbursements paid on behalf of related parties. Refer to Note 18
Dividends declaration	329,000	-	216,100	-	241,300	-	Refer to Note 21.2.
Purchases, net purchase returns	161,442	(168,674)	2,156,124	(335,915)	1,727,306	(258,196)	Outstanding payables are due within 30 to 60 days from transaction date. These are payable in cash, non-interest bearing and unsecured (Note 19).
Collections (Payments) in behalf of a related party	-	-	-	-	-	(3,672)	
Reimbursements	-	-	23	(2,181)	3,137	(593)	Payable in cash within 60 days unsecured and bears no interest. Refer to Notes 16, 17 and 19.
Royalty/Technical fees	80,665	(55,221)	57,147	(46,075)	53,849	(9,695)	
Total receivable from related party	-	9,643	-	103,575	-	51,767	Note 3
Total payable to related party	-	234,092	-	391,698	-	295,336	Note 10
Key management personnel							
Short-term							
Directors' fees	9,460	-	6,553	(9,505)	1,918	(2,952)	Payable to employees in cash within 30 days from date of each transaction. Non-interest bearing and not covered by any guarantee.
Salaries and wages	426,600	(2,340)	386,010	(83,992)	389,093	(78,671)	
Long-term							
Retirement benefits	27,173	(325,430)	16,993	(244,994)	18,154	(197,744)	Refer to Note 20.
Retirement plan							
Contributions to the retirement fund	66,745	-	-	-	1,532	-	Refer to Note 20.
Claims from the retirement fund	-	(3,237)	-	-	-	3,555	Receivables are collectible on demand, unsecured and non-interest bearing.

Shared administrative costs charged to entities under common shareholders are for the accounting, payroll, and IT services rendered. This is covered by a shared service agreement renewable every year.

There were no provisions recognized in relation to receivables from related parties. Balances due are normally settled/collected at gross.

There were no other long-term benefits, termination benefits, and share-based payments on the key management personnel.

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The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements:

	2024	2023	2022
As at December 31			
Investment in subsidiaries	4,850,324	4,875,526	4,819,351
Trade and other receivables	374,510	627,809	401,042
Trade payables and other liabilities	332,883	612,309	401,042
Short-term borrowings	34,000	15,500	15,500
Deposits for future shares subscription	463,000	-	29,300
For the years ended December 31			
Sale of services	622,186	609,393	572,572
Sale of goods	152,229	46,295	-
Cost of services	488,843	423,327	400,669
Cost of goods	129,112	13,578	5,877
Operating expenses	168,778	241,827	195,662
Dividend income	722,000	414,739	592,035
Interest income	1,862	1,857	1,441
Interest expense	1,862	1,857	1,441

15 Revenue from contracts with customers

Details of net sales and services for the years ended December 31 are as follows:

	Note	2024	2023	2022
Gross sales				
Sale of goods (Point in time)		19,920,663	15,368,292	13,403,727
Sale of services (Over time)		1,116,452	958,580	939,786
		21,037,115	16,326,872	14,343,513
Deductions				
Trade and volume discounts and other incentives	3	(2,330,391)	(1,170,502)	(682,500)
Sales returns		(642,592)	(494,953)	(485,940)
		(2,972,983)	(1,665,455)	(1,168,440)
Net Sales		18,064,132	14,661,417	13,175,073

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time from their major business segments as presented in Note 24.

(b) Assets and liabilities related to contracts with customers

The Group has recognized the following assets and liabilities related to contracts with customers as at December 31:

	2024	2023
Current contract assets relating to percentage of completion (POC) contracts	4,438,807	3,908,633
Loss allowance	(34)	(98)
	4,438,773	3,908,535
Less: Contract billings	(3,423,205)	(3,059,116)
	1,015,568	849,419

The opening balances of contract assets as at December 31, 2024 and 2023 amounted to P849,419 and P781,668, respectively.

Further, as at December 31, 2024, contract liabilities representing billings in excess of costs incurred and estimated earnings on uncompleted contracts, and warranty obligations amounting to P164,192 and P103,599, respectively (2023 - P199,792 and P83,649) are disclosed in Notes 10 and 11.

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16 Cost of sales and services

Details of cost of sales and services for the years ended December 31 are as follows:

	Note	2024	2023	2022
Raw materials used		5,308,651	4,061,070	5,956,654
Labor		277,118	161,192	172,208
Overhead		640,077	582,698	608,806
Total manufacturing cost		6,225,846	4,804,960	6,737,668
Work-in-process, beginning	4	574	572	2,587
Work-in-process, ending	4	(1,578)	(574)	(572)
Cost of goods manufactured		6,224,842	4,804,958	6,739,683
Finished goods inventory, beginning	4	1,223,368	1,510,893	1,140,542
Acquisition of Tenex		-	-	1,005
Gross purchases – trading		5,221,652	4,014,926	1,965,279
Finished goods available for sale		12,669,862	10,330,777	9,846,509
Finished goods inventory, ending	4	(1,422,063)	(1,223,368)	(1,510,893)
Total cost of sales	4	11,247,799	9,107,409	8,335,616
Cost of installation and maintenance of elevators		830,577	862,626	758,263
Others		33,089	36,200	25,517
Total cost of services		863,666	898,826	783,780
		12,111,465	10,006,235	9,119,396

Details of overhead for the years ended December 31 are as follows:

	Notes	2024	2023	2022
Indirect labor		248,953	253,973	262,224
Depreciation and amortization	5	81,846	75,144	80,507
Outside services		68,576	48,543	43,955
Rent and utilities		64,213	46,299	88,437
Repairs and maintenance		59,047	52,095	49,631
Taxes and licenses		49,116	44,952	45,562
Amortization of right-of-use assets	19	34,623	33,460	8,249
Indirect materials and supplies		19,259	12,802	13,100
Travel and transportation		16,152	12,340	11,393
Insurance		4,291	4,143	5,745
Amortization of intangible assets	8	-	616	2,122
Others		(5,999)	(1,669)	(2,119)
		640,077	582,698	608,806

Details of cost of services for the years ended December 31 are as follows:

	Notes	2024	2023	2022
Materials and Labor		596,657	671,433	565,068
Personnel costs		153,014	138,303	114,813
Royalty/technical fees	14,19	47,046	27,991	31,583
Supplies		25,557	20,263	17,290
Rent and utilities	14,19	16,837	7,392	11,418
Outside services		5,951	4,540	2,583
Taxes and licenses		5,204	4,088	4,285
Amortization of right-of-use assets	19	3,845	6,915	7,237
Transportation and travel		2,879	3,837	2,904
Provision for inventory obsolescence	4	950	1,552	599
Depreciation and amortization	5	471	8,067	7,718
Repairs and maintenance		338	236	199
Others		4,917	4,209	18,083
		863,666	898,826	783,780

17 Operating expenses

Details of operating expenses for the years ended December 31 are as follows:

	Notes	2024	2023	2022
Personnel costs	12, 20	1,683,344	1,479,259	1,256,456
Outside services and professional fees		1,028,456	857,607	775,023
Outbound freight		548,483	376,891	355,574
Advertising and promotion		310,558	195,354	105,690
Warranty cost	11	178,550	134,995	125,093
Rent and utilities	14, 19	173,418	152,683	140,192
Amortization of right-of-use assets	19	149,523	185,550	174,784
Transportation and travel		64,035	54,204	34,744
Depreciation and amortization	5	61,568	59,684	63,140
Taxes and licenses		48,608	58,843	50,010
Royalty/technical fees	14, 19	44,889	36,031	30,951
Repairs and maintenance		14,802	16,913	14,841
Amortization of intangible assets	8	12,793	16,247	26,275
Provision for contingencies	12	1,760	29,333	27,504
Provision for (reversal of) inventory obsolescence	4	(24,932)	19,705	15,730
Provision for (reversal of) impairment of receivables	3	(23,558)	10,173	3,026
Others		180,757	94,272	160,937
		4,453,054	3,777,744	3,359,970

18 Other operating income (loss), net

Details of net other operating income for the years ended December 31 are as follows:

	Notes	2024	2023	2022
Interest income	2	38,887	24,844	8,493
Commission income	14	1,963	1,351	11,038
Loss on foreign exchange forward contracts		853	(187)	(666)
Loss on disposal of property and equipment	5	(2,502)	(519)	(62)
Foreign exchange losses, net	25	(49,572)	(6,740)	(118,790)
Miscellaneous		61,918	33,362	34,053
		51,547	52,111	(65,934)

Miscellaneous income pertains mainly to interest income from employee loans and expired warranties.

19 Leases and other agreements

19.1 Leases

The Group leases various office space, furniture and fixtures, equipment and vehicles. Rental contracts are typically made for fixed periods of one (1) to five (5) years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. The group has recognized right-of-use assets for these leases, except for short-term and low-value leases. Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions.

19.1.1 CCAC has a three-year lease agreement with Concepcion Industries, Inc., an entity under common control to CCAC, which expired on December 31, 2021 for the lease of its factory located in the Light Industry Science Park, Cabuyao, Laguna to the Partnership. Subject to further renewal or extension on the same terms and conditions as may be agreed upon by the parties. The agreement expired in December 31, 2024 subject to renewal after expiration.

19.1.2 CCAC has a three-year lease contract with LSL Realty Development Corporation for the lease of warehouse space located in the Light Industry Science Park, Cabuyao Laguna, subject to negotiation upon renewal. The latest renewal of the lease extends the lease term to December 31, 2024. The lease was renewed for another 2-year term, expiring December 31, 2026.

19.1.3 CCAC leases an office space in Muntinlupa City and a warehouse space in Cabuyao owned by Foresight Realty and Development Corporation, an entity under common control to CCAC. One lease contract expired on December 31, 2021 while the rest of the contracts are renewable upon mutual agreement of the parties which expired in August 2022; was renewed for another three years which will expire on July 31, 2025.

19.1.4. CBSI leases an office and parking space, respectively, in Muntinlupa City from Foresight Realty & Development Corp., a shareholder, for a period of five (5) years from August 2017 to July 2022. The agreements are subject to renewal or extension on such terms and conditions as may be agreed by both parties. The latest renewal of the lease extends the lease term to July 31, 2025.

19.1.5 CDI leases a warehouse space in Cabuyao from Hyland Realty & Dev't. Corp., an entity under common control, for a period of five (5) years commencing on November 2, 2021 and ending on October 31, 2026, subject to renewal or extension on such terms and conditions as may be agreed upon by the parties.

19.1.6 Both CCAC and CDI have agreements with various lessors covering office space for its regional offices. Such agreements have terms ranging from one (1) to five (5) years under terms and conditions as agreed with the lessors.

19.1.7 COPI has an existing lease agreement with Armal Realty Development and Wide Gain Property Holdings, for its office premises for a period of three (3) years commencing on August 1, 2023 to July 31, 2026 and August 1, 2024 to July 31, 2027, respectively, with a right to renew for another three (3) years.

19.1.8 COPI also entered into a new warehouse lease agreement with Pearl's Prime Properties on September 25, 2024, for a period of five (5) years commencing on September 16, 2024 to September 15, 2029 with a right to renew for another five (5) years..

19.1.9 CTC has an operating lease contract with Foresight Realty and Development Corporation for its warehouse in Muntinlupa City from August 1, 2024 to July 31, 2025.

19.1.10 The Group also has various lease agreements for vehicles under non-cancellable operating leases expiring within two (2) to three (3) years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. Rental deposits required for these lease agreements are included in other non-current assets account in the consolidated statements of financial position.

(a) Amounts recognized in the statement of financial position

Right of use assets and lease liability are presented as a separate line items in the statement of financial position. The carrying amounts of right-of-use asset related to the lease agreements above as at December 31 are shown below:

	Notes	Buildings and leasehold improvements	Warehouses	Office spaces	Vehicles	Others	Total
Cost							
January 1, 2023		41,020	368,439	121,232	69,150	61,010	660,851
Additions		3,995	213,742	7,848	7,493	-	233,078
Lease terminations		-	(16,666)	(85,243)	(51,719)	(2,135)	(155,763)
Modifications and transfers		-	(17,207)	-	-	2,668	(14,539)
December 31, 2023		45,015	548,308	43,837	24,924	61,543	723,627
Additions		59,368	26,244	8,554	16,198	9,958	120,322
Lease terminations		(43,395)	(92,079)	(10,236)	(16,305)	(9,311)	(171,326)
Modifications and transfers		-	(4,906)	(1,071)	284	-	(5,693)
Adjustments		-	-	(3,696)	-	-	(3,696)
December 31, 2024		60,988	477,567	37,388	25,101	62,190	663,234
Accumulated amortization							
January 1, 2023		29,317	126,193	43,568	59,523	42,154	300,755
Amortization	16, 17	12,544	174,985	12,285	12,591	13,520	225,925
Lease terminations		-	(54,817)	(30,340)	(55,014)	(3,983)	(144,154)
December 31, 2023		41,861	246,361	25,513	17,100	51,691	382,526
Amortization	16, 17	7,181	148,773	13,057	6,257	12,723	187,991
Lease terminations		(43,552)	(30,949)	(10,236)	(15,902)	(6,699)	(107,338)
Modifications and transfers		-	-	(5,695)	929	-	(4,766)
Adjustments		-	1,797	2,299	(1,052)	1,010	4,054
December 31, 2024		5,490	365,982	24,938	7,332	58,725	462,467
Net book values							
December 31, 2023		3,154	301,947	18,324	7,824	9,852	341,101
December 31, 2024		55,498	111,585	12,450	17,769	3,465	200,767

Movements in lease liabilities as at December 31 are as follows:

	2024	2023
Beginning	372,586	378,787
Additions	120,321	233,078
Lease terminations	(67,200)	(11,609)
Modifications and adjustments	(855)	(14,539)
Interest expense	16,070	23,805
Principal payments	(201,154)	(213,131)
Interest payments	(16,070)	(23,805)
Ending	223,698	372,586

Details of lease liabilities as at December 31 are as follows:

	2024	2023
Current	124,557	191,304
Non-current	99,141	181,282
	223,698	372,586

(b) Amounts recognized in the statements of total comprehensive income

The statements of total comprehensive income show the following amounts relating to leases for the years ended December 31:

	2024	2023	2022
Amortization expense			
Building and leasehold improvements	7,181	12,544	11,489
Warehouse	148,773	174,985	139,017
Office space	13,057	12,285	10,377
Vehicles	6,257	12,591	17,241
Others	12,723	13,520	12,146
	187,991	225,925	190,270
Interest expense	16,070	23,805	18,087
Gain on lease termination	3,212	-	-
Expense relating to short-term leases	32,321	14,129	19,181
Expense relating to leases of low-value assets that are not shown above as short-term leases	21,914	2,784	23,340
Expense relating to variable lease payments not included in lease liabilities	13,914	15,965	21,693

Certain leased assets were subleased by the Group. Income arising from subleasing amounted to P1,938 during 2023. There were no such transaction in 2024.

The total cash outflow for long-term leases for the year amounted to P217,224 (2023 - P236,936).

(c) Discount rate

Payments for leases of buildings and leasehold improvements, warehouses, office spaces, vehicles and other leases are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The average incremental borrowing rate ranges from 4.375% to 7.50%.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

19.2 Trademark and other agreements

19.2.1 Kelvinator trademark

CCAC and CDI have separate trademark agreements with Kelvinator International Partnership, a division of Electrolux Home Products, Inc. (a Partnership incorporated in the U.S.A.) for the license to use the "Kelvinator" trademark as specified in the agreement for its window type room air conditioners. In consideration thereof, CCAC and CDI are required to pay a trademark fee of 2% of the net selling price of the trademarked products subject to a minimum annual royalty. The agreements remain effective unless terminated by both parties.

Royalty/technical fees for the above agreements charged to operations in 2024 amounted to P11,270 (2023 - P6,875: 2022 – P8,685) (Note 17).

19.2.2 Royalty/Technical service agreement with Carrier Corporation

CCAC has an existing technical service agreement with Carrier Corporation (Carrier), a related party of one of the owners of CCAC, which is co-terminus with the joint venture agreement between Carrier Air Conditioning Philippines Inc. (a related party of Carrier) and CIC. The agreement provides that CCAC will pay royalty fees equivalent to a specified percentage of the net sales depending on the product type, in exchange for non-exclusive and non-transferable rights to make use of technical data, process and assistance to be provided by Carrier Corporation in the manufacture of its products. The agreement remains effective unless terminated by both parties.

Royalty/technical fees for the above agreements charged to operations in 2024 amounted to P33,619 (2023 - P29,156; 2022 - P22,266) (Note 17).

19.2.3 Trademark and Trade Name License Agreement and Technical Assistance Agreements and License to Use Technical Data, Know-how and Patents Agreement with Otis U.S.A.

COPI has existing Technical Assistance Agreements and License to Use Technical Data, Know-how and Patents Agreement with Otis U.S.A., a related party, for the latter to provide technical data and know-how to improve the technical knowledge of COPI's personnel and to further impart and transfer technical data and provide technical service to COPI. In consideration thereof, COPI is required to pay, in addition to the costs incurred by Otis U.S.A. in providing the training, a royalty fee equivalent to 3.5% of the net billings of COPI.

COPI also has a Trademark and Trade Name License Agreement with Otis U.S.A. which grants COPI a non-exclusive right and license to market and sell Otis products and to perform service under the licensed marks. As consideration of the rights and licenses granted, COPI shall pay Otis U.S.A. a royalty fee as provided in the Technical Assistance Agreement mentioned above. The agreement remains effective unless terminated by both parties.

Royalty/technical fees for the above agreements charged to operations in 2024 amounted to P47,046 (2023 - P27,991; 2022 - P31,583) (Note 16).

19.2.4 Assignment Agreement with OECPI

An Assignment Agreement was executed by and between OECPI, as the assignor, and COPI, as the assignee, for the conveyance, transfer assignment and delivery of all the OECPI's assets, liabilities and contracts to COPI. As of December 31, 2024 and 2023 COPI has no outstanding payable to OECPI, as included under payable to related parties under trade payables and other liabilities (Notes 10 and 14), resulting from this agreement.

20 Retirement plan

20.1 CIC

CIC has an established retirement plan which is a non-contributory and of the defined benefit type which provides a retirement benefit ranging from twenty percent (20%) to one hundred twenty-five percent (125%) of basic monthly salary times number of years of service. Benefits are paid in a lump sum upon retirement or separation in accordance with the terms of the retirement plan. This retirement plan is in agreement with CCAC's retirement plan that was started on July 1, 1999 since most of the employees of CIC were absorbed from CCAC.

20.2 CCAC

CCAC has an established funded, trusteed and non-contributory and of the defined benefit type retirement plan covering all its regular employees. The retirement plan provides lump sum benefits upon retirement, death, total and permanent disability, voluntary separation after completion of ten (10) years of credited service, and involuntary separation (except for cause). Normal retirement age is 60 years or 15 years of credited service, whichever is earlier and provides for retirement benefit equivalent to 125% of the latest monthly salary per year of service.

The Retirement Plan Trustee, as appointed by CCAC in the Trust Agreement executed between CCAC and the duly appointed Retirement Plan Trustee, is responsible for the general administration of the Retirement Plan and the management of the Retirement Fund. The Retirement Plan Trustee may seek and advice of counsel and appoint an investment manager or managers to manage the Retirement Fund, an independent accountant to audit the Fund and an actuary to value the Retirement Fund.

There are no unusual or significant risks to which the Plan exposes CCAC. However, in the event a benefit claim arises under the Retirement Plan and the Retirement Fund is not sufficient to pay the benefit, the unfunded portion of the claim shall immediately be due and payable from CCAC to the Retirement Fund.

In accordance with the provisions of Bureau of Internal Revenue (BIR) Regulation No. 1-68, it is required that the Retirement Plan be trusteed; that there must be no discrimination in benefits that forfeitures shall be retained in the Retirement Fund and be used as soon as possible to reduce future contributions; and that no part of the corpus or income of the Retirement Fund shall be used for, or divided to, any purpose other than for the exclusive benefit of the Plan members. CCAC is not required to pre-fund the future defined benefits payable under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund are at the CCAC's discretion.

20.3 Alstra; Teko; Tenex

These entities have not yet established a formal retirement plan for its employees but pays retirement benefits required under Republic Act (RA) No. 7641 (Retirement Law). RA 7641 provides that all employees between ages 60 to 65 with at least 5 years of service with the entities who may opt to retire are entitled to benefits equivalent to one-half month salary for every year of service, a fraction of at least six (6) months being considered as one whole year. The term one-half month shall mean fifteen (15) days plus one-twelfth (1/12) of the 13th month and the cash equivalent of not more than five (5) days of service incentive leaves.

As at December 31, 2024 and 2023, estimated retirement benefits and obligations for Alstra is deemed immaterial, hence, not provided for.

20.4 COPI

The Company has a funded, non-contributory defined benefit plan which provides a retirement benefit range of twenty percent (20%) to two hundred percent (200%) of plan salary for every year of service to its qualified employees and is being administered by a trustee bank. The normal retirement age is 60 years and optional retirement date is at age 50 or completion of at least ten (10) years of service.

20.5 CBSI

CBSI has a non-contributory retirement benefit plan which provides a retirement benefit ranging from twenty percent (20%) to one hundred twenty-five percent (125%) of basic monthly salary times number of years of service. Benefits are paid in a lump sum upon retirement or separation in accordance with the terms of the plan.

20.6 CTC

CTC has established an unfunded, defined benefit retirement plan which provides a retirement benefit equivalent to one hundred twenty-five percent (125%) of basic salary times number of years in service. Benefits are paid in a lump sum upon retirement or separation in accordance with the terms of the plan.

The retirement obligation of each entity in the Group is determined using the "Projected Unit Credit" (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined using the amount necessary to provide for the portion of the retirement benefit accruing during the year. The latest actuarial valuation of the retirement benefits for each entity in the Group was sought from an independent actuary as at December 31, 2024.

20.7 CDI

As at December 31, 2020, the Company has not yet established a formal retirement plan for its employees but provides for estimated retirement benefits required under Republic Act No. 7641 (Retirement Law).

In February 2021, the CDI's BOD approved to establish a non-contributory retirement plan covering all its regular employees. The plan provides lump sum benefits upon retirement, death, total and permanent disability, voluntary separation after completion of at least ten (10) years of credited service, and involuntary separation (except for cause). Normal retirement age is 60 years or 25 years of credited service, whichever is earlier and provides for retirement benefit equivalent to hundred twenty-five percent (125%) of the latest monthly salary per year of service.

The following are the details of the retirement benefit obligation and retirement benefit expense as at December 31 and for the years then ended:

	CIC	CCAC	CDI	CBSI	COPI	CTC	Teko	Tenex	Total
2024									
Retirement benefit obligation	26,327	394,227	118,467	101,742	1,606	12,824	4,081	1,441	660,715
Retirement benefit expense	1,601	62,850	23,366	20,729	2,823	1,702	1,136	400	114,607
2023									
Retirement benefit obligation	23,456	376,858	147,667	84,780	3,787	861	3,386	450	641,245
Retirement benefit expense	1,676	55,590	28,240	16,553	3,546	151	1,012	550	107,318

The amounts of retirement benefit obligation recognized in the statements of financial position as at December 31 are determined as follows:

	CIC	CCAC	CDI	CBSI	COPI	CTC	Teko	Tenex	Total
2024									
Present value of retirement benefit obligation	26,327	431,543	170,048	101,742	28,329	12,824	4,081	1,441	776,335
Fair value of plan assets	-	(37,316)	(51,581)	-	(26,723)	-	-	-	(115,620)
	26,327	394,227	118,467	101,742	1,606	12,824	4,081	1,441	660,715
2023									
Present value of retirement benefit obligation	23,456	381,034	164,904	84,780	26,347	861	3,386	450	685,218
Fair value of plan assets	-	(4,176)	(17,237)	-	(22,560)	-	-	-	(43,973)
	23,456	376,858	147,667	84,780	3,787	861	3,386	450	641,245

Changes in the present value of the defined benefit obligation for the years ended December 31 follow:

	CIC	CCAC	CDI	CBSI	COPI	CTC	Teko	Tenex	Total
2024									
Beginning	23,456	381,034	164,904	84,780	26,347	861	3,386	450	685,218
Interest cost	1,576	25,050	10,212	6,947	1,822	465	237	32	46,341
Current service cost	25	38,169	15,461	13,782	2,713	1,237	899	368	72,654
Transfer of employees	-	(93)	(18,641)	10,814	254	11,994	-	-	4,328
Benefits paid directly by the Group	-	(31,856)	-	(20,465)	(3,141)	-	-	-	(55,462)
Benefits paid from book reserves	-	-	(17,204)	-	-	(405)	-	-	(17,609)
Benefits paid from the plan assets	-	(2,448)	-	-	(789)	-	-	-	(3,237)
Settlement gain/(loss)	-	781	-	-	-	-	-	-	781
Remeasurement loss (gain)									
Changes in financial assumptions	62	15,062	10,030	3,912	854	723	397	232	31,272
Changes in demographic assumptions	70	(225)	(1,346)	332	(1,947)	1,427	(659)	-	(2,348)
Experience adjustments	1,138	6,069	6,632	1,640	2,216	(3,478)	(179)	359	14,397
Ending	26,327	431,543	170,048	101,742	28,329	12,824	4,081	1,441	776,335
2023									
Beginning	21,647	345,616	164,739	76,832	30,388	885	2,632	580	643,319
Interest cost	1,201	22,727	11,890	4,909	2,197	64	193	42	43,223
Current service cost	475	39,286	17,423	12,391	3,066	87	819	508	74,055
Transfer of employees	-	(4,018)	14,580	(2,683)	-	-	-	-	7,879
Benefits paid directly by the Group	-	-	(55,671)	(11,430)	(5,414)	-	-	-	(72,515)
Benefits paid from the plan assets	-	(17,747)	-	-	(6,014)	-	-	-	(23,761)
Settlement gain/(loss)	-	(5,071)	(123)	(747)	-	-	-	-	(5,941)
Remeasurement loss (gain)									
Changes in financial assumptions	(37)	3,463	3,856	1,278	1,297	18	167	28	10,070
Changes in demographic assumptions	-	570	(2,592)	(100)	(3,491)	(201)	-	-	(5,814)
Experience adjustments	170	(3,792)	10,802	4,330	4,318	8	(425)	(708)	14,703
Ending	23,456	381,034	164,904	84,780	26,347	861	3,386	450	685,218

Changes in the fair value of the plan assets for the years ended December 31 follow:

	CCAC	CDI	COPI	Total
2024				
Beginning	4,176	17,237	22,560	43,973
Interest income	1,150	2,307	1,712	5,169
Contributions	30,000	31,700	5,045	66,745
Benefits paid from the fund	(2,448)	-	(789)	(3,237)
Remeasurement gain (loss) from experience adjustments	4,438	337	(1,805)	2,970
Ending	37,316	51,581	26,723	115,620
2023				
Beginning	29,640	16,442	26,735	72,817
Interest income	1,352	948	1,716	4,016
Benefits paid from the fund	(17,747)	-	(6,014)	(23,761)
Remeasurement gain (loss) from experience adjustments	(9,069)	(153)	123	(9,099)
Ending	4,176	17,237	22,560	43,973

The movements in retirement benefit obligation recognized in the statement of financial position as at December 31 follow:

	CIC	CCAC	CDI	CBSI	COPI	CTC	Teko	Tenex	Total
2024									
Beginning	23,456	376,858	147,667	84,780	3,787	861	3,386	450	641,245
Retirement benefit expense	1,601	62,850	23,366	20,729	2,823	1,702	1,136	400	114,607
Remeasurement gain	1,270	16,468	14,979	5,884	2,928	(1,328)	(441)	591	40,351
Transfer of employees	-	(93)	(18,641)	10,814	254	11,994	-	-	4,328
Contributions	-	(30,000)	(31,700)	-	(5,045)	-	-	-	(66,745)
Benefits paid directly by the Group	-	(31,856)	-	(20,465)	(3,141)	-	-	-	(55,462)
Settlement paid from book Reserved	-	-	(17,204)	-	-	(405)	-	-	(17,609)
Ending	26,327	394,227	118,467	101,742	1,606	12,824	4,081	1,441	660,715

	CIC	CCAC	CDI	CBSI	COPI	CTC	Teko	Tenex	Total
2023									
Beginning	21,647	315,976	148,297	76,832	3,653	885	2,632	580	570,502
Retirement benefit expense	1,676	55,590	28,240	16,553	3,546	151	1,012	550	107,318
Remeasurement gain	133	9,310	12,218	5,508	2,002	(175)	(258)	(680)	28,058
Transfer of employees	-	(4,018)	14,583	(2,683)	-	-	-	-	7,882
Benefits paid directly by the group	-	-	(55,671)	(11,430)	(5,414)	-	-		(72,515)
Ending	23,456	376,858	147,667	84,780	3,787	861	3,386	450	641,245

The categories of CCAC, COPI, and CDI's plan assets as at December 31 are as follows:

	2024			2023		
	CCAC	COPI	CDI	CCAC	COPI	CDI
Government securities	-	-	-	22%	98%	78%
Unit investment trust fund	83%	0%	5%	25%	-	21%
Fixed rate treasury notes	57%	77%	83%	-	-	-
Corporate bonds	8%	0%	11%	52%	-	-
Cash and cash equivalents	0%	22%	0%	0%	1%	-
Receivables	0%	0%	0%	-	-	-
Others	-48%	1%	1%	1%	1%	1%
	100%	100%	100%	100%	100%	100%

COPI and its Trustee bank ensure that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under the plan. The main objective is to match assets to the defined benefit obligation by investing primarily in long-term debt securities with maturities that match the benefit payments as they fall due. To mitigate concentration and other risks, assets are invested across multiple asset classes with active investment managers.

CCAC's pension benefit fund is administered by a local trustee bank which is governed by the rules and regulations of the Bangko Sentral ng Pilipinas and the SEC. Based on the trust fund agreement, it is authorized to invest the fund as it deems proper. Its investment strategy focuses principally on stringent management of downside risks rather than on maximizing absolute returns. It is anticipated that this investment policy can generate a return that enables it to meet its long-term commitments.

To fund CDI's retirement plan, CDI transferred its unit investment trust funds deposit instruments to a retirement fund being administered by a trustee. Based on the trust fund agreement, the trustee is authorized to invest the fund as it deems proper.

CCAC, COPI and CDI have not yet determined its contribution to the plan assets for the year ending December 31, 2024.

The amounts of retirement benefit expense (income) recognized under operating expenses in the consolidated statements of total comprehensive income for the years ended December 31 follow:

	CIC	CCAC	CDI	CBSI	COPI	CTC	Teko	Tenex	Total
2024									
Current service cost	25	38,169	15,461	13,782	2,713	1,237	899	368	72,654
Interest cost	1,576	25,050	10,212	6,947	1,822	465	237	32	46,341
Interest income on plan assets	-	(1,150)	(2,307)	-	(1,712)	-	-	-	(5,169)
Settlement gain or loss	-	781	-	-	-	-	-	-	781
	1,601	62,850	23,366	20,729	2,823	1,702	1,136	400	114,607
2023									
Current service cost	475	39,286	17,421	12,391	3,065	87	819	508	74,052
Interest cost	1,201	22,727	11,890	4,909	2,197	64	193	42	43,223
Interest income on plan assets	-	(1,352)	(948)	-	(1,716)	-	-	-	(4,016)
Settlement gain or loss	-	(5,071)	(123)	(747)	-	-	-	-	(5,941)
	1,676	55,590	28,240	16,553	3,546	151	1,012	550	107,318

2022									
Current service cost	872	39,054	17,479	13,703	3,948	217	997	605	76,875
Interest cost	511	19,437	9,609	4,194	2,117	100	145	20	36,133
Interest income on plan assets	-	(2,243)	(883)	-	(1,644)	-	-	-	(4,770)
Settlement gain or loss	-	635	-	1,218	640	-	141	-	2,634
	1,383	56,883	26,205	19,115	5,061	317	1,283	625	110,872

Retirement benefit expense is included as part of personnel costs under operating expenses (Note 17).

The movements in other comprehensive loss (CIC and NCI) recognized in the consolidated statements of financial position as at December 31 follow:

	Note	CIC	CCAC	CDI	CBSI	COPI	CTC	Teko	Tenex	Total
2024										
Beginning		(2,563)	87,784	11,908	7,985	5,591	(675)	(118)	(964)	108,948
Remeasurement loss (gain)		1,270	16,468	14,979	5,884	2,928	(1,328)	(441)	591	40,351
Adjustment		-			-		-	-	39	39
Tax effect	9	-	(4,117)	(3,745)	(1,471)	(1,685)	332	88	67	(10,531)
Ending		(1,293)	100,135	23,142	12,398	6,834	(1,671)	(471)	(267)	138,807
2023										
Beginning		(2,696)	80,801	2,745	3,854	4,090	(544)	88	(284)	88,094
Remeasurement loss (gain)		133	9,310	12,218	5,508	2,002	(175)	(258)	(680)	28,058
Tax effect	9	-	(2,327)	(3,055)	(1,377)	(501)	44	52	-	(7,164)
Ending		(2,563)	87,784	11,908	7,985	5,591	(675)	(118)	(964)	108,948
2022										
Beginning		(6,491)	85,661	8,353	1,582	4,257	(394)	744	-	93,712
Acquisition of Tenex		-	-	-	-	-	-	-	154	154
Remeasurement loss (gain)		3,795	(6,480)	(7,477)	3,029	(223)	(200)	(820)	(438)	(8,814)
Tax effect	9	-	1,620	1,869	(757)	56	50	164	-	3,002
Ending		(2,696)	80,801	2,745	3,854	4,090	(544)	88	(284)	88,054

For the year ended December 31, 2024, remeasurements charged to NCI from associate amounted to P979 (2023 - P533) (Note 7).

The principal annual actuarial assumptions used as at and for the years ended December 31 follow:

	CIC	CCAC	CDI	CBSI	COPI	CTC	Teko	Tenex
2024								
Discount rate	5.84%	5.96%	6.00%	5.93%	5.91%	5.97%	6.05%	6.10%
Salary increase rate	3.70%	5.00%	5.00%	5.00%	5.00%	2.30%	5.00%	5.00%
Average expected future service years of plan members	6.6	21.2	19.6	23.1	19.60	25.8	26.2	27.5
2023								
Discount rate	6.71%	6.93%	6.97%	6.91%	6.94%	7.00%	6.98%	6.98%
Salary increase rate	3.70%	5.00%	5.00%	5.00%	5.00%	2.30%	5.00%	5.00%
Average expected future service years of plan members	9.3	21.4	18.4	24.7	30	22.2	27.1	26

Discount rates were based on the theoretical spot yield curve calculated from the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities by stripping the coupons from government bonds to create virtual zero coupon bonds, and considering the average years of remaining working life of the employees as the estimated term of the benefit obligation. The 2001 CSO Table - Generational (Scale AA, Society of Actuaries) was used in assessing annual mortality rates.

Expected maturity analysis of undiscounted retirement benefits as at December 31 follow:

	CIC	CCAC	CDI	CBSI	COPI	CTC	Teko	Tenex	Total
2024									
Less than a year	24,452	176,708	32,848	19,166	13,234	-	-	-	266,408
More than 1 year to 5 years	8,326	229,587	102,872	98,050	18,021	9,688	-	-	466,544
More than 5 years to 10 years	301	232,775	123,478	67,525	10,608	21,744	14	242	456,687
2023									
Less than a year	23,290	154,301	31,945	13,204	9,730	32	-		232,502
More than 1 year to 5 years	44	222,049	78,397	97,006	17,155	198	-	188	415,037
More than 5 years to 10 years	75	239,563	141,029	63,478	15,450	280	5,676	197	465,748

The weighted average duration of the defined benefit obligation as at December 31, 2024 0.3 to 20.6 years (2023 - 0.1 to 20.1 years).

21 Equity

21.1 Share capital

As at December 31, 2024 and 2023, CIC's authorized share capital amounting to P700,000 is composed of P700 million shares with par value of P1 per share.

The details and movement of share capital as at and for the years ended December 31 follow:

	Number of common shares issued and outstanding	Amount		
		Share capital	Share premium	Treasury shares
January 1, 2022	401,855,091	407,264	993,243	(172,108)
Acquisition of treasury shares	(3,942,600)	-	-	(69,356)
December 31, 2022	397,912,491	407,264	993,243	(241,464)
Acquisition of treasury shares	-	-	-	-
December 31, 2023	397,912,491	407,264	993,243	(241,464)
Acquisition of treasury shares	(4,256,532)	-	-	(50,600)
December 31, 2024	393,655,959	407,264	993,243	(292,064)

21.2 Retained earnings; subsequent event

Cash dividends declared, attributable to owners of CIC, for the years ended December 31 are as follows:

Date declared	Dates paid	Per share	2024	2023	2022
March 26, 2024	April 26, 2024	0.7	277,629	-	-
March 29, 2023	April 25, 2023	0.5	-	198,956	-
February 16, 2022	April 12, 2022	1.0	-	-	401,855
			277,629	198,956	401,855

For the year ended December 31, 2024, NCI from profit distribution of CCAC and COPI amounted to P280,000 and P49,000 respectively (2023 - P172,000 and P44,100, respectively; 2022 - P202,100 and P39,200, respectively) (Note 7.2).

CIC annually performs an evaluation of the amount to be declared as dividends. Subsequently, on March 26, 2025, CIC's BOD declared cash dividends in the amount of P 1.00 per share totaling to P393,656 for shareholders of record as at April 11, 2025 which will be paid on April 24, 2025.

21.3 Treasury shares

On February 17, 2016, CIC's BOD approved a non-solicitation share buyback program to be carried out until February 16, 2019. On September 9, 2019, CIC's BOD approved a non-solicitation share buyback program to be carried out until September 9, 2022.

On March 20, 2020, the BOD amended the terms of the share buyback program to increase the limit of the common shares that may be repurchased during the first year of the program from P100 million to P300 million.

On July 25, 2024, CIC's BOD approved the extension of the common shares buy-back program from September 9, 2024 to December 31, 2026. The extension authorizes the Company to repurchase up to the balance of P82 million of the authorized buy-back amount of P300 million.

As at December 31, 2024 and 2023, treasury shares amounted to P292 million and P241 million, respectively Details of acquisition of treasury shares for the year ended December 31 follow:

Trade Date	Date Paid	Shares	Per share	Amount
January 1 and December 31, 2023, and January 1, 2024		9,351,400		241,464,664
2024				
March 6, 2024	March 08, 2024	1,000,000	12.00	12,000,000
March 7, 2024	March 11, 2024	100,000	11.94	1,194,000
March 7, 2024	March 11, 2024	200,000	12.00	2,400,000
May 9, 2024	May 13, 2024	2,956,532	11.84	35,005,339
		4,256,532		50,599,339
		13,607,932		292,064,003

CIC repurchased additional shares in 2024 of 4.3 million shares equivalent to P50.6 million.

22 Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to owners of CIC by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by CIC and held as treasury shares, if any.

Earnings per share for the years ended December 31 is calculated as follows:

	2024	2023	2022
Net income attributable to owners of the Parent Company	769,119	383,256	153,836
Weighted average common shares - basic and diluted (in ‘000)	394,933	397,912	400,161
Basic and diluted earnings per share	1.95	0.96	0.38

The basic and diluted earnings per share are the same each year presented as there are no potential dilutive common shares.

23 Contingencies

The Group is a party to various on-going litigation proceedings, to which respective courts and regulatory bodies have not rendered any final decision as at audit report date. The Group’s management, with the assistance of third-party counsels, has determined certain loss positions that warranted corresponding provisions to be recorded in the consolidated statements of financial position (Note 12). These were recognized based on existing conditions and available information as at reporting date. Accordingly, annual evaluation is conducted by management to identify possible changes in circumstances that would equally require adjustment in its estimates. The detailed information pertaining to these litigations has not been disclosed as this might prejudice the outcome of the ongoing litigation.

24 Segment information

The Group’s Executive Committee and the BOD review and analyze profit or loss into Consumer and Commercial business while assets, liabilities and other accounts are analyzed on a per entity basis - CCAC, CDI and COPI with all other entities as part of Others.

24.1 Profit or loss

24.1.1 Consumer business

The segment’s products and related services include air conditioning, refrigeration, laundry, kitchen and small domestic appliances for consumer use. It is supported by a vast network of distributors, dealers, retailers and technicians, who sell, install and service the Group’s products primarily in the residential and light commercial segments.

24.1.2 Commercial business

The segment’s products and related services include air conditioning, elevators and escalators across all building segments. It is sold directly to end customers and through a network of accredited dealers and sub-contractors.

Segment information on reported consolidated profit or loss for the years ended December 31 are as follows:

	Consumer business	Commercial business	Others	Total
2024				
Net sales and services	13,010,161	5,011,856	42,115	18,064,132
Timing of revenue recognition				
At point in time	12,941,524	4,006,157	-	16,947,681
Over time	68,637	1,005,699	42,115	1,116,451
Cost of sales and services	(8,893,714)	(3,179,637)	(38,114)	(12,111,465)
Gross profit	4,116,447	1,832,219	4,001	5,952,667
Operating expenses*	(3,443,404)	(1,009,650)	-	(4,453,054)
*Depreciation and amortization***	*(110,875)*	*(33,010)*	-	*(143,885)*
Amortization of right-of-use assets	*(108,715)*	*(40,808)*	-	*(149,523)*
Other operating income	28,769	22,778	-	51,547
Interest income	*24,945*	*13,942*	-	*38,887*
Interest expense	(12,442)	(3,965)	-	(16,407)
Share in net loss of associates	129,907	-	-	129,907
Income tax expense	(223,288)	(217,782)	-	(441,070)
Net income for the year	595,989	623,600	4,001	1,223,590
2023				
Net sales and services	10,063,028	4,566,124	32,265	14,661,417
Timing of revenue recognition				
At point in time	10,021,951	3,680,886	-	13,702,837
Over time	41,077	885,238	32,265	958,580
Cost of sales and services	(6,932,525)	(3,043,865)	(29,845)	(10,006,235)
Gross profit	3,130,503	1,522,259	2,420	4,655,182
Operating expenses*	(2,869,578)	(908,166)	-	(3,777,744)
*Depreciation and amortization***	*(102,535)*	*(40,360)*	-	*(142,895)*
Amortization of right-of-use assets	*(154,099)*	*(71,826)*	-	*(225,925)*
Other operating income	25,643	26,468	-	52,111
Interest income	*12,313*	*6,475*	-	*18,788*
Interest expense	(19,793)	(5,866)	-	(25,659)
Share in net loss of associates	9,415	-	-	9,415
Income tax expense	(149,739)	(96,274)	-	(246,013)
Net income for the year	126,451	538,421	2,420	667,292

2022				
Net sales and services	9,778,189	3,368,673	28,211	13,175,073
Timing of revenue recognition				
At point in time	9,759,516	2,475,771	-	12,235,287
Over time	18,673	892,902	28,211	939,786
Cost of sales and services	(6,757,939)	(2,331,612)	(29,845)	(9,119,396)
Gross profit	3,020,250	1,037,061	(1,634)	4,055,677
Operating expenses	(2,650,557)	(709,413)	-	(3,359,970)
*Depreciation and amortization***	*(117,591)*	*(33,774)*	*-*	*(151,365)*
Amortization of right-of-use assets	*(137,344)*	*(52,926)*	*-*	*(190,270)*
Other operating income (loss)	(49,039)	(16,895)	-	(65,934)
Interest income	*6,317*	*2,176*	*-*	*8,493*
Interest expense	(26,900)	(5,630)	-	(32,530)
Share in net income of associates	(31,996)	-	-	(31,996)
Income tax (expense) benefit	(116,128)	(91,055)	-	(207,183)
Net income for the year	145,630	214,068	(1,634)	358,064

** Inclusive of Depreciation and amortization of PPE and amortization of Right of Use Assets (ROU)*
***Depreciation and amortization referring to total charges to cost of sales and services, and operating expenses*

The Group revised the breakdown of revenue and related deductions for the period, to conform with the current year presentation. The changes did not impact previously reflected net income, financial position and cash flow (Note 15).

There were no material export sales or transactions made with related parties that require separate disclosure from the above.

24.2 Assets, liabilities and other accounts

24.2.1 CCAC

The segment is engaged in manufacturing, distribution, installation and service of air conditioning products. It is supported by a vast network of distributors, dealers, retailers and technicians who sell, install and service the Group's products in the industrial, commercial and residential property sectors. The management performs review of gross profit per component, while review of segment operating expenses, income tax, and profit or loss are done in total.

24.2.2 CDI

The segment is engaged in manufacturing and distribution of refrigerators and freezers and distribution of laundry and kitchen appliances for domestic market.

24.2.3 COPI

The segment is engaged in distribution and service of elevators and escalators.

Material non-cash items other than depreciation and amortization are as follows:

	CCAC	CDI	COPI	Others	Total
2024	197,988	104,488	4,072	(100,267)	206,281
2023	201,709	137,922	1,272	64,582	405,485
2022	565,425	62,422	(12,794)	385,594	1,000,647

Segment information on consolidated assets and liabilities as at December 31 are as follows:

	CCAC	CDI	COPI	Others	Total
2024					
Current assets	5,981,887	2,855,736	1,138,708	796,828	10,773,159
Non-current assets	786,976	540,800	955,684	374,091	2,657,551
Current liabilities	2,506,862	1,373,452	755,055	573,272	5,208,641
Non-current liabilities	408,978	158,518	44,121	151,622	763,239
Other information					
Investment in associates	210,604	-	-	17,215	227,819
Additions to non-current assets					
Property and equipment	94,226	85,550	12,780	20,448	213,004
Intangible assets	1,253	-	-	-	1,253
2023					
Current assets	5,679,909	2,408,093	1,127,044	483,256	9,698,302
Non-current assets	790,385	476,566	892,799	384,848	2,544,598
Current liabilities	2,420,435	802,241	706,584	558,971	4,488,231
Non-current liabilities	473,108	230,882	4,613	116,798	825,401
Other information					
Investment in associates	80,923	-	-	17,968	98,891
Additions to non-current assets					
Property and equipment	55,949	44,649	521	12,601	113,720

The balances presented in others are composed of the other entities in the Group including CIC's standalone balances.

25 Foreign currency-denominated monetary assets and liabilities

The Group's foreign currency-denominated monetary assets and liabilities as at December 31 are as follows:

Currency	Current assets	Current liabilities	Net foreign currency liabilities	Exchange rate	Peso equivalent
2024					
Yen	-	(52,735)	(52,735)	0.37	(19,354)
U.S. Dollar	183	(4,341)	(4,158)	58.01	(241,240)
Hong Kong Dollar	-	(13)	(13)	7.47	(99)
Singaporean Dollar	(197)	-	(197)	42.69	(8,414)
Chinese Yuan	4	(69,910)	(69,907)	7.95	(555,760)
Euro	1	(67)	(66)	60.47	(4,015)
					(828,882)
2023					
Yen	-	(4,317)	(4,317)	0.39	(1,697)
U.S. Dollar	27	(2,635)	(2,608)	55.57	(144,919)
Chinese Yuan	3	(60,741)	(60,738)	7.81	(474,528)
Euro	1	(76)	(75)	61.47	(4,611)
					(625,755)
2022					
Yen	-	(31,860)	(31,860)	0.42	(13,298)
U.S. Dollar	1,765	(8,522)	(6,757)	55.27	(379,203)
Hong Kong Dollar	-	(1,570)	(1,570)	7.08	(11,303)
Chinese Yuan	594	(19,818)	(19,224)	7.94	(154,507)
Euro	1	(215)	(214)	58.79	(12,745)
					(571,056)

Net foreign exchange gains (losses) credited (charged) to profit or loss for the years ended December 31 are as follows:

	Note	2024	2023	2022
Realized foreign exchange gains (losses), net		(59,337)	4,551	(132,322)
Unrealized foreign exchange gains (losses), net		9,765	(11,291)	13,532
	18	(49,572)	(6,740)	(118,790)

26 Financial risk and capital management

26.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's Chief Finance Officer under policies approved by the Group's BOD. These policies provide written principles for overall risk management. There were no changes in policies and processes in the Group's financial risk management in 2024 and 2023.

26.1.1 Market risk

(a) Foreign exchange risk

Currency risk arises when future commercial transactions, and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. In the normal course of business, the Group transacts with certain entities based outside the Philippines particularly for export deliveries, and purchases of raw materials and supplies, and these transactions are being settled in U.S. Dollar and/or other currencies.

However, the foreign exchange risk exposure is brought down to an acceptable level since average trade payment terms approximate each other, which range between 30 and 60 days upon which the risk associated with foreign exchange rates are deemed negligible. The Group enters into foreign exchange forward contracts with average term of a month in order to reduce losses on possible significant fluctuations in the exchange rates. There are no outstanding balances in relation to foreign exchange forward contracts as at December 31, 2024 and 2023.

These foreign currency forward contracts are accounted for as financial instruments at fair value through profit or loss. In 2023, the impact to profit and loss of foreign currency contract transactions during the year amounted to P853 loss (2023 - P187 loss; 2022- P666 loss), booked under other operating income, net (Note 18).

Sensitivity analysis is only performed for the U.S. Dollar, Euro and Chinese Yuan since exposure to other currencies is determined to be minimal. As at December 31, 2024, if the Philippine Peso had weakened/ strengthened by 4.79% (2023 - 2.18 % ; 2022- 9.83%) against the U.S. Dollar with all other variables held constant, equity and income before tax for the year would have been lower/higher by P25,189 (2023 - P3,172; 2022- P23,110) as a result of foreign exchange loss/gain on translation of US Dollar-denominated net liabilities.

As at December 31, 2024, if the Philippine Peso had weakened/strengthened by 3.38% (2022 - 3.90 %; 2022 - 1.68%) against the Chinese Yuan with all other variables held constant, equity and income before tax for the year would have been lower/higher by P7,893 (2023 - P9,293; 2022- P96) as a result of foreign exchange loss/gain on translation of Euro-denominated net liabilities.

The rates are based on annual average actual exchange by leading international financial institutions as at December 31, 2024 and 2023.

(b) Commodity price risk

The Group is exposed to the risk that the prices for certain primary raw materials (e.g. copper and aluminum) will increase or fluctuate significantly. Most of these raw materials are global commodities whose prices are cyclical in nature and increase or decrease in line with global market conditions. The Group is exposed to these price changes to the extent that it cannot readily pass on these changes to the customers of its respective businesses, which could adversely affect the Group's margins.

As at December 31, 2024, if the market prices of the Group's purchases increase/decrease by 2.90% (2023 - 3.90%; 2022 - 8.10%) (based on average price inflation), equity and profit before tax for the year would have been lower/higher by P239,979 (2023 - P297,828; 2022 - P262,235). While the Group does not engage in commodities hedging, risk exposure in commodity purchases is managed by locking in prices with vendors for a minimum of 3 months.

(c) Cash flow and fair value interest rate risk

The Group is not significantly exposed to cash flow and fair value interest rate risk since short-term borrowings are made at fixed interest rates and are settled within 12 months.

The Group's exposure to movements in market interest rate relate primarily to its fixed or short-term deposits placed with local banks and borrowings from local banks. The Group is not significantly exposed to cash flow and fair value interest rate risks since its income and operating cash flows are substantially independent of changes in market interest rates.

26.1.2 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. A default on a financial asset is when the counterparty fails to make contractual payments within the set terms of when they fall due. Credit risk arises from deposits and short-term placements with banks and financial institutions, as well as credit exposure to trade customers, including other outstanding receivables. For banks, the Group only has existing deposit arrangements with either universal or commercial banks, which are considered top tier banks in terms of capitalization as categorized by the Bangko Sentral ng Pilipinas.

The Group has no significant concentrations of credit risk due to the large number of customers comprising the customer base and it has policies in place to ensure that the sale of goods is made only to customers with an appropriate credit history. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, Credit and Collection (C&C) group of each subsidiary assesses the credit quality of each customer, taking into account its financial position, past experience and other factors.

Individual risk limits are set based on internal and external ratings in accordance with the credit policy limits. The utilization of credit limits are regularly monitored by the C&C group of each subsidiary. Nonetheless, the Group is still exposed to risk of non-collection arising from disputes and disagreements on billings which may deter the collection of outstanding accounts on a timely basis.

The Group has three (3) types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents
- Trade and other receivables, net (excluding advances to/ claims to suppliers and advances to employees)
- Contract assets relating to POC contracts

The Group's assessment of its credit risk on cash and cash equivalents, and receivables and contract assets are disclosed in Notes 2 and 3, respectively.

26.1.3 Liquidity risk

The Group observes prudent liquidity risk management through available credit lines and efficient collection of its receivables, which enables the Group to maintain sufficient cash to meet working capital requirements, planned capital expenditures, and any short-term debt financing requirements. On top of liquidity risk management above, the Group also performs a monthly review of its financing requirements for working capital and loan capital expenditures and where deemed necessary, the Group obtains short-term bank borrowings to cover for immediate expenses and maturing obligations. Results of management's review are reported to the BOD on a regular basis.

As at December 31, the Group has available letters of credit and loan credit facilities from various financial institutions as follows:

	2024		2023	
Type of credit facility	Currency	Amount	Currency	Amount
Bank of Philippine Islands				
Revolving promissory note line	Philippine Peso	2,500,000	Philippine Peso	2,500,000
Lease line	-	-	-	-
Bills purchased line	Philippine Peso	100,000	Philippine Peso	100,000
Import letters of credit and trust receipt line	Philippine Peso	550,000	Philippine Peso	550,000
Foreign Exchange Risk	Philippine Peso	500,000	Philippine Peso	500,000
Foreign exchange settlement line	U.S. Dollar	-	U.S. Dollar	-
Citibank				
Bills purchased line	Philippine Peso	59,000	Philippine Peso	59,000
Letters of credit	U.S. Dollar	7,800	U.S. Dollar	7,800
Foreign exchange settlement risk line	U.S. Dollar	1,800	U.S. Dollar	1,800
Foreign exchange pre-settlement risk line	U.S. Dollar	700	U.S. Dollar	700
Short-term loan line	U.S. Dollar	8,735	U.S. Dollar	8,735
Commercial cards	U.S. Dollar	556	U.S. Dollar	556
Banco De Oro				
Short-term loan line	Philippine Peso	500,000	Philippine Peso	500,000
Bills Purchased line	Philippine Peso	50,000	Philippine Peso	50,000
Corporate card guarantee	Philippine Peso	-	Philippine Peso	-
Foreign exchange settlement line	Philippine Peso	20,000	Philippine Peso	20,000

Trade and other payables, and amounts due to related parties are unsecured, non-interest bearing and are normally settled within 30 to 120 days from transaction date.

As at December 31, 2024 and 2023, all of the Group's financial liabilities are due and demandable within 12 months except for a portion of the lease liabilities which are expected to be settled in regular intervals until the end of the lease term. The Group expects to settle these obligations in accordance with their respective maturity dates. Except for lease liabilities which are discounted using the effective interest rates, these balances equal their carrying amounts as the impact of discounting is not significant. Based on management's assessment, the Group has sufficient level of readily available funds, which do not yet consider expected receipts from collection of current trade receivables, to settle maturing obligations as they fall due.

26.2 Capital management

The Group's objectives when managing capital, which is equivalent to the total equity shown in the consolidated statements of financial position, less charges to other comprehensive loss, are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for partners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital which will reduce the need to obtain long-term borrowings and incur higher cost of capital such as interest expense. There were no changes in policies and processes in the Group's capital management in 2024 and 2023.

The details of the Group's capital are as follows:

	2024	2023
Share capital	407,264	407,264
Share premium	993,243	993,243
Treasury shares	(292,064)	(241,464)
Retained earnings	4,439,416	3,949,873
	5,547,859	5,108,916

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends, increase capital through additional contributions or sell assets in lieu of third party financing. No changes were made in the objectives, policies and processes as at December 31, 2024 and 2023.

The Group has no significant capital risk exposure given the level of financial assets available to finance its current liabilities. Also, the Group is not subject to externally imposed capital requirements arising from debt covenants and other similar instruments since it has no long-term borrowings from banks and financial institutions. Moreover, the Group is not subject to specific regulatory restrictions on its capital other than required public float of at least 20% of issued and outstanding shares, exclusive of any treasury shares. CIC is compliant with this requirement as at December 31, 2024 and 2023.

26.3 Fair value estimation of financial assets and liabilities

The Group's foreign exchange forward contracts, which are measured at fair value, qualify under Level 2. Accordingly, the fair values of these financial liabilities are based on published closing rate with any resulting value no longer subject to discounting due to the relative short-term maturity of these instruments. The Group does not account these contracts under hedge accounting; and accordingly recognizes fluctuations in fair value directly to profit or loss. As at December 31, 2024 and 2023, the Group has no other financial assets or liabilities measured and carried at fair value that would qualify as Levels 1 and 3. Further, financial liabilities from foreign exchange forward contracts is nil (2023 - P99,742) as at December 31, 2024 and 2023.

27 Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments 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 Group makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions, and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

27.1 Critical accounting estimates and assumptions

27.1.1 Useful lives of property and equipment

The useful life of each of the Group's property and equipment is estimated based on the period over which these assets are expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought by changes in the factors mentioned above. The amounts and timing of recording of expenses for any reporting period would be affected by changes in these factors and circumstances.

If the actual useful lives of these assets are to differ by +/-10% from management's estimates the carrying amount of these assets as at December 31, 2024 would be an estimated +P24,072/ -P26,149 (2023- +P23,422/- P25,537) (Note 5).

The sensitivity rate used above represents management's assessment of the reasonably possible change in estimated useful lives of the Group's property and equipment with the more significant composition (e.g., machineries and equipment). The sensitivity analysis includes all of the Group's property and equipment.

27.1.2 Provision for warranty cost

The provision for warranty cost is estimated using a determined weighted average rate applied to actual sales, which is based on the Group's past actual warranty cost and current year's reassessment of trends and cost. An increase in the number of incidents of utilization at the current year would increase the provision recognized at the reporting date in anticipation of similar trend in subsequent periods. The details of the provision for warranty are shown in Note 11.

If the estimated weighted average rate applied to determine reasonable level of provision for warranty increased/decreased by 18.67% (2023 - 3.67%) income before tax and equity would have been P52,556 (2023 - P4,476) lower/higher. This is mainly due to corresponding adjustments on recorded warranty cost. The rate applied is based on average fluctuation from the previous year.

27.1.3 Provision for retirement benefits

The determination of each subsidiary's retirement obligation and benefits is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. These assumptions, as described in Note 20, include among others, discount rate and salary increase rate.

The sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement benefit obligation at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The corresponding change in the retirement benefit obligation was expressed as a percentage change from the base retirement benefit obligation.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed the base retirement benefit obligation. Moreover, separate sensitivity was performed for each subsidiary in consideration of varying terms, scope, employee profile, and others.

The impact on equity and pre-tax profit of potential changes in the discount rate and salary increase rate in the amount of defined benefit obligation for the years ended December 31 are presented below:

	2024		2023	
	%	Impact	%	Impact
Average decrease due to 100 basis point (bps) decrease in discount rate	(5.38%)	(4,069)	(7.97%)	(3,726)
Average increase due to 100 bps decrease in discount rate	7.45%	4,475	8.83%	4,125
Average increase due to 100 bps increase in salary increase rate	7.48%	4,488	8.96%	4,169
Average decrease due to 100 bps decrease in salary increase rate	(6.50%)	(4,037)	(7.69%)	(2,275)

27.1.4 Provision for volume rebates, trade discounts and other incentives

Revenue is recognized when title and risk of loss is passed to the customer and reliable estimates can be made of relevant deductions. Gross sale is reduced by rebates, discounts, and other incentives given or expected to be given, which vary by product arrangements and buying groups. These arrangements with purchasing organizations are dependent upon the submission of claims sometime after the initial recognition of the sale. Provisions are made at the time of sale for the estimated rebates, discounts or incentives to be made, based on available market information and historical experience. Because the amounts are estimated, they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, the types of buying group and product sales mix.

The level of provision is reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information. Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Group. The details of the provision for volume rebates, trade discounts, and other incentives are shown in Note 3.

If the estimated weighted average rate applied to determine reasonable level of provision for volume rebates, trade discounts and other incentives increased/decreased by 86.50% (2023 - 46%), profit before tax and equity would have been P1,454,014 (2023 - P286,608) lower/higher. This is mainly due to corresponding adjustments on recorded trade and volume discounts. The rate applied is based on average fluctuation from the previous year.

27.1.5 Provision for contingencies

Provision for contingencies is estimated based on consultation with third party counsels with reference to probability of winning the case (Note 23). A higher probability of winning would decrease provision. The Group considers it impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the provision for contingencies at the reporting date. The details of the provision for contingencies matters are shown in Note 12.

27.1.6 Percentage of completion on installation contracts

Revenues from contracts are recognized under the percentage of completion method. The stage of completion is measured by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs of each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. The Group considers it impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding percentage of completion of contracts (Note 15).

27.1.7 Incremental borrowing rate of lease liabilities

The lease payments for lease of vehicles are discounted using the interest rate implicit in the lease. Payments for leases of properties and office equipment are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. The discount rates applied by the Group are disclosed in Note 19.

27.1.8 Provision for impairment of receivables

The provision for impairment of receivables is based on assumptions about risk of default and expected loss rates. The Group uses estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.

Management believes the carrying amount of receivables is fully recoverable. The Group's policy in estimating provision for impairment of receivables is presented in Notes 28.4 and 28.5. The carrying amounts of trade and other receivables and other information are disclosed in Note 3.

27.1.9 Impairment of goodwill

The Group reviews the goodwill annually for impairment and whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, and at the end of the first full year following acquisition (Note 8). Goodwill is monitored by management at COPI's business level (lowest level of CGU identified) following its acquisition by CIC.

As at December 31, 2024 and 2023, based on management's assessment and judgment, there is no indication of impairment of goodwill since the recoverable amount of the CGU is higher than the carrying value.

As at December 31, 2024 and 2023, the recoverable amount of COPI's business was determined based on value in use calculation (using Level 3 inputs) using certain assumptions. Management has engaged a third party which employed the discounted cash flow method in computing for the value in use. The calculations made use of cash flow projections based on financial forecasts covering a five-year period.

The cash flow forecasts reflect management's expectations of revenue growth, operating costs and margins based on past experience and outlook, consistent with internal measurements and monitoring.

Cash flows beyond the five-year forecast period are extrapolated using the terminal growth rate and discounted using the computed discount rate to determine the value of COPI's business beyond the forecast period.

Discount rate applied to the cash flow forecasts is derived using the weighted average cost of capital as at December 31, 2024 and 2023.

The following are the key assumptions used:

	2024	2023
Revenue growth rate	11.71%	16.85%
Discount rate	12.68%	9.68%
Terminal growth rate	3.00%	3.00%

Goodwill arising from the Group's acquisition of Teko were assessed as not impaired since the current carrying amount approximates its fair value as at December 31, 2024 and 2023.

Goodwill arising from the Group's acquisition of Tenex were written off during the year after Alstra, Inc. purchased its remaining 20% subscribed capital.

27.2 Critical judgments in applying the Group's accounting policies

27.2.1 Impairment of intangibles - customer relationships and customer contract backlogs

The Group's intangibles include customer relationships and customer contract backlogs from acquisition of COPI (Note 8). These intangibles are carried at cost. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In calculating the fair value of customer relationships and customer contract backlogs, the Group used the same revenue growth and discount rate in calculating the value in use of COPI. Changes in those judgments could have a significant effect on the carrying value of intangible assets and the amount and timing of recorded impairment provision for any period.

27.2.2 Impairment of investment in associates

The Group's investment in associates is carried out using the equity method in this consolidated financial statements. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those management judgments and assessments could have a significant effect on the carrying value of investment in associate and the amount and timing of recorded provision for impairment for any period.

As at December 31, 2024 and 2023, based on management's assessment and judgment, the carrying value of its investment in associates is not impaired. Management has assessed that its losses in CMI would be temporary.

27.2.3 Provision for inventory obsolescence

The Group recognizes a provision for inventory obsolescence based on a review of the movements and current condition of each inventory item with adequate consideration on identified damages, physical deterioration, technological and commercial obsolescence or other causes. The provision account is reviewed on a periodic basis to reflect the accurate valuation of the Group's inventories. Inventory items identified to be obsolete and unusable is written-off and charged as expense for the period. Management determines on a regular basis the necessity of providing for impairment. Results of management's assessment disclosed the needed provision for inventory obsolescence and losses as at December 31,2024 amounts to P101,572 (2023 - P125,554). Any change in the Group's recoverability assessment could significantly impact the determination of such provision and the results of operations. The details of inventories are shown in Note 4.

27.2.4 Impairment of non-financial assets

Property and equipment and investment property are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable. Accordingly, results of management's most recent assessment disclosed the absence of any conditions such as physical damage to the properties, or significant change in manufacturing operations; rendering certain property and equipment as obsolete and would warrant assessment for impairment and/or recognition of an impairment provision in its carrying amount as at reporting date. The details of property and equipment and investment property are shown in Notes 5 and 6.

27.2.5 Income taxes

A certain degree of judgment is required in determining the provision for income taxes, as there are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Further, recognition of deferred income tax assets depends on management's assessment of the probability of available future taxable income against which the temporary differences can be applied.

The Group assesses the recoverability of outstanding balances of deferred income tax assets up to the extent that is more likely than not will be realized. The Group reviews its deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Except for NOLCO and MCIT of certain entities, management believes that deferred income tax assets are fully recoverable at the reporting date. The details of deferred income tax assets are shown in Note 9.

27.2.6 Contingencies

The Group has legal cases still pending with the courts and tax assessments pending with the BIR. Management and in consultation with third party counsels believes, however, that its position on each case has legal merits and for certain loss positions, if any, corresponding provisions were recognized based on existing conditions and available information as at reporting date. Annual assessment is made and actual results may differ significantly from the amount recorded. The details of provisions are shown in Note 12.

27.2.7 Determining lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated) (Note 19). The Group considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension and termination options are included in a number of property and equipment leases of the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

CIC and its subsidiaries have considered extension and termination options and have recorded the appropriate adjustments in calculating right-of-use assets and lease liabilities.

27.2.8 Determining control over a subsidiary

CIC follows the guidance of PFRS 10, *'Consolidated Financial Statements'* in determining if control exists for investments with ownership of less than half of its total equity. In making this judgment, CIC considers the power over more than half of the voting rights by virtue of an agreement with other investors, power to govern the financial and operating policies of the entity under a statute or an agreement, power to appoint or remove the majority of the members of the BOD, or power to cast the majority of votes at meetings of the BOD.

For all entities considered as subsidiaries, CIC has more than 50% ownership interest and voting rights. CIC has assessed to only have significant influence based on the percentage ownership and voting rights over CMI, and Teko SG. Thereafter, classifying these entities as associates.

28 Summary of material accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The accounting policies used have been consistently applied to all the years presented, unless otherwise stated.

28.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with PFRS Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature:

- PFRS Accounting Standards,
- PAS Standards, and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy, and adopted by the Securities and Exchange Commission (SEC).

Changes in accounting policy and disclosures

(a.) New interpretation and amended standards adopted by the Group

- Amendments to PAS 1, 'Presentation of Financial Statements'

  Amendments made to PAS 1 in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant that an entity is required to comply with only after the reporting period).

  Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. If the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date.

  The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

  - The carrying amount of the liability
  - Information about the covenants (including the nature of the covenants and when the entity is required to comply with them)
  - Facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

  The amendments must be applied retrospectively in accordance with PAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

- Amendment to PFRS 16, 'Lease Liability in Sale and Leaseback'

  In September 2022, the IASB finalized narrow-scope amendments for sale and leaseback transactions in IFRS 16 Leases. This specifies how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact transactions where the lease payments include variable payments not dependent on an index or a rate.

- Amendments to PAS 7 and PFRS 7, 'Supplier Finance Arrangement'

  On May 25, 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require specific disclosures about supplier finance arrangements (SFAs). These amendments respond to investors' need for more information about SFAs to assess how these arrangements affect an entity's liabilities, cash flows, and liquidity risk.

The new disclosures will provide information about:

1. The terms and conditions of SFAs.
2. The carrying amount of financial liabilities that are part of SFAs, and the line items in which those liabilities are presented.
3. The carrying amount of the financial liabilities in (2), for which the suppliers have already received payment from the finance providers.
4. The range of payment due dates for both the financial liabilities that are part of SFAs and comparable trade payables that are not part of such arrangements.
5. Non-cash changes in the carrying amounts of financial liabilities in no. 2.
6. Access to SFA facilities and concentration of liquidity risk with the finance providers.

Entities will be required to aggregate the information they provide about SFAs. However, they should disaggregate information about terms and conditions that are dissimilar, disclose explanatory information where the range of payment due dates is wide, and disclose the type and effect of non-cash changes needed for comparability between periods.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

The amendments to existing standards are not expected to have a material impact on the financial statements of the Group.

There are no other new standards, interpretations, and amendments to existing standards effective January 1, 2024, that are considered to be relevant or have a material impact on the financial statements.

(b.) New standards, amendments and interpretations to existing standards not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future.

28.2 Consolidation

The financial statements of the subsidiaries are prepared for the same reporting period as CIC. The Group uses uniform accounting policies, and any difference is adjusted accordingly.
28.2.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which CIC has control. CIC controls an entity when CIC is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to CIC. They are de-consolidated from the date on which control ceases.

The details of CIC's subsidiaries as at December 31 are as follows:

	2024		2023	
	Percentage of Ownership		Percentage of Ownership	
Entity	Direct	Indirect	Direct	Indirect
CCAC	60	-	60	-
CDI	100	-	100	-
CBSI	100	-	100	-
CTC	100	-	100	-
Alstra	100	-	100	-
COPI	-	51	-	51
Teko	-	58	-	58
Tenex	-	100	-	80

Percentage of ownership held by the NCI in COPI is 49%; CCAC is 40%; Teko is 42% as at December 31, 2024 and 2023. The summarized financial information of subsidiaries with material NCI is presented in Note 7.2.

NCI is the residual equity in CCAC, COPI, Teko, and Tenex not attributable, directly or indirectly, to CIC as shown in the table above.

(a) Business combination through acquisition of business

The Group applies the acquisition method to account for business combinations that are not under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any NCI in the acquiree either at fair value or at the NCI's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

The excess of the consideration transferred, the amount of any NCI in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, NCI recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Intercompany transactions, balances and unrealized gains on transactions are eliminated. Unrealized losses are also eliminated (Note 14).

Investment in a subsidiary is derecognized upon disposal or loss of control over a subsidiary. Any gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in profit or loss. Upon loss of control, the investment account is measured at fair value, any difference between the carrying amount and the fair value of investment is recognized in profit or loss.

(b) Business combinations under common control

Business combinations under common control, which include those entities under common shareholding, are accounted for using the predecessor cost method (similar to merger accounting/pooling of interest method). Under this method, the Group does not restate the acquired businesses or assets and liabilities to their fair values. The net assets of the combining entities or businesses are combined using the carrying amounts of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control for which financial statements are prepared. No amount is recognized in consideration for goodwill or the excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over their cost at the time of the common control combination.

The consolidated financial statements incorporate the assets, liabilities and results of operations of the combining entities or businesses as if they had always been combined or from the date when the combining entities or businesses first became under common control, whichever period is shorter. The difference between the consideration given and the aggregate book value of the assets and liabilities acquired as at the date of the transaction are offset against other reserves, which is presented as a separate line item under equity in the consolidated statements of financial position. The effect of CIC's equity in the subsidiaries, and intercompany transactions and balances were eliminated in the consolidated financial position and results of operations.

28.2.2 Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. An investment in associate is accounted for using the equity method of accounting in these consolidated financial statements. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of an associate's post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group recognizes dividend from associate as a reduction in carrying amount of investment when its right to receive dividends has been established.

The Group determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share in net profit (loss) of associate' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

28.3 Cash and cash equivalents

Cash and cash equivalents, which are carried at amortized cost, include deposits held at call with banks and other short-term highly liquid investments with original maturities of three (3) months or less from the date of acquisition.

28.4 Receivables

Receivables are amounts due from debtors in the ordinary course of business. Receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Other receivables generally arise from transactions outside the usual operating activities of the Company. Collateral is not normally obtained. The non-current other receivables are due and payable upon retirement of the employees transferred from a subsidiary to the Company.

The Company's financial assets that are subject to expected credit loss model include only financial assets measured at amortized cost. The Company applies the 12-month ECL approach to measure expected credit losses. To measure the expected credit losses, the receivables have been companied based on shared credit risk characteristics. The expected loss rates are based on the qualitative and quantitative assessment for the Companies receivables. Inputs used in determining the expected credit loss rates include the historical loss rates, reflecting current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their obligation. The Company has identified that inflation rate is the most relevant macroeconomic factor that must be considered in calculating their expected credit loss rate. Qualitatively, the Company assesses any changes in the credit risk for the receivables to determine whether impairment should be measured using the lifetime ECL. Changes in credit risk may include the following: significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. In determining the amount of provision, the expected credit loss rate is applied to the gross carrying amount of the receivable.

The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of loss is recognized within expenses in profit or loss. When a receivable remains uncollectible after the Company has exerted all legal remedies, it is written off against the allowance account for receivables. If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss. Reversal of previously recorded impairment provision are based on the result of management's update assessment, considering the available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivables at the end of the reporting period. Subsequent recoveries of the amounts previously written off are credited to operating expenses in profit or loss.

28.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity. The Group recognizes a financial instrument in the consolidated statements of financial position, when and only when, the Group becomes a party to the contractual provisions of the instrument.

28.5.1 Financial assets

(a) Classification

The Group classifies its financial assets as those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by PFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 3 for further details.

28.5.2 Financial liabilities

(a) Classification

The Group classifies its financial liabilities at initial recognition as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder. Other financial liabilities include trade payables and other liabilities (excluding balances payable to government agencies arising from withholding taxes, payroll deductions and provisions), borrowings and lease liabilities (Note 28.17).

(b) Initial recognition and derecognition

Other financial liabilities are initially recognized at fair value of the consideration received plus directly attributable transaction costs.

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.

(c) Subsequent measurement

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

Derivatives are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Gains or losses arising from changes in the fair value are presented in profit or loss.

28.6 Fair value measurement

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

As at December 31, 2024 and 2023, the Group does not hold financial and non-financial assets and liabilities at fair value other than foreign exchange forward contracts that qualify under Level 1, which is based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Note 28.5).

28.7 Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of raw materials, finished goods, work-in-process and spare parts and supplies is determined using the standard cost method adjusted on a regular basis to approximate actual cost using the moving average cost method. Cost of finished goods and work-in-process includes raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Inventories-in-transit are valued at invoice cost plus incidental charges. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Inventories are derecognized either when sold or written-off. When inventories are sold, the carrying amount of those inventories is recognized as an expense (under cost of sales and services) in the period in which the related revenue is recognized.

Provisions for inventory obsolescence and losses are set-up, if necessary, based on a review of the movements and current condition of each inventory item. Inventories are periodically reviewed and evaluated for obsolescence. Provisions for inventory obsolescence are made to reduce all slow-moving, obsolete, or unusable inventories to their estimated useful or scrap values.

The amount of any write-down of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value is recognized as income in the period in which the reversal occurs.

28.8 Property and equipment

Property and equipment are carried at historical cost less accumulated depreciation and amortization and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation and amortization is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives (in years):

Machinery and equipment	3 to 10
Transportation equipment	3 to 10
Furniture, fixtures and office equipment	2 to 5
Tools and equipment	3 to 5

Building and leasehold improvements are amortized over term of the lease or estimated useful life of five (5) years, whichever is shorter. Major renovations are depreciated over the remaining useful life of the related asset.

CIP is not depreciated until they are classified to appropriate asset category and used in operation.

28.9 Intangible assets

28.9.1 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any NCI in the acquired company and the acquisition-date fair value of any previously-held interest in the acquired company over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination.

Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the entity sold.

Goodwill impairment reviews are undertaken annually or more frequently through independent parties if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

28.9.2 Customer relationships and customer contract backlogs

Customer relationships and backlogs acquired in a business combination are recognized at the fair value at the acquisition date. The contractual customer relations and backlogs have a finite useful life of 25 years and 2 to 3 years, respectively, and are carried at cost less accumulated amortization.

28.9.3 Computer software

Computer software cost is measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method used for an intangible asset with a finite useful life are reviewed at each reporting date.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss consistent with the function of the intangible asset.

Amortization is computed using the straight-line method over it estimated useful lives of 3 to 5 years.

An intangible asset is derecognized on disposal, by sale or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition is recognized in profit or loss when the asset is derecognized.

28.10 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that have definite useful life are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use requires the Group to make estimates of future cash flows to be derived from the particular asset, and to discount them using a pre-tax market rate that reflect current assessments of the time value of money and the risks specific to the asset. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but the increase should not exceed the carrying amount that would have been determined had not the impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized as income immediately.

28.11 Current and deferred income tax

The provision for income tax for the period comprises current and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (NOLCO) and unused tax credits (excess MCIT) to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred income tax liabilities are recognized in full for all taxable temporary differences, except that the deferred income tax liability arises from initial recognition of goodwill.

The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

28.12 Provisions

Provisions are recognized when: (a) the Group has a present legal or constructive obligation as a result of past events; (b) it is more likely than not that an outflow of resources will be required to settle the obligation; and (c) the amount has been reliably estimated. Provisions are derecognized when the obligation is settled, cancelled or has expired. Provisions are not recognized for future operating losses. Provisions include those for contingencies and commissions.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

The Group recognizes warranty provision, which represents estimated costs including replacement parts and labor that will be incurred in relation to requested service for reported damages and required rework of defective finished goods within the allowable period. The provision is evaluated on an annual basis; and adjusted accordingly which includes actual utilization of warranty provisions. Any increase or decrease in the amount based on reassessment of existing trends and circumstances are charged against or credited to operating expenses in profit or loss. Warranty provisions are classified as current liabilities if the warranty period is due within one (1) year. If not, they are presented as non-current liabilities.

28.13 Equity

28.13.1 Share capital and share premium

Common shares are stated at par value and are classified as share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The excess of proceeds from issuance of shares over the par value of shares are credited to share premium.

28.13.2 Retained earnings

Retained earnings include current and prior years' results of operations, and reduced by dividends declared, if any. Dividends are recorded in the consolidated financial statements in the period in which they are approved by CIC's BOD.

28.13.3 Dividends

Dividend distribution to CIC's shareholders is recognized as a liability in CIC's financial statements in the period in which the dividends are approved by CIC's BOD.

Share dividend represents dividend payment made in the form of additional shares rather than a cash payout. Dividend distribution to CIC's shareholders is recognized as an addition to share capital in CIC's financial statements in the period in which the dividends are approved by CIC's BOD.

28.13.4 Treasury Shares

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

28.14 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of common shares in issue during the year, excluding common shares purchased by the Company and held as treasury shares. In a capitalization or bonus issue or a share split, common shares are issued to existing shareholders for no additional consideration. Therefore, the number of common shares outstanding is increased without an increase in resources. The number of common shares outstanding before the event is adjusted for the proportionate change in the number of common shares outstanding as if the event had occurred at the beginning of the earliest period presented.

28.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee and BOD. The Executive Committee and the BOD analyze the Group's results of operation after considering eliminating entries.
The accounting policies used to recognize and measure the segment's assets, liabilities and profit or loss is consistent with those of the consolidated financial statements.

28.16 Revenue, cost and expense recognition

28.16.1 Revenues

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, and it is possible that future economic benefits will flow into the entity and specific criteria have been met. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, trade and volume discounts, returns and other incentives.

(a) Sale of goods

The Group distributes and sells a range of air-conditioning, refrigeration, laundry, kitchen and small domestic appliances and elevators and escalator equipment. Sales are recognized when control of the products has transferred, when the products are delivered, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with retrospective volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 30 to 60 days, which is consistent with market practice. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognized as a provision, see Note 11.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Sale of services

The Group provides installation services and preventive maintenance services of products purchased by its customers. These services are provided on a time-basis or as a fixed-price contract. Contract terms of preventive maintenance services of equipment generally range from less than a year to three (3) years, subject to renewal. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Some contracts include multiple deliverables, such as the sale of air conditioning, elevators/escalators and related installation services. In some cases, the installation and service is being performed by third party subcontractors. It is therefore accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin. If contracts include the installation of elevators/escalators, revenue for the goods is recognized at a point in time when the goods is delivered, the legal title has passed, and the customer has accepted the goods.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(c) Commission, interest and other operating income

The Group recognizes commission income upon actual receipt of inventory deliveries made to both domestic and offshore customers on behalf of a counterparty, which normally is a related party, based on pre-agreed rates.

Interest income is recognized on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

28.16.2 Cost and expenses

Cost and expenses are recognized in profit or loss when incurred. Interest expense is recognized on a time-proportion basis using the effective interest method.

28.17 Leases - Group as lessee

The Group recognizes leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

(a) Measurement of lease liabilities

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) Measurement of right-of-use assets

Right-of-use assets are generally amortized over the shorter of the asset's useful life of between 3 to 5 years and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is amortized over the underlying asset's useful life.

(c) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(d) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

28.18 Employee benefits

28.18.1 Retirement benefit obligation

CIC, CCAC, CDI, CBSI, CTC and COPI maintains a non-contributory defined benefit retirement plan which is a retirement plan that defines an amount of pension benefit that an employee will receive upon retirement, dependent on certain factors such as age, years of credited service, and compensation. Alstra, Teko, and Tenex recognizes retirement benefit cost in accordance with RA 7641 (Retirement Law) which is also classified as a defined benefit plan.

The liability recognized in the consolidated statements of financial position in respect of the defined benefit retirement plan is the present value of the defined benefit obligations at the reporting date less the fair value of plan assets. In cases when the amount determined results in a surplus (being an excess of the fair value of the plan assets over the present value of the defined benefit obligation), each subsidiary measures the resulting asset at the lower of (a) such amount determined, and (b) the present value of any economic benefits available to each subsidiary in the form of refunds or reduction in future contributions to the plan. The defined benefit obligation is calculated on a regular periodic basis by an independent actuary using the "projected unit credit cost" method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income during the period in which they arise.

Past service costs are recognized immediately in profit or loss.

28.18.2 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

28.18.3 Bonus incentives

The Group recognizes a liability and an expense for performance-related bonuses, based on a formula that takes into consideration the profit attributable to the Group after certain adjustments and employee's performance. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

28.18.4 Other benefits

Wages, salaries, paid annual vacation and sick leave credits and other non-monetary benefits are accrued during the period in which the related services are rendered by employees of the Group. Short-term employee benefit obligations are measured on an undiscounted basis.

On June 11, 2018, the BOD approved the 2018 Long Term Share Incentive Plan. Under the Plan, a percentage of the Group's profit will be used to buy its existing shares in the stock market, which will then be given to entitled employees as an award based on pre-determined conditions. The program will be funded annually based on 1% to 2% of CIC profit based on the financial measure of Profit After Tax and Minority Interest. There were no incentives granted in 2024 and 2023.

28.19 Subsequent events

Post year-end events 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 consolidated financial statements when material

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Concepcion Industrial Corporation and Subsidiaries

Consolidated Financial Statements with Supplementary Schedules
for the Securities and Exchange Commission
December 31, 2024

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Second Section

Concepcion Industrial Corporation and Subsidiaries

Schedule A - Financial Assets
As at December 31, 2024
(All amounts in thousand Philippine Peso)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
Financial assets at amortized cost				
Cash and cash equivalents	-	2,398,515	-	-
Trade receivables and receivables from related parties	-	4,136,234	-	-
Contract assets	-	1,015,568	-	-
	-	7,550,317	-	-

Concepcion Industrial Corporation and Subsidiaries
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Shareholders
(Other than Related Parties)
As at December 31, 2024
(All amounts in thousand Philippine Peso)

Name of Employee	Balance at beginning of year	Additions	Amounts Collected	Amounts Written Off	Current	Non Current	Balance at end or year
Acabado, Kelly Grace	-	149,266	24,878	-	124,388	-	124,388
Acebuque, Samuel	169,908	179,507	228,941	-	120,474	-	120,474
Acosta, Melanie Saban	-	351,587	139,087	-	212,500	-	212,500
Aguilar, Janica Mara	-	287,234	137,304	-	149,930	-	149,930
Alluso, Ronalyn Almonte	-	455,431	353,104	-	102,327	-	102,327
Alojado, Joyce Mabon	-	401,112	287,956	-	113,156	-	113,156
Andrada, Carl Melden Amaba	-	196,050	48,550	-	147,500	-	147,500
Arcinas, Katrina Rae Catapang	-	250,000	114,583	-	135,417	-	135,417
Barre, Farah	651,487	18,418,656	17,808,591	-	1,261,552	-	1,261,552
Basilad, Marlo	-	266,546	77,742	-	188,804	-	188,804
Bautista, Ronelda	-	230,000	115,000	-	115,000		115,000
Bustamante, Rea	100,644	349,039	321,193	-	128,490	-	128,490
Castro, Mary Jane Francisco	127,181	161,439	161,439	-	127,181	-	127,181
Cazin , Anthony Dominie	329,166	375,867	548,373	-	156,660	-	156,660
Dagmil, Jeaneth	-	426,011	286,011	-	140,000	-	140,000
Dauden, Michael Angelo Gallarzan	207,783	1,853,115	1,867,843	-	193,055	-	193,055
De Los Reyes, Mhelbert Dave	-	112,083	7,916	-	104,167	-	104,167
De Luna, Mabelle Benigno	109,229	266,747	260,054	-	115,922	-	115,922
Dela Cruz, Warly	-	205,869	104,162	-	101,707	-	101,707
Dimaculangan, Jose Artemio	-	150,000	-	-	150,000	-	150,000
Estrella, Wilfredo Fajardo	120,329	1,128,440	1,141,688	-	107,081	-	107,081
Felipe, Venus Rabbi Nadate	-	110,275	-	-	110,275	-	110,275
Grace Villamora	302,632	167,634	219,326	-	250,940	-	250,940
Javedra, April Joy	-	377,587	226,407	-	151,180	-	151,180
Lidres, Nino Limbo	-	276,759	146,049	-	130,710	-	130,710
Limon, Ma. Cristina	-	216,856	116,531	-	100,325	-	100,325
Manalon, Casius	345,279	758,328	804,719	-	298,888	-	298,888
Manaois, Joseph J	-	445,000	229,230	-	215,770		215,770
Manligues, Mary Mademoiselle Pederio	64,167	292,000	248,500	-	107,667	-	107,667
Manzano, Lisette Tarranco	279,384	1,093,924	905,208	-	468,100	-	468,100
Mendoza, Jacquelyn	171,254	997,210	592,015	-	576,449	-	576,449
Mercado, Leslie Bandoquillo	53,110	994,741	758,275	-	289,576	-	289,576
Nequinto, Mharlon Cambel	-	364,353	259,890	-	104,463	-	104,463
Nunez, Karolyn Rodrigo	-	374,747	266,091	-	108,656	-	108,656
Ona, Nicanor Valdez	-	451,702	342,625	-	109,077	-	109,077
Partoriza, Sherly Marie	103,213	577,322	573,050	-	107,485	-	107,485
Razonable, Jerome	-	301,714	156,764	-	144,950	-	144,950
Ruiz, Teodoro	-	1,342,810	567,036	-	775,774	-	775,774
Salapang, Jackson Yu	-	383,179	222,902	-	160,277	-	160,277
Salazar, Rhyan Ornedo	-	226,825	102,366	-	124,459	-	124,459
Santiago, Ronald Aclon	138,371	163,995	120,527	-	181,839	-	181,839
Santos, Steven	362,820	32,429,178	30,992,745	-	1,799,253	-	1,799,253
Sarmiento, Michael Eric	-	14,631,769	14,007,156	-	624,613	-	624,613
Sta. Ines, Doreen Venus Espinosa	-	272,214	141,199	-	131,015	-	131,015
Syquio, John Michael Capuno	-	495,000	371,250	-	123,750	-	123,750
Tayamora, Rogelio	242,956	680,435	760,531	-	162,860	-	162,860
Ventura, Charina Rose	-	801,859	669,261	-	132,598	-	132,598
Yu, Merril Francis	397,900	1,180,396	1,279,702	-	298,594	-	298,594
Others	27,403,899	129,168,748	136,189,097	-	20,383,550	-	20,383,550
TOTAL	**31,680,712**	**215,790,559**	**215,302,867**	**-**	**32,168,404**	**-**	**32,168,404**

Concepcion Industrial Corporation and Subsidiaries

Schedule C - Amounts Receivable from Related Parties – RPT registry
which are Eliminated during the Consolidation of Financial Statements
As at December 31, 2024
(All amounts in thousand Philippine Peso)

Name and Designation of Debtor	Balance at beginning of year	Additions	Amounts collected	Reclassification	Current	Not Current	Balance at end of period
Concepcion Industrial Corporation, Parent Company	422,461	456,861	(396,952)	(463,000)	19,370	-	19,370
Concepcion-Carrier Air Conditioning Company, Subsidiary	40,636	639,952	(568,479)	-	112,109	-	112,109
Concepcion Durables Inc., Subsidiary	17,473	89,482	(30,353)	-	76,602	-	76,602
Concepcion Business Services, Inc., Subsidiary	90,769	735,013	(732,224)	-	93,558	-	93,558
Cortex Technologies Corporation, Subsidiary	24,995	20,856	(3,172)	-	42,679	-	42,679
Concepcion-Otis Philippines, Inc., Subsidiary	98	1,687	(1,532)	-	253	-	253
Teko Solutions Asia Inc., Subsidiary	2,104	30,427	(32,224)	-	307	-	307
Alstra Incorporated, Subsidiary	-		-	-	-	-	-
Tenex Services, Inc., Subsidiary	29,275	152,557	(159,826)	-	22,006	-	22,006

Concepcion Industrial Corporation and Subsidiaries

Schedule D - Long-Term Debt
As at December 31, 2024
(All amounts in thousand Philippine Peso)

Title of issue and Type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term Debt" in related balance sheet
N/A	N/A	N/A	N/A

Concepcion Industrial Corporation and Subsidiaries

Schedule E - Indebtedness to Related Parties
(Long-Term Loans from Related Companies)
As at December 31, 2024
(All amounts in thousand Philippine Peso)

Name of related party	Balance at beginning of period	Balance at end of period
N/A	N/A	N/A

Concepcion Industrial Corporation and Subsidiaries

Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2024
(All amounts in thousand Philippine Peso)

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

Concepcion Industrial Corporation and Subsidiaries

Schedule G - Capital Stock - broker
As at December 31, 2024

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as shown under related balance sheet caption	Numbers of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common	700,000,000	393,655,959	N/A	4,678,685	15,215,763	N/A

Concepcion Industrial Corporation and Subsidiaries

Schedule H - Supplementary Schedule of External Auditor Fee-Related Information
As at December 31, 2024 and 2023
(All amounts in thousand Philippine Peso)

	2024	2023
Total audit fees	750	750
Non-audit services fees:	-	-
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total non-audit fees	-	-
Total audit and non-audit fees	750	750

Audit and non-audit fees of other related entities

	2024	2023
Audit fees	4,235	4,150
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	350
Total audit and non-audit fees of other related entities	4,235	4,500

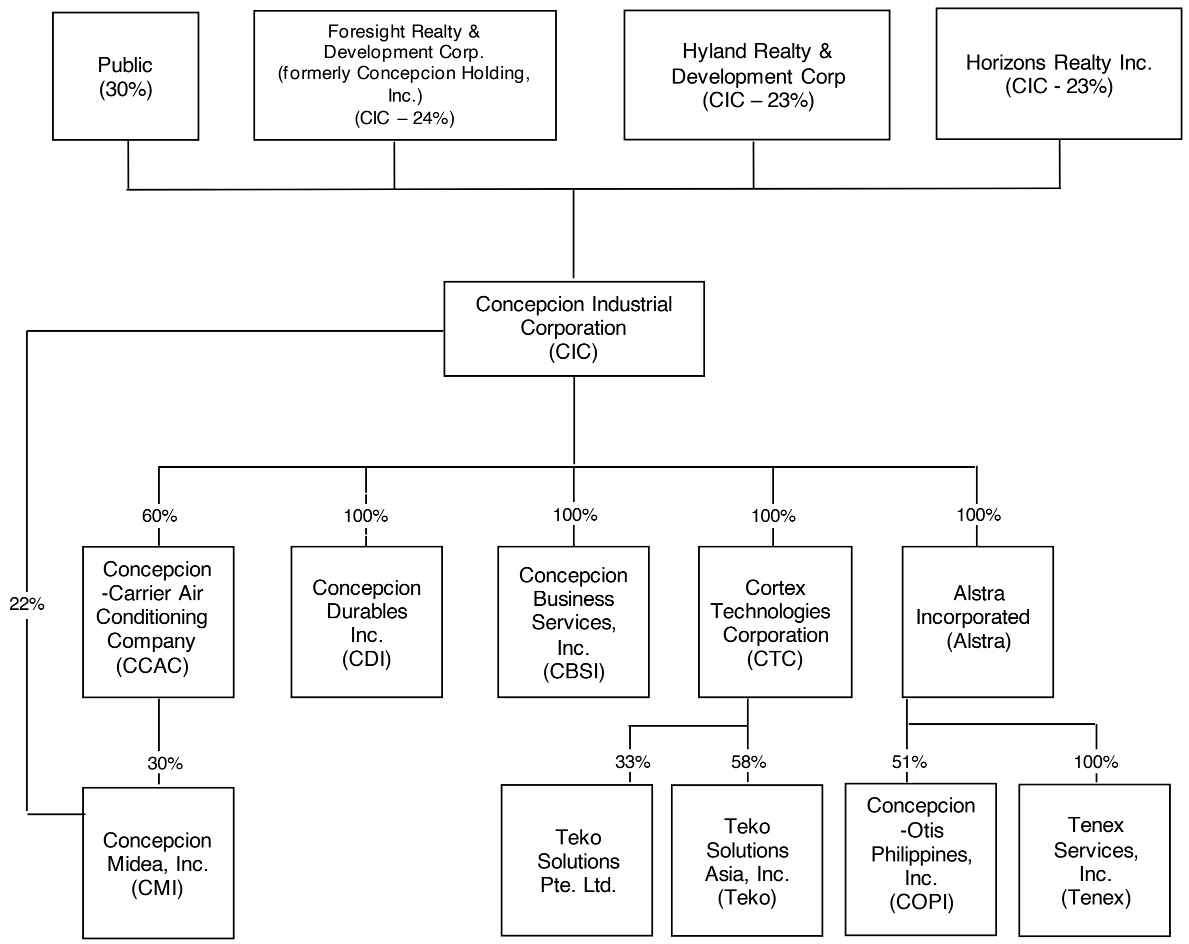
Concepcion Industrial Corporation and Subsidiaries

Additional Components of Financial Statements – working paper
Schedule of Financial Soundness Indicators
As at and for years ended December 31, 2024 and 2023

Ratio	Formula	Current Year	Prior Year
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets Divide by: Total Current Liabilities Current ratio	2.07	2.16
Acid test ratio	Quick assets (*Total Current Assets less Inventories and Other Current Assets)* divided by Total Current Liabilities Total Current Assets Less: Inventories Other current assets Quick assets Divide by: Total Current Liabilities Acid test ratio	1.45	1.55
Solvency ratio	Total Assets divided by Total Liabilities Total Assets Divided by: Total Liabilities Solvency ratio	2.25	2.30
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities Divided by: Total Equity Debt-to-equity ratio	0.80	0.77
Asset-to-equity ratio	Total Assets divided by Total Equity Total Assets Divided by: Total Equity Asset-to-equity ratio	1.80	1.77
Interest rate coverage ratio	Earnings before interest and tax divided by Interest expense Earnings before interest and tax Divided by: Interest expense Interest rate coverage ratio	102.46	36.59
Return on average equity	Net income attributable to owners of the Parent Company divided by average equity (net of Non-controlling interest) Net income Divided by: Average equity Return on equity	14.66%	7.73%
Return on average assets	Net income divided by average Total Assets Net income Divided by: average Total Assets Return on assets	9.53%	5.56%
Gross profit margin	Gross profit (*Net sales less cost of sales and services)* divided by Net sales Net sales Less: Cost of sales and services Gross profit Divided by: Net sales Gross profit margin	32.96%	31.75%
Profit before tax	Income before income tax divided by Net sales Income before income tax Divided by: Net sales Profit before tax	9.22%	6.23%
Earnings per share	Net income attributable to owners of the Parent Company divided by average outstanding shares Net income Divided by: Outstanding shares Earnings per share	1.95	0.96
Book value per share	Total equity (net of non-controlling interest) divided by average outstanding shares Total equity Divided by: Outstanding shares Book value per share	13.81	12.66

Concepcion Industrial Corporation and Subsidiaries

Additional Components of Financial Statements
A Map Showing Relationships between and among the Parent Company and its
Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
As at December 31, 2024



Annex 68-D

Concepcion Industrial Corporation and Subsidiaries
308 Gil Puyat Avenue
Makati City

Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration
For the year ended December 31, 2024
(All amounts in Philippine Peso)

Unappropriated Retained Earnings, beginning of the year*		**3,084,949,334**
Add: Category A: Items that are directly credited to Unappropriated retained earnings		
Reversal of Retained earnings appropriation/s	-	
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	(277,628,745)	
Retained earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others	-	(277,628,745)
Unappropriated Retained Earnings, as adjusted		2,807,320,589
Add/Less: Net Income for the current year/period		535,733,165
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)		-
Equity in net income of associate/joint venture, net of dividends declared		-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents		-
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		-
Less: 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		-
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		-
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		-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)		-
		-
Adjusted net income/loss		535,733,165
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		-
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		-
Add/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)		(50,599,339)
Net movement of deferred tax asset not considered in the reconciling items under the previous categories		-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., 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		
Total Retained Earnings, end of the year available for dividend declaration		3,292,454,415

**Unappropriated Retained Earnings (net of Treasury Shares)*

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