

# COVER SHEET

## SEC Registration Number

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### COMPANY NAME

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

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

3	0	8	S	E	N	.	G	I	L	P	U	Y	A	T	A	V	E	N	U	E										
M	A	K	A	T	I	C	I	T	Y																					

#### Form Type

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#### Department requiring the report

C	G	F	D
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#### Secondary License Type, if Applicable

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### COMPANY INFORMATION

#### Company's Email Address

sec_cic@cic.ph
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#### Company's Telephone Number/s

87721819
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#### Mobile Number

Official - +639178424881 Alternate - +639985843327
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#### No. of Stockholders

27
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#### Annual Meeting (Month/Day)

Third Wed. of July (Actual Meeting: July 24, 2025)
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#### Fiscal Year (Month/Day)

12/31
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### CONTACT PERSON INFORMATION

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

#### Name of Contact Person

Omar C. Taccad
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#### Email Address

omar.taccad@cic.ph
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#### Telephone Number/s

87721819
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#### Mobile Number

Official - +639178424881 Alternate - +639985843327
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### CONTACT PERSON'S ADDRESS

Km. 20 East Service Road South Super Highway, Alabang, Muntinlupa City
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**Note 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-A**

**ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended December 31, 2025
2. SEC Identification Number **A1997-13456**      3. BIR Tax Identification No. **005-029-401-000**
4. Exact name of issuer as specified in its charter - **CONCEPCION INDUSTRIAL CORPORATION**
5. **Philippines**  
Province, Country or other jurisdiction of  
incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. **308 Sen. Gil Puyat Avenue, Makati City, Philippines**      **1209**  
Address of principal office      Postal Code
8. **+632 87721819**  
Issuer's telephone number, including area code
9. N/A  
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	<b>393,655,959</b> (as of December 31, 2025)

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

Yes [ X ]      No [   ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

**Philippine Stock Exchange**

**Common Stock**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [ X ]      No [   ]

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

Yes [ X ]      No [   ]

13. The aggregate market value of the voting stock held by non-affiliates of the registrant is P1.4 billion. The price used for this computation is the closing price as of December 31, 2025 of P13.60 per share.

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## Part I - BUSINESS AND GENERAL INFORMATION

### Item 1 Business

#### A. Description of the Business

Concepcion Industrial Corporation (the “Company” or “CIC”), formerly Concepcion Airconditioning Corporation (“CAC”), is one of the Philippines’ most established and leading providers of residential and commercial solutions, such as air conditioning equipment, refrigerators, laundry, kitchen and small domestic appliances and elevators and escalators. CIC is primarily a holding company which operates principally through its 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”) and its associates, Concepcion Midea Inc. (“CMI”) and Teko Solutions Pte. Ltd. (“Teko SG”).

CIC has consistently received prestigious accolades for excellence in corporate governance, leadership, and product quality. In 2022, the Institute of Corporate Directors (ICD) honored CIC with the Golden Arrow Award, recognizing it as a top-performing publicly listed company in the Philippines based on the ASEAN Corporate Governance Scorecard (ACGS). This recognition continued in 2023 and 2024, reaffirming CIC’s strong commitment to corporate governance. Beyond corporate leadership, CIC’s brands are widely recognized for their quality and reliability. Carrier has received the “Most Trusted Brand” award from Reader’s Digest Philippines for 26 consecutive years in the air conditioning category, while Condura has earned the same distinction for 24 years in the refrigerator category. Midea has also been recognized with multiple awards, including Superbrands – Philippines’ Choice, Gold Standard Climate Change Seal, Consumers Choice Asia-Pacific Awardee, and Seal of Product Quality.

CIC has also aligned its corporate standards with a strategic environmental framework, as evidenced by its 2025 recognition from the Plastic Credit Exchange. By exceeding the Department of Environment and Natural Resources (DENR) 20% plastic offsetting mandate, CIC has demonstrated a commitment to environmental responsibility and the integration of sustainable practices into its broader operational goals.

These achievements underscore CIC’s unwavering commitment to excellence and delivering products that customers trust.

For the year ended December 31, 2025, the Company’s audited consolidated net sales and services amounted to P18.5 billion and its audited consolidated net income before tax was P1.5 billion and a profit after tax and non-controlling interest of P1.1 billion.

#### (1) Business Development

The Company has been in the industry for 62 years primarily through Concepcion Industries Inc. (“CII”). CII was established in 1962 by Jose Concepcion Sr. During the same year, CIC obtained a license from Carrier International to offer Carrier brand air conditioners in the Philippines. In 1977, a license for Kelvinator was obtained. In 1987, the Condura brand was introduced in the market.

In 1992 and 1998, CII commenced the commercial operations of its air conditioning and commercial refrigeration factories, respectively, in the Light Industry and Science Park (LISP) in Cabuyao, Laguna, Philippines. In 1997, CAC was formed as a subsidiary of CII, and Carrier Air Conditioning Philippines, Inc. (“CACPI”) and CAC formed CCAC, a joint venture for the production of air conditioning units. The following year, CII started the commercial operations of its second factory in LISP for the manufacturing of refrigeration equipment. In 2006, CDI was incorporated to manufacture, assemble, export, retail and trade refrigeration equipment. In 2009, CAC became a holder of majority interest in CCAC. The following year, CAC, through its ownership interest in CCAC, acquired the business of Carrier Linde Refrigeration through an asset purchase.

Through a restructuring in 2013, CII's ownership interest in CAC was transferred to the parent companies, Foresight Realty & Development Corp., Hyland Realty & Development Corp., and Horizons Realty Inc. On May 8, 2013, CAC purchased CDI from CII. On June 20, 2013, CAC was renamed Concepcion Industrial Corporation. On October 9, 2013, the Company's application for listing of its entire 700 million shares was approved by the Philippine Stock Exchange (PSE) that was followed by its formal listing and commencement of trading on November 27, 2013. On November 20, 2013, CIC and CCAC formed a joint venture with Midea Electric Trading (Singapore) Co. Pte. Ltd. ("Midea") to expand its consumer offering to include other consumer white goods. On March 28, 2014, CIC, through CCAC, purchased effectively 51% share in Otis Philippines (now named COPI).

In March 2016, CBSI was incorporated primarily to consolidate the back-office support services of the Company and its subsidiaries. On March 26, 2024, the CIC board approved the increase of authorized capital stock of CBSI to P500 million and issuance of Redeemable Preferred Stock to capitalize the existing loan from CIC of P127 million and subscribe additional stock up to P100 million to fund working capital requirements.

In June 2017, CIC formed CTC to develop new technologies relating to consumer appliances and commercial systems. In October 2018, CTC entered into a stock purchase and shareholders agreement for the purchase of shares in Teko. In July 2021, CTC acquired 33% ownership interest in Teko SG, a company incorporated in Singapore. On September 29, 2023, CIC entered into a Distribution Agreement with JS Global Trading HK Limited, a Hong Kong limited liability company with its principal office in Sheung Wan, Hong Kong ("JS Global"), whereby CIC, through its wholly owned subsidiary and appointed distribution arm, CTC, was granted the exclusive right to sell and distribute JS Global's "Shark" and "Ninja" branded products in the Philippines. On March 26, 2024, the CIC board approved the issuance of Redeemable Preferred Stock of CTC to capitalize the existing loan from CIC of P277 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 the banks.

In October 2018, CIC formed Alstra Inc., a wholly owned subsidiary of CIC, primarily to carry on business as a holding company for its investments in the commercial markets. In August 2019, CCAC transferred its shares of stock in COPI to Alstra and Otis Elevator Company (Philippines), Inc. effectively giving 51% Alstra ownership of COPI's issued and outstanding capital stock.

In April 2019, Tenex Services Inc., a joint venture company of Alstra and Mr. Joey P. Penaflor, was organized to undertake and transact all kinds of business relating to installation, servicing sale and distribution of heating, ventilation and air conditioning (HVAC) systems and products, and such other activities related thereto, such as construction and mechanical maintenance services. On July 1, 2022, Alstra purchased from Mr. Joey P. Penaflor 31% of the subscribed capital of Tenex equivalent to 9.3 million shares with par value of P1 per share or P9.3 million. Alstra ownership to Tenex increased from 49% to 80%. On October 10, 2024, Alstra Inc. 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. From this acquisition, Alstra's ownership to Tenex increased from 80% to 100%.

## **(2) Business of Issuer**

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 solutions 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 large residential towers, office buildings, entertainment facilities and commercial and industrial sites. 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 individual requirements. Moreover, the Company continues to develop and import 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 platforms and applications designed to ensure a better fit between the product and service offerings to the customer's lifestyle. The Company believes that these aftermarket services, combined with its wide range of products catering to various customer needs, offer customers enhanced value that distinguishes the Company's solutions from those of its competitors.

## B. Subsidiaries and Associates

As of December 31, 2025, CIC has eight subsidiaries and two associates. The following are the significant subsidiaries and associates of the Company:

Name of Subsidiaries	Percentage of Ownership	
	Direct	Indirect
Carrier Air Conditioning Company (CCAC)	60%	-
Concepcion Durables, Inc. (CDI)	100%	-
Concepcion-Otis Philippines, Inc. (COPI)	-	51%
Concepcion Business Services, Inc. (CBSI)	100%	-
Cortex Technologies Corporation (CTC)	100%	-
Alstra Incorporated (Alstra)	100%	-
Teko Solutions Asia Inc. (Teko)	-	58%
Tenex Services, Inc. (Tenex)	-	100%

Name of Associates	Percentage of Ownership	
Concepcion Midea Inc. (CMI)	22%	18%
Teko Solutions Pte. Ltd. (Teko SG)	-	33%

### ***Carrier Air Conditioning Company (CCAC)***

CCAC is engaged in the manufacturing, sale, distribution, installation, and servicing of HVAC products and solutions across residential, commercial, and industrial sectors. Formed as a joint venture between the Company and Carrier Air Conditioning Philippines, Inc., CCAC is authorized to market Carrier and Toshiba air conditioning brands as well as Totaline aftermarket parts. The company's portfolio also includes other notable brands such as Condura and Kelvinator.

CCAC manufactures a selected range of air conditioning equipment at its facility located in the Light Industry and Science Park (LISP) in Cabuyao, Laguna, Philippines. This plant is recognized as the largest air conditioning manufacturing facility in the country, with an annual capacity of approximately 500,000 units and a production area covering 19,620 square meters.

The company distributes and markets its products nationwide, supported by a comprehensive after-market service network. According to the Company, CCAC holds the leading share of the total air conditioning market in the Philippines based on revenues, and secures prominent positions within the residential, light commercial, commercial, and industrial segments.

### ***Concepcion Durables, Inc. (CDI)***

CDI is engaged in the manufacturing, sales, and distribution of refrigeration equipment, including renowned brands such as Condura and Kelvinator refrigerators and freezers. The company produces a designated range of products at its facility located in LISP, Cabuyao, Laguna, which is situated adjacent to CCAC's air conditioning and commercial refrigeration plant. The CDI factory boasts an annual production capacity of 300,000 units and covers a production area of 16,420 square meters.

CDI maintains a leading position in the residential and light commercial ("RLC") refrigeration market within the Philippines. Since 2020, CDI has broadened its product portfolio to include small domestic appliances as well as kitchen and laundry appliances.

### ***Concepcion Midea Inc. (CMI)***

CMI is a joint venture between Midea Electric Trading (Singapore) Co. Pte. Ltd. (Midea), CIC, and CCAC. The company's primary objective is to introduce Midea brand products to the Philippine market, supplying a comprehensive range of appliances including air conditioners, refrigerators, and kitchen and laundry equipment. Along with Midea's wide selection, CMI also distributes Toshiba-branded refrigerators and various kitchen and laundry appliances, strengthening its multi-brand portfolio and supporting expansion into the broader white goods sector.

Midea is internationally recognized for its leadership in white goods and air conditioning systems manufacturing, operating in markets across the globe. As a Global Fortune 500 company, Midea further expands its reach through joint venture agreements with Carrier Corporation in select countries.

### ***Concepcion-Otis Philippines, Inc. (COPI)***

COPI is a joint venture between Alstra Inc., a wholly owned subsidiary of CIC, and Otis Elevator Company (Philippines). The company is responsible for the sale, installation, and servicing of Otis-branded elevators and escalators across the Philippines. Its comprehensive solutions portfolio includes engineering design, supply and installation, project management, testing and commissioning, as well as service repairs and retrofit services for vertical transportation equipment. Otis remains a global leader in the provision, installation, and maintenance of elevator and escalator systems.

### ***Concepcion Business Services, Inc. (CBSI)***

CBSI's core objective is to centralize support services for CIC and its subsidiaries and affiliates, with a particular focus on Finance, Human Resources, Information and Communications Technology, Legal and Compliance, and Facilities Management. In 2020, CBSI launched online platforms enabling other subsidiaries to engage directly in consumer sales.

### ***Cortex Technologies Corporation (CTC)***

CTC is engaged in the research, development, and commercialization of innovative technologies. The company also pursues strategic partnerships and identifies acquisition opportunities both domestically and internationally, aiming to deliver solutions aligned with CIC's overarching vision of enhancing lives and supporting businesses.

Operating across the organization, CTC drives innovation and supports CIC's leadership position in the market. On September 29, 2023, CTC was designated as the official distribution arm of CIC for its strategic partnership with SN APAC (formerly JS Global), tasked with marketing and selling home appliances under the "Shark" and "Ninja" brands. CTC has since broadened its product portfolio to include consumer appliances and continues to focus on establishing strategic partnerships, developing business and platform capabilities, and advancing its direct-to-consumer (D2C) operations.

### ***Alstra Incorporated (Alstra)***

Alstra Inc. is principally established as a holding company focused on investments in building and industrial market solutions. Additionally, Alstra is positioned to engage in the installation, construction, maintenance, and supply of equipment for mechanical, electrical, plumbing, and fire protection services. The company also offers facilities management, civil construction, technology services, and supplies electronics, devices, and related equipment associated with building services and related solutions.

### ***Teko Solutions Asia Inc. (Teko)***

Teko is focused on building and operating a platform to provide appliance repair and maintenance services. It leverages on information technology solutions and innovative business models to transform the appliance services market.

### **Tenex Services, Inc. (Tenex)**

Tenex is positioned to provide HVAC installation, repairs and maintenance services to high-rise residential buildings, commercial and industrial buildings. Effective October 10, 2024, Tenex became a wholly owned subsidiary of the Company through its ownership in Alstra, Inc. from the latter's purchase of shares from 80% to 100%.

### **Teko Solutions Pte. Ltd. (Teko SG)**

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

## **Item 2 Properties**

The Company owns a parcel of land in Davao City. Other than this, CIC does not own any real property and all its manufacturing facilities and laboratories are located on the land owned by CII.

The Company leases all real properties and facilities used for its air conditioning manufacturing operations and laboratories from CII, renewable under lease agreements renewable every three (3) years.

CIC entered into various renewable non-cancellable lease agreements with entities under common shareholdings for the lease of its refrigeration manufacturing facilities and laboratories.

The Company leases all other real properties and facilities for its warehouses, offices and parking spaces from various lessors with lease agreements from one (1) to five (5) years under terms and conditions as agreed with the lessors and are renewable upon mutual agreement of both parties in various dates from 2021 to 2031.

## **Item 3 Legal Proceedings**

In the ordinary course of business, the Company is a party to various legal actions that it believes are routine and incidental to the operation of its business. In the opinion of the Company's management, the outcome and potential liability of these aforementioned legal actions are not likely to have a material adverse effect on the Company's business, financial condition and results of operations.

## **Item 4 Submission of Matters to a Vote of Security Holders**

Except for matters taken up during stockholders' meetings, there was no other matter submitted to a vote of security holders during the period covered by this report.

## **Part II - OPERATIONAL AND FINANCIAL INFORMATION**

### **Item 5 Market for Issuer's Common Equity and Related Stockholder**

#### **(1) Market Information**

The Company's common shares are listed and traded in the Philippine Stock Exchange.

The share price performance for each quarter for the past three years was as follows:

Price (in P/share)	2025		2024		2023	
	High	Low	High	Low	High	Low
First Quarter	14.58	13.18	14.50	11.24	17.28	12.22
Second Quarter	16.20	12.86	12.50	11.00	16.00	10.68
Third Quarter	15.30	13.00	14.86	11.90	17.68	12.50
Fourth Quarter	13.88	13.14	14.40	13.38	17.36	13.50

## (2) Holders

As at December 31, 2025, there were a total of 27 shareholders of record of the Company's common shares. The total issued and outstanding shares as of said date stood at 393,655,959 (net of treasury shares), of which 13.39% are held by foreign shareholders.

The following are the top 20 registered holders of common shares of the Company as at December 31, 2025:

	<b>Name of Shareholder</b>	<b>No. of Shares Held</b>	<b>%</b>
1	PCD Nominee Corporation - Filipino	172,705,045	42.41
2	Horizons Realty, Inc.	90,045,026	22.11
3	Foresight Realty and Development Corporation	90,000,000	22.10
4	PCD nominee Corporation - Non-Filipino	52,720,599	12.95
5	Sole Luna Inc.	998,963	0.25
6	Macric Incorporated	786,669	0.19
7	Joselito Corpus Herrera	2,100	0.00
8	John T. Lao	1,560	0.00
9	Gabrielle Claudia F. Herrera	1,100	0.00
10	Nadezhda Iskra Ferranco Herrera	1,100	0.00
11	Mary Joan Ilao- Ante	780	0.00
12	Hanson Chua Go	324	0.00
13	Angelo Decretales Mabunay	324	0.00
14	Jesus San Luis Valencia	156	0.00
15	Jaybee C. Baraquel	100	0.00
16	Owen Nathaniel S. Au ITF: Li Marcus Au	16	0.00
17	Cesar A. Buenaventura <sup>†</sup>	3	0.00
18	Alfred Reiterer	3	0.00
19	Jose Ma. A. Concepcion III	3	0.00
20	Ma. Victoria Herminia C. Young	3	0.00

## (3) Dividends

The Company is authorized under Philippine laws to declare dividends, subject to certain requirements. These requirements include, for example, that the Board of Directors (the "Board") is authorized to declare dividends only from its distributable retained earnings, calculated based on existing regulations. Dividends may be payable in cash, shares or property, or a combination of the three, as the Board shall determine and subject to the approval of the Philippine SEC, as may be required by law. A cash dividend declaration does not require any further approval from shareholders. The declaration of stock dividends is subject to the approval of shareholders holding at least two-thirds of the Company's outstanding capital stock. The Board may not declare dividends which will impair its capital.

The Company has a dividend policy which states that the Company's profit after tax of the current fiscal year shall be distributed annually within the second quarter of the subsequent fiscal year with a target of at least 30% of the profit after tax of the current fiscal year.

Cash dividends declared by CIC to common shareholders for the past three years ended December 31 are as follows:

Declaration Date	Record Date	Payment Date	Cash Dividend Per share (in P)	Total Amount Declared (in Millions. P)
March 26, 2025	April 11, 2025	April 24, 2025	1.00	393.7
March 26, 2024	April 15, 2024	April 26, 2024	0.70	277.6
March 29, 2023	April 18, 2023	April 25, 2023	0.50	199.0

On March 26, 2026, the Company's Board declared cash dividends in the amount of P1 per share totaling P393.7 million on all shares of common stock issued and outstanding to shareholders of record as at April 7, 2026, which will be paid on April 22, 2026.

#### **(4) Recent Sales of Unregistered Securities**

There were no sales of unregistered securities within the past year.

### **Item 6 Management Discussion and Analysis or Plan of Operation**

The following information relates to the Company's Consolidated Financial Statements as of and for the three years ended December 31, 2025, 2024, 2023 as audited by Isla Lipana & Co., the independent auditors.

#### **Description of Selected Income Statement Items**

##### **Net Sales**

The Company generates revenues from sales of its heating, ventilation and air conditioning (HVAC) including repairs and maintenance services, refrigeration units, laundry and kitchen appliances through its subsidiaries, CCAC, CDI, CTC and Tenex, including sales and service of elevators and escalators in COPI, and building and operating a platform to provide appliance repair and maintenance services in Teko.

##### **Costs and Expenses:**

- Cost of sales and services

The Company's cost of sales and services comprise the cost of finished goods, raw materials used for the Company's manufactured products, installation costs, labor, and manufacturing and service overhead.

- Expenses

The Company's operating expenses include employee costs, outside services, freight out, rent and utilities, warranty cost, marketing and advertising costs, transportation, travel and entertainment, provisions for commission, impairment of receivables, obsolescence, legal disputes and assessments, repairs and maintenance, royalties, non-income taxes and licenses, depreciation and amortization, commission expense, supplies, insurance, and professional fees.

- Other net operating income (loss)

The Company's other operating income (loss) comprises of foreign exchange losses, net of interest income on bank deposits and short-term placements, commission and service income.

##### **Income tax expense (benefit)**

The Company's provision for income tax comprises the income taxes accrued and/or paid by the Company and its respective subsidiaries including the deferred income tax assets or tax related to future tax benefits.

## **Net income**

Net income represents the earnings of the Company and its respective subsidiaries.

## **Net income attributable to parent**

Net income attributable to Parent represents the Company's share at 60% of the net income of CCAC, 100% of the net income of CDI, 100% of the net income of CBSI, 100% of the net loss of CTC, 100% of the net income of Alstra, effectively 51% of the net income of COPI, effectively 58% of net loss of Teko, effectively 100% of net loss of Tenex and effectively 40% of net income in CMI for the period ended December 31, 2025.

## **Segment Breakdown:**

The Company reviews and analyzes profit or loss into Consumer and Commercial Business and Others:

- **Consumer business**

The segment's products and related services include HVAC for consumer use, domestic refrigeration products, laundry, kitchen and small domestic appliances. 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.

- **Commercial business**

The segment's products and related services include HVAC as well as sales and service of elevators and escalators, primarily for residential, commercial and industrial use. It is sold directly to end customers or through a network of accredited dealers and specialist contractors.

- **Others**

Others pertain to shared service income from CMI and affiliates.

## **Factors Affecting the Company's Results of Operations**

**Macroeconomic Fundamentals:** The Philippine economy posted its weakest post-pandemic performance with full-year GDP growth settling at 4.4%. Despite the usual holiday boost, Q4 recorded the slowest expansion since the pandemic—mirroring the 2011 downturn when the country also faced a marked slowdown. The ongoing flood-control scandal continued to drag on government disbursements, investor sentiments, and consumer spending, further compounded by unfavorable weather conditions.

**Construction Sector Developments:** The construction sector pulled down overall economic performance, contracting by 7.1% year-on-year amid a sharp 41.9% decline in government spending during the fourth quarter. The real estate sector showed signs of recovery, with condominium inventory easing—though still at elevated levels that continue to weigh on the market. To manage excess supply, developers deferred project launches and completions. Despite the broader industry slump, the company delivered sales growth in the commercial segment driven by short-cycle projects and the fulfillment of backlogs.

**Commodity Prices, Logistics Costs and Foreign Exchange Fluctuations:** The Company sourced raw materials from third parties to produce majority of its products, which represented 84% of manufactured cost of sales. Commodity prices remained volatile, with copper surging to new highs. The Philippine Peso came under pressure in Q4 and continued to weaken against the US Dollar amid the broader economic slowdown.

**Weather:** The country experienced prolonged weather conditions that dampened seasonal appliance demand.

## **RESULTS OF OPERATIONS**

### **Quarter Ended December 31, 2025 (Q4)**

CIC delivered P4.6 billion in consolidated net sales, marking a 3% increase compared to the same period last year. Including its associate company, Concepcion Midea, Inc. (CMI), net sales grew 10% to P6.3 billion. Despite the increase in revenues, consolidated earnings declined 30% to P196.3 million mainly due to lower margins from factory under-absorption.

#### **Segment net sales**

The Consumer segment posted P3.0 billion in net sales, down 2% year-on-year. Softer demand for air conditioning equipment continued until the end of the year. This was partly offset by solid growth in the refrigeration category and continued strength in appliances, led by laundry, kitchen, and small household products.

In contrast, the Commercial segment posted net sales of P1.6 billion, representing a solid 13% year-on-year growth primarily driven by robust sales of air conditioning for commercial projects and aftermarket service and parts. This was partly offset by lower elevator equipment sales due to timing of equipment arrival.

#### **Gross Profit**

CIC registered Q4 gross profit of P1.3 billion, a 2% decrease versus last year mainly driven by under-absorption at the factory due to reduced production volumes and higher input costs.

#### **Operating Expenses**

Total operating expenses for the quarter stood at P1.1 billion, a 5% increase versus same period last year. The increase was mainly due to inventory related provision, warranty costs and advertising and promotion expenses.

#### **Other Operating Income (loss) and Finance Costs**

Other operating income ended at P46.0 million, mainly from interest income on time deposits and other income partly reduced by foreign exchange losses from the weaker Philippine Peso. Finance costs totaled P8.0 million, mainly representing interest on lease liabilities and short-term borrowings.

#### **Net Income**

CIC posted net income of P196.3 million, a decline of 30% versus the same period last year, driven by lower margins, foreign exchange losses and tax-related adjustments. These were partially mitigated by higher equity earnings from Associate.

Profit after tax and minority interest (PATAMI) was P141.2 million, down 34% year-on-year mainly due to lower earnings.

### **Year ended December 31, 2025 compared with year ended December 31, 2024**

CIC ended the year with P 18.5 billion consolidated net sales, a 3% year-on-year growth primarily driven by strong performance in the commercial business. Including contributions from its associate company CMI, total group net sales increased by 10% to P25.9 billion. Despite the increase in revenue, consolidated earnings declined 8% to P1.1 billion primarily driven by decline in margins.

#### **Segment Net Sales**

The Consumer segment posted P12.7 billion in net sales, a 3% decline from the same period last year. The decrease was mainly due to lower air conditioning category sales, driven by softer consumer demand during the peak season which extended into the rest of the year. The shift toward more affordable product tiers also affected the mix. These were partially offset by 14% growth in refrigeration category and continued strength in appliances, which grew 57% on sustained demand for laundry, kitchen, and small household products.

Commercial business delivered P5.8 billion in net sales, posting a 17% growth versus last year. This increase was mainly driven by the growth momentum of air conditioning equipment sales in commercial projects, supported by the strong sales performance in the contractor network. Aftermarket service revenues further bolstered overall performance.

### Gross Profit

CIC recorded gross profit of P5.8 billion, a 3% decline versus the same period last year. This was primarily due to competitive pricing during the peak months, higher input costs, and factory under-absorption.

### Operating Expenses

Total operating expenses stood at P4.6 billion, a 4% increase versus the same period last year. This was mainly driven by volume-driven costs and inventory related provision compared to recoveries from AR provision booked in the prior year.

### Other Operating Income (loss) and Finance Costs

Other operating income ended at P98.6 million mainly coming from interest income on time deposits and other income partly offset by foreign exchange loss. Finance cost of P25.1 million pertained to interest expense on lease liabilities and short-term loans.

### Net Income

CIC ended the year with net income of P1.1 billion, an 8% decrease compared to last year. The decline was mainly attributed to margin compression and factory-related challenges and tax-related adjustments. This was partly mitigated by higher equity earnings from associate and lower FX loss compared to last year.

Profit after tax after minority interest (PATAMI) was P782.7 million, a modest 2% growth compared with 2024, due to stronger results of its associate, CMI.

The following table presents a breakdown of the Company's revenues, cost of sales and gross profit by respective business for the period indicated (amounts are in millions):

	<b>For the years ended December 31</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Net Sales and Services</b>			
Consumer Business	12,663	13,010	10,063
Commercial Business	5,841	5,012	4,566
Others	42	42	32
<b>Total</b>	<b>18,546</b>	<b>18,064</b>	<b>14,661</b>
<b>Cost of Sales and Services</b>			
Consumer Business	(8,767)	(8,894)	(6,932)
Commercial Business	(3,967)	(3,178)	(3,044)
Others	(35)	(38)	(30)
<b>Total</b>	<b>(12,769)</b>	<b>(12,110)</b>	<b>(10,006)</b>
<b>Gross Profit</b>	<b>5,777</b>	<b>5,954</b>	<b>4,655</b>

## FINANCIAL CONDITION

### As at December 31, 2025 compared with as at December 31, 2024

The Company maintained a healthy financial condition characterized by financial stability, healthy liquidity and prudent management of assets and liabilities. Consolidated total assets as of December 31, 2025 stood at P14.1 billion, higher by P0.7 billion from end of 2024 balance of P13.4 billion. The increase was primarily attributable to higher contract assets relating to projects, increased inventory levels in preparation for first-quarter requirements of the succeeding year, and an increase in right-of-use assets following the renewal of lease contracts.

Total liabilities amounted to P6.4 billion, an increase of P0.4 billion compared to the prior year. The increase was primarily due to the timing of payments for trade payables related to inventory purchases, as well as higher lease liabilities resulting from the renewal of lease contracts.

Shareholders' equity increased by 4.2% to P7.8 billion owing to higher earnings for the year.

CIC maintained its current performance at healthy levels, with debt-to-equity registering at 0.80.

### Factors affecting the Company's financial and operational results in Q4 and full year of 2024

**Macroeconomic Fundamentals:** The Philippine economy posted steady growth at 5.2% in Q4 but fell short of expectations due to weather disruptions resulting in softer consumer spending partly mitigated by higher government spending. Economic growth in the last quarter of the year was further supported by improved business and consumer sentiments and subdued inflation. This brought the full year GDP to 5.6% year-on-year growth driven by services and industry. Despite lower than target GDP growth, the Philippines remained as one of the fastest-growing economies in Asia.

**Construction Sector Developments:** The construction sector remained a significant contributor to economic growth, achieving a 7.8% increase in Q4 and a 10.3% rise for the entire year. This growth was driven by both private and public construction activities. However, the real estate sector faced difficulties due to an increasing housing market inventory and high borrowing costs leading to weaker demand and the exit of Philippine Offshore Gaming Operator (POGO) affecting the office market. These impacted major real property developers that resulted in slower project awarding. Despite maintaining a healthy level of pipeline and backlogs, the company experienced a slowdown in revenue growth within the commercial segment attributed to the challenges faced by major real property developers.

**Commodity Prices, Logistics Costs and Foreign Exchange Fluctuations:** The Company sourced raw materials from third parties to produce majority of its products, which represented 85% of manufactured cost of sales. Commodity prices experienced a decline in Q4 driven by reduced demand from China partly mitigated by the strength of the US dollar. However, for the full year, commodity prices trended upward due to elevated world market prices. The Philippine Peso weakened in 2024 amid the strong US dollar, resulting to higher foreign exchange losses versus last year.

**Weather:** The country experienced a record-breaking typhoon season, with six consecutive storms in a month in Q4, which muted the typical surge in economic activities during the holiday season.

## RESULTS OF OPERATIONS

### Quarter Ended December 31, 2024 (Q4)

CIC delivered P 4.5 billion in consolidated net sales, marking a 17% increase compared to the same period last year. Including its associate company, Concepcion Midea, Inc. (CMI), net sales grew 22% to P 5.7 billion. Consolidated earnings grew 57% to P 278.7 million. This growth trajectory resulted from outstanding sales execution, wide-ranged product portfolio and sustained market demand.

## **Segment net sales**

The Consumer business generated P 3.0 billion in net sales, a remarkable 26% growth compared to last year. The increase was mainly due to continued strong sales performance in the refrigeration and other appliance categories. The refrigeration category saw a 42% growth versus prior year attributed to sustained robust sales of no frost and light commercial refrigerators. The appliance category also contributed with a 67% growth, fueled by sales of laundry, kitchen and household appliances.

The Commercial business delivered modest growth of 3% or P 1.5 billion in net sales. This was mainly due to steady growth in the aftermarket services and elevator installation categories. Air conditioning equipment sales declined due to slowdown in project awarding from major real property developers partly mitigated by higher equipment sales from the contractor network.

## **Gross Profit**

CIC registered Q4 gross profit of P1.3 billion, a 7% increase versus last year, lifted by higher sales in the refrigeration and other appliance categories partly offset by unfavorable mix.

## **Operating Expenses**

CIC's total operating expenses stood at P1.1 billion for the quarter, a 4% increase versus the same period last year. The increase was driven by volume-related costs partly reduced by OPEX writebacks.

## **Other Operating Income (loss) and Finance Costs**

Other operating income ended at P21.6 million, mainly from interest income on time deposits and other income partly reduced by foreign exchange loss. Finance cost of P5.2 million pertained to interest expense on lease liabilities.

## **Net Income**

CIC recorded a Q4 net income of P278.7 million, a 57% growth compared to last year. The favorable result was attributed to higher sales for the quarter. Profit after tax after minority interest (PATAMI) was P214.5 million, P119.6 million higher than same period in 2023.

## **Year ended December 31, 2024 compared with year ended December 31, 2023**

CIC ended the year with P 18.1 billion consolidated net sales and P 1.2 billion consolidated earnings, achieving 23% and 83% growth, respectively. Including CMI, the group's net sales increased by 29% to P 23.5 billion. This success was driven by effective sales strategies, channel and distribution expansion, sustained consumer demand and a comprehensive product portfolio which enabled consistent revenue growth throughout the year.

## **Segment Net Sales**

Consumer business generated P13.0 billion in net sales, an increase of 29% year over year, attributed to growth across product categories in air conditioning, refrigeration and appliances. Air conditioning product sales grew 23% due to a strong retail presence and market demand due to the hot and dry weather, especially in the second quarter. Refrigeration products substantially grew by 42%, owing to wider product portfolio of no frost refrigerators, higher demand for light commercial products and improved distribution. Laundry, kitchen and household appliances continued sales momentum also contributed to the 30% growth in the appliance category.

Commercial Business achieved sales of P5.0 billion, posting a solid growth of 10% mainly from higher air conditioning equipment sales driven by channel and distribution expansion partly reduced by the decline in the elevators & escalators category due to deliveries of large projects last year.

## **Gross Profit**

CIC registered consolidated gross profit of P6.0 billion for the year, growing faster than sales at 28% growth versus the previous year. This was due to higher sales across business segments, favorable factory absorption and procurement savings.

## **Operating Expenses**

Total operating expenses was at P4.5 billion, an 18% increase versus the same period last year. This was mainly driven by sales-related expenses such as promodiser costs and advertising and promotions and volume-related expenses partly reduced by recovery from disposal of obsolete inventories and collection of bad debts.

## **Other Operating Income (loss) and Finance Costs**

Other operating income ended at P51.5 million mainly coming from interest income on time deposits partly offset by foreign exchange loss. Finance cost of P16.4 million pertained to interest expense on lease liabilities.

## **Net Income**

CIC ended the year with net income of P1.2 billion, an 83% growth versus last year. The favorable result was attributed to revenue growth across segments, higher margins and higher income from associate due to good sales performance, partly offset by higher sales-related expenses. Profit after tax after minority interest (PATAMI) was P769.1 million, an increase of P385.9 million against 2023.

## **FINANCIAL CONDITION**

### **As at December 31, 2024 compared with as at December 31, 2023**

The Company maintained a healthy financial condition characterized by financial stability, healthy liquidity and prudent management of assets and liabilities. Consolidated total assets as of December 31, 2024 stood at P13.4 billion, higher by P1.2 billion from end of 2023 balance of P12.2 billion. This was primarily due to higher receivables from increased sales in the last quarter and elevated inventories in preparation for the first quarter's requirements next year.

Total liabilities amounted to P6.0 billion, higher by P0.7 billion versus last year, due to timing of payment of trade payables from inventory purchases.

Shareholders' equity increased by 8% to P7.5 billion owing to higher earnings for the year.

CIC maintained its current performance at healthy levels, with debt-to-equity registering at 0.80

## **RESULTS OF OPERATIONS**

### **Quarter Ended December 31, 2023 (Q4)**

CIC delivered consistent quarterly growth, achieving P3.8 billion in Q4 net sales, marking a 9% increase relative to the same period last year. Earnings for the quarter more than doubled at P177.9 million owing to better margins and solid sales performance.

### **Segment net sales**

The Commercial business generated P1.4 billion in net sales, a remarkable 33% growth compared to last year. The increase was attributable to HVAC equipment sales driven by distribution expansion efforts as well as the timely arrival of elevator equipment and significant progress in both air conditioning and elevator projects.

The Consumer business contributed P2.4 billion in net sales, essentially flat to last year. This is due to lower sales for window room air conditioners driven by aggressive competitors' pricing and lower growth in non-residential products sold by retailers. The weakened demand for direct cool refrigerators also contributed to the sales decline. However, the shift to no frost refrigerators partially mitigated the decrease in retail sales as well as the continued growth in laundry products.

## **Gross Profit**

CIC registered Q4 gross profit of P1.3 billion, a 34% increase from the same period in 2022, lifted by higher sales across product categories.

## **Operating Expenses**

CIC's total operating expenses stood at P1.0 billion for the quarter, a 19% increase versus the same period last year. The increase was driven by employee costs and advertising and promotions. While sales increased, operating expenses growth rate was slower, indicating improved productivity.

## **Other Operating Income (loss) and Finance Costs**

Other operating income ended at P30.7 million, mainly from interest income on time deposits, other income and foreign exchange gain. Finance cost of P5.1 million pertained to interest expense on lease liabilities.

## **Net Income**

CIC recorded a Q4 net income of P177.9 million, a 195% growth compared to last year. The favorable result was attributed to higher sales for the quarter and better margins. Profit after tax after minority interest (PATAMI) was P94.9 million, P72.8 million higher than same period in 2022.

## **FINANCIAL CONDITION**

### **As at December 31, 2023 compared with as at December 31, 2022**

The Company maintained a healthy financial condition characterized by financial stability, healthy liquidity and prudent management of assets and liabilities. Consolidated total assets as of December 31, 2023 stood at P12.2 billion, higher by P0.5 billion from end of 2022 balance of P11.8 billion. This was due to increase in cash and cash equivalents and receivables attributed to higher sales, partly offset by lower.

Consolidated net cash position rose by P0.7 billion to P2.4 billion because of increased collections and improved inventory management.

Total liabilities amounted to P5.3 billion, higher by P0.2 billion versus last year, due to timing of payment of trade payables.

Shareholders' equity increased by 3% to P6.9 billion owing to higher earnings in 2023.

CIC maintained its current performance at healthy levels, with debt-to-equity registering at 0.77.

### **Factors affecting the Company's financial and operational results in the full year of 2022**

**COVID-19:** The Omicron surge in January significantly impacted consumer demand and slowed down the Company's growth momentum in Q1 and weighed on the full-year performance of CIC. However, the government's easing of restrictions in February allowed the reopening of the economy amid COVID-19 and signaled economic recovery in the country.

**Macroeconomic Fundamentals:** Despite the global economic challenges, the Philippine economy expanded 7.6% in 2022, driven by domestic consumption. The full reopening of the economy resulted in an expansion in services, industrial, manufacturing and tourism sectors to nearly pre-pandemic levels. The demand from the recovery, however, also led to record high levels of inflation that weakened consumer sentiment and lowered the purchasing power of peso. This impacted on the Company's retail business performance.

**Construction Sector Developments:** The opening of the economy has led to more normalization of both commercial and business activities. This led to stronger demand in the Commercial business mainly from retrofit/refurbishing projects which resulted to significant growth in the Company's commercial business. However, rising inflation and interest rates affected momentum in project bidding and contract awarding.

**Commodity Prices, Logistics Costs and Foreign Exchange Fluctuations:** The Company depends on raw materials sourced from third parties to manufacture the majority of its products. Raw materials represent about 71% of the Company's manufactured cost of sales. Commodity prices and logistics costs reached record high levels due to the Russia-Ukraine war which pushed fuel prices higher. The Philippine peso depreciation also contributed to the cost increases and forex losses from foreign denominated payables but eventually recovered towards the end of the year.

**Weather:** The early onset of the rainy season dampened Q2 AC sales relative to the strong performance during summer season in the past years.

### **Key Performance Indicators**

The Company monitors its financial and operating performance in terms of the following indicators for the years ended:

	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Gross Profit Margin</b>	31.2%	33.0%	31.8%
<b>Profit Before Tax</b>	8.0%	9.2%	6.2%
<b>Net Income Attributable to Shareholders (in P Millions)</b>	782.7	769.1	383.3
<b>Net Income Attributable to Shareholders (% to Sales)</b>	4.2%	4.3%	2.6%
<b>Return on Average Equity</b>	13.9%	14.7%	7.7%
<b>Return on Average Assets</b>	8.1%	9.5%	5.6%
<b>Earnings per Share*</b>	1.99	1.95	0.96
<b>Debt to Equity Ratio</b>	0.8	0.8	0.8
<b>Asset-to-Equity Ratio</b>	1.8	1.8	1.8
<b>Book Value Per Share*</b>	14.8	13.8	12.7

<b>Key Performance Indicator</b>	<b>Definition</b>
<b>Gross Profit Margin</b>	Gross Profit/Net Sales
<b>Profit Before Tax</b>	Profit before Tax/Net Sales
<b>Return on Average Equity</b>	Net Income after Minority Interest/ Average Shareholder's Equity net of Minority Interest
<b>Return on Average Assets</b>	Net Income / Average Assets
<b>Earnings Per Share</b>	Net Income after Minority Interest/ Average Shares Outstanding
<b>Debt to Equity Ratio</b>	Total Liabilities/Total Equity
<b>Asset-to-Equity Ratio</b>	Total Assets/Total Equity
<b>Book Value Per Share</b>	Shareholder's Equity net of Minority Interest/ Total Shares Outstanding

\*Total Number of Shares (weighted average) as at December 31, 2025 – 393,655,959 (2024 – 394,933,133; 2023 – 397,912,491)

### **CASH FLOWS**

The following table sets forth information from the Company's consolidated statements of cash flows for the years indicated (amounts in millions):

	<b>For the years ended December 31</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Net cash flows provided by operating activities	1,258.2	1,044.5	1,516.7
Net cash flows used in investing activities	(314.6)	(143.9)	(68.3)
Net cash flows used in financing activities	(947.3)	(874.8)	(763.3)
Net increase (decrease) in cash and cash equivalents	(3.7)	25.9	685.1

The net cash flows provided by operating activities for the year ended 2025 amounted to P1.3 billion composed of income before provision for income tax of P1.5 billion, excluding adjustments, changes in working capital, interest received and including actual income tax paid. The decrease in cash flow from operating activities was due to buildup of inventory and higher warranty payments.

The net cash flows used in investing activities for the year ended 2025 were at P314.6 million, mainly for the acquisition of property and equipment.

The net cash flows used in financing activities for the year ended 2025 were at P0.9 billion, relating to dividend payout, payments on borrowings and lease liabilities.

## **INDEBTEDNESS**

The Company did not have long-term borrowings as of December 31, 2025.

## **CAPITAL EXPENDITURES**

The Company makes regular capital expenditures annually to support its business goals and objectives, investing in the on-going upgrade, expansion and maintenance of its property and equipment relating primarily to machinery and equipment, office equipment and leasehold and building improvements. The Company has historically funded its capital expenditures primarily through working capital derived from operating income.

As of December 31, 2025, CIC's capital expenditures totaled P325.8 million, relating to purchase of machinery and equipment, renovations and software upgrades.

### **Material Commitments for Capital Expenditures**

The Company's commitments for capital expenditures will be funded out of cash flows from operations.

### **Material Impact on Income from Continuing Operations**

In the normal course of operations, the Company's activities are affected by foreign currency exchange rates, changes in interest rates and other market changes. The Company follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates and foreign currency exchange rates are kept within acceptable limits and within regulatory guidelines.

### **Significant Elements of Income or Loss that did not Arise from Continuing Operations**

There are no significant elements of income or loss that did not arise from the continuing operations of the Company.

### **Significant Subsequent Events**

CIC declared a cash dividend of P1.00 per share to all stockholders on record as of April 7, 2026 and payable on April 22, 2026.

## **Item 7 Financial Statements**

The consolidated financial statements of the Company are filed as part of this Form 17-A (refer to the Index to Financial Statements and Supplementary Schedules on page 36).

## Item 8 Information on Independent Accountant and Other Related Matters

### (1) External Audit Fees and Services

The aggregate fees billed in 2025, 2024 and 2023 for each of the professional services rendered by the Group's external auditors are summarized as follows:

NATURE OF AUDIT (in '000 Php)	CIC	CCAC	CDI	COPI	CMI	CBSI	CTC	TEKO	ALSTRA	TENEX	TOTAL
<b>2025</b>											
External Audit	750	1,000	780	780	580	550	150	130	80	185	4,985
EPR /Plastic footprint	-	235	-	-	105	-	-	-	-	-	340
<b>TOTAL</b>	<b>750</b>	<b>1,235</b>	<b>780</b>	<b>780</b>	<b>685</b>	<b>550</b>	<b>150</b>	<b>130</b>	<b>80</b>	<b>185</b>	<b>5,325</b>
<b>2024</b>											
External Audit	750	1,000	780	780	580	550	150	130	80	185	4,985
EPR /Plastic footprint	-	-	-	-	100	-	-	-	-	-	100
<b>TOTAL</b>	<b>750</b>	<b>1,000</b>	<b>780</b>	<b>780</b>	<b>680</b>	<b>550</b>	<b>150</b>	<b>130</b>	<b>80</b>	<b>185</b>	<b>5,085</b>
<b>2023</b>											
External Audit	750	1,000	780	780	580	550	150	130	80	185	4,985
EPR /Plastic footprint	-	-	128	-	103	-	-	-	-	-	231
<b>TOTAL</b>	<b>750</b>	<b>1,000</b>	<b>908</b>	<b>780</b>	<b>683</b>	<b>550</b>	<b>150</b>	<b>130</b>	<b>80</b>	<b>185</b>	<b>5,216</b>

### Audit Committee's Approval Policies and Procedures for the External Audit

The Company's Audit Committee reviews the eligibility of the incumbent external auditor for retention, considering certain criteria, during the third quarter of each year. Failing so, the Audit Committee then follows the selection process.

Before the start of each year's audit, the external auditor presents to the Audit Committee for approval its proposed audit plan, describing the areas of focus for the audit, as well as any new accounting standards, laws and new regulatory rules that need to be taken into account in the course of the audit. The audit schedule is also presented. The audit fees are agreed with the external auditor by management. When the audit is completed and before the Company's Board meeting in March of the following year, the external auditor presents the audited financial statements and accompanying notes to the Board for notation, in time for tax filing in April.

### (2) Changes in the Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes and disagreements with Isla Lipana & Co., the Company's external auditor, on accounting and financial disclosure.

## Part III - CONTROL AND COMPENSATION INFORMATION

### Item 9 Directors and Executive Officers of the Issuer and the Key Management Officers of CIC and Subsidiaries

The overall management and supervision of the Company is undertaken by the Board. The executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review.

(a) **Directors**

**Board of Directors and Senior Management**

In 2020, CIC amended its Articles of Incorporation to increase the number of Board members to nine (9). As of December 31, 2025 and as of the date of this Report, the Board consists of eight (8) members, following the death of one (1) independent director. The resulting vacancy has not yet been filled.

On December 10, 2025, Mr. Cesar A. Buenaventura, the Company's Lead Independent Director, passed away. The Board has not yet appointed a replacement and is in the process of identifying a qualified nominee in accordance with applicable laws, SEC regulations, and the Company's By-Laws.

The table below sets forth certain information regarding the members of the Board as of the date of this Report.

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Citizenship</b>
Raul Joseph A. Concepcion	63	Chairman and President	Filipino
Renna C. Hechanova- Angeles	70	Vice Chairman and Treasurer	Filipino
Raul Anthony A. Concepcion	55	Director	Filipino
Jose Ma. A. Concepcion III	67	Director	Filipino
Ma. Victoria Herminia C. Young	66	Director	Filipino
Raissa C. Hechanova-Posadas	65	Director	Filipino
Justo A. Ortiz	68	Independent Director	Filipino
Luis Y. Benitez, Jr.	78	Independent Director	Filipino
<i>Vacant</i>	-	Independent Director	-

The attendance of the directors at Board Meetings, Committee Meetings and the Annual Stockholder Meeting are available at the Company's website.

The business experience of each of the directors is set forth below.

**Raul Joseph A. Concepcion**  
*Chairman and President*

Mr. Raul Joseph A. Concepcion is the Chairman of the Board and Chief Executive Officer of the Company since 2008. He is also the President of 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.

**Renna C. Hechanova-Angeles**  
*Vice Chairman and Treasurer*

Ms. Renna C. Hechanova-Angeles was elected Vice Chairman of the Board and the Treasurer of the Company on July 18, 2013. She is concurrently the Vice Chairman and Treasurer of CDI, Director of CCAC, Corporate Secretary of Contel Communications, Director of the joint venture company between Ayala Land, Inc. and CII, Corporate Secretary of Republic Commodities Corporation ("RCC"), and Executive Vice President and Corporate Secretary of Concepcion CII. She is also the Corporate Secretary of Hyland Realty & Development Corp. Ms. Hechanova-Angeles holds a B.S. Commerce, Major in Management degree from the Assumption College.

**Raul Anthony A. Concepcion**  
*Vice Chairman*

Mr. Raul Anthony A. Concepcion was elected to the Board of the Company on July 5, 2013 and as Vice Chairman on July 20, 2022. He is also the President and Chief Operations Officer of Contel Communications, President of Mondo Cucina, Inc., Vice President of the joint venture company between Ayala Land, Inc. and CIL., and Chairman of the Board of CDI. Mr. Concepcion is also the Founder and Chief Event Officer of Condura Run, one of the premier running events in the Philippines. He is a finalist in the Ernst and Young Entrepreneur of the Year Awards in 2011 and received the Business Excellence Award for showing exceptional, consistent and systematic application of total quality management principles. He holds a B.A. Political Science degree from the University of the Philippines-Diliman and an Executive Master of Business Administration degree from the Asian Institute of Management.

**Ma. Victoria Herminia C. Young**  
*Director*

Ms. Ma. Victoria Herminia C. Young was elected to the Board of the Company on July 5, 2013. She is a Director as well as the Vice President and General Manager of the White King Division of RFM Corporation since 2006. She is also a Director and General Manager of Interbake Commissary Corporation and President of RFM Foundation, Inc. Ms. Young is likewise a Trustee of several charitable organizations such as Soul Mission Organization and Ronald McDonald House of Charities. From 2000-2003, she served as a Director of the Assumption Alumnae Association. Ms. Young holds a B.S. Management and Marketing degree from the Assumption College.

**Jose Ma. A. Concepcion III**  
*Director*

Mr. Jose Ma. A. Concepcion III was elected to the Board of the Company on July 5, 2013. He concurrently serves as the President and CEO of RFM Corporation and Chairman of the Board of Directors of RFM Unilever Ice Cream, Inc. He is also the co-chairman of the agribusiness and food committee of Philippine Chamber of Commerce and Industry ("PCCI"). He is likewise a member of various industry associations such as PCCI, Philippine Association of Feed Millers ("PAFMI"), Philippine Association of Flour Millers ("PAFMIL"), Philippine Chamber of Food Manufacturers, Inc. ("PCFM"), Makati Business Club, and Management Association of the Philippines ("MAP"). Mr. Concepcion is active in various socio-civic associations such as the Philippine Center for Entrepreneurship Foundation which he founded, The Search for the Ten Outstanding Students of the Philippines ("TOSP") and Rotary Club of Makati Central. From 2005 to 2010, he was the presidential consultant for entrepreneurship, and in 2016 to 2022, he served as special adviser to the President of the Philippines. Presently, Mr. Concepcion holds the following positions in socio-civic associations: Vice Chairman and Trustee of RFM Foundation, Inc., Director of the Laura Vicuna Foundation for Street Children, and Vice Chairman of the Micro Small and Medium Enterprise Development Council ("MSMED"). He holds a B.S. Business Management degree from the De La Salle University.

**Raissa C. Hechanova-Posadas**  
*Director*

Ms. Raissa C. Hechanova-Posadas has been a member of the Board of the Company since July 5, 2013. She is concurrently a Director of Hy-land Realty and Development Corporation, Advisor to the Board of Directors of BDO Private Bank, Diversity Equity and Inclusion Committee Head and Deputy Membership Head of District 3820 of Rotary International, President of BSL persons with Disabilities & Co. Inc, and Member of the Board of Trustees of Knowledge Channel Foundation, Inc. Prior to joining the Company, Ms. Hechanova-Posadas had 25 years of experience in corporate and investment banking at Citigroup where she held the positions of Managing Director, Head of corporate finance unit, and designated business senior credit officer. In addition, she was a Member of the Citi Philippines senior management team for ten years, and of the Board of Directors of several Citigroup legal vehicles in the country. Ms. Hechanova-Posadas holds a B.A. Applied Economics degree from De La Salle University and a Master of Business Administration degree from IMD International Institute for Management Development (formerly IMEDE).

**Luis Y. Benitez**  
*Independent Director*

Mr. Luis Y. Benitez was elected as an Independent Director of the Company on October 26, 2022. As of December 31, 2025, he serves as an independent director of CTBC Bank (Philippines) Corporation. He also served as an independent director of Insular Life Assurance Co., Ltd. and Insular Health Care, Inc. during the reporting year. Subsequent to the reporting period, Mr. Benitez was elected as independent director the Board of Directors of Sta. Clara Industrial Corporation on March 31, 2026. Mr. Benitez was formerly the Vice Chairman, Senior Partner, and Head of the Audit Division of SGV & Co., where he served from 1978 to 2007. He holds a Master of Business Administration degree from the Stern School of Business of New York University and completed the Pacific Rim Bankers Program at the University of Washington. He earned his Bachelor of Science in Business Administration, major in Accounting, from the University of the Philippines. He is a Certified Public Accountant.

**Justo A. Ortiz**  
*Independent Director*

Mr. Justo A. Ortiz is an Independent Director since November 6, 2020. Mr. Ortiz is the Chairman of Philippine Payments Management, Inc. He serves as Vice Chairman of Union Bank of the Philippines. He holds the position of Director/Trustee in The Insular Life Assurance Co., Ltd., Philippine Trade Foundation and Inc., Pilmico Foods Corporation. He is a Member of the Board of Governors of Management Association of the Philippines. He was the Chairman of the Board of Union Bank from 2018 to June 2020. Chief Executive Officer from 1993 to 2017. Prior to holding his position in the Union Bank of the Philippines, he was Managing Partner for Global Finance and Country Executive for Investment Banking at Citibank, N.A. Mr. Ortiz became a member of the Claustro de Profesores of the University of Santo Tomas (UST) as he was conferred a Doctor of Humanities degree, Honoris Causa on December 11, 2015. He graduated Magna Cum Laude with a degree in the Economics Honors Program from Ateneo de Manila University.

The Board has conferred the title of Chairman Emeritus to Raul T. Concepcion who made significant contributions to the growth of the Company's air conditioning and refrigeration businesses over the years. Chairman Emeritus essentially functions as senior executive advisers to the Board, drawing from his vast experience in holding leadership roles in Philippine business and industry and socio-civic organizations.

**Raul T. Concepcion**  
*Chairman Emeritus*

Mr. Raul T. Concepcion is Chairman Emeritus of the Board of the Company. He concurrently serves as the Chairman and CEO of both CCAC and CDI as well as Chairman of Contel Communications, GOV'T WATCH, an independent oversight on the concerns of the Filipino consumer, and Buy Philippine Made Movement. Mr. Concepcion is also the Chairman Emeritus of the Federation of Philippine Industries, Vice President for trade of PCCI and a Trustee of the Carlos P. Romulo Foundation. He is a Member of various distinguished organizations such as the Makati Business Club, Manila Overseas Press Club, Rotary Club of Makati, Hero Foundation and MAP. Mr. Concepcion holds a B.S. Accountancy degree from the De La Salle University and an Executive Master of Business Administration degree from the University of California at Los Angeles. The degree of Doctor of Management Science (Honoris Causa) has also been conferred on him by the Technological Institute of the Philippines.

**(b) Executive Officers and Key Management Officers**

The table below sets forth certain information regarding the executive officers and key management officers of the Company as of the date of this Report.

<b>Position</b>	<b>Name</b>	<b>Citizenship</b>	<b>Age</b>
Chairman and President, CIC and CMI Chief Executive Officer (up to December 31, 2023) Chairman, CCAC and COPI	Raul Joseph A. Concepcion	Filipino	63
Vice Chairman and Treasurer	Renna C. Hechanova-Angeles	Filipino	70
Vice Chairman Chairman, CDI	Raul Anthony A. Concepcion	Filipino	55
Chief Executive Officer	Isaias Ariel P. Fermin	Filipino	57
Chief Corporate Affairs Officer Executive Vice President, Business Development, CDI Vice Chairman, CTC	Rafael C. Hechanova, Jr.	Filipino	67
Chief Finance and Operating Officer; CEO and President, COPI and Alstra; Treasurer, CTC Chairman, Tenex	Rajan Komarasu	Singaporean	59
Chief Human Resources Officer	Teodoro L. Ruiz	Filipino	55
Chief Legal Counsel and Compliance Officer	Omar C. Taccad	Filipino	57
Chief Audit Executive	Marivic B. Landicho	Filipino	53
Investor Relations Lead	Jennie Rose D. David	Filipino	33
Corporate Secretary	Jayson L. Fernandez	Filipino	55
Assistant Corporate Secretary	Roxanne Viel C. Santos	Filipino	40
President, CDI	Harold Thomas Pernikar, Jr.	American	48
Chief Experience Officer	Merril Yu	Filipino	68
President, CCAC, Tenex	Phillip F. Trapaga	Filipino	61
General Manager, CMI	Anna M. Alejandro	Filipino	44
Head of Supply Chain, CIC	Danilo Calangi	Filipino	48
General Manager, Shared Services; President and COO, CBSI	Michael Eric I. Sarmiento	Filipino	55
General Manager for Direct to Consumer Business and Digital Solutions Group	Steven Santos	Filipino	50
VP Change & Strategic Initiatives	Roldan Natindim	Filipino	47

The business experiences of each of the executive officers are set forth below.

**Raul Joseph A. Concepcion**  
*President and Chairman of the Board*

Please refer to the table of Directors above.

**Renna C. Hechanova-Angeles**  
*Vice Chairman and Treasurer*

Please refer to the table of Directors above.

**Raul Anthony A. Concepcion**  
*Vice Chairman*

Please refer to the table of Directors above.

**Isaias Ariel P. Fermin**  
*Chief Executive Officer*

Mr. Isaias Ariel P. Fermin was appointed as Chief Executive Officer effective January 1, 2024. Mr. Fermin has held senior leadership positions at renowned multinational companies such as Procter & Gamble, Coca-Cola, Unilever, and Nike, as well as local publicly listed companies 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. He obtained his degree in Chemical Engineering from the University of the Philippines in Diliman.

**Rajan Komarasu**  
*Chief Finance and Operating Officer*

Mr. Rajan Komarasu was appointed as the Chief Finance and Operating Officer of the Company on November 1, 2021. He is concurrently the President of Alstra Incorporated and COPI. He was the Chief Financial Officer of CCAC from 2007 to 2011. Mr. Komarasu held several positions in United Technologies Corporation (now known as Raytheon Technologies) primarily in the HVACR segment. Prior to joining the Company, his last role at UTC was Asia director for financial planning and analysis at the climate control and security department in Shanghai. Mr. Komarasu holds a Bachelor of Business degree from Curtin University. He was also a Chartered Accountant of Singapore.

**Rafael C. Hechanova, Jr.**  
*Chief Corporate Affairs Officer*

Mr. Rafael C. Hechanova, Jr. has served the Company since 30 December 1997. He plays a key role in ensuring that the Company continues to do good business across all its markets. He oversees both the Consumer and Business Solutions Groups, including new business units for corporate marketing and business development. Prior to his tenure in CCAC, Mr. Hechanova served as a Director of the Pacific Basin Development Company in Vancouver, Canada. Upon returning to the Philippines and joining Concepcion Industries in 1994, he became responsible for managing the sales and aftermarket service of chillers and AHUs to institutional and commercial customers. In 1998, Mr. Hechanova joined the CCAC leadership as an operating partner managing retail sales and marketing for RLC air conditioning products ensuring that both product and brand development initiatives were based on unique and demanding Filipino insights. This enabled CCAC to launch highly relevant branded communication messages for Carrier, Condura and Kelvinator as well as product innovations including the patented energy saving plug. Mr. Hechanova is also currently a director of Concepcion-Carrier Realty Holdings, Inc. and of Hy-land. He was a director of CAC from 1998 to 2013 and of CCAC from 2006 to 2009. He took up Mechanical Engineering at the De La Salle University and graduated at the British Columbia Institute of Technology.

**Teodoro L. Ruiz**  
*Chief Human Resources Officer*

Mr. Teodoro L. Ruiz joined the CIC Group on October 16, 2023. He is an ICF credentialed professional coach and accomplished HR professional with over thirty years of experience in human resource management, labor relations, organizational development and change management. His expertise spans various industries, including pharmaceutical and consumer healthcare, food and beverage, manufacturing and global business services. He obtained his Bachelor's Degree in Industrial Psychology *cum laude* from the Polytechnic University of the Philippines and master's degree from the Erasmus University Rotterdam in the Netherlands (Nuffic Fellow). He has also completed management and leadership programs at INSEAD Business School in Singapore and International Institute of Management Development (IMD) in Switzerland.

**Marivic B. Landicho**  
*Chief Audit Executive*

Ms. Marivic B. Landicho was appointed as Chief Audit Executive on July 27, 2023. Ms. Landicho has over thirty years of strong and progressive experience in Internal Auditing, Compliance and Fraud Investigation in some of the most highly regulated industries. She has held various key positions as Vice President and Chief Audit Executive with notable experience in leading transformative audit initiatives at renowned organizations within the banking and healthcare sectors, with demonstrated expertise in fortifying internal controls, driving compliance, and uncovering financial irregularities. She obtained her Bachelor of Science degree from the De La Salle University and is a Certified Public Accountant and Certified Internal Control Auditor.

**Omar C. Taccad**  
*Chief Legal Counsel and Compliance Officer*

Mr. Omar C. Taccad, was appointed Chief Compliance Officer in October 2019 and is the Vice President for Legal, Governance and Compliance of the Corporation since July 9, 2018. Prior to joining the Corporation, he was Assistant Corporate Secretary of PLDT Communications and Energy Ventures, Inc. (formerly Pilipino Telephone Corporation) and served as Corporate Secretary or Assistant Corporate Secretary of several subsidiaries of PLDT, Inc., where he was also Head of Subsidiaries Services Division – Corporate Affairs and Legal Services Group until 2017. He obtained his Juris Doctor degree from the Ateneo de Manila University and was admitted to the Philippine Bar in 1998.

**Jennie Rose D. David**  
*Investor Relations Lead*

Ms. Jennie Rose D. David was appointed as Investor Relations Lead on November 21, 2023. Prior to joining CIC, Ms. David worked as a content analyst in Thompson Reuters for 6 years, then as the investor relations officer of Shinagawa Lasik Aesthetics. She holds a Bachelor of Science Degree Major in Financial Management in San Beda University, and Juris Doctor Degree in Arellano University of Law.

**Jayson L. Fernandez**  
*Corporate Secretary*

Mr. Jayson L. Fernandez was elected as Corporate Secretary of the Company on July 18, 2013. He is a Partner in Romulo Mabanta Buenaventura Sayoc & de los Angeles and currently co-chairs its tax department. He obtained his A.B. Management Economics and Juris Doctor degrees from the Ateneo de Manila University and was admitted to the Philippine Bar in 1996.

**Roxanne Viel C. Santos**  
*Assistant Corporate Secretary*

Ms. Roxanne Viel C. Santos was elected as the Assistant Corporate Secretary of the Corporation on July 15, 2020. She joined Romulo Mabanta Buenaventura Sayoc & de los Angeles in 2017 and is an Associate. She graduated from the Ateneo de Manila University School of Law with a Juris Doctor degree in 2016 and was admitted to the Philippine Bar in 2017.

**Harold Thomas Pernikar, Jr.**  
*President, CDI*

Mr. Harold Thomas Perkinar, Jr. is the President and CEO of CDI. Prior to joining CCAC, he worked at the various offices of AkzoNobel Car Refinishes and AkzoNobel Automotive & Aerospace Coatings in Asia from 2002 to 2012. He served as a product manager, marketing and logistics manager, global product manager and business development manager at AzkoNobel Car Refinishes, and as a commercial manager at AzkoNobel Automotive & Aerospace Coatings. He holds a B.S. International Business and Finance degree from Northeastern University.

**Phillip F. Trapaga**  
*President, CCAC and Tenex*

Mr. Trapaga is the Managing Director of CCAC. He also had a stint as Director of Channel Sales of CCAC and was the General Manager of CMI for 3 years. He has over thirty years of experience in the manufacturing, telecommunications and consumer durables.

**Danilo Calangi**  
*Head of Supply Chain, CIC*

Mr. Danilo Calangi joined the CIC Group on September 16, 2025, as the Head of Supply Chain. He brings over 27 years of distinguished experience in logistics and supply chain management, with a proven track record of driving transformative strategies across diverse industries. His expertise encompasses project management, distribution management, and business development. Danny holds a Bachelor's Degree in Management Engineering from the Ateneo de Manila University and a Master's in Business Administration from the Asian Institute of Management

**Michael Eric I. Sarmiento**  
*General Manager for Shared Services  
President and COO, CBSI*

Mr. Michael Eric Sarmiento is the President and COO of CBSI. Mr. Sarmiento specializes in Finance & IT with almost 20 years of experience in Business & Systems Analysis, Business Intelligence, Data Analytics, IT Project Management & Consulting, and Management Accounting. He was the SVP & General Manager of its ROHQ, Primer Resources Corp and Deputy CFO of the Intellectual Property Venture Group (IPVG) prior to joining CIC. He graduated from University of Sto. Tomas with a degree in Industrial Engineering and then got his MBA from University of the Philippines, Diliman, Q.C.

**Merril Yu**  
*Chief Consumer Experience Officer*

Meril Yu is the Chief Consumer Experience Officer of CIC. Mr. Yu is a seasoned senior executive with over 25 years of leadership experience who has demonstrated success in managing full-scope operations and building multimillion dollar corporations. He is an international hotelier who has honed his craft with leading hotel brands such as Four Seasons Hotels, The Peninsula Group, and MGM among others. Locally, he has taken on senior leadership role in reputable organizations such as Megawide Construction Corporation as its Head of Hotels, LBP Service Corporation as its President, GHM Hotels Philippines Inc. as Managing Director, Legend Hotels International as COO and as SVP for SM Hotels & Entertainment.

**Anna M. Alejandro**  
*General Manager, CMI*

Anna M. Alejandro is the General Manager and Treasurer of CMI. She has more than 15 years of experience in the field of Financial Planning, Statutory and Management Reporting and Analysis across FMCG and Pharmaceutical industries. Over the last 10 years, Ms. Alejandro has taken on various managerial roles both in the Philippines and the Regional Singapore Office covering the areas of Commercial Finance, Integrated Business Project Planning and Finance Business Partnering. Her most recent role is Senior Regional Commercial Finance Manager of A. Menarini Asia Pacific, based in Singapore handling 13 countries across Asia Pacific. She joined Concepcion Midea Inc. Phils. (CMIP) on November 15, 2018 as Finance Director. Ms. Alejandro holds a Bachelor's Degree in Accountancy from the Philippine School of Business Administration.

**Steven Santos**  
*General Manager for Direct to Consumer  
Business and Digital Solutions Group*

Steven Santos is the General Manager for Direct-to-Consumer Business and Digital Solutions Group. He has more than 20 years of experience on internet startups, online classifieds, e-commerce, digital media and remote working companies. He has extensive knowledge in marketing management, strategic negotiations, e-commerce, payments, digital transformation, business consulting, strategic planning, business development, sales and operations. Prior to joining CCAC, Mr. Santos was the General Manager of Remote Staff and Country Managers for Tribe Limited and Property24. He also played key management roles for Multiply.com Philippines, Yahoo and SM Supermalls. He graduated from the Ateneo De Manila University and completed his MBA program from the University of the Philippines.

**Roldan Natindim**  
*VP Change & Strategic Initiatives*

Roldan Natindim is the Head of Enterprise Strategy & Transformation. He has more than 20 years of experience in business and systems analysis, systems implementation, project and program management, change management, strategy and business transformation and customer experience. His experience covers various industries including technology and consulting, oil & gas, telecom and global business services. Mr. Natindim holds a Bachelor's Degree in Management Engineering from Ateneo de Manila University.

**(c) Involvement in Certain Legal Proceedings**

The above-named directors and executive officers have not been involved in any material legal proceedings involving bankruptcy petitions, criminal convictions, court orders and judgments, including violations of securities regulations during the past five years.

## Item 10 Compensation of Executive Officers

The following are the Company's Chairman & President and four (4) most highly compensated executive officers of CIC and subsidiaries for the year ended December 31, 2025:

Name	Position
Raul Joseph A. Concepcion	Chairman & President, CIC
Isaias Ariel Fermin	Chief Executive Officer, CIC
Rajan Komarasu	Chief Finance & Operating Officer, CIC; President, COPI
Rafael C. Hechanova Jr.	Chief Corporate Affairs, CIC
Harold Pernikar	President, CDI

The table below presents the aggregate compensation of (a) the Company's Chairman & President and the four (4) most highly compensated executive officers (named), and (b) all officers and directors as a group (unnamed), for 2023 to 2026 (forecast).

	Year	Total <sup>(1)</sup> (Amounts are in millions)
Chairman & President and the four (4) most highly compensated officers named above	2023	118.9
	2024	161.6
	2025	166.2
	2026 (est)	177.1
Aggregate compensation paid to all officers and Directors as a group (unnamed)	2023	209.8
	2024	312.6
	2025	300.6
	2026 (est)	333.2

*(1) Includes salary, bonuses and other income*

As approved by the Board of Directors on January 31, 2023 and by the Stockholders on July 27, 2023, each Director is entitled to receive per diem allowance of P50,000.00 for attending Board meetings and P50,000.00 for attending Committee meetings. In addition, the Chairman of the Audit & Risk Oversight Committee receives a fee of P50,000.00 per month and a P75,000 per diem allowance for each Audit and Risk Oversight Committee meeting. The Directors are also entitled to a bonus equivalent to P300,000.00 or 1.5% of prior year's Profit After Tax After Minority Interest, divided equally among all members of the Board of Directors, whichever is higher.

Total compensation of the Company's Board of Directors in their capacity as directors of the Company for 2025 amounted to P14 million.

### *Standard Arrangements*

Other than payment of reasonable per diem for Board meetings and committee participation as approved by the Board, there are no standard arrangements pursuant to which Directors of the Company are compensated, or were compensated, directly or indirectly.

### *Other Arrangements*

There are no other standard arrangements pursuant to which any Director of the Company was compensated except for the Chairman for the Audit and Governance Committee who is paid a reasonable monthly allowance as approved by the Board.

### *Employment Contracts*

As of the date of this Report and with the standard employment constraints, the Company has no special employment contracts with the named executive officers.

### *Warrants and Options Outstanding*

As of the date of this Report, there are no outstanding warrants or options held by the President and CEO, the named executive officers, and all officers and directors as a group.

## **Item 11 Security Ownership of Certain Beneficial Owners and Management**

### **(a) Security Ownership of Certain Record and Beneficial Owners**

The following table presents a list of persons/groups known to the Company to be directly or indirectly the record or beneficial owner of more than 5% of any class of Concepcion Industrial Corporation voting shares as at December 31, 2025.

<b>Title of Class</b>	<b>Name and Address of Record Owner</b>	<b>Citizenship</b>	<b>Number of Shares Held</b>	<b>% of Class</b>
Common	Foresight Realty & Development Corp. (Formerly Concepcion Holdings, Inc.) 308 Sen. Gil Puyat Ave., Makati City	Filipino	93,080,290	23.65
	Hyland Realty & Development Corp. 308 Sen. Gil Puyat Ave., Makati City	Filipino	89,387,797	22.71
	Horizons Realty Inc. Pioneer cor. Sheridan St., Mandaluyong City	Filipino	90,045,026	22.11

Other than the abovementioned, the Company has no knowledge of any person who, as at December 31, 2025, was directly or indirectly the beneficial owner of, or who has voting power or investment power (pursuant to a voting trust or other similar agreement) with respect to, shares comprising more than five percent (5%) of the Company's outstanding common shares of stock.

**(b) Security Ownership of Management**

The following are the number of shares of the Company's capital stock (all of which are voting shares) owned of record by the Chairman, key officers of the Company and subsidiaries as at December 31, 2025 held through various brokerage accounts and PCD Nominees.

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Position</b>	<b>Citizenship</b>	<b>Number of Shares</b>	<b>Nature of Ownership</b>	<b>% of Class</b>
Common	Raul Joseph A. Concepcion	Chairman/ President	Filipino	1,254,460	Direct and Indirect	0.32
Common	Renna C. Hechanova-Angeles	Vice Chairman / Treasurer	Filipino	3,227,816	Direct	0.82
Common	Raul Anthony A. Concepcion	Vice Chairman	Filipino	2,478,752	Direct and Indirect	0.63
Common	Ma. Victoria Herminia C. Young	Director	Filipino	1,149,073	Direct and Indirect	0.29
Common	Jose Ma. A. Concepcion III	Director	Filipino	614,056	Direct and Indirect	0.16
Common	Raissa C. Hechanova-Posadas	Director	Filipino	2,641,630	Direct	0.67
Common	Justo A. Ortiz	Independent Director	Filipino	3,500	Direct	0.0
Common	Luis Y. Benitez, Jr.	Independent Director	Filipino	1	Direct	0.0
Common	Isaias Ariel P. Fermin	Chief Executive Officer	Filipino	0	-	0.0
Common	Rafael C. Hechanova, Jr.	Chief Corporate Affairs Officer	Filipino	4,207,614	Direct and Indirect	1.07
Common	Rajan Komarasu	Chief Finance & Operating Officer, President, COPI, Alstra	Singaporean	51,800	Direct	0.01
Common	Phillip F. Trapaga	President, CCAC and Tenex	Filipino	25,620	Direct	0.01
Common	Harold Thomas Pernikar, Jr.	CDI	American	1,560	Direct	0.0
Common	Danilo Calangi	Head of Supply Chain, CIC	Filipino	0	-	0.0
Common	Michael Eric I. Sarmiento	President and COO, CBSI	Filipino	0	-	0.0
Common	Merril Yu	Chief Consumer Experience Officer	Filipino	0	-	0.0
Common	Anna M. Alejandro	General Manager, CMI	Filipino	0	-	0.0
Common	Steven Santos	General Manager for Direct to Consumer Business and Digital Solutions Group	Filipino	0	-	0.0
Common	Roldan Natindim	VP Change & Strategic Initiatives	Filipino	0	-	0.0
Common	Omar C. Taccad	Chief Legal Counsel and Chief Compliance Officer	Filipino	0	-	0.0
Common	Marivic B. Landicho	Chief Audit Executive	Filipino	0	-	0.0
Common	Jennie Rose D. David	Investor Relations Lead	Filipino	0	-	0.0
Common	Jayson Fernandez	Corporate Secretary	Filipino	0	-	0.0
Common	Roxanne Viel Santos	Assistant Corporate Secretary	Filipino	0	-	0.0

The aggregate number of shares owned of record by all key officers and directors as a group as of December 31, 2025 is 288,181,498 shares or approximately 73.21% of the Company's outstanding capital stock.

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 2025 and 2024.

**(c) Voting Trust Holders of % or more**

The Company has no existing voting trust or similar agreements.

**(d) Changes in Control**

There are no existing arrangements which may result in a change in control of the Company.

**Item 12 Certain Relationships and Related Transactions**

In the normal course of business, the Company transacts with related parties. Transactions with related parties are made at arms-length. The following are the balances and significant transactions with these entities as at and for the years ended December 31:

	2025		2024		2023	
	Transactions*	Outstanding receivable (payable)	Transactions*	Outstanding receivable (payable)	Transactions*	Outstanding receivable (payable)
<b>Shareholders</b>						
Rent and utilities	84,427	(8)	114,770	-	66,087	-
Lease of warehouse	45,196		44,309	-	43,441	-
Dividend declaration	393,656		277,629	-	198,956	-
Reimbursements from shareholders	56	539	57	-	141	598
Reimbursements to shareholders	-	(1,157)	112	(1,157)	-	(1,157)
<b>Associate</b>						
Administrative services	45,016	4,173	43,503	3,469	32,206	14,761
Transfer of employees, net	2,511	3,790	4,579	4,331	7,870	7,870
Purchase of goods, net of return	15,728	(11,349)	6,919	(7,293)	671	(1,691)
Sale of goods	45,009	4,173	3,199	532	8,798	2,565
Transaction fees	3,133	-	2,848	-	2,782	258
Reimbursements from associates	24,246	2,589	48,745	1,310	140,421	76,172
Reimbursement to associates	1,175	(1,902)	546	(1,747)	1,234	(1,735)
<b>Entities under common control</b>						
Rent and utilities	77,012	(1,083)	-	-	35,330	(2,944)
<b>Entities with common Shareholders</b>						
Commission income	-	-	1,963	-	1,351	1,351
Sale of goods and services	1,066	394	3,199	532	8,798	2,565
Dividend declaration	389,000	-	329,000	-	216,100	-
Purchases, net purchase returns	3,024,923	(596,683)	161,442	(168,674)	2,156,124	(335,915)
Collections (Payments) in behalf of a related party	-	-	-	-	-	-
Reimbursements	(4,441)	4,396	-	-	23	(2,181)
Royalty/Technical fee	50,742	(29,551)	80,665	(55,221)	57,147	(46,075)
<b>Key management personnel</b>						
<b>Short-term</b>						
Directors' fees	13,099	-	9,460	-	6,553	(9,505)
Salaries and wages	466,140	(30,094)	426,600	(2,340)	386,010	(83,992)
<b>Long-term</b>						
Retirement benefit	32,711	(243,216)	27,173	(325,430)	16,993	(244,994)
<b>Retirement plan</b>						
Contributions to the retirement fund	30,000	-	66,745	-	-	-
Claims from the retirement fund	-	(2,448)	-	(3,237)	-	-

## Part IV - CORPORATE GOVERNANCE

### Item 13 Corporate Governance

CIC and the CIC Group believe that the key to long-term sustainability and success largely depends on having a good name and solid reputation in the marketplace. Thus, the business and operations of the Company and the Group are conducted in accordance with the principles and best practices of good corporate governance.

As a publicly listed company, the Board of Directors has formally adopted a Corporate Governance Manual (the "Manual") that incorporates the established governance policies and practices in accordance with applicable laws, rules and regulations, including the Code of Corporate Governance for Publicly Listed Companies. The amended Manual was approved and adopted by the Board of Directors on February 12, 2020 to incorporate current regulations. Through this Manual, the Board of Directors of the Company ("Board") aims to promote adherence and further strengthen the Group's commitment to good corporate governance.

The Philippine Revised Corporation Code (the "Corporation Code") lays down the basic legal framework for corporate governance of every Philippine corporation. It is supplemented by the Securities Regulation Code or Republic Act No. 8799 (the "SRC"), the rules issued by the Securities and Exchange Commission ("SEC" or "Commission") to implement Republic Act 8799, the Code of Corporate Governance for Publicly Listed Companies or SEC Memorandum Circular No. 19, Series of 2016 (the "CG Code"), the Company's Corporate Governance Manual, and the charters of the Board Committees.

#### (a) Governance Structure

The Company supports the principle and regulatory mandate of check and balances across the entire Group by its observance of the segregation of powers, independence of audit, compliance and risk management functions. In the context of good governance, the Company's Corporate Governance Manual defines the roles and responsibilities of the Board and Key Management Officers of the Company, through which the Company shall implement good governance practices.

**Board of Directors.** The CIC Board of Directors is responsible for fostering the long-term success of the Company and securing its sustained competitiveness and profitability consistent with the corporate objectives and long-term best interest of the Company, its stockholders, and other stakeholders.

#### (b) Board Committees

**Executive Committee.** The Executive Committee is empowered to exercise the powers of the Board in the management of the business and affairs of the Corporation except with respect to the approval of any action for which stockholders' approval is also required.

**Audit and Risk Oversight Committee.** The Audit and Risk Oversight Committee is responsible for overseeing senior management in establishing and maintaining an adequate, effective and efficient internal control framework, and that effective and adequate financial reporting, internal and external audit, monitoring and compliance systems and processes are established and maintained.

**Corporate Governance, Nominations and Remuneration Committee.** The Committee shall assist the Board in the performance of its corporate governance responsibilities, ensuring compliance with and proper observance of corporate governance principles and practices. In terms of its nominations functions, it shall (1) formulate screening policies to enable the committee to effectively review the qualification of the nominees for directors and independent directors, and (2) conduct nominations for independent directors prior to the stockholders' meeting in accordance with the procedures set forth in Rule 38 of the Amended Implementing Rules and Regulations of the SRC, as the same may be amended from time to time.

**Strategy and Investments Committee.** The Committee is responsible for assisting the Board in the effective discharge of its responsibilities concerning the Company's investment policies and strategies, with emphasis on the following areas: (a) To review, assess and recommend to the Board the execution of major investments in new business opportunities within and outside of the Company's core business and the mechanism and form for undertaking such ventures through means such as mergers, acquisitions, joint ventures or wholly-owned subsidiaries; and (b) To provide guidance to Management in the identification, consideration, review analysis and selection, negotiation.

The Charters of the Committees are available at the Company Website's Board Committees page under Corporate Governance.

The attendance of the directors at Board Meetings, Committee Meetings and the Annual Stockholder Meeting are also available at the Company's website.

The current membership of the Board Committees are as follows:

Committee	Members
Executive Committee	Raul Joseph A. Concepcion (Chairman) Renna C. Hechanova-Angeles Raul Anthony A. Concepcion
Audit and Risk Oversight Committee	Luis Y. Benitez, Jr. (Chairman, Independent Director) Raissa C. Hechanova-Posadas (Non-Executive Director) Ma. Victoria Herminia C. Young (Non-Executive Director) Justo A. Ortiz (Independent Director) <i>Independent Director - Vacant</i>
Corporate Governance, Nominations and Remuneration Committee	<i>Chairman - Vacant</i> Raul Joseph Concepcion Renna C. Hechanova-Angeles Justo A. Ortiz (Independent Director) Luis Y. Benitez, Jr. (Independent Director)
Strategy and Investments Committee	Justo A. Ortiz (Chairman, Independent Director) Ma. Victoria Herminia C. Young (Non-Executive) Raissa C. Hechanova-Angeles (Non-Executive)

Following the passing of Mr. Cesar A. Buenaventura, on December 10, 2025, the position of Chairman of the Corporate Governance, Nominations and Remuneration Committee and as Independent Director of the Audit and Risk Oversight Committee remains vacant. The Board is in the process of designating a new Chairman and Independent Director in accordance with the Company's By-Laws and Corporate Governance Manual.

### (c) Insider Trading Policy

The Company has an Insider Trading Policy which seeks to inform and ensure compliance by the Company and its Directors, Officers and Employees of their obligations under the Securities Regulations Code and other applicable laws, rules and regulations pertaining to trading or dealing with the Company's securities. All covered persons are prohibited from trading shares of the Company, either directly or indirectly, during the blackout period as defined in the policy. The policy also requires the director or officer to report their beneficial ownership within one (1) day after their election/appointment, and their acquisition or disposal within one (1) day from the date of the transaction.

In the covered period, the following are the changes in beneficial ownership of the directors, officers and 10% owners:

Name	Position	Date of Transaction	Acquisition (A) or Disposition (D)	Number of Shares	Ownership After Transaction
Renna C. Hechanova-Angeles	Vice Chairman and Director	01/07/2025	A	22,000	Direct – 3,327,816

### (d) Integrated Annual Corporate Governance Report (I-ACGR)

SEC MC. No. 15 series of 2017 mandates that all publicly-listed companies submit an Integrated Annual Corporate Governance Report (I-ACGR). The Company's I-ACGR contains a detailed discussion on the compliance of the Board of Directors and top-level management with the Corporate Governance Manual.

The Company is in full compliance of all required disclosures related to Corporate Governance Code and the Corporate Governance Manual. Areas for improvement noted during the accomplishment of the I-ACGR to match best practices will be addressed with positive action. The Manual is reviewed annually or as the need arises for possible revision, to conform with best market practices on corporate governance or comply with new rules and regulations issued by any regulatory body.

The I-ACGR for the covered period is available in the CIC Website ([concepcion.ph](http://concepcion.ph)) at this link under Corporate Governance (Reports, Policies and Other Materials).

## Part V - SUSTAINABILITY

### Item 14 Sustainability Report

The Sustainability Report is attached to this Annual Report and available at the Company's website at [concepcion.ph](http://concepcion.ph).

## Part VI - EXHIBITS AND SCHEDULES

### Item 15 Exhibits and Reports on SEC Form 17-C

(a) Exhibits -- Please refer to the Index to Exhibits on page 36.

The other exhibits as indicated in the Exhibit Table of Revised Securities Act Forms are either not applicable to the Company or require no answer.

(b) Reports on SEC Form 17-C

The following reports on SEC Form 17-C were filed from January 1 to December 31, 2025:

Date	Subject of Report
January 24, 2025	Notice of Analysts and Investors Briefing
January 30, 2025	Press Release on 2024 CIC Preliminary Results
March 26, 2025	Approval of 2024 Audited Financial Statements and Declaration of Cash Dividend
April 24, 2025	Notice of Investor's Briefing
April 28, 2025	Press Release on Q1 2025 CIC Results
April 28, 2025	Notice of Annual Stockholders' Meeting
April 30, 2025	Clarification of News Report on Carrier Air Authority Franchise Program
July 22, 2025	Notice of Investors and Analysts' Briefing
July 24, 2025	Press Release on CIC's 15% PATAMI Growth in Q2 2025
July 24, 2025	Annual and Stockholders' Meeting and Organizational Meeting of the Board of Directors
October 10, 2025	Notice of Analysts and Investors Briefing
October 27, 2025	Press Release: CIC Delivers Steady Revenue Growth Amid Challenging Market Conditions
December 12, 2025	Passing of Lead Independent Director Mr. Cesar A. Buenaventura

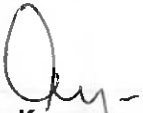
**SIGNATURES**

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on March 26, 2026.

By:

  
**Raul Joseph Concepcion**  
Chairman of the Board

  
**Isaias Ariel Fermin**  
Chief Executive Officer


  
**Rajan Komarasu**  
Chief Finance and Operating Officer

  
**Jayson L. Fernandez**  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAR 26 2026, affiants exhibiting to me their residence certificates as follows:

<u>NAMES</u>	<u>ID NUMBER</u>	<u>DATE OF ISSUE</u>	<u>PLACE OF ISSUE</u>
Raul Joseph Concepcion	P6306423A	06 March 2018	Manila City
Isaias P. Fermin	N03-90-095285	15 April 2022	Muntinlupa City
Rajan Komarasu	NCR-2024-01-000003	25 February 2026	Manila
Jayson L. Fernandez	N01-88-083452	09 January 2018	Makati City

Doc No. 112  
Page No. 24  
Book No. IX  
Series of 2026.

  
**ATTY. LEONETTE MARIE L. GONZAGA**  
Notary Public until 31 Dec. 2027  
2nd Floor A&V Crystal Tower  
105 Esteban St., Legazpi Vill., Makati City  
Appointment No. M-041  
PTR No. 10764205 | 01/05/2026 | Makati City  
IBP No. 583673 | 01/02/2026 | PPLM  
MCLE Compliance No. VIII-0004396 | 04/14/2028  
Roll No. 65702

# CONCEPCION INDUSTRIAL CORPORATION (CIC) Sustainability Report

## Contextual Information

Organization Details	
Organization's legal name	CONCEPCION INDUSTRIAL CORPORATION (“CIC”, “CIC Group”, the “Organization”, or the “Company”)
Principal Office	308 Sen. Gil Puyat Ave., Makati City
Location of Headquarters	Muntinlupa City
Location of Operations	<p>Main Locations:</p> <ul style="list-style-type: none"> <li>● Muntinlupa City</li> <li>● Makati City</li> <li>● Pasig City</li> <li>● Cabuyao, Laguna</li> </ul> <p>Other Locations:</p> <ul style="list-style-type: none"> <li>● Luzon – Paranaque City, Quezon City, Dagupan, Pampanga</li> <li>● Visayas – Cebu, Iloilo</li> <li>● Mindanao – Cagayan De Oro, Davao</li> </ul>
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	<ul style="list-style-type: none"> <li>● Concepcion-Carrier Air-Conditioning Company (CCAC)</li> <li>● Concepcion Durables, Inc. (CDI)</li> <li>● Concepcion Midea, Inc. (CMI)</li> <li>● Concepcion-Otis Philippines, Inc. (COPI)</li> <li>● Concepcion Business Services, Inc. (CBSI)</li> <li>● Cortex Technologies Corporation (CTC)</li> <li>● Alstra Incorporated (AI)</li> <li>● Teko Solutions Asia, Inc. (Teko)</li> <li>● Tenex Services, Inc. (Tenex)</li> </ul> <p>The Company is currently enhancing its data collection systems to facilitate more comprehensive future reporting, as certain environmental and operational data, based on available internal records, do not yet encompass all locations.</p>
Reporting Period	January 1, 2025 to December 31, 2025
Highest Ranking Person responsible for this report	Raul Joseph Concepcion, Chairman and President

## Business Model

Concepcion Industrial Corporation (CIC) operates primarily as a holding company, conducting its business through its subsidiaries. It is one of the Philippines' leading providers of air conditioners, air conditioning solutions, and refrigerators. It has expanded its focus beyond air conditioning and refrigeration, positioning itself as a comprehensive provider of consumer, building, and industrial solutions.

CIC offers a diverse range of solutions and after-market services across multiple international and Philippine brands, including Carrier, Toshiba, Condura, Kelvinator, Midea, Otis, Shark and Ninja.

Designed to meet the needs of various customer segments and structure types, the Company's solutions serve individual homeowners, residential communities, commercial buildings, and large-scale industrial facilities. These products are tailored to address key consumer priorities, such as durability, noise reduction, aesthetic appeal, affordability, and customizable features that cater to specific requirements.

With a growing emphasis on energy-efficient technologies, the Company continues to develop and promote innovative solutions that support sustainability and cost savings. As the demand for energy efficiency increases, it remains committed to expanding its offerings that deliver long-term value through reduced energy consumption.

Beyond its product lineup, CIC provides a comprehensive offering of after-market services, including periodic maintenance, parts supply, repairs, and full-cycle product support. By combining a strong portfolio with reliable after-sales service, the Company enhances customer value and sets itself apart in the competitive air conditioning and refrigeration industry.

## Key Stakeholders and Concerns

CIC conducts stakeholder analysis to identify and understand the interests, concerns, and expectations of groups that influence or are affected by the Company's operations. This process supports transparency and ensures that stakeholder perspectives are considered in the Company's sustainability disclosures and management approaches.

Stakeholder groups are identified through a review of the Company's operations, organizational structure, and stakeholder interactions. Priority stakeholders are then engaged through consultations, surveys, and internal workshops to gather insights on key concerns and sustainability priorities.

In 2025, CIC conducted internal engagement activities involving employee representatives from executive leadership and key departments, including Environment, Health and Safety (EHS) and Factory Operations, Communications and Marketing, Investor Relations, Audit, Financial Planning and Analysis (FP&A), Strategy and Transformation, and Human Resources. The sessions gathered insights on operational priorities, sustainability initiatives, organizational culture, and emerging environmental and social considerations relevant to the Company's operations.

Key themes discussed included environmental responsibility in operations, occupational health and safety, energy-efficient technologies, sustainability-driven brand leadership and innovation, financial sustainability, and employee well-being and development. Discussions also considered the Company's interactions with external stakeholders such as customers, regulators, business partners, and communities, particularly in relation to product innovation, environmental stewardship initiatives, and responsible business practices. External stakeholder considerations were further integrated through market insights, regulatory expectations, and industry benchmarking.

The insights gathered were consolidated to identify key stakeholder concerns and support the review of the Company's sustainability priorities.

## Materiality Process

In preparation for CIC's first Sustainability Report, CIC conducted materiality assessment activities to identify and prioritize the environmental, social, governance, and economic issues most relevant to its operations and stakeholders. The process ensures that the Company's sustainability disclosures focus on the most significant impacts on the business and its stakeholders.

The 2025 assessment builds on the 2024 process, which established the initial list of sustainability topics relevant to CIC's operations and stakeholder interests. It included a review of previous annual reports, company policies, operational data, client-supplied references, and industry research and benchmarking within the appliance, HVAC, and manufacturing sectors. A survey was also conducted among internal stakeholders, including organizational leaders and committee heads, generating a total of 31 responses. The survey results were consolidated and analyzed to prioritize topics based on their weighted scores, with those scoring 3.50 and above identified as the most material.

CIC then reviewed and validated these topics in 2025, identifying actual and potential impacts, supported by insights from internal meetings, workshops, and organizational scans.


The results of the assessment were reviewed to finalize the list of material topics that guide CIC's sustainability priorities and disclosures. Oversight of the Company's Sustainability Committee, led by the Chief Corporate Affairs Officer, which ensures that the identified material topics remain aligned with CIC's business strategy and operational priorities.










## Material Topics




As a result of the conducted materiality review, the following topics have been identified as material to CIC for this reporting period:

List of Material Topics	
<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Economic Performance</li> <li>• Indirect Economic Impacts</li> </ul>	<p><b>Social</b></p> <ul style="list-style-type: none"> <li>• Employee Management</li> <li>• Employee Training</li> <li>• Labor-Management Relations</li> <li>• Local Communities</li> <li>• Occupational Health and Safety</li> <li>• Diversity and Equal Opportunity</li> <li>• Customer Satisfaction</li> <li>• Product Safety</li> <li>• Supply Chain Management</li> <li>• Human Rights</li> <li>• Customer Privacy</li> </ul>
<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• Energy and Emission Management</li> <li>• Climate Action</li> <li>• Green Innovation</li> <li>• Materials</li> <li>• Waste Management</li> <li>• Product Lifecycle Management</li> <li>• Circularity</li> <li>• Water Management</li> </ul>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Compliance with Regulations</li> <li>• Corporate Governance</li> <li>• Digitalization</li> </ul>

## Contribution to the United Nations Sustainable Development Goals (UN SDGs )

Sustainable Development Goals (SDGs)	Key business activities and sustainability initiatives contributing to the SDGs	Contribution to the SDGs (including direct positive impacts, potential negative impacts, and management approach to negative impacts)
 <p><b>3 GOOD HEALTH AND WELL-BEING</b></p>	<p><b>Employee Well-being and Inclusive Workplace</b> Improved employee well-being, diversity, safety, and development outcomes.</p>	<p>CIC ensures a safe, diverse, and supportive workplace. Through robust health programs, training, and equal opportunity policies, we boost employee well-being and drive organizational growth.</p>

 		
 	<p><b>Laundry, Kitchen, and Small Domestic Appliances</b>  CIC drives sustainable water management by manufacturing water-efficient washing machines and leads the appliance sector's implementation of the Extended Producer Responsibility Act through partnership with the Plastic Exchange Program of the Philippines (PCX).</p>	<p>To mitigate the environmental impact of its products, the Company partners with government and recyclers to implement effective e-waste disposal and recycling systems, while also ensuring regular maintenance and safety training.</p>
 	<p><b>Air Conditioning Solutions</b>  CIC products deliver tangible household savings by reducing electricity consumption through energy-efficient operation. Our manufacturing prioritizes environmental safety, utilizing eco-friendly refrigerants and strictly managing chemicals and waste.</p>	<p>CIC provides energy-efficient air conditioning units for residential, commercial, and industrial spaces, supporting sustainable urban living by minimizing power consumption and CO<sub>2</sub> emissions through inverter technology and smart cooling systems.</p>
  	<p><b>Elevator and Escalator Sales and Service for Commercial and Industrial Use</b>  CIC drives urban development by providing efficient, accessible elevator and escalator solutions. These offerings create job opportunities through training and equipment demand, fostering economic growth and professional advancement.</p>	<p>CIC mitigates environmental and safety risks from elevator modernization e-waste and technician hazards through maintenance and training, ensuring safe, reliable operations and reducing environmental impact.</p>

	<p><b>Refrigeration Products</b> CIC products deliver superior energy efficiency (high EEF). Appliances using eco-friendly refrigerants significantly cut CO<sub>2</sub> emissions.</p>	<p>CIC reduces environmental impact by designing longer-lifespan, energy-efficient appliances, lowering energy use and emissions. Furthermore, through recycler partnerships and waste reduction programs, the Company minimizes plastic waste, promoting a circular economy.</p>
 	<p><b>Corporate Governance, Compliance, and Partnerships</b> Implemented robust corporate governance and regulatory compliance, fostering strategic partnerships with government, industry, and sustainability partners to drive environmental initiatives and responsible business practices.</p>	<p>CIC ensures responsible business practices through compliance, governance, and partner collaboration, strengthening waste management and environmental program sustainability.</p>

## ECONOMIC

### Economic performance

#### Direct economic value generated and distributed (in PhP)

Disclosure	2025	2024
Direct economic value generated (revenue)	18,546,066 <sup>a</sup>	18,064,132
Direct economic value distributed:		
a. Operating costs	2,975,363 <sup>b</sup>	4,453,054
b. Employee wages and benefits	2,387,021 <sup>c</sup>	1,836,358
c. Payments to suppliers	12,016,935 <sup>d</sup>	11,990,679
d. Dividends given to stockholders and interest payments to loan providers	787,991 <sup>e</sup>	606,966
e. Payments to government (e.g., taxes, penalties, etc.)	79,808 <sup>f</sup>	42,588
f. Community Investments	2,719	11,188

<sup>a</sup>Based on Audited Financial Statements (AFS), this is Net Sales

<sup>b</sup>Based on AFS, this is Operating Expenses less Personnel costs under operating expense (1,635,110) and community and investments (2,719)

<sup>c</sup>Based on AFS, this is composed of Personnel Costs and are lodged under Cost of Services (751,911) and Operating Expenses (1,635,110)

<sup>d</sup>Based on AFS, this is composed of total Cost of Sales and Services less Personnel costs under Cost of Sales and Services (751,911)

<sup>e</sup>Based on AFS, this is composed of cash distribution of profits (782,656) and interest paid on short-term borrowings (5,335)

<sup>f</sup>Based on AFS, this is the net income tax paid. Can be referred to in the Statement of Cash Flows.

## Management Approach

CIC generates economic value through the manufacture, sale, distribution, installation, and servicing of air conditioning systems, refrigeration products, consumer appliances and elevator and escalator solutions through its subsidiaries, including after-sales services covering installation, repair, and parts. Operations are supported by a nationwide network of distributors, dealers, accredited installers, and service providers, enabling product delivery and after-sales services such as maintenance, repairs, and parts supply across residential, commercial, and industrial markets. Procurement and supply chain functions support the sourcing of materials, components, and finished goods, while internal systems support inventory management, sales monitoring, and demand planning.

In 2025, CIC expanded its service and distribution network, including the rollout of the Carrier Air Authority Center franchise model to strengthen HVAC service coverage and support local service partners. The Company also continued to invest in product portfolio expansion, channel development, and service capabilities to support market coverage and operational growth. These practices contribute to revenue generation, employment, and value creation across the Company's operations and value chain.

## Indirect Economic Impacts

### Infrastructure investments and services supported

Extent of development of significant infrastructure investments and services supported	Size and Duration	Additional specific impacts on local community or economy, if any	Is this a commercial, in-kind, or pro bono engagement?
CCAC supported Museo Pambata through the donation of new Carrier air-conditioning units	12 units of air conditioning units	Improved comfort and safety for children, teachers, and visitors, supported efficient operation of classrooms and exhibits, and reduced maintenance costs through energy-efficient, reliable air conditioning units.	Pro bono

CCAC provided cooling units and training tools for Valtech	3 year partnership	Strengthened technical-vocational education by providing modern HVAC tools, enhancing the employability of Filipino youth and technicians, and supporting the development of a skilled workforce aligned with industry needs and local economic growth.	Pro bono
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### Management Approach

CIC contributes to indirect economic impacts through the development and distribution of energy-efficient air conditioning systems, refrigeration products, consumer appliances, and elevator and escalator solutions across residential, commercial, and industrial markets. Through its brands, including Carrier, Condura, Toshiba, Midea, and Otis, the Company offers products with energy-saving and environmentally responsible features that help reduce operating costs and improve efficiency for customers.

Product development is guided by the CIC’s Enterprise Risk Management (ERM) Framework and strategic direction set by the Board and Management, which considers energy efficiency and evolving customer needs. The Company continues to invest in product development and technology adoption, supported by aftermarket services such as maintenance, repairs, and parts supply throughout the product lifecycle.

These activities provide cost efficiencies to consumers, support government priorities on energy efficiency, and contribute to long-term value creation. The Company also identifies risks related to supplier and partner dependencies affecting product availability, while opportunities include new product introductions and expansion of energy-efficient technologies.

## Procurement Practices

### Management Approach

CIC is strengthening its approach to procurement management in 2025 to support the sourcing of components, equipment, and materials used in its appliance and HVAC operations. Procurement activities are carried out through internal supply chain procedures and coordinated with suppliers to support product availability and operational needs.

Procurement is guided by the CIC’s Code of Ethics, which sets standards for lawful and ethical conduct and prohibits bribery, improper payments, and conflicts of interest. Suppliers are expected to follow these standards or adopt equivalent policies.

As the Company begins reporting on this topic, procurement and supplier engagement are being aligned with governance and risk management processes to strengthen oversight, ensure compliance, and support reliable supplier relationships.

## Anti-corruption

### Communication of and training on anti-corruption policies and procedures (in %)

<b>Disclosure</b>	<b>2025</b>	<b>2024</b>
Percentage of employees to whom the organization's anticorruption policies and procedures have been communicated to	100	100
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	100
Percentage of directors and management that have received anti-corruption training	100	100
Percentage of employees that have received anti-corruption training	100	100

### Incidents of corruption

<b>Disclosure</b>	<b>2025</b>	<b>2024</b>
Number of incidents in which directors were removed or disciplined for corruption	0	0
Number of incidents in which employees were dismissed or disciplined for corruption	0	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	0

### Management Approach

CIC maintains a zero-tolerance stance on corruption in line with its core value of "Doing the Right Thing." It implements an Ethics Program to promote honest and lawful conduct across its directors, officers, employees, representatives, and suppliers, and to prevent bribery, fraud, conflicts of interest, and other improper practices.

The Ethics Program includes the Code of Ethics, ethics training, annual certification, the ProActive whistleblowing system, the Ethics Committee, and Business Practices Officers. The Code of Ethics sets clear rules on proper conduct, including compliance with laws on improper payments and a strict prohibition on bribery. Supporting policies guide employees on handling conflicts of interest, business gifts, and third-party engagements. Suppliers are also expected to follow the same standards, with serious violations resulting in termination or blacklisting.

In 2025, these controls were monitored through the Enterprise Risk Management (ERM) Framework, where corruption is managed as a key risk. Employees are required to declare

conflicts of interest, and concerns may be reported through confidential channels, including the ProActive platform. Reports are reviewed and addressed through established internal procedures. These practices support accountability and ethical conduct across the Company's operations.

## ENVIRONMENTAL

### Resource Management

#### Materials

##### Non-renewable materials used (in kg)

Unit	2025 <sup>9</sup>	2024
CCAC Cabuyao	0	190,509
CDI Cabuyao	24,590	24,590
<b>Total</b>	<b>24,590</b>	<b>215,099</b>

<sup>9</sup>In 2025, changes in the reporting boundary affected the completeness of this indicator, and a complete dataset is targeted for the next reporting period.

##### Renewable materials used (in kg)

Unit	2025	2024
CCAC Cabuyao	971,353	37,734
CDI Cabuyao	513,943	1,064,725
<b>Total</b>	<b>1,485,296</b>	<b>1,102,459</b>

#### Management Approach

CIC recognizes the importance of responsible materials management in supporting operational efficiency and reducing environmental impacts across its appliance and HVAC assembly, distribution, and servicing activities, including initiatives under Condura that promote the use and recycling of packaging plastics within the production line. Materials used in operations mainly consist of components and parts for air-conditioning, refrigeration, and other appliance products. These materials are managed through existing procurement controls, inventory management systems, and operational processes that support efficient resource use and proper handling. Oversight is integrated within the Company's procurement, operations, and supply chain functions. As the Company begins reporting on this topic, it is strengthening internal monitoring and documentation of materials used to support more consistent tracking and disclosure in future reporting periods.

## Energy

### Energy consumption within the organization (in GJ<sup>h</sup>)

Disclosure	2025	2024
<b>Liquefied Petroleum Gas (LPG)</b>		
CCAC Cabuyao (stationary)	563	655
CCAC Cabuyao (mobile)	240	68
CDI Cabuyao (mobile)	56	68
<b>Total consumption</b>	<b>859</b>	<b>792</b>
<b>Diesel</b>		
CCAC Cabuyao	3,923	4,182
CDI Cabuyao	94	94
<b>Total consumption</b>	<b>4,018</b>	<b>4,276</b>
<b>Purchased electricity</b>		
Alabang Office (CIC, CBSI, CCAC, CDI CMI)	12,249	3,423
CCAC Cabuyao	9,548	10,825
CDI Cabuyao	10,802	18,776
COPI Makati	13,241	156
Renewable fuels - Solar energy	1,314	1,204
<b>Total consumption</b>	<b>47,154</b>	<b>34,384</b>

<sup>h</sup>Energy consumption is reported in gigajoules (GJ) in 2025. For consistency and comparability, 2024 data were restated using the same unit of measurement.

## Management Approach

CIC manages energy consumption in its offices, warehouses, and service operations through operational controls and facility management practices that promote efficient use of electricity and fuel. These practices are guided by the Company's Environment, Health and Safety (EH&S) Policy and Management System, which supports responsible resource use and compliance with applicable environmental regulations, including the Philippine Clean Air Act of 1999 and the Energy Efficiency and Conservation Act. Energy use is monitored through internal operational and facility management systems to support operational efficiency. In 2025, the Company strengthened its energy management initiatives by transitioning its Alabang offices to renewable energy through a partnership with ACEN Renewable Energy Solutions, supporting the use of cleaner energy sources and advancing its sustainability commitments.

## Water and Effluents

### Water withdrawal (in m<sup>3</sup>)

<b>Disclosure</b>	<b>2025</b>	<b>2024</b>
<b>Water withdrawal (from all areas)</b>		
Alabang Office (CIC, CBSI, CCAC, CDI, CMI)	4,784	5,163
CCAC - Cabuyao	58,994	52,209
CDI - Cabuyao	18,946	14,694
COPI - Makati	44	83
<b>Total water withdrawal</b>	<b>82,768</b>	<b>72,149</b>

### Management Approach

The Company manages water use and effluents through its Environment, Health and Safety (EH&S) Policy and Management System, which promotes responsible resource use, pollution prevention, and compliance with environmental regulations, including the Philippine Clean Water Act of 2004. Water is primarily used in facility operations such as offices, warehouses, and service activities, and consumption is monitored across key operating sites as part of the CIC's environmental management practices. Wastewater and effluents are managed through facility-level controls and monitoring to ensure proper discharge and minimize environmental impacts. These practices support responsible water management and regulatory compliance across the Company's operations.

## Environmental Impact Management

### Greenhouse Gas (GHG) and other Air Emissions<sup>i</sup>

#### Total direct and indirect GHG emissions (in tCO<sub>2e</sub>)

<b>Disclosure</b>	<b>2025</b>	<b>2024</b>
Direct (Scope 1) emissions	353	368
Indirect (Scope 2) emissions	8,831	6,392
<b>Total GHG emissions</b>	<b>9,184</b>	<b>6,760</b>

#### Direct (Scope 1) GHG emissions (in tCO<sub>2e</sub>)

<b>Disclosure</b>	<b>2025</b>	<b>2024</b>
Vehicle use/Forklift/Generator sets/Operational use		
<b>Diesel</b>		
CCAC Cabuyao	292	311

CDI Cabuyao	7	7
<b>LPG</b>		
CCAC Cabuyao (stationary)	36	41
CCAC Cabuyao (mobile)	15	4
CDI Cabuyao (mobile)	4	4
<b>Total Scope 1 emissions</b>	<b>354</b>	<b>367</b>

#### Indirect (Scope 2) GHG emissions (in tCO<sub>2e</sub>)

<b>Disclosure</b>	<b>2025</b>	<b>2024</b>
<i>Total Emissions from purchased electricity consumption</i>		
Alabang Office (CIC, CBSI, CCAC, CDI CMI)	2,360	659
CCAC Cabuyao	1,839	2,085
CDI Cabuyao	2,081	3,617
COPI Makati	2,551	30
<b>Total Scope 2 emissions</b>	<b>8,831</b>	<b>6,391</b>

GHG emissions for 2025 were calculated based on reported fuel and electricity consumption. For comparability, 2024 emissions were also calculated using the same methodology.

#### Management Approach

CIC acknowledges the relevance of greenhouse gas (GHG) and other air emissions in relation to its operational environmental impacts. Emissions associated with its operations are primarily linked to electricity use in offices and operational facilities, as well as fuel consumption in logistics and service activities. These environmental aspects are guided by the Company's Environment, Health and Safety (EH&S) Policy and Management System, which promotes pollution prevention, responsible resource use, and compliance with applicable regulations. The Company is developing internal processes to monitor energy use and related emissions to enable future tracking and disclosure.

## Waste

### Management Approach

Waste management is an important part of managing the environmental impacts of the CIC's appliance and HVAC assembly, distribution, and servicing operations. Waste generated mainly includes packaging materials, office waste, and service-related by-products. Waste handling is guided by the Company's Environment, Health and Safety (EH&S) Policy and Management System, which promotes proper segregation, storage, and disposal in compliance with the Department of Environment and Natural Resources (DENR) regulations. CIC is in the process of establishing waste data and preparing to begin reporting on this topic, it is strengthening internal processes to monitor and document waste management practices across its operations.

## SOCIAL

### Employee Management

#### Employee hiring and benefits

##### Number of Employees

<b>Disclosure</b>	<b>2025</b>	<b>2024</b>
Female employees	594	543
Male employees	874	818
<b>Total number of employees</b>	<b>1,468</b>	<b>1,361</b>

##### New employee hires

<b>Disclosure</b>	<b>2025</b>
<b>Total number of new hires</b>	<b>421</b>

##### Employee turnover

<b>Disclosure</b>	<b>2025</b>
<b>Total number of employee turnover</b>	<b>291</b>

##### Employee benefits

<b>Disclosure</b>	<b>2025</b>	
	<b>% of female availed</b>	<b>% of male availed</b>
SSS	1.05	1.24
PhilHealth	0.4	0.12
Medical benefits (aside from PhilHealth)	100	100
Retirement provision (aside from SSS)	0.21	0.71
Pag-ibig	1.3	1.58
Parental leaves	.51	0.44
Vacation & Sick leaves	86.76	83.02
Further education support	N/A	N/A
Company stock ownership	N/A	N/A
Telecommuting/ Adaptability Working	68.66	64.2
Flexible-working hours	90.67	87.7

**Management Approach**

CIC manages employee relations and workforce development through comprehensive human resource policies designed to support employee welfare, engagement, and performance. Core frameworks include the Compensation, Benefits, Individual Development Plan (IDP), and Labor-Management Cooperation (LMC) policies. The Human Resource function oversees their implementation and continuous review to ensure alignment with operational requirements and market competitiveness.

These frameworks reflect CIC’s people-centered culture and its core value of “Caring for the People and the Planet.” Recognizing employees as vital drivers of long-term success, CIC actively implements programs to enhance capability and engagement across its subsidiaries. Key initiatives feature structured training, leadership development, competitive benefits, and flexible work arrangements, where operationally feasible.

To further accelerate workforce readiness, the Company champions mentorship, manager-led coaching, and blended learning models that integrate formal and experiential training. These initiatives are anchored by the Individual Development Plan framework, which guides employee learning objectives and career progression.

By sustaining this investment in employee well-being and development, CIC consistently attracts and retains top talent while strengthening positive workplace relations. Ultimately, these comprehensive people management programs drive overall organizational performance, ensuring employees are fully equipped to support the Company as it expands its product offerings, services, and scale of operations.

Labor/management relations

**Notice period regarding operational changes**

<b>Disclosure</b>	<b>2025</b>	<b>2024</b>
Percentage of employees covered with collective bargaining agreement (CBA)	CCAC: 12 CDI: 60	CCAC: 12 CDI: 46
Number of consultations conducted with employees concerning employee-related policies	36	31

**Management Approach**

CIC drives constructive labor-management relations through its Labor-Management Cooperation (LMC) Policy, which aligns with the Labor Code of the Philippines. The policy empowers employees to participate in workplace decision-making, enhances transparency, and improves the overall quality of working life.

The Labor-Management Council implements this policy, serving as the primary platform to address productivity, workplace rules, and engagement matters not covered by the Collective Bargaining Agreement. CIC formally recognizes the Concepcion-Carrier Air Conditioning

Company Employees' Union and the Concepcion Durables, Inc. Employees Union as the certified bargaining representatives for its factory employees.

In 2025, management and union leaders collaborated on several key initiatives to strengthen workplace cohesion. Highlights included joint leadership and labor-relations sessions featuring external experts from the Department of Labor and Employment (DOLE), alongside union-driven engagement programs such as Women's Month events and internal sports activities.

To sustain this collaborative environment, the Company utilizes regular union sessions, employee consultations, and town hall meetings. These active consultation mechanisms ensure open communication to promptly address workplace concerns and reinforce a strong partnership between management and employees.

### Organizational training and development

#### Total training hours provided to employees (in hours)

<b>Disclosure</b>	<b>2025</b>	<b>2024</b>
<b>Total training hours</b>	26,210	28,224

#### Average training hours per employee (in hours/employee)

<b>Disclosure</b>	<b>2025</b>	<b>2024</b>
<b>Average training hours per employee</b>		
<b>Female</b>	9	9
<b>Male</b>	13	13

#### Employees receiving regular performance and career development reviews (in %)

<b>Disclosure</b>	<b>2025</b>
Female	100
Male	100
<b>Total percentage</b>	100

## Management Approach

CIC anchors its capability-building initiatives in the Individual Development Plan (IDP) to cultivate a resilient and future-ready workforce. Managed by the Corporate HR Centre of Excellence, this framework ensures all learning programs align with broader business objectives by deploying a comprehensive 70-20-10 blended learning model. This approach maximizes growth by strategically dividing development into three core pillars: 70% hands-on experience through critical on-the-job application, 20% social learning via manager-led coaching, and 10% formal education. By directly linking theoretical training to real-world execution, this structured commitment guarantees that every development effort translates into measurable business impact and clear career progression.

The Company utilizes an annual performance evaluation process to assess achievements, provide actionable feedback, and identify specific areas for professional growth. Within this system, managers actively serve as mentors. They guide their respective teams in setting precise development goals and identifying targeted learning opportunities.

Developing strong leaders remains central to fulfilling these development goals. CIC equips its management teams through Performance Management Orientations that establish clear operational expectations. This foundational training is directly complemented by Coaching for Performance sessions designed to build practical mentoring skills. Furthermore, dedicated Change Management Workshops provide next-generation leaders with actionable frameworks to seamlessly navigate complex projects and operational shifts.

Beyond tactical leadership, the Company actively reinforces its people-centered culture and ensures strategic alignment. Interactive Campfire Sessions led by the CEO and CHRO encourage open dialogue and transparency. This cultural foundation is solidified through comprehensive Core Values Orientations mandated for all new hires and refreshed regularly for tenured employees.

To address broader operational requirements, CIC champions continuous learning across the organization. The Company provides employees with comprehensive access to LinkedIn Learning to drive self-paced development. In addition to digital resources, the Company facilitates specialized in-person modules such as people management, coaching skills and business storytelling workshops to improve communication capabilities. Additionally, CIC deploys targeted technical training to enhance overall understanding of operational processes, organizational standards, and workplace safety.

These multifaceted learning platforms with structured performance evaluations ensure that CIC's workforce remains engaged and highly skilled. These comprehensive development programs empower career progression while fully equipping employees to sustain the Company's operational excellence and long-term strategic goals.

## Diversity and Equal Opportunity

### Diversity of Employees by Gender (%)

<b>Disclosure</b>	<b>2025</b>	<b>2024</b>
% of female workers in the workforce	41	40
% of male workers in the workforce	59	60

### Board Diversity by Gender (number of employees)

<b>Disclosure</b>	<b>2025</b>	<b>2024</b>
Female	3	3
Male	5	6
Other	0	0
<b>Total</b>	<b>8</b>	<b>9</b>

### Board Diversity by Age (number of employees)

<b>Disclosure</b>	<b>2025</b>	<b>2024</b>
Under 30	0	0
30-50	0	0
Above 50	8	9
<b>surveuTotal</b>	<b>8</b>	<b>9</b>

## Management Approach

CIC actively champions diversity and equal opportunity by embedding inclusive practices throughout the entire employment lifecycle. The Company ensures fair workforce representation and guarantees equitable access to professional growth for all employees. To cultivate a truly respectful environment, CIC integrates diversity directly into its talent acquisition strategies. The organization deliberately extends these inclusive principles into its capability-building programs and leadership succession planning. These efforts strengthen organizational resilience and aim to empower every individual to contribute meaningfully to the Company's sustained growth.

## Occupational Health and Safety

### Occupational health and safety management system

<b>Disclosure</b>	<b>2025</b>
Percentage of employees covered by an OHS system	100

### Training on occupational health and safety

<b>Disclosure</b>	<b>2025</b>
OHS trainings provided to employees, including generic training as well as training on specific work-related hazards, hazardous activities, or hazardous situations	<ul style="list-style-type: none"> <li>• Occupational safety and health policy orientation</li> <li>• Workplace safety and incident reporting procedures</li> <li>• Emergency response and disaster preparedness training</li> <li>• Fire safety training and drills</li> <li>• Health and wellness and workplace safety awareness sessions</li> </ul>

### Workplace health and safety conditions

<b>Disclosure</b>	<b>2025</b>
<b>Safe man-hours worked</b>	
CIC	1,915,362
CCAC (Regional and Projects)	1,180,722
COPI	811,627
CCAC (Cabuyao)	510,491
CDI (Cabuyao)	992,898
<b>Number of safety drills</b>	
CIC	2
CCAC (Regional and Projects)	4
COPI	3
CCAC (Cabuyao)	1
CDI (Cabuyao)	2
<b>Number of work-related ill health</b>	
Workers	
CCAC (Regional and Projects)	12
CDI (Cabuyao)	5
Employees	
COPI	266
CDI (Cabuyao)	3
<b>Number of work-related injuries</b>	
Workers	

CCAC (Regional and Projects)	8
CCAC (Cabuyao)	5
CDI (Cabuyao)	6
Employees	
CCAC (Cabuyao)	2
CDI (Cabuyao)	1

## Management Approach

CIC safeguards occupational health and safety through a comprehensive Environmental, Health, and Safety (EH&S) Policy and Management System. This framework governs risk assessments, workplace inspections, incident reporting, and corrective actions. In 2025, strict enforcement of these standards ensured regulatory compliance and reinforced CIC's fundamental commitment to employee well-being.

To embed a safety-first culture, the Company mandates rigorous EHS orientations for all new hires. This foundational knowledge is continuously reinforced through regular safety drills that maintain high emergency responsiveness and empower employees to take personal ownership of their daily safety.

Beyond internal protocols, CIC actively champions health and resilience through strategic partnerships. Collaborating closely with the Muntinlupa Local Government Unit (LGU), the Company hosted comprehensive earthquake preparedness seminars and proudly became one of the first organizations to launch the PhilHealth Yakap Program. Furthermore, CIC elevates industry-wide standards by regularly facilitating Kapatiran sessions, where EHS teams actively share their best practices.

As CIC scales its operations, the Company continuously updates workplace controls. By ensuring strict safety alignment with all contractors and service partners, CIC builds a resilient workforce and secures long-term operational excellence.

CIC manages occupational health and safety through its EH&S Policy and Management System, which covers compliance, risk assessment, training, inspections, audits, incident reporting, and corrective actions across its operations. In 2025, the Company continued to apply this framework in support of employee safety, responsible operations, and regulatory compliance, consistent with its stewardship commitments and operating standards. As CIC expands its products, services, and service channels, it continues to strengthen safety awareness, workplace controls, and alignment with contractors and service partners to support employee well-being and operational resilience.

The Company is also strengthening its safety metrics to support more comprehensive future reporting.

## Human Rights and Compliance with Labor Laws and Standards

Incidents of workplace discrimination, forced labor, child labor, and other human rights violations

<b>Disclosure</b>	<b>2025</b>	<b>2024</b>
Total number of identified incidents of discrimination during the reporting period	0	0
Number of legal actions or employee grievances involving workplace discrimination	0	0
Total number of identified incidents of forced/ compulsory labor during the reporting period	0	0
Number of legal actions or employee grievances involving forced/compulsory labor	0	0
Total number of identified incidents of child labor during the reporting period	0	0
Number of legal actions or employee grievances involving child labor	0	0
Total number of identified incidents of violation of workers' rights to exercise freedom of association or collective bargaining	0	0
Number of legal actions involving violations of workers' rights to exercise freedom of association or collective bargaining	0	0

Operations/suppliers/locations considered to have significant risk for incidents related to discrimination, freedom of association or collective bargaining, child labor, and forced labor

<b>List all operations/ suppliers/ locations in 2025 considered to have significant risk for incidents related to:</b>	<b>2025</b>
Discrimination	None identified. The Company implements equal employment opportunity and anti-discrimination policies across its operations.
Freedom of Association or Collective Bargaining	None identified. Employees are able to exercise their rights to freedom of association and collective bargaining in accordance with applicable labor laws.
Child Labor	None identified. The Company complies with labor regulations prohibiting child labor.

Forced or Compulsory Labor	None identified. The Company adheres to labor laws and ethical standards prohibiting forced or compulsory labor.
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### Policies on human rights and labor standards

Disclosure	Reference to the company policy
The organization has policies that explicitly disallow violations of labor laws and human rights (e.g., harassment, bullying, discrimination, forced labor, child labor, sexual abuse) in the workplace.	<p><b>Code of Business Conduct and Ethics (COBCE)</b> – outlines ethical behavior, anti-discrimination, and fair labor practices.</p> <p><b>Human Resources Policies and Employee Handbook</b> – includes workplace conduct standards, equal opportunity employment, and disciplinary procedures.</p> <p><b>Whistleblowing Policy</b> – provides mechanisms for employees and stakeholders to report unethical conduct or violations of labor and human rights.</p> <p><b>Corporate Governance Manual</b> – reinforces ethical standards, compliance with laws, and responsible business practices across CIC operations.</p>

### Management Approach

CIC upholds human rights and labor standards through its Code of Ethics, Corporate Governance Manual, and human resource policies, which establish clear expectations for lawful and ethical conduct, respect for employees, and responsible workplace practices across its operations. The Code of Ethics applies to directors, officers, employees, and business partners and is supported by ethics training, annual ethics certification, and internal reporting mechanisms that enable employees and stakeholders to raise concerns related to workplace conduct or potential violations of company policies. These governance mechanisms promote transparency, accountability, and compliance with the Company’s ethical standards and regulatory obligations.

CIC’s labor practices are aligned with applicable Philippine labor laws and regulations, including the Labor Code of the Philippines and related requirements implemented by the Department of Labor and Employment (DOLE) governing wages, benefits, workplace conditions, and employee rights. Company policies on compensation and benefits, workplace conduct, employee development, and labor-management cooperation support compliance with these standards while promoting fair treatment, equal opportunity, and responsible employment practices. All security personnel also undergo occupational health and safety and security training to ensure preparedness, proper conduct, and adherence to workplace safety and protection protocols. Through these frameworks, CIC aims to maintain a safe, respectful, and inclusive workplace environment while ensuring compliance with labor laws and protecting the rights and welfare of its workforce.

## Local Communities

Operations with local community engagement, impact assessments, and development programs

Operations with significant actual and potential impacts on local communities

<b>Operations with significant impacts on local communities</b>	<b>Location</b>	<b>Vulnerable groups</b>	<b>Collective or individual rights that have been identified that or particular concern for the community</b>	<b>Mitigating measures (if negative) or enhancement measures (if positive)</b>
Plastic Waste Diversion and Circular Economy Initiatives (EPR Compliance and Plastic Recovery Programs)	Metro Manila and nationwide recycling partners	Women micro-entrepreneurs and communities engaged in waste collection programs	Right to a healthy environment and access to sustainable livelihood opportunities	Through partnerships with plastic recovery organizations and recycling initiatives, CIC supports plastic waste recovery and recycling while providing livelihood opportunities to community members participating in waste collection programs.
Expansion of Distribution and Retail Network to Improve Market Access and Support Technical Education and Workforce Development	Palawan, Surigao del Norte, and other provincial markets; Valenzuela City (ValTech)	Low-income households, small and independent retailers, students and technical trainees	Equitable access to essential goods, cooling solutions, energy-efficient appliances, and technical education and skills development opportunities	CIC strengthens its nationwide distribution network and partnerships with small retailers to improve access to appliances and cooling technologies in underserved areas, while supporting workforce development through its 2025 partnership with ValTech by equipping a “Learning Factory” and delivering technical training and Train-the-Trainer programs.

## Management Approach

Driven by its core belief of “Caring for the People and the Planet,” CIC actively executes corporate social responsibility (CSR) initiatives across its operational footprint. The Company cultivates strategic partnerships with local stakeholders to deliver targeted programs focused on education, social welfare, and environmental stewardship.

In 2025, CIC expanded its community outreach by mobilizing employee volunteerism and deepening ties with charitable institutions. A cornerstone of this social impact was the CDI “Lapis at Papel” Project, which successfully equipped 480 students at Pittland Elementary School in Cabuyao City, Laguna, with essential school supplies.

Culminating the year's outreach efforts, the Company participated in one of its largest holiday CSR initiatives to date through a strategic partnership with Museo Pambata. The Company mobilized cross-functional volunteers from across all business units to serve 1,500 youth, including 70 orphans invited in partnership with the White Cross Orphanage. This flagship event provided children with immersive, hands-on learning experiences designed to foster Filipino art appreciation and cultural pride, alongside the distribution of holiday gifts from partner Filipino companies.

Equally committed to environmental stewardship, CIC firmly champions waste reduction and the circular economy. To actively divert waste from landfills and waterways, the Company partners with organizations like The Plastic Flamingo and the Plastic Credit Exchange (PCX). Through CIC's "One Less Plastic" program in partnership with The Plastic Flamingo, CIC empowered its workforce to actively participate in internal plastic waste collection. Concurrently, the partnership with PCX directly supports the Extended Producer Responsibility (EPR) Act while providing sustainable livelihood opportunities for women championing responsible waste management in their communities. As a testament to these rigorous sustainability efforts, CIC and its subsidiaries were recognized among the few organizations to successfully exceed the government-mandated 20% plastic offsetting requirement for obligated enterprises.

Through these sustained partnerships and volunteer-driven efforts, CIC continuously strengthens its local community relationships while driving measurable, long-term social and environmental impact.

# Supply Chain Management

## Supplier accreditation policy

<b>Criteria topics considered in supplier accreditation</b>	<b>Reference to the supplier policy</b>
Environmental performance	Compliance with environmental regulations and company sustainability practices
Forced labor	Code of Business Conduct and Ethics (COBCE); compliance with labor laws prohibiting forced or compulsory labor
Child labor	Code of Business Conduct and Ethics; adherence to national labor regulations prohibiting child labor
Human rights	Code of Business Conduct and Ethics and Corporate Governance policies promoting fair labor practices and respect for human rights
Bribery and corruption	Anti-Bribery and Anti-Corruption provisions under the Code of Business Conduct and Ethics and Corporate Governance Manual
Supplier Operational and Regulatory Compliance	Supplier compliance with company procurement standards, contractual obligations, quality requirements, and applicable legal regulations

## Management Approach

CIC manages its supply chain through governance policies and operational controls that promote responsible sourcing, ethical conduct, and compliance with applicable laws and company standards. The Company's Code of Ethics and anti-corruption framework apply to employees, suppliers, and business partners, requiring adherence to ethical business practices, including compliance with regulations on improper payments and conflicts of interest. Suppliers are expected to adopt CIC's Code of Ethics or maintain equivalent standards, with violations subject to termination of engagement or blacklisting. These requirements are supported by the Company's Enterprise Risk Management framework, which monitors supplier-related risks and supports responsible supplier engagement. Supplier engagement processes will be further formalized in future reporting cycles.

In 2025, CIC continued strengthening supply chain coordination with global and local partners to support the distribution and servicing of appliances, HVAC systems, and building solutions across the Philippines, while expanding service networks and product offerings to ensure product quality, reliable service delivery, and operational efficiency across its value chain.

# Customer Relations Management

## Customer satisfaction

Disclosure	2025
Customer satisfaction score	92%
Did a third party conduct the customer satisfaction study? (Y/N)	N

## Management Approach

CIC manages customer relations through product quality assurance, after-sales services, and customer engagement channels that support reliable service delivery and customer satisfaction. The Company offers appliances, HVAC solutions, and building technologies supported by after-market services such as installation, preventive maintenance, parts supply, repairs, and technical support delivered through authorized distributors and service providers. Product manuals, technical specifications, warranty services, and product registration systems guide proper installation, operation, and maintenance, helping ensure safe and efficient product use across residential, commercial, and industrial markets. CIC’s customer-focused approach is reflected in its core value of “Customer Intimacy,” which emphasizes understanding customer needs and delivering solutions that improve comfort, efficiency, and product performance, supported by a dedicated Customer Experience Center that follows an established framework and utilizes a defined platform to ensure efficient resolution of customer queries and concerns.

In 2025, CIC continued strengthening customer engagement and service accessibility through initiatives that expand technical support and service coverage, including the expansion of the Carrier Air Authority Center franchise network. These initiatives were informed by internal customer surveys conducted during the reporting period. Customer inquiries and feedback are addressed through customer service platforms, authorized service centers, and corporate communication channels, enabling the Company to respond to concerns and maintain service quality. The Company also maintains policies and procedures governing product information, marketing communications, and customer data protection to support compliance with applicable regulations and responsible customer engagement.

Guided by its core value of “Customer Intimacy,” CIC drives customer satisfaction through rigorous quality assurance and proactive engagement. The Company provides a comprehensive portfolio of solutions tailored to residential, commercial, and industrial markets. To ensure safe and efficient operation, CIC equips users with clear technical specifications, detailed product manuals, and streamlined warranty systems.

To maximize product lifecycle and user comfort, CIC delivers robust after-market support. A vast network of authorized distributors and service providers executes expert installations, preventive maintenance, authentic parts supply, and rapid repairs. Central to this strategy is the dedicated Customer Experience Center, which utilizes advanced platforms to capture feedback, resolve concerns efficiently, and continuously elevate service standards. Finally, the Company enforces

strict policies on transparent marketing, accurate product information, and data protection, guaranteeing regulatory compliance and responsible business practices across all customer touchpoints.

## GOVERNANCE

### Corporate Governance

CIC maintains a governance framework guided by its Corporate Governance Manual (CGM), which defines the roles and responsibilities of the Board of Directors, management, and Board Committees in ensuring accountability, transparency, and regulatory compliance. The Board of Directors provides overall strategic direction and oversight of the Company's operations, including economic, environmental, and social impacts.

The Board is supported by key committees, including the Audit and Risk Oversight Committee (AROC), Corporate Governance, Nominations and Remuneration Committee (CGNRC), and Strategy and Investments Committee (SIC). The AROC oversees financial reporting, internal controls, and risk management processes. The CGNRC oversees governance policies, board composition, and remuneration practices. The SIC reviews strategic initiatives and investment decisions. Through this structure, the Board is supported in overseeing the Company's governance, risk management, and strategic direction.

#### Role of the highest governance body in overseeing the management of impacts

The Board of Directors serves as the highest governance body of CIC and provides overall oversight of its economic, environmental, and social impacts. The Board reviews and approves the Company's strategy, policies, and key objectives, while monitoring their implementation through established risk management, internal control, and compliance systems. Senior management is responsible for execution and performance monitoring.

Oversight is exercised through Board Committees, including the AROC, which oversees financial reporting, internal controls, and risk management, and the CGNRC, which oversees governance policies and board effectiveness. The Board regularly reviews reports from management and its committees to assess the effectiveness of governance processes and controls.

#### Delegation of responsibility for managing impacts

The Board of Directors delegates the management of the CIC's economic, environmental, and social impacts to senior management and relevant operational units, while retaining overall oversight through its governance structure and Board Committees. Sustainability-related initiatives are coordinated through a Sustainability Committee led by the Chief Corporate Affairs Officer and composed of representatives from key business units.

Operational responsibilities are carried out by relevant functions such as Human Resources, Risk Management, Compliance, and Environment, Health and Safety (EHS), which implement policies, monitor performance, and support regulatory compliance within their respective areas. Management provides updates to senior leadership and relevant Board Committees, including the AROC and the CGNRC, which review reports as part of their oversight functions.

### Role of the highest governance body in sustainability reporting

The Board of Directors provides general oversight of the CIC's sustainability disclosures, including material topics, as part of its governance and reporting responsibilities. The Company's internal controls, risk management, and compliance processes support the reliability of reported information.

The review process is supported by Board Committees, including the AROC and the CGNRC, which perform oversight functions related to internal controls, risk management, and governance practices. Senior management consolidates sustainability-related information and provides updates to the Board and its committees for review.

## Enterprise Risk Management and Internal Controls

### Risk Management Framework and Governance

CIC manages risks through its Enterprise Risk Management (ERM) Framework, which provides a structured approach to identifying, assessing, and managing risks that may affect the achievement of its business objectives. The Board of Directors has overall responsibility for risk oversight and is supported by the AROC, which reviews the effectiveness of risk management processes, internal controls, and compliance with regulatory requirements.

Management is responsible for identifying and managing risks within its respective areas, while risk management practices are coordinated across the organization to promote a consistent approach. The internal audit function provides independent assurance by reviewing the effectiveness of internal controls, governance processes, and risk management systems, and reports its findings to the AROC and the Board.

The ERM Framework also defines the Company's risk appetite, which guides the level of risk it is willing to take in pursuing its objectives, while supporting compliance with regulations and the protection of stakeholder interests.

### Risk Assessment Process

CIC follows an ERM process to identify, assess, and prioritize risks that may affect the achievement of its business objectives. Risks are identified across the organization and evaluated based on their likelihood and potential impact on operations, financial performance, compliance, and other relevant areas. These risks are grouped into categories such as strategic, operational, financial, and compliance risks to support prioritization and appropriate risk responses.

The results of the assessment are consolidated using established risk management tools to help management understand key risk exposures and guide mitigation measures and internal controls. Risk identification and assessment are carried out by relevant business units and are coordinated across the organization, taking into account internal and external factors such as market conditions, regulatory developments, and operational considerations.

Key risk information is reported to senior management and the AROC, which reviews risk exposures, mitigation actions, and the effectiveness of internal controls as part of its oversight functions.

## Internal Control Systems

CIC maintains internal control systems to safeguard assets, support the reliability of financial and operational information, and help prevent or detect errors, fraud, and non-compliance. These controls are guided by the CGM, ERM Framework, and Code of Ethics, which establish standards for accountability, risk management, and ethical conduct.

Financial controls include approval procedures, segregation of duties, and documented processes for financial reporting and transaction reviews. Operational and compliance controls are supported by internal audit activities, risk assessments, and ethics and compliance programs, as well as reporting mechanisms that allow employees and stakeholders to raise concerns through established channels.

The AROC provides oversight of the effectiveness of internal controls, including risk management processes and compliance with applicable laws and company policies.

## Monitoring and Remediation

The Company monitors its internal control and risk management systems through its ERM Framework and governance processes. Management conducts regular reviews to identify control gaps and emerging risks, while the internal audit provides independent assurance through audits based on an approved plan. Findings are reported to senior management and the AROC, which reviews corrective actions and monitors their timely resolution. These processes support continuous improvement and accountability across the organization.

## Business Ethics and Integrity

The Company promotes ethical conduct through its Ethics Program, anchored on its Code of Ethics and governance policies. The Code sets standards for directors, officers, employees, representatives, and suppliers, including compliance with laws and a prohibition on bribery and improper payments. Violations may result in disciplinary action or termination of employment or business relationships.

CIC supports ethical behavior through training, annual certification, and confidential reporting channels, with oversight from the Ethics Committee and Business Practices Officers. Stakeholders may report concerns through whistleblowing channels with protection from retaliation, supporting accountability and a culture of integrity across the organization.

## Reporting and Grievance Mechanism

The Company maintains reporting and grievance mechanisms that allow stakeholders to raise concerns about potential violations of laws, regulations, company policies, or ethical standards. Reports may be submitted through confidential and anonymous whistleblowing channels, with protection from retaliation for those reporting in good faith.

All concerns are handled confidentially and investigated through established governance and compliance processes, with oversight from management and, where appropriate, the Board or its committees. Corrective actions are implemented as needed to address issues and strengthen internal controls, supporting accountability and ethical conduct across the organization.

## Monitoring and Management of Incidents

CIC monitors risks related to business ethics and integrity through its Ethics Program, ERM Framework, and internal audit processes. These assess compliance with the Code of Ethics, anti-corruption policies, and applicable laws, including risks related to fraud, bribery, and conflicts of interest.

Reported concerns are investigated through established procedures, and confirmed violations may result in corrective actions, employee sanctions, or termination of business relationships. Internal audit and management oversight support the review of controls and identification of risks, with results reported to relevant governance bodies to support appropriate action and continuous improvement.

## Compliance with Laws and Regulations

The Company ensures compliance with applicable laws and regulations through its CGM, Code of Ethics, and ERM Framework, which establish policies and controls for responsible business conduct. Oversight is provided by the Board of Directors and the AROC through reports, risk assessments, and internal audit reviews. Regulatory risks are managed through the ERM process, supported by compliance monitoring, training, and reporting mechanisms, promoting transparency and accountability across operations.

## Significant Instances of Non-compliance

In 2025, there were no significant instances of non-compliance resulting in material fines, penalties, or non-monetary sanctions were reported. CIC also discloses the existence of certain legal cases and tax assessments, which are not expected to have a material adverse effect on its financial position. The Company discloses certain legal cases and tax assessments, which are not expected to have a material adverse impact on its financial position in 2025.

## Oversight, Audit, and Monitoring

CIC maintains compliance oversight through its governance structure led by the Board of Directors and supported by the AROC. The Committee reviews reports from management and internal audit, which conducts audits based on an approved plan. Monitoring activities, including

audits, compliance reviews, and risk assessments, support adherence to laws and company policies across key areas such as financial reporting, anti-corruption, data privacy, environmental compliance, and workplace safety. These processes support early risk identification and continuous improvement of controls.

### Remediation and Corrective Actions taken

The Company addresses non-compliance through corrective action processes embedded in its ERM Framework, Code of Ethics, and internal controls. Identified issues are investigated, with root cause analysis conducted to determine appropriate actions, including policy updates, strengthened controls, training, or disciplinary measures. Implementation is monitored by management and reported to the AROC.

In 2025, there were no material fines, penalties, or non-monetary sanctions reported. The Company continues to strengthen preventive measures and integrate lessons learned into its risk management processes.





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, 2025, 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.

Raul Joseph Concepcion  
Chairman of the Board

Isaias P. Fermin  
Chief Executive Officer

Rajan Komarasu  
Chief Finance and Operating Office

Signed this 26<sup>th</sup> day of March 2026

Signed in the presence of:

  
MAILEEN CASTANEDA

  
KRISHA ANNE CAHIGAN

ACKNOWLEDGEMENT

Republic of the Philippines)

Makati City ) SS

Before me, a notary public for and in the Makati City this

MAR 26 2026

personally appeared.

Name

RAUL JOSEPH CONCEPCION  
ISAIAS P. FERMIN  
RAJAN KOMARASU

Evidence of Competent Identity


P6306423A issued on Mar 06, 2018  
N03-90-095285 issued on Apr. 15, 2022  
NCR-2024-01-000003 issued on Feb. 25, 2026

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

MAR 26 2026

Doc No. 111  
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Book No. IX  
Series of 2025

  
**ATTY. LEONETTE MARIE L. GONZAGA**  
Notary Public until 31 Dec. 2027  
2nd Floor A&V Crystal Tower  
105 Esteban St., Legazpi Vill., Makati City  
Appointment No. M-041  
PTR No. 10764205 | 01/05/2026 | Makati City  
IBP No. 583673 | 01/02/2026 | PPLM  
MCLE Compliance No. VIII-0004396 | 04/14/2028  
Roll No. 65702



Isla Lipana & Co.

## 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 their subsidiaries (together, the "Group") as at December 31, 2025 and 2024, and its consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2025 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, 2025 and 2024;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2025;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2025;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2025; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas,  
1226 Makati City, Philippines  
+63 (2) 8845 2728

### **Basis for 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), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the consolidated financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

### **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
<p><i>Impairment of goodwill</i></p> <p>The Group has goodwill arising from its acquisition of Concepcion-Otis Philippines, Inc. (COP) in 2014 and acquisition of Teko Solutions Asia, Inc. (Teko) in 2018.</p> <p>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, 2025 (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.</p> <p>Note 27.1.9 to the financial statements presents management's disclosure on the estimate applied in assessing impairment of goodwill.</p>	<p>We addressed the matter by performing the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the goodwill recognition and impairment assessment process.</li> <li>• Reviewed management's basis for identifying the CGU where goodwill is attributed to.</li> <li>• Evaluated 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 reviewing the methodology and assumptions adopted by management. The procedures performed to assess the reasonableness of management assumptions include, among others, the following:                             <ul style="list-style-type: none"> <li>• Model integrity. Checked logic, links, formulas, mathematical accuracy, and completeness of the key model inputs.</li> <li>• Discount rate and terminal growth rate estimates. Compared the discount rate and terminal growth rate used against our independently estimated weighted average cost of capital (WACC) for the Group and relevant external benchmarks.</li> <li>• 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.</li> <li>• Performed sensitivity analysis on the assumptions used.</li> </ul> </li> </ul> <p>We evaluated the competence, capabilities and objectivity of the third-party valuation expert engaged by the Group, and our internal expert.</p>

## Independent Auditor's Report

To the Board of Directors and Shareholders of  
Concepcion Industrial Corporation  
Page 4

### **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, 2025 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 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 SEC Form 20-IS (Definitive Information Statement), 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.

## **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.

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 Paul Chester U. See.

**Isla Lipana & Co.**

*Paul Chester See*

Paul Chester U. See

Partner

CPA Cert. No. 104941

P.T.R. No. 0011425; issued on January 8, 2026 at Makati City

SEC A.N. (Individual) as general auditors 1518-AR-1, Category A;

valid to audit 2021 to 2025 financial statements

SEC A.N. (Firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2025 financial statements

T.I.N. 202-215-515

BIR A.N. 08-000745-122-2024; issued on February 13, 2024; effective until February 12, 2027

BOA/PRC Reg. No. 0142, effective until November 14, 2028

Makati City

March 26, 2026



Isla Lipana & Co.

## 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, 2025, on which we have rendered the attached report dated March 26, 2026. The supplementary information shown in Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration as at December 31, 2025, and 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, 2025 and Schedules A, B, C, D, E, F, and G as at December 31, 2025 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.**

*Paul Chester See*

Paul Chester U. See  
Partner

CPA Cert. No. 104941

P.T.R. No. 0011425; issued on January 8, 2026 at Makati City

SEC A.N. (Individual) as general auditors 1518-AR-1, Category A;

valid to audit 2021 to 2025 financial statements

SEC A.N. (Firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2025 financial statements

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BOA/PRC Reg. No. 0142, effective until November 14, 2028

Makati City  
March 26, 2026

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1226 Makati City, Philippines  
+63 (2) 8845 2728



Isla Lipana & Co.

## 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, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated March 26, 2026. 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, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

**Isla Lipana & Co.**

Paul Chester U. See  
Partner  
CPA Cert. No. 104941  
P.T.R. No. 0011425; issued on January 8, 2026 at Makati City  
SEC A.N. (Individual) as general auditors 1518-AR-1, Category A;  
valid to audit 2021 to 2025 financial statements  
SEC A.N. (Firm) as general auditors 0142-SEC, Category A;  
valid to audit 2020 to 2025 financial statements  
T.I.N. 202-215-515  
BIR A.N. 08-000745-122-2024; issued on February 13, 2024; effective until February 12, 2027  
BOA/PRC Reg. No. 0142, effective until November 14, 2028

Makati City  
March 26, 2026

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas,  
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**Concepcion Industrial Corporation and Subsidiaries**

Consolidated Statements of Financial Position  
As at December 31, 2025 and 2024  
(All amounts in thousand Philippine Peso)

	<b>Notes</b>	<b>2025</b>	<b>2024</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	2,394,844	2,398,515
Trade and other receivables, net	3	3,539,564	4,136,234
Contract assets	15	1,346,721	1,015,568
Inventories, net	4	3,189,219	2,940,648
Prepayments and other current assets		520,499	282,194
Total current assets		10,990,847	10,773,159
<b>Non-current assets</b>			
Property and equipment, net	5	658,919	492,400
Investment property	6	40,255	40,255
Investment in associates	7	467,313	227,819
Intangible assets, net	8	101,496	111,588
Goodwill	8	802,362	802,362
Right-of-use assets, net	19	424,212	200,767
Deferred income tax assets, net	9	580,527	693,500
Other non-current assets		82,716	88,860
Total non-current assets		3,157,800	2,657,551
<b>Total assets</b>		<b>14,148,647</b>	<b>13,430,710</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Trade payables and other liabilities	10	4,919,876	4,803,192
Short-term borrowings	13	73,350	4,600
Lease liabilities	19	175,558	124,557
Provision for warranty	11	98,552	100,216
Other provisions	12	120,500	117,490
Income tax payable		7,567	58,586
Total current liabilities		5,395,403	5,208,641
<b>Non-current liabilities</b>			
Retirement benefit obligation	20	714,735	660,715
Lease liabilities, net of current portion	19	269,020	99,141
Provision for warranty, net of current portion	11	-	3,383
Total non-current liabilities		983,755	763,239
Total liabilities		6,379,158	5,971,880
<b>Equity</b>			
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)	(292,064)
Retained earnings	21	4,828,415	4,439,416
Other comprehensive loss, net		(120,543)	(94,986)
		5,816,315	5,452,873
Non-controlling interest		1,953,174	2,005,957
Total equity		7,769,489	7,458,830
<b>Total liabilities and equity</b>		<b>14,148,647</b>	<b>13,430,710</b>

The notes on pages 1 to 61 are an 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, 2025  
(All amounts in thousand Philippine Peso, except earnings per share)

	Notes	2025	2024	2023
Net sale of goods	15	17,079,801	16,947,680	13,702,837
Sale of services	15	1,466,265	1,116,452	958,580
<b>Net sales</b>		18,546,066	18,064,132	14,661,417
Cost of sales and services	16	(12,768,846)	(12,111,465)	(10,006,235)
<b>Gross profit</b>		5,777,220	5,952,667	4,655,182
Operating expenses	17	(4,613,192)	(4,453,054)	(3,777,744)
Other operating income, net	18	98,598	51,547	52,111
<b>Operating income</b>		1,262,626	1,551,160	929,549
Interest expense	13, 19	(25,054)	(16,407)	(25,659)
<b>Income before share in net income of associates and income tax</b>		1,237,572	1,534,753	903,890
Share in net income of associates	7	240,981	129,907	9,415
<b>Income before income tax</b>		1,478,553	1,664,660	913,305
Income tax expense	9	(355,240)	(441,070)	(246,013)
<b>Net income for the year</b>		1,123,313	1,223,590	667,292
<b>Other comprehensive loss that will not be subsequently reclassified to profit or loss</b>				
Remeasurement loss on retirement benefits, net of tax	20	(29,998)	(30,799)	(21,427)
<b>Total comprehensive income for the year</b>		1,093,315	1,192,791	645,865
<b>Net income attributable to:</b>				
Owners of the Parent Company		782,655	769,119	383,256
Non-controlling interest		340,658	454,471	284,036
		1,123,313	1,223,590	667,292
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent Company		757,098	743,947	365,258
Non-controlling interest		336,217	448,844	280,607
		1,093,315	1,192,791	645,865
Earnings per share – basic and diluted	22	1.99	1.95	0.96
Dividends declared per share	21	1.00	0.7	0.5

The notes on pages 1 to 61 are an 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, 2025  
(All amounts in thousand Philippine Peso)

Notes	Attributable to owners of the Parent Company						
	Share capital	Share premium	Treasury shares	Retained earnings	Other comprehensive loss	Non- controlling interest	Total
	21	21	21	21	20	7	
<b>Balances as at January 1, 2023</b>	407,264	993,243	(241,464)	3,765,573	(51,816)	1,825,659	6,698,459
<b>Comprehensive income (loss)</b>							
Net income for the year	-	-	-	383,256	-	284,036	667,292
Remeasurement loss 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
<b>Transactions with owners</b>							
Cash dividends declared	-	-	-	(198,956)	-	(216,100)	(415,056)
<b>Balances as at December 31, 2023</b>	407,264	993,243	(241,464)	3,949,873	(69,814)	1,890,166	6,929,268
<b>Comprehensive income (loss)</b>							
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
<b>Transactions with owners</b>							
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)
<b>Balances as at December 31, 2024</b>	407,264	993,243	(292,064)	4,439,416	(94,986)	2,005,957	7,458,830
<b>Comprehensive income (loss)</b>							
Net income for the year	-	-	-	782,655	-	340,658	1,123,313
Remeasurement loss on retirement benefits, net of tax	-	-	-	-	(25,557)	(4,441)	(29,998)
Total comprehensive income for the year	-	-	-	782,655	(25,557)	336,217	1,093,315
<b>Transactions with owners</b>							
Cash dividends declared	-	-	-	(393,656)	-	(389,000)	(782,656)
<b>Balances as at December 31, 2025</b>	407,264	993,243	(292,064)	4,828,415	(120,543)	1,953,174	7,769,489

The notes on pages 1 to 61 are an 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, 2025  
(All amounts in thousand Philippine Peso)

	Notes	2025	2024	2023
<b>Cash flows from operating activities</b>				
Income before income tax		1,478,553	1,664,660	913,305
Adjustments for:				
Provisions for (Reversal of):				
Warranty cost	11	192,817	195,467	135,813
Commission	12	101,853	88,305	76,114
Contingencies	12	(475)	12,670	34,737
Inventory obsolescence	4	49,819	(23,982)	21,257
Impairment of receivables	3	3,621	(23,558)	10,173
Amortization of right-of-use assets	19	206,824	187,991	225,925
Depreciation and amortization of property and equipment	5	156,140	143,885	142,895
Retirement benefit expense	20	118,217	114,607	107,318
Interest expense	13, 19	25,054	16,407	25,659
Amortization of intangible assets	8	12,834	12,793	16,863
Write-off of Goodwill	8	-	4,320	-
(Gain) Loss on disposal of property and equipment	18	(4,431)	2,502	519
Loss on disposal of intangible asset	8, 18	-	1,313	-
Gain on lease termination	18, 19	(241)	(3,212)	-
Unrealized foreign exchange losses (gains)	25	20,063	(9,765)	11,291
Loss on lease modification	18, 19	1,222	-	-
Interest income on bank deposits, short-term placements	18	(27,503)	(38,887)	(24,844)
Share in net income of associates	7	(240,981)	(129,907)	(9,415)
Operating income before working capital changes		2,093,386	2,215,609	1,687,610
Changes in:				
Trade (net of provision) and other receivables		247,001	(533,466)	(359,258)
Inventories		(298,389)	(427,293)	651,349
Prepayments and other current assets		(444,587)	(443,950)	(283,756)
Other non-current assets		6,142	(5,925)	(2,152)
Trade payables and other liabilities		139,451	687,392	202,389
Cash generated from operations		1,743,004	1,492,367	1,896,182
Payments of provision for warranty cost	11	(197,864)	(175,517)	(126,182)
Income tax paid		(79,808)	(42,588)	(122,138)
Retirement contributions/ benefits directly paid by the Group/ settlements paid from book reserved	20	(104,116)	(139,816)	(72,515)
Payments of other provisions	12	(104,553)	(90,838)	(61,716)
Interest received on bank deposits		1,566	952	3,027
Net cash provided by operating activities		1,258,229	1,044,560	1,516,658
<b>Cash flows from investing activities</b>				
Interest received from short-term placements and loans to a related party		25,937	43,373	21,300
Proceeds from disposal of property and equipment		7,537	3,763	9,564
Additions to property and equipment	5	(345,282)	(183,798)	(99,179)
Additions to intangibles	8	(2,742)	(1,253)	-
Acquisition of additional shares	7	-	(6,000)	-
Net cash used in investing activities		(314,550)	(143,915)	(68,315)
<b>Cash flows from financing activities</b>				
Cash distributions of profits	21	(782,656)	(606,629)	(415,056)
Payments of short-term borrowings	13	(301,250)	-	(109,400)
Proceeds from short-term borrowings	13	370,000	-	-
Principal repayment of lease liabilities	19	(208,564)	(201,154)	(213,131)
Interest paid on lease liabilities	19	(19,526)	(16,070)	(23,805)
Interest paid on short-term borrowings	13	(5,335)	(337)	(1,890)
Acquisitions of treasury shares	21	-	(50,600)	-
Net cash used in financing activities		(947,331)	(874,790)	(763,282)
<b>Net (decrease) increase in cash and cash equivalents</b>		(3,652)	25,855	685,061
Cash and cash equivalents as at January 1		2,398,515	2,372,614	1,688,163
Effects of foreign exchange rate changes on cash and cash equivalents		(19)	46	(610)
<b>Cash and cash equivalents as at December 31</b>	2	2,394,844	2,398,515	2,372,614

The notes on pages 1 to 61 are an integral part of these consolidated financial statements.

## **Concepcion Industrial Corporation and Subsidiaries**

Notes to the Consolidated Financial Statements

As at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025

(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, 2025 and 2024, the Company has three (3) regular employees.

## 1.2 Significant business developments

### Cortex Technologies Corporation (CTC)

On December 19, 2019, the Board of Directors (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.

In 2024, the BOD of CIC approved the subscription to redeemable preferred shares of CTC to capitalize an existing loan of P276 million and an additional subscription of P50 million, and authorized CTC to obtain bank borrowings of up to P100 million to support its Shark Ninja and direct-to-consumer business operations.

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.

On March 28, 2025, CTC received additional P10 million cash from CIC as deposit for future stock subscription.

In 2025, CTC and CIC executed agreements for the subscription to preferred shares at P20 per share, consisting of shares to be issued through the offset of advances and through cash installments. On December 12, 2025, the Securities and Exchange Commission (SEC) approved the amendment of CTC's Articles of Incorporation inclusive of reclassifying 100 million unissued common shares into preferred shares, including the corresponding terms.

### Concepcion Business Services, Inc. (CBSI)

In 2024, the BOD of CIC approved the subscription to redeemable preferred shares of CBSI to capitalize an existing loan of P127 million and an additional subscription of P132 million.

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 2025, CBSI received additional cash amounting to P20.0 million from CIC, as deposit for future stock subscription. The amounts were received in two tranches of P10.0 million each on January 28, 2025 and March 28, 2025.

On June 25, 2025, the SEC approved the increase in CBSI's authorized capital stock to P500 million, divided into 120 million common shares and 380 million preferred shares, both with a par value of P1 per share. Out of the increase, CIC subscribed to P95 million preferred shares through the conversion of liabilities into equity.

### 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.

#### *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.

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.

On December 11, 2025, Alstra Inc. subscribed to 20,000,000 additional shares from the unissued portion of Tenex's authorized capital stock at a par value of P1 per share, for a total subscription amount of P20,000,000. After the subscription, Alstra Inc. maintained its 100% ownership interest in Tenex.

In 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%.

On December 11, 2025, Alstra Inc., purchased 20,000,000 additional shares of stock in Tenex, out of the unissued portion of its authorized capital stock, with par value of P1 per share or P20,000,000. Following the subscription of these additional shares, Alstra continues to hold 100% ownership of Tenex.

### **1.3 Approval of financial statements**

On March 24, 2026, 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, 2025.

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, 2025 on March 26, 2026.

## **2 Cash and cash equivalents**

Cash and cash equivalents as at December 31 consist of:

	2025	2024
Cash on hand	-	257
Cash in banks	1,042,182	1,052,867
Short-term placements	1,352,662	1,345,391
	2,394,844	2,398,515

Cash in banks and short-term placements amounting to P2,298,232 and P96,612 (2024 - P2,362,393 and P35,865) 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 P27,503 for the year ended December 31, 2025 (2024 - P38,887; 2023 - P24,844) (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 earned interest at rates ranging from 1.50% to 5.75% (2024 - 0.13% to 6.00%).

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	2025	2024
Trade receivables			
Third parties		4,001,015	4,986,673
Related parties	14	4,173	3,469
Provision for volume rebates, trade discounts and other incentives		(578,836)	(896,805)
Provision for impairment of receivables		(145,450)	(144,138)
Net trade receivables		3,280,902	3,949,199
Non-trade receivables, net			
Advances to/Claims to suppliers		156,980	112,467
Advances to employees		33,181	32,168
Related parties	14	11,708	6,174
Rental deposits		22,253	6,245
Others, net		34,540	29,981
Net non-trade receivables		258,662	187,035
		3,539,564	4,136,234

#### 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, 2025 and 2024 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:

- High performing - settlements are obtained from counterparty following the terms of the contracts without much collection effort.
- Underperforming - some reminder/follow-ups are performed to collect accounts from counterparty.
- 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		Total
	Current	Up to 6 months past due	6 to 12 months past due	Over 12 months past due	
	Within 0%	Within 0% to 1%	Within 0% to 100%	Within 49% to 100%	
Expected loss rate	0%	0% to 1%	0% to 100%	49% to 100%	
<b>2025</b>					
Trade receivables					
Third parties	3,115,960	678,570	56,871	149,614	4,001,015
Related parties	4,173	-	-	-	4,173
	3,120,133	678,570	56,871	149,614	4,005,188
Contract assets	1,346,721	-	-	-	1,346,721
Total	4,466,854	678,570	56,871	149,614	5,351,909
Loss allowance	-	4,749	27,233	113,468	145,450
<b>2024</b>					
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

Advances to employees are realized through salary deductions. Rental deposits are expected to be applied to future lease obligations. Claims to suppliers arising from damaged or mishandled goods while in transit to, or during handling by logistics providers are collectible based on service agreements. Advances to suppliers are realized through receipt of material purchases. 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	2025	2024
Beginning		144,138	183,032
Provisions (reversals), net	17	3,621	(23,558)
Write-offs		(2,309)	(15,336)
Ending		145,450	144,138

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	2025	2024
Beginning		896,805	567,956
Provisions	15	2,034,721	2,330,391
Charges		(2,352,690)	(2,001,542)
Ending		578,836	896,805

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

Non-trade receivables - others for the years ended December 31, 2025 and 2024 are presented net of the provision for impairment of receivables amounting to P6,543.

#### 4 Inventories, net

Inventories, net as at December 31 consist of:

	Note	2025	2024
At cost			
Raw materials		1,294,694	1,240,815
Finished goods	16	1,770,213	1,422,063
Work in process	16	2,198	1,578
Inventories-in-transit		155,421	281,981
Spare-parts and supplies used in business		118,084	95,783
		3,340,610	3,042,220
Provision for inventory obsolescence		(151,391)	(101,572)
		3,189,219	2,940,648

For the year ended December 31, 2025, the cost of inventories recognized as expense and included in cost of sales and services amounted to P11,902,729 (2024 - P11,247,799; 2023 - P9,107,409) (Note 16).

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

	Notes	2025	2024
Beginning		101,572	125,554
Provisions (reversals), net	16, 17	49,819	(23,982)
Ending		151,391	101,572

There are no write-offs in 2025 and 2024.

## 5 Property and equipment, net

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

Cost	Machinery and equipment	Transportation equipment	Furniture, fixtures and office equipment	Tools and equipment	Leasehold improvements	Building improvements	Construction in progress (CIP)	Total
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	47,623	17,496	52,607	-	10,574	213,000
Retirement	(116,035)	(9,214)	(11,159)	-	(10,115)	-	-	(146,523)
Transfers/Reclassifications (Note 8)	(5,371)	-	(6,089)	10,180	518	-	(7,122)	(7,884)
At December 31, 2024	1,311,017	25,962	371,183	282,881	326,721	35,676	12,209	2,365,649
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	(116,033)	(8,650)	(7,407)	-	(8,168)	-	-	(140,258)
Transfers/Reclassifications (Note 8)	(8,690)	-	(2,173)	8,690	-	-	-	(2,173)
At December 31, 2024	1,055,824	20,771	293,540	259,385	214,906	28,827	-	1,873,253
Net book values as at December 31, 2024	255,193	5,191	77,647	23,496	111,815	6,849	12,209	492,400
Cost								
At January 1, 2025	1,311,017	25,962	371,183	282,881	326,721	35,676	12,209	2,365,649
Additions	169,705	-	17,827	6,379	32,325	-	99,548	325,784
Retirement	(13,625)	(6,563)	(32,561)	(5,131)	-	-	-	(57,880)
Transfers/Reclassifications	48,349	-	31,719	2,519	20,388	-	(102,975)	-
At December 31, 2025	1,515,446	19,399	388,168	286,648	379,434	35,676	8,782	2,633,553
Accumulated depreciation								
At January 1, 2025	1,055,824	20,771	293,540	259,385	214,906	28,827	-	1,873,253
Depreciation and amortization	66,713	1,935	39,372	14,385	32,038	1,697	-	156,140
Retirement	(11,471)	(6,427)	(31,730)	(5,131)	-	-	-	(54,759)
At December 31, 2025	1,111,066	16,279	301,182	268,639	246,944	30,524	-	1,974,634
Net book values as at December 31, 2025	404,380	3,120	86,986	18,009	132,490	5,152	8,782	658,919

The cost of fully depreciated property and equipment still being used by the Group as at December 31, 2025 amounted to P1,567,273 (2024 - P1,322,442).

In 2025, retirement and disposal of property and equipment resulted in a gain of P4,431 (2024 - loss of P2,502).

Payments made for property and equipment acquisitions for the years ended December 31, are as follows:

	2025	2024
Prior year acquisitions	29,206	-
Payment for acquisitions during the year	316,076	183,798
	345,282	183,798

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

	Notes	2025	2024	2023
Cost of sales and services	16	94,701	82,317	83,211
Operating expenses	17	61,439	61,568	59,684
		156,140	143,885	142,895

## 6 Investment property

As at December 31, 2025 and 2024, 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, 2025 and 2024 amounted to P40,255, at cost. No further costs were incurred that were considered as additions to investment property in 2025.

There was no income earned related to the property for the years ended December 31, 2025 and 2024. Further, P31 real property tax for the investment property was incurred for the years ended December 31, 2025 and 2024.

## 7 Investments in shares of stock

### 7.1 Associates

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

	2025	2024
At cost, beginning and ending	260,000	260,000
Cumulative share in total comprehensive loss, beginning	(32,181)	(161,109)
Share in net income for the year	240,981	129,907
Share in other comprehensive loss for the year	(1,487)	(979)
Cumulative share in total comprehensive income (loss), ending	207,313	(32,181)
	467,313	227,819

#### 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, 2025 and 2024, 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).

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:

	2025	2024
Current assets	3,651,328	2,878,384
Non-current assets	68,207	130,879
Current liabilities	(2,818,857)	(2,571,691)
Non-current liabilities	(34,738)	(32,197)
Total equity	(865,940)	(405,375)
Revenue	7,374,956	5,394,229
Net income for the year	463,424	249,821
Other comprehensive loss	(2,859)	(1,883)
Total comprehensive income	460,565	247,938
Cash provided by operating activities	113,547	440,268
Cash used in investing activities	(8,603)	(4,442)
Cash used in financing activity	(25,935)	(99,454)

### 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, 2025 and 2024, 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

	2025	2024
Current assets	5,972,206	6,049,251
Non-current assets	866,794	726,371
Current liabilities	(2,763,501)	(2,609,522)
Non-current liabilities	(565,320)	(408,978)
Total equity	(3,510,179)	(3,757,122)
Revenue	9,928,499	10,571,209
Net income for the year	609,243	935,029
Other comprehensive loss	(6,187)	(12,351)
Total comprehensive income	603,056	922,678
Cash provided by operating activities	653,826	1,003,971
Cash used in investing activities	(64,270)	(69,779)
Cash used in financing activities	(1,002,840)	(856,327)

As at December 31, 2025, the carrying value of NCI amounted to P1,791,104 (2024 - P1,889,882). Distribution of profit to NCI of CCAC amounted to P340,000 (2024 - P280,000; 2023 - P172,000) (Note 21.2).

## 7.2.2 COPI

	2025	2024
Current assets	1,058,786	1,136,150
Non-current assets	82,882	98,089
Current liabilities	(713,897)	(786,959)
Non-current liabilities	(35,896)	(44,121)
Total equity	(391,875)	(403,159)
Revenue	999,494	1,155,759
Net income for the year	92,457	106,354
Other comprehensive loss	(3,741)	(1,242)
Total comprehensive income	88,716	105,111
Cash (used in) provided by operating activities	(65,356)	1,624
Cash used in investing activities	(7,610)	(12,780)
Cash used in financing activities	(48,662)	(107,107)

As at December 31, 2025, the carrying value of NCI amounted to P140,852 (2024 - P149,132). Distribution of profit to NCI by COPI in 2025 amounted to P49,000 (2024 P49,000; 2023 - P44,100) (Note 21.2).

## 7.2.3 Teko

	2025	2024
Current assets	16,041	16,153
Non-current assets	10,656	14,282
Current liabilities	(64,214)	(68,461)
Non-current liabilities	(6,956)	(4,081)
Total capital deficiency	44,473	42,107
Revenue	79,185	68,637
Net gain (loss) for the year	(2,868)	2,661
Other comprehensive income	501	353
Total comprehensive income (loss)	(2,367)	3,014
Cash provided by operating activities	3,756	5,870
Cash provided by (used in) investing activities	(602)	426
Cash used in financing activities	(3,727)	(2,455)

As at December 31, 2025, the carrying value of NCI amounted to P31,441 (2024 - P30,448). In 2025, NCI's share in net loss of Teko amounted to P1,204 (2024 - P1,117).

## 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.

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

	2025	2024
Current assets	86,724	81,708
Non-current assets	10,661	6,123
Current liabilities	(80,598)	(67,368)
Non-current liabilities	(1,619)	(1,441)
Total equity	(15,168)	(19,022)
Revenue	97,902	152,314
Net (loss) income for the year	(24,104)	756
Other comprehensive income (loss)	250	(658)
Total comprehensive (loss) income	(23,854)	97
Cash used in operating activities	(39,701)	(4,687)
Cash used in investing activities	(1,506)	(1,911)
Cash used in financing activity	35,000	-

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.

## 8 Goodwill and intangible assets, net

### 8.1 Goodwill

Goodwill is the excess of consideration over proportionate share in fair value of net assets as at December 31, 2025 and 2024:

	COPI	TEKO	TENEX	Total
December 31, 2023 and 2024	783,983	18,379	4,320	806,682
Write-off	-	-	(4,320)	(4,320)
December 31, 2024 and 2025	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 . 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, 2025 and 2024. The Group did not recognize impairment losses for each of the three years in the period ended December 31, 2025 as the recoverable value exceeds the carrying amount of the cash-generating unit (CGU) (Note 27.1.9).

## 8.2 Intangible assets, net

Details and movements of intangible assets account as at and for the years ended December 31 are shown below:

	Notes	Customer relationship	Customer backlogs	Computer software	Total
<b>Cost</b>					
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
<b>Accumulated amortization</b>					
At January 1, 2024		75,876	13,883	110,818	200,577
Amortization	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
<b>Cost</b>					
At January 1, 2025		187,113	13,883	123,697	324,693
Additions		-	-	2,742	2,742
Retirement		-	-	(290)	(290)
At December 31, 2025		187,113	13,883	126,149	327,145
<b>Accumulated amortization</b>					
At January 1, 2025		83,360	13,883	115,862	213,105
Amortization	17	7,484	-	5,350	12,834
Retirement		-	-	(290)	(290)
At December 31, 2025		90,844	13,883	120,922	225,649
Net book values at December 31, 2025		96,269	-	5,227	101,496

## 9 Deferred income tax/Provision for income tax

For the years ended December 31, 2025 and 2024, CIC and its subsidiaries applied the RCIT rate of 20% or 25%, as applicable, and MCIT rate of 2%.

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

	2025	2024
Deferred income tax assets to be recovered within 12 months		
Provision for volume rebates, trade discounts and other incentives	144,630	224,118
Provision for inventory obsolescence	37,842	25,393
Provision for impairment of receivables	36,085	35,810
Provision for warranty costs	32,916	24,712
Provision for contingencies	19,128	4,534
Accrued employee-related costs	13,472	70,517
Accrued royalties and other liabilities	2,888	12,031
Unrealized foreign exchange loss	652	3,217
Net lease liability	54	-
Accrual for advertising and promotion expenses	-	7,083
Provision for commission	-	6,372
Provision for customer claims	-	333
	287,667	414,120
Deferred income tax assets to be recovered after 12 months		
Net operating loss carry over (NOLCO)	96,724	131,615
Retirement benefit obligation	78,447	70,940
Remeasurement loss on retirement benefits charged directly to equity	76,838	69,191
Minimum corporate income tax (MCIT)	45,702	9,893
Unamortized past service cost	18,764	21,820
Excess of lease liabilities over right-of-use assets	5,004	5,727
Provision for tax assessment	-	1,408
Provision for warranty costs	-	846
	321,479	311,440
Total deferred income tax assets	609,146	725,560
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	(28,376)	(30,247)
Net actuarial gain charged directly to equity	(243)	(118)
Total deferred income tax liabilities	(28,619)	(30,365)
Net deferred income tax assets	580,527	693,500

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	2025	2024
2020	2025	165,027	292,195
2021	2026	365,649	365,649
2022	2025	200,802	200,802
2023	2026	77,619	77,619
2024	2027	167,877	167,877
2025	2028	235,556	-
		1,212,530	1,104,142
Amount applied		(177,548)	(127,168)
Expired		(197,951)	-
		837,031	976,974
Unrecognized		(439,007)	(439,480)
		398,024	537,854
(Effective tax rate)		24.30%	24.47%
Deferred income tax asset on NOLCO		96,724	131,615

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	2025	2024
2021	2024	-	1,116
2022	2025	2,510	2,607
2023	2026	2,150	2,150
2024	2027	5,285	5,285
2025	2028	38,515	-
		48,460	11,158
Amount applied		(1,913)	-
Amount expired		(597)	(1,116)
		45,950	10,042
Amount unrecognized		(248)	(149)
		45,702	9,893

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:

	2025	2024
NOLCO	109,752	109,870
Accrued expenses	400	25,328
Retirement benefit obligation	7,391	6,582
MCIT	248	149
	117,791	141,929

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

	Note	2025	2024
Beginning		693,500	620,497
Credited to other comprehensive income	20	9,001	10,531
Credited (charged) to profit or loss		(160,285)	57,212
MCIT		38,311	5,260
Ending		580,527	693,500

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

	2025	2024	2023
Current	194,955	498,282	277,336
Deferred	160,285	(57,212)	(31,323)
	355,240	441,070	246,013

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:

	2025	2024	2023
Statutory income tax at 20% or 25%	372,830	419,045	227,795
Add (Deduct) reconciling items:			
Non-deductible expenses (non-taxable income)	4,085	1,983	(652)
Unrecognized NOLCO	57,059	57,566	14,724
Movement on deferred tax	(14,321)	4,511	12,018
Unrecognized MCIT	2,706	168	486
Share in net income of associates	(60,245)	(32,477)	(2,353)
Interest income subject to final tax	(6,874)	(9,726)	(6,005)
Actual provision for income tax	355,240	441,070	246,013

## 10 Trade payables and other liabilities

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

	Note	2025	2024
Trade payables			
Third parties		1,858,611	1,956,609
Related parties	14	608,033	229,974
		2,466,644	2,186,583
Accrued expenses			
Project costs		478,306	582,715
Personnel costs		300,426	423,505
Outside services		320,784	337,433
Freight		58,902	51,471
Advertising and promotion		54,354	67,943
Rental and utilities		40,224	48,471
Importation costs		34,830	30,242
Professional fees		19,428	20,207
Repairs and maintenance		9,598	5,553
Others		135,770	94,942
		1,452,622	1,662,482
Other liabilities			
Advances on sales contract		329,680	334,959
Non-trade liabilities		237,965	125,215
Output value-added tax (VAT), net of input VAT		133,035	116,644
Billings in excess of costs incurred and estimated earnings on uncompleted contracts		84,755	164,192
Withholding taxes and other mandatory government remittances		71,168	73,355
Checks in-transit		50,736	24,381
Related parties	14	33,700	4,118
Others		59,571	111,263
		1,000,610	954,127
		4,919,876	4,803,192

Other accrued expenses and other liabilities mainly include project-related costs and individually immaterial general expenses that remain unbilled or for which supporting invoices were not yet available, as well as amounts already billed as at December 31, 2025 and 2024.

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 P490,244 (2024 - P515,054) over the cumulative costs incurred amounting to P405,489 as at December 31, 2025 (2024 - P350,862).

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, 2025 and 2024 amounted to P164,192 and P199,792, respectively.

## 11 Provision for warranty

Movements in provision for warranty as at December 31 follow:

### 11.1 Current

	2025	2024
Beginning	100,216	80,775
Provisions, net of reversals	192,817	192,121
Payments	(194,481)	(172,680)
Ending	98,552	100,216

### 11.2 Non-current

	2025	2024
Beginning	3,383	2,874
Provisions	-	3,346
Payments	(3,383)	(2,837)
Ending	-	3,383

In 2025, provisions for warranty costs amounting to P193,070 (2024 - P178,550) and reversal of P253 (2024 - P16,917 provision) were recognized as part of operating expenses (Note 17) and materials and labor in cost of services (Note 16), respectively.

## 12 Other provisions

Details of other provisions as at December 31 consist of:

	2025	2024
Contingencies	84,494	79,010
Commission	36,006	38,480
	120,500	117,490

Movements in provision for contingencies as at December 31 follow:

	2025	2024
Beginning	79,010	66,320
(Reversals) Provisions, net	(475)	12,670
Payments	-	(3,158)
Others	5,959	3,178
Ending	84,494	79,010

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

In 2025, reversal of contingencies amounting to P2,081 (2024 - P1,760 provision) and provision of P1,606 (2024 - P10,910) were recognized as part of operating expenses (Note 17) and materials and labor in cost of services (Note 16), respectively.

Movements in provision for commission as at December 31 follow:

	2025	2024
Beginning	38,480	37,855
Provisions	101,853	88,305
Payments	(104,553)	(87,680)
Other	226	-
Ending	36,006	38,480

Provision for commission represents incentives granted to sales employees based on a percentage of gross sales, to field technicians and engineers based on billings and/or project completion, and to collections personnel based on actual collections. 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:

	2025	2024
Beginning	4,600	4,600
Availments	370,000	-
Payments	(301,250)	-
Ending	73,350	4,600

As at December 31, 2025 and 2024, the Group has unsecured interest-bearing short-term loans ranging from three (3) to six (6) months at 5.25% to 7.30%. Interest expense on borrowings recognized during the year amounted to P5,528 and paid P5,335 (2024 - P337 and paid P337; 2023 - P1,854 and paid P1,890).

There were no non-cash movements on borrowings for the years ended 2025 and 2024. Net asset after deducting cash and cash equivalents amounting to P2,394,844 (2024 - P2,398,515; (2023 - P2,372,614) from the balance of short-term borrowings amounted to P2,321,494 (2024 - P2,393,915; 2023 - P2,368,014).

## 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:

	2025		2024		2023	
	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)
<b>Shareholders</b>						
Rent and utilities	84,427	(8)	114,770	-	66,087	-
Lease of warehouse	45,196	-	44,309	-	43,441	-
Dividends declaration	393,656	-	277,629	-	198,956	-
Reimbursements from shareholders	56	539	57	-	141	598
Reimbursements to shareholders	-	(1,157)	112	(1,157)	-	(1,157)
<b>Associate</b>						
Administrative services	45,016	4,173	43,503	3,469	32,206	14,761
Transfer of employees (payable)	290	-	132	(1)	7,870	7,870
Transfer of employees	2,801	3,790	4,447	4,332	-	-
Purchase of goods, net of returns	15,728	(11,349)	6,919	(7,293)	671	(1,691)
Outside Services (Transaction fees)	3,133	-	2,848	-	2,762	258
Reimbursements from associates	24,246	2,589	48,745	1,310	140,421	76,172
Reimbursements to associates	1,175	(1,902)	546	(1,747)	1,234	(1,735)
Entities under common control						
Rent and utilities	77,012	(1,083)	-	-	35,330	(2,944)

Entities with common shareholders

	2025		2024		2023		
	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)	Terms and conditions
Commission income	-	-	1,963	-	1,351	1,351	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	389,000	-	329,000	-	216,100	-	Refer to Note 21.2.
Sale of goods and services	1,066	394	3,199	532	8,798	2,565	The outstanding receivables (Note 3) is unsecured in nature and bears no interest and is settled within 60 days after the date of sale.
Purchases, net purchase returns	3,024,923	(596,683)	161,442	(188,674)	2,156,124	(335,915)	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	-	-	-	-	-	-	
Reimbursements	(4,441)	4,396	-	-	23	(2,181)	Payable in cash within 60 days unsecured and bears no interest. Refer to Notes 16, 17 and 19.
Royalty/Technical fees	50,742	(29,551)	80,665	(55,221)	57,147	(46,075)	Note 3
<b>Total receivable from related party</b>	-	15,881	-	9,643	-	103,575	
<b>Total payable to related party</b>	-	(641,733)	-	234,092	-	391,698	Note 10
Key management personnel							Payable to employees in cash within 30 days from date of each transaction. Non-interest bearing and not covered by any guarantee.
Short-term							
Commission	1,850	-	-	-	-	-	
Directors' fees	13,099	-	9,460	-	6,553	(9,505)	
Salaries and wages	466,140	(30,094)	426,600	(2,340)	386,010	(83,992)	
Long-term							
Retirement benefits	32,711	(243,216)	27,173	(325,430)	16,993	(244,994)	Refer to Note 20.
Retirement plan							
Contributions to the retirement fund	30,000	-	66,745	-	-	-	Refer to Note 20.
Claims from the retirement fund	-	(2,448)	-	(3,237)	-	-	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.

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

	2025	2024	2023
As at December 31			
Investment in subsidiaries	4,901,526	4,850,324	4,875,526
Trade and other receivables	430,125	374,510	627,809
Trade payables and other liabilities	422,497	332,883	612,309
Short-term borrowings	-	34,000	15,500
Deposits for future shares subscription	493,000	463,000	-
For the years ended December 31			
Sale of services	722,004	622,186	609,393
Sale of goods	266,460	152,229	46,295
Cost of services	456,538	488,843	423,327
Cost of goods	266,460	129,112	13,578
Operating expenses	276,891	168,778	241,827
Dividend income	912,000	722,000	414,739
Interest income	1,857	1,862	1,857
Interest expense	1,857	1,862	1,857

## 15 Revenue from contracts with customers

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

	Note	2025	2024	2023
Gross sales				
Sale of goods (Point in time)		19,893,667	19,920,663	15,368,292
Sale of services (Over time)		1,466,265	1,116,452	958,580
		21,359,932	21,037,115	16,326,872
Deductions				
Trade and volume discounts and other incentives	3	(2,034,721)	(2,330,391)	(1,170,502)
Sales returns		(779,145)	(642,592)	(494,953)
		(2,813,866)	(2,972,983)	(1,665,455)
Net Sales		18,546,066	18,064,132	14,661,417

### (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:

	2025	2024
Current contract assets relating to percentage of completion (POC) contracts	5,145,683	4,438,807
Loss allowance	-	(34)
	5,145,683	4,438,773
Less: Contract billings	(3,798,962)	(3,423,205)
	1,346,721	1,015,568

The opening balances of contract assets as at December 31, 2025 and 2024 amounted to P1,015,568 and P849,419, respectively.

Further, as at December 31, 2025, contract liabilities representing billings in excess of costs incurred and estimated earnings on uncompleted contracts, and warranty obligations amounting to P84,755 and P98,552, respectively (2024 - P164,192 and P103,599) are disclosed in Notes 10 and 11.

## 16 Cost of sales and services

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

	Note	2025	2024	2023
Raw materials used		4,913,882	5,308,651	4,061,070
Labor		314,703	277,118	161,192
Overhead		614,577	640,077	582,698
Total manufacturing cost		5,843,162	6,225,846	4,804,960
Work-in-process, beginning	4	1,578	574	572
Work-in-process, ending	4	(2,198)	(1,578)	(574)
Cost of goods manufactured		5,842,542	6,224,842	4,804,958
Finished goods inventory, beginning	4	1,422,063	1,223,368	1,510,893
Gross purchases – trading		6,408,337	5,221,652	4,014,926
Finished goods available for sale		13,672,942	12,669,862	10,330,777
Finished goods inventory, ending	4	(1,770,213)	(1,422,063)	(1,223,368)
Total cost of sales	4	11,902,729	11,247,799	9,107,409
Cost of installation and maintenance of elevators		698,235	830,577	862,626
Others		167,882	33,089	36,200
Total cost of services		866,117	863,666	898,826
		12,768,846	12,111,465	10,006,235

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

	Notes	2025	2024	2023
Indirect labor		181,391	248,953	253,973
Depreciation and amortization	5	90,827	81,846	75,144
Rent and utilities		88,544	64,213	46,299
Taxes and licenses		72,077	49,116	44,952
Outside services		73,797	68,576	48,543
Repairs and maintenance		67,762	59,047	52,095
Amortization of right-of-use assets	19	32,082	34,623	33,460
Indirect materials and supplies		11,157	19,259	12,802
Travel and transportation		7,682	16,152	12,340
Insurance		4,594	4,291	4,143
Amortization of intangible assets	8	-	-	616
Others, net		(15,336)	(5,999)	(1,669)
		614,577	640,077	582,698

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

	Notes	2025	2024	2023
Materials and Labor		468,264	596,657	671,433
Personnel costs		255,817	153,014	138,303
Royalty/technical fees	14,19	36,681	47,046	27,991
Outside services		23,521	5,951	4,540
Amortization of right-of-use assets	19	15,892	3,845	6,915
Transportation and travel		15,799	2,879	3,837
Rent and utilities	14,19	15,298	16,837	7,392
Taxes and licenses		14,711	5,204	4,088
Provision for inventory obsolescence	4	9,473	950	1,552
Supplies		7,111	25,557	20,263
Depreciation and amortization	5	3,874	471	8,067
Repairs and maintenance		2,218	338	236
Others, net		(2,542)	4,917	4,209
		866,117	863,666	898,826

## 17 Operating expenses

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

	Notes	2025	2024	2023
Personnel costs	12, 20	1,635,110	1,683,344	1,479,259
Outside services and professional fees		1,040,595	1,028,456	857,607
Outbound freight		612,224	548,483	376,891
Advertising and promotion		329,596	310,558	195,354
Warranty cost	11	193,070	178,550	134,995
Rent and utilities	14, 19	161,686	173,418	152,683
Amortization of right-of-use assets	19	158,850	149,523	185,550
Transportation and travel		71,388	64,035	54,204
Depreciation and amortization	5	61,439	61,568	59,684
Taxes and licenses		64,142	48,608	58,843
Royalty/technical fees	14, 19	41,142	44,889	36,031
Repairs and maintenance		14,320	14,802	16,913
Amortization of intangible assets	8	12,834	12,793	16,247
(Reversal of) Provision for contingencies	12	(2,081)	1,760	29,333
Provision for (reversal of) inventory obsolescence	4	40,346	(24,932)	19,705
Provision for (reversal of) impairment of receivables	3	3,621	(23,558)	10,173
Others		174,910	180,757	94,272
		4,613,192	4,453,054	3,777,744

## 18 Other operating income, net

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

	Notes	2025	2024	2023
Interest income	2	27,503	38,887	24,844
Gain (Loss) on disposal of property and equipment	5	4,431	(2,502)	(519)
Loss on lease modification	19	(1,222)	-	-
Foreign exchange losses, net	25	(16,518)	(49,572)	(6,740)
Gain on lease termination	19	241	-	-
Loss on retirement of intangible asset		-	1,313	-
Commission income	14	-	1,963	1,351
Loss on foreign exchange forward contracts		-	853	(187)
Miscellaneous		84,163	60,605	33,362
		98,598	51,547	52,111

Miscellaneous income pertains mainly to management fees and income on reimbursement and charge outs.

## 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 latest renewal of the lease extends the lease term to December 31, 2024. In 2025, the lease was renewed for another 3-year term starting January 01, 2025 until December 31, 2027.

- 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 (FRDC), 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 and was subsequently renewed for another three (3) years until July 31, 2025. In August 2025, the Partnership extended its contract with FRDC for 41-months, expiring December 31, 2028.
- 19.1.4. CBSI leases an office and parking space, respectively, in Muntinlupa City from FRDC, a shareholder. The agreements are subject to renewal or extension of such terms and conditions as may be agreed by both parties. The said lease agreement was renewed for three (3) years until July 31, 2025, and was subsequently extended until December 31, 2025.

In 2026, the Company renewed its lease agreements for all its various office spaces, warehouses and land lease with FRDC for a period of three (3) years from January 1, 2026 to December 31, 2028.

- 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 FRDC for its warehouse in Muntinlupa City from August 1, 2024 to July 31, 2025. In 2025, the Company extended the lease term from August 1, 2025 to December 31, 2027.
- 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.

In 2025, COPI and CCAC amended certain long-term lease contracts to reduce office space and shortening of lease term, respectively. As a result, loss on lease modification amounting to P1,222 was recognized in other operating income, net (Note 18).

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:

Cost	Notes	Buildings and leasehold improvements					Total
		Warehouses	Office spaces	Vehicles	Others		
January 1, 2024		548,308	43,837	24,924	61,543	723,627	
Additions		26,244	8,554	16,198	9,958	120,322	
Lease terminations		(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		477,567	37,388	25,101	62,190	663,234	
Additions		369,919	4,847	13,992	33,661	422,419	
Disposals		-	(20,282)	(1,072)	-	(21,354)	
Lease terminations		(168,112)	(6,687)	-	(61,181)	(235,980)	
Modifications and transfers		13,909	-	(56)	-	12,109	
December 31, 2025		693,283	15,266	37,965	34,670	840,428	
Accumulated amortization							
January 1, 2024		246,361	25,513	17,100	51,691	382,526	
Amortization	16, 17	148,773	13,057	6,257	12,723	187,991	
Lease terminations		(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		365,982	24,938	7,332	58,725	462,467	
Amortization	16, 17	157,872	12,885	10,006	11,610	206,824	
Disposals		-	(20,282)	(1,072)	-	(21,354)	
Lease terminations		(164,337)	(6,203)	-	(61,181)	(231,721)	
December 31, 2025		359,517	11,338	16,266	9,154	416,216	
Net book values							
December 31, 2024		111,585	12,450	17,769	3,465	200,767	
December 31, 2025		333,766	3,928	21,699	25,516	424,212	

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

	2025	2024
Beginning	223,698	372,586
Additions	420,614	120,322
Lease terminations	(4,500)	(67,200)
Modifications and adjustments	13,330	(854)
Interest expense	19,526	16,070
Principal payments	(208,564)	(201,154)
Interest payments	(19,526)	(16,070)
Ending	444,578	223,698

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

	2025	2024
Current	175,558	124,557
Non-current	269,020	99,141
	444,578	223,698

*(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:

	Notes	2025	2024	2023
Amortization expense				
Building and leasehold improvements		129,430	7,181	12,544
Warehouse		48,787	148,773	174,985
Office space		14,400	13,057	12,285
Vehicles		14,207	6,257	12,591
Others		-	12,723	13,520
	16,17	206,824	187,991	225,925
Interest expense		19,526	16,070	23,805
Gain on lease termination	18	(241)	3,212	-
Loss on lease modification	18	1,222	-	-
Expense relating to short-term leases		42,547	32,321	14,129
Expense relating to leases of low-value assets that are not shown above as short-term leases		967	21,914	2,784
Expense relating to variable lease payments not included in lease liabilities		15,958	13,914	15,965

The total cash outflow for long-term leases for the year amounted to P228,090 (2024 - P217,224).

*(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. These agreements remain effective unless terminated by both parties; however, on December 31, 2025, CDI’s agreement expired and was not renewed thereafter.

Royalty/technical fees for the above agreements charged to operations in 2025 amounted to P14,388 (2024 - P11,270; 2023 - P6,875) (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 2025 amounted to P27,282 (2024 - P33,005; 2023 - P29,156) (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, under which Otis U.S.A. provides technical data, know-how, and related technical services to enhance the technical capabilities of COPI’s personnel. In consideration thereof, COPI pays a royalty fee based on its net billings and reimburses costs incurred by Otis U.S.A. in providing such training. Effective July 2025, the royalty rate was increased from 3.5% to 5%.

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 2025 amounted to P36,681 (2024 - P47,046; 2023 - P27,991) (Note 16).

## **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, trustee 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 trustee; 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 13<sup>th</sup> month and the cash equivalent of not more than five (5) days of service incentive leaves.

As at December 31, 2025 and 2024, 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 one hundred percent (100%) 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.

## 20.7 CDI

CDI established 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 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, 2025.

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
<i>2025</i>									
Retirement benefit obligation	29,563	418,768	116,770	114,541	8,471	18,047	6,956	1,619	714,735
Retirement benefit expense	3,222	63,128	25,049	19,248	3,019	2,825	1,235	491	118,217
<i>2024</i>									
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

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
<i>2025</i>									
Present value of retirement benefit obligation	29,563	472,464	168,724	114,541	32,471	18,047	6,956	1,619	844,385
Fair value of plan assets	-	(53,696)	(51,954)	-	(24,000)	-	-	-	(129,650)
	29,563	418,768	116,770	114,541	8,471	18,047	6,956	1,619	714,735
<i>2024</i>									
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

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
<b>2025</b>									
Beginning	26,327	431,543	170,048	101,742	28,329	12,824	4,081	1,441	776,335
Interest cost	1,538	25,879	10,223	5,799	1,740	770	301	89	46,339
Current service cost	1,684	39,921	17,920	13,449	2,744	2,055	934	720	79,427
Transfer of employees	-	5,207	49	(3,905)	1,290	(2,500)	2,267	-	2,408
Benefits paid directly by the Group	-	-	-	-	(1,871)	(124)	-	-	(1,995)
Benefits paid from book reserves	-	(37,043)	(33,504)	(16,574)	-	-	-	-	(87,121)
Benefits paid from the plan assets	-	-	-	-	(3,865)	-	-	-	(3,865)
Settlement gain/(loss)	-	-	-	-	-	-	-	-	-
Remeasurement loss (gain)									
Changes in financial assumptions	33	(359)	(826)	96	1,150	2,690	(264)	(158)	2,362
Changes in demographic assumptions	(72)	677	(761)	419	2,375	-	(246)	-	2,392
Experience adjustments	53	6,639	5,575	13,515	579	2,332	(117)	(155)	28,421
Past Service Cost	-	-	-	-	-	-	-	(318)	(318)
Ending	29,563	472,464	168,724	114,541	32,471	18,047	6,956	1,619	844,385
<b>2024</b>									
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

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

	CCAC	CDI	COPI	Total
<b>2025</b>				
Beginning	37,316	51,581	26,723	115,620
Interest income	2,671	3,095	1,465	7,231
Contributions	15,001	-	-	15,001
Benefits paid from the fund	-	-	(3,865)	(3,865)
Remeasurement loss from experience adjustments	(1,292)	(2,722)	(323)	(4,337)
Ending	53,696	51,954	24,000	129,650
<b>2024</b>				
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

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
<b>2025</b>									
Beginning	26,327	394,227	118,467	101,742	1,606	12,824	4,081	1,441	660,715
Retirement benefit expense	3,222	63,128	25,049	19,248	3,019	2,825	1,235	491	118,217
Remeasurement gain	14	8,249	6,710	14,030	4,427	5,022	(627)	(313)	37,512
Transfer of employees	-	5,207	49	(3,905)	1,290	(2,500)	2,267	-	2,408
Contributions	-	(15,001)	-	-	-	-	-	-	(15,001)
Benefits paid directly by the Group	-	-	-	-	(1,870)	(124)	-	-	(1,994)
Settlement paid from book Reserve	-	(37,043)	(33,505)	(16,574)	-	-	-	-	(87,122)
Ending	29,563	418,768	116,770	114,541	8,471	18,047	6,956	1,619	714,735
<b>2024</b>									
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 Reserve	-	-	(17,204)	-	-	(405)	-	-	(17,609)
Ending	26,327	394,227	118,467	101,742	1,606	12,824	4,081	1,441	660,715

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

	2025			2024		
	CCAC	COPI	CDI	CCAC	COPI	CDI
Government securities	51%	-	82%	-	-	-
Unit investment trust fund	40%	-	18%	83%	0%	5%
Fixed rate treasury notes	-	96%	-	57%	77%	83%
Corporate bonds	8%	-	-	8%	0%	11%
Cash and cash equivalents	0%	3%	0%	0%	22%	0%
Receivables	0%	1%	0%	0%	0%	0%
Others	1%	-	-	-48%	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, 2026.

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

	CIC	CCAC	GDI	CBSI	COPI	CTC	Teko	Tenex	Total
<b>2025</b>									
Current service cost	1,684	39,921	17,920	13,449	2,744	2,055	934	720	79,427
Interest cost	1,538	25,879	10,223	5,799	1,740	770	301	89	46,339
Past service cost	-	-	-	-	-	-	-	(318)	(318)
Interest income on plan assets	-	(2,671)	(3,095)	-	(1,465)	-	-	-	(7,231)
	3,222	63,129	25,048	19,248	3,019	2,825	1,235	491	118,217
<b>2024</b>									
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
<b>2023</b>									
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

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
<b>2025</b>										
Beginning		(1,293)	100,135	23,142	12,398	6,834	(1,671)	(471)	(267)	138,807
Remeasurement loss (gain)		14	8,249	6,710	14,030	4,427	5,022	(627)	(313)	37,512
Tax effect	9	(2)	(2,062)	(1,677)	(3,507)	(685)	(1,256)	125	63	(9,001)
Ending		(1,281)	106,322	28,175	22,921	10,576	2,095	(973)	(517)	167,318
<b>2024</b>										
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
<b>2023</b>										
Beginning		(2,696)	80,801	2,745	3,854	4,090	(544)	88	(284)	88,054
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

For the year ended December 31, 2025, remeasurement loss charged to NCI from associate amounted to P1,487 (2024 - P979) (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
<b>2025</b>								
Discount rate	5.60%	5.98%	6.09%	5.91%	5.97%	6.10%	6.40%	6.54%
Salary increase rate	3.70%	5.00%	5.00%	5.00%	6.00%	5.00%	5.00%	5.00%
Average expected future service years of plan members	5.6	20.80	20.2	23.9	20.6	26.3	26.3	27.0
<b>2024</b>								
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

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
<b>2025</b>									
Less than a year	25,786	228,433	40,487	34,123	13,596	-	-	-	342,425
More than 1 year to 5 years	8,438	200,295	112,411	90,519	17,497	13,726	-	-	442,886
More than 5 years to 10 years	129	255,573	104,768	78,673	17,062	18,069	18	515	474,807
<b>2024</b>									
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

The weighted average duration of the defined benefit obligation as at December 31, 2025 0.5 to 17.2 years (2024 - 0.3 to 20.6 years).

## 21 Equity

### 21.1 Share capital

As at December 31, 2025 and 2024, 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, 2024	397,912,491	407,264	993,243	(241,464)
Acquisition of treasury shares in 2024	(4,256,532)	-	-	(50,600)
December 31, 2025 and 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	2025	2024	2023
March 26, 2025	April 24, 2025	1.0	393,656	-	-
March 26, 2024	April 26, 2024	0.7	-	277,629	-
March 29, 2023	April 25, 2023	0.5	-	-	198,956
			393,656	277,629	198,956

For the year ended December 31, 2025, NCI from profit distribution of CCAC and COPI amounted to P340,000 and P49,000 respectively (2024 - P280,000 and P49,000, respectively; 2023 - P172,000 and P44,100, respectively) (Note 7.2).

CIC annually performs an evaluation of the amount to be declared as dividends. Subsequently, on March 26, 2026, CIC's BOD declared cash dividends in the amount of P1.00 per share totaling P393,656 for shareholders of record as at April 7, 2026 which will be paid on April 22, 2026.

As at December 31, 2025 retained earnings exceeded one hundred percent (100%) of the CIC's paid-in capital stock. Management has determined that the retention of earnings is necessary to support working capital requirements, manage receivable-related risks, fund strategic initiatives, and address intercompany liquidity needs within the Group. These strategic initiatives include ongoing investments in digital transformation, automation, artificial intelligence (AI), process standardization, and operational efficiency programs.

In view of these considerations, retained earnings are maintained as unappropriated to preserve financial flexibility. Management and the BOD annually perform periodic review of retained earnings level and ensure that dividend declarations are aligned with the Company's liquidity and funding requirements.

### 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, 2025 and 2024, treasury shares amounted to P292 million.

Details of acquisition of treasury shares for the year ended December 31, 2025 and 2024 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
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:

	2025	2024	2023
Net income attributable to owners of the Parent Company	782,655	769,119	383,256
Weighted average common shares - basic and diluted (in '000)	393,656	394,933	397,912
Basic and diluted earnings per share	1.99	1.95	0.96

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.

## 24.1.3 Others

Others pertain to shared service income from CMI and affiliates.

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

	Consumer business	Commercial business	Others	Total
<b>2025</b>				
Net sales and services	12,663,091	5,841,378	41,597	18,546,066
Timing of revenue recognition				
At point in time	12,618,036	4,461,765	-	17,079,801
Over time	45,055	1,379,613	41,597	1,466,265
Cost of sales and services	(8,766,825)	(3,966,960)	(35,061)	(12,768,846)
Gross profit	3,896,266	1,874,418	6,536	5,777,220
Operating expenses*	(3,566,717)	(1,046,475)	-	(4,613,192)
Depreciation and amortization**	(35,607)	(25,832)	-	(61,439)
Amortization of right-of-use assets	(104,062)	(54,787)	-	(158,849)
Other operating income	41,416	57,182	-	98,598
Interest income	14,737	12,766	-	27,503
Interest expense	(12,888)	(12,166)	-	(25,054)
Share in net income of associates	240,981	-	-	240,981
Income tax expense	(143,931)	(209,739)	(1,570)	(355,240)
Net income for the year	455,127	663,220	4,966	1,123,313
<b>2024</b>				
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	4,006,156	-	16,947,680
Over time	68,637	1,005,700	42,115	1,116,452
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 income 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
<b>2023</b>				
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	8,160	12,501	4,183	24,844
Interest expense	(19,793)	(5,866)	-	(25,659)
Share in net income 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

\* 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

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
2025	102,416	140,481	47,136	(51,000)	239,033
2024	197,988	104,488	4,072	(100,267)	206,281
2023	201,709	137,922	1,272	64,582	405,485

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

	CCAC	CDI	COPI	Others	Total
<i>2025</i>					
Current assets	5,842,412	2,721,550	1,080,448	1,346,437	10,990,847
Non-current assets	1,168,036	707,196	934,864	347,704	3,157,800
Current liabilities	2,694,319	1,550,693	646,901	503,490	5,395,403
Non-current liabilities	565,319	202,685	35,896	179,855	983,755
Other information					
Investment in associates	451,242	-	-	16,071	467,313
Additions to non-current assets					
Property and equipment	85,993	207,319	8,542	23,930	325,784
Right of use assets	301,362	102,392	-	18,665	422,419
<i>2024</i>					
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

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
<b>2025</b>					
Yen	-	(36,657)	(36,657)	0.38	(13,768)
U.S. Dollar	1,748	(5,622)	(3,874)	58.68	(227,326)
Hong Kong Dollar	-	(21)	(21)	7.57	(160)
Singaporean Dollar	197	-	197	45.82	9,030
Chinese Yuan	1,143	(107,694)	(106,551)	8.39	(894,300)
Euro	1	(78)	(77)	69.25	(5,361)
					(1,131,885)
<b>2024</b>					
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)	(69,906)	7.95	(555,760)
Euro	1	(67)	(66)	60.47	(4,015)
					(828,882)
<b>2023</b>					
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)

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

	Note	2025	2024	2023
Realized foreign exchange gains (losses), net		3,545	(59,337)	4,551
Unrealized foreign exchange (losses) gains, net		(20,063)	9,765	(11,291)
	18	(16,518)	(49,572)	(6,740)

## 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 2025 and 2024.

### 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, 2025 and 2024.

These foreign currency forward contracts are accounted for as financial instruments at fair value through profit or loss. The impact to profit and loss of foreign currency contract transactions for the year ended December 31, 2024 and 2023 amounted to a loss of P853 and P187, respectively, booked under other operating income, net (Note 18). No similar transaction in 2025.

Sensitivity analysis is only performed for the U.S. Dollar and Chinese Yuan since exposure to other currencies is determined to be minimal. As at December 31, 2025, if the Philippine Peso had weakened/ strengthened by 1.15% (2024 - 4.79% ; 2023 - 2.18 %) 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 P6,978 (2024 - P3,172; 2023 - P3,172) as a result of foreign exchange loss/gain on translation of US Dollar-denominated net liabilities.

As at December 31, 2025, if the Philippine Peso had weakened/strengthened by 5.57% (2024 - 3.90 %; 2023 - 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 P56,345 (2024 - P7,893; 2023 - P9,293) as a result of foreign exchange loss/gain on translation of Yuan-denominated net liabilities.

The rates are based on annual average actual exchange by leading international financial institutions as at December 31, 2025 and 2024.

#### (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, 2025, if the market prices of the Group's purchases increase/decrease by 1.8% (2024 - 2.90%; 2023 - 3.90%) (based on average price inflation), equity and profit before tax for the year would have been lower/higher by P140,102 (2024 - P239,979; 2023 - P297,828). 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.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at December 31 to the contractual maturity date. Amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than one year	More than one year	Total
<b>2025</b>			
Trade payables and other liabilities*	4,301,238	-	4,301,238
Lease liabilities	175,558	135,810	311,368
Other provisions	120,500	-	120,500
Short term borrowings	73,350	-	73,350
	<b>4,670,646</b>	<b>135,810</b>	<b>4,806,456</b>
<b>2024</b>			
Trade payables and other liabilities*	4,114,042	-	4,114,042
Lease liabilities	124,557	88,761	213,318
Other provisions	117,490	-	117,490
	<b>4,356,089</b>	<b>88,761</b>	<b>4,444,850</b>

\* This excludes payable to government agencies, billings in excess of costs incurred and estimated earnings on uncompleted contracts and advances on sales contracts

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

Type of credit facility	2025		2024	
	Currency	Amount	Currency	Amount
<b>Bank of Philippine Islands</b>				
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	-
<b>Banco De Oro</b>				
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
<b>Citibank</b>				
Bills purchased line	Philippine Peso	-	Philippine Peso	59,000
Letters of credit	U.S. Dollar	-	U.S. Dollar	7,800
Foreign exchange settlement risk line	U.S. Dollar	-	U.S. Dollar	1,800
Foreign exchange pre-settlement risk line	U.S. Dollar	-	U.S. Dollar	700
Short-term loan line	U.S. Dollar	-	U.S. Dollar	8,735
Commercial cards	U.S. Dollar	-	U.S. Dollar	556

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, 2025 and 2024, 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 2025 and 2024.

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

	2025	2024
Share capital	407,264	407,264
Share premium	993,243	993,243
Treasury shares	(292,064)	(292,064)
Retained earnings	4,828,415	4,439,416
	5,936,858	5,547,859

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, 2025 and 2024.

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, 2025 and 2024.

### **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, 2025 and 2024, the Group has no other financial assets or liabilities measured and carried at fair value that would qualify as Levels 1 and 3. Further, there are no outstanding balances in relation to foreign exchange forward contracts as at December 31, 2025 and 2024.

## **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, 2025 would be an estimated +P27,675/ -P29,338 (2023- +P24,072/ -P26,149) (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 41% (2024 - 18.67%), income before tax and equity would have been P79,300 (2024 - P52,556) 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:

	2025		2024	
	%	Impact	%	Impact
Average decrease due to 100 basis point (bps) decrease in discount rate	(1.29%)	(3,139)	(5.38%)	(4,069)
Average increase due to 100 bps decrease in discount rate	7.16%	4,931	7.45%	4,475
Average increase due to 100 bps increase in salary increase rate	7.16%	3,442	7.48%	4,488
Average decrease due to 100 bps decrease in salary increase rate	(1.29%)	(3,195)	(6.50%)	(4,037)

### 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 18.5% (2024 - 86.50%), profit before tax and equity would have been P164,250 (2024 - P1,454,014) 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, 2025 and 2024, 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, 2025 and 2024, 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, 2025 and 2024.

The following are the key assumptions used:

	2025	2024
Revenue growth rate	11.24%	11.71%
Discount rate	12.44%	12.68%
Terminal growth rate	3.5%	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, 2025 and 2024.

Goodwill arising from the Group's acquisition of Tenex were written off in 2024 after Alstra, Inc. purchased its remaining 20% subscribed capital.

#### *Sensitivity analysis*

The Company has determined that the recoverable amount calculations are most sensitive to changes in assumptions on cash flow projections, discount rate and verifiable industry growth rates. The Company has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount of the CGU. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount of the CGU is based would not result in impairment loss due to the substantial headroom.

## **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, 2025 and 2024, based on management's assessment and judgment, the carrying value of its investment in associates is not impaired.

### **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, 2025 amounts to P151,390 (2024 - P101,572). 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

The Group has applied the following amendment for the first time for its annual reporting period commencing January 1, 2025:

- Lack of Exchangeability - Amendments to PAS 21;

On August 15, 2023, the IASB amended PAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, PAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary.

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.

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

There are no new standards, interpretations, and other amendments to existing standards effective January 1, 2025, that are considered to be relevant or have a material impact on the financial statements.

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

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Company. The Group's assessment of the impact of these new standards and amendments is set out below:

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to PFRS 9 and PFRS 7 (effective for annual periods beginning on or after January 1, 2026)

On 30 May 2024, the IASB issued targeted amendments to PFRS 9 and PFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cashflows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

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

- Contracts Referencing Nature-dependent Electricity – Amendments to PFRS 9 and PFRS 7 (effective for annual periods beginning on or after January 1, 2026)

On December 18, 2024, the IASB has issued targeted amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Nature-dependent electricity contracts help companies to secure their electricity supply from sources such as wind and solar power. The amount of electricity generated under these contracts can vary based on uncontrollable factors such as weather conditions.

The amendments include:

- clarifying the application of the 'own-use' requirements;
- permitting hedge accounting if these contracts are used as hedging instruments; and
- adding new disclosure requirements to enable investors to understand the effect of these contracts on a Group's financial performance and cash flows.

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

- Annual Improvements to PFRS Accounting Standards – Volume 11 (effective for annual periods beginning on or after January 1, 2026)

On July 18, 2024, the IASB has issued narrow amendments to PFRS Accounting Standards and accompanying guidance as part of its regular maintenance of the Standards. These amendments include clarifications, simplifications, corrections and changes aimed at improving the consistency of several PFRS Accounting Standards. The amended Standards are:

- PFRS 1 First-time Adoption of International Financial Reporting Standards;
- PFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing PFRS 7;
- PFRS 9 Financial Instruments;
- PFRS 10 Consolidated Financial Statements; and
- PAS 7 Statement of Cash Flows

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

- PFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after January 1, 2027)

Issued in May 2025, PFRS 19 allows for certain eligible subsidiaries of parent entities that report under PFRS Accounting Standards to apply reduced disclosure requirements.

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

- PFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after January 1, 2027)

PFRS 18 will replace PAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though PFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of PFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:
  - i. Foreign exchange differences currently aggregated in the line item 'other income and other gains/(losses) – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
  - i. management-defined performance measures;
  - ii. a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
  - iii. for the first annual period of application of PFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying PFRS 18 and the amounts previously presented applying PAS 1.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with PFRS 18.

There are no other new standards, and interpretations and amendments to existing standards effective after January 1, 2025, that are considered to be relevant or have a material impact on the financial statements.

## 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:

Entity	2025		2024	
	Percentage of Ownership		Percentage of Ownership	
	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	-	100

Percentage of ownership held by the NCI in COPI is 49%; CCAC is 40%; Teko is 42% as at December 31, 2025 and 2024. 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.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. To measure the expected credit losses, the receivables have been grouped 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. These comprise of cash and cash equivalents, trade receivables and receivables from related parties, contract assets and refundable deposits.

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.

For cash and cash equivalents, other receivables and refundable deposits the Company applies the 12-month ECL approach to measure expected credit losses or lifetime basis depending on whether a significant increase in credit risks has occurred once initial recognition on whether an asset is considered to be credit-impaired.

## 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, 2025 and 2024, 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 its 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 reflects 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 Basic earnings per share

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 2025 and 2024.

### **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.

## Concepcion Industrial Corporation and Subsidiaries

Consolidated Financial Statements with Supplementary Schedules  
for the Securities and Exchange Commission  
December 31, 2025

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**Concepcion Industrial Corporation and Subsidiaries**

Schedule A - Financial Assets  
As at December 31, 2025  
(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	-	2,394,844	-	-
Trade receivables and receivables from related parties*	-	3,453,991	-	-
Contract assets	-	1,346,721	-	-
	-	7,281,129	-	-

*\*excluding advances to suppliers and rental deposits*

**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, 2025**  
**(All amounts in thousand Philippine Peso)**

Name of Employee	Balance at beginning of year	Additions	Amounts Collected	Amounts Written Off		Non Current	Balance at end of year
					Current		
Acosta, Melanie Saban	212,500	570,077	402,991	-	379,585	-	379,585
Alimagno, Cyrus Basto	-	396,337	294,879	-	101,458	-	101,458
Alojado, Joyce Mabon	113,156	124,850	135,372	-	102,634	-	102,634
Andrada, Carl Melden Amaba	147,500	150,000	150,000	-	147,500	-	147,500
Aquino, Sherwin Anthony	-	279,586	-	-	279,586	-	279,586
Arar, Elmer	-	150,000	-	-	150,000	-	150,000
Arrieta, Kristal Rose	-	2,546,120	2,351,120	-	195,000	-	195,000
Batliller, Judith Rodriguez	-	300,000	-	-	300,000	-	300,000
Biongco, Arlvin Kyle	-	100,000	-	-	100,000	-	100,000
Bustamante, Rea	128,490	178,019	197,299	-	109,210	-	109,210
Cabajar, Sherina May	41,372	529,640	409,643	-	161,369	-	161,369
Catoto, Richard	-	457,805	303,274	-	154,531	-	154,531
Creer, Jaimark Boyo	-	195,492	91,882	-	103,610	-	103,610
Dauden, Michael Angelo Gallarzan	193,055	1,413,514	1,480,199	-	126,370	-	126,370
Del Rosario, Mariel Burgos	-	486,932	159,043	-	327,889	-	327,889
Dela Cruz, Warly	101,707	388,740	324,133	-	166,313	-	166,313
Domingo, Aizel Marie Medenilla	28,750	360,634	253,934	-	135,450	-	135,450
Estrella, Wilfredo Fajardo	107,081	175,290	167,978	-	114,393	-	114,393
Fusana, Bianca Irene Brillantes	72,114	400,000	252,114	-	220,000	-	220,000
Garcia, Kathrine Maie Salva	-	505,945	327,005	-	178,940	-	178,940
Gatpatan, Leah	73,250	363,333	335,333	-	101,250	-	101,250
Javedra, April Joy	151,180	374,470	334,337	-	191,313	-	191,313
Labos, Angelito Recla	-	622,224	399,868	-	222,356	-	222,356
Lascuna, Reynante	-	340,509	-	-	340,509	-	340,509
Limon, Ma. Cristina	100,325	348,579	315,444	-	133,460	-	133,460
Macatantan, Jonathan D	-	230,470	127,836	-	102,634	-	102,634
Maderse, Jhudel	-	150,000	-	-	150,000	-	150,000
Manalon, Casius	298,888	951,826	938,145	-	312,569	-	312,569
Manzano, Lisette Tarranco	468,100	551,088	635,185	-	384,003	-	384,003
Mendoza, Jacquelyn	576,449	416,500	680,449	-	312,500	-	312,500
Mercado, Leslie Bandoquillo	289,576	901,370	808,905	-	382,041	-	382,041
Mirafior, Lynette	-	289,500	-	-	289,500	-	289,500
Natindim, Roldan	-	590,725	-	-	590,725	-	590,725
Nunez, Karolyn Rodrigo	108,656	140,000	131,989	-	116,667	-	116,667
Nunez, Mariska Bassig	-	1,100,000	300,000	-	800,000	-	800,000
Ortega, Zanelle Daguro	-	121,500	-	-	121,500	-	121,500
Partoriza, Sherly Marie	107,485	322,820	271,396	-	158,909	-	158,909
Protacio, Maricel Rongavilla	-	162,058	57,833	-	104,224	-	104,224
Quindatan, Khrizia Mae	-	387,839	180,505	-	207,333	-	207,333
Razote, Christian	-	150,000	-	-	150,000	-	150,000
Reinoso, Raoul Raymond	-	326,320	166,007	-	160,313	-	160,313
Ribaya, Jose Isaac Karunungan	80,475	263,198	241,046	-	102,627	-	102,627
Ruiz, Teodoro	775,774	1,110,934	1,525,052	-	361,655	-	361,655
Sagun, Abegael Limos	97,685	180,200	174,785	-	103,100	-	103,100
Salandan, Anielyn Batugal	-	453,522	342,344	-	111,178	-	111,178
Salvatierra, Jennifer Love Dalmacion	-	220,000	73,333	-	146,667	-	146,667
Santos, Steven	1,799,253	57,441,133	56,654,924	-	2,585,462	-	2,585,462
Sarmiento, Michael Eric	624,613	22,000,266	20,454,901	-	2,169,978	-	2,169,978
Sayago, Elmar Tapia	-	180,000	78,750	-	101,250	-	101,250
Siccuan, Dean	-	561,658	447,572	-	114,086	-	114,086
Sornit, Allen Robert P.	-	545,328	118,938	-	426,391	-	426,391
Syquio, John Michael Capuno	123,750	495,000	391,875	-	226,875	-	226,875
Teodoro, Christopher Michael	-	7,482,517	6,964,762	-	517,755	-	517,755
Torralba, Maribeth	-	463,950	336,490	-	127,460	-	127,460
Yu, Merril Francis	298,594	2,287,468	1,679,009	-	907,053	-	907,053
Zubiri, Christopher Cris Anca	-	317,800	192,800	-	125,001	-	125,001
Others	25,048,626	98,652,623	107,532,879	-	16,168,370	-	16,168,370
	<b>32,168,403</b>	<b>211,205,708</b>	<b>210,193,558</b>	<b>-</b>	<b>33,180,553</b>	<b>-</b>	<b>33,180,553</b>

## Concepcion Industrial Corporation and Subsidiaries

Schedule C - Amounts Receivable from Related Parties  
which are Eliminated during the Consolidation of Financial Statements  
As at December 31, 2025  
(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	19,370	29,148	28,244	-	20,274	-	20,274
Concepcion-Carrier Air Conditioning Company, Subsidiary	112,109	185,847	147,017	-	150,939	-	150,939
Concepcion Durables Inc., Subsidiary	76,602	163,983	150,471	-	90,114	-	90,114
Concepcion Business Services, Inc., Subsidiary	93,558	794,767	787,126	-	101,199	-	101,199
Cortex Technologies Corporation, Subsidiary	42,679	54,626	59,549	-	37,756	-	37,756
Concepcion-Otis Philippines, Inc., Subsidiary	253	1,964	267	-	1,950	-	1,950
Teko Solutions Asia Inc., Subsidiary	307	34,356	32,327	-	2,336	-	2,336
Alstra Incorporated, Subsidiary	-	15,000	-	-	15,000	-	15,000
Tenex Services, Inc., Subsidiary	22,006	40,289	59,364	-	2,931	-	2,931

**Concepcion Industrial Corporation and Subsidiaries**

Schedule D - Long-Term Debt  
As at December 31, 2025  
(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, 2025  
(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, 2025

(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  
As at December 31, 2025

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, 2025 and 2024  
(All amounts in thousand Philippine Peso)

Audit and non-audit fees of the Parent Company

	2025	2024
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 the Parent Company and other related entities

	2025	2024
Audit fees	4,235	4,235
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total audit and non-audit fees of other related entities	4,235	4,235

## Concepcion Industrial Corporation and Subsidiaries

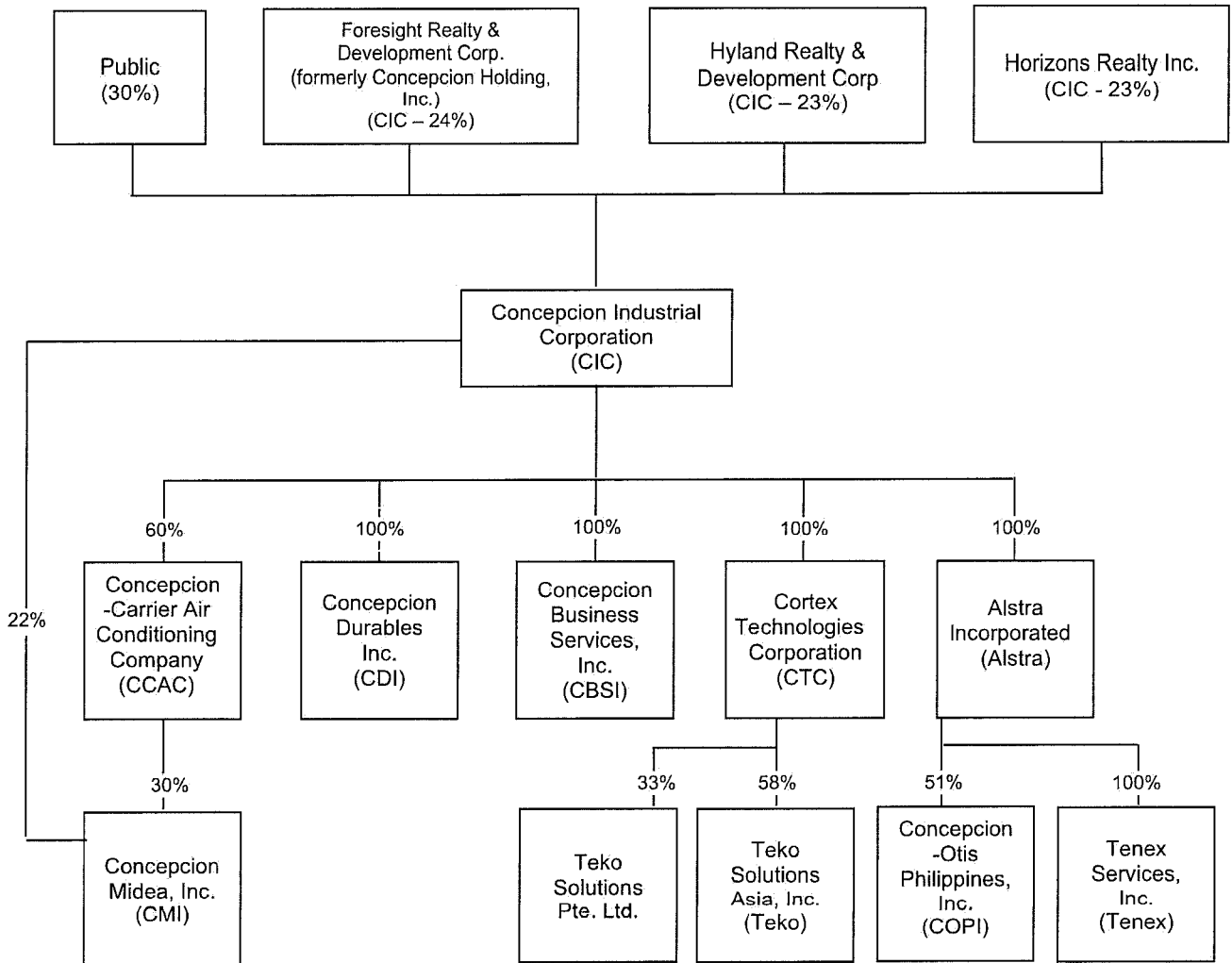
### Additional Components of Financial Statements Schedule of Financial Soundness Indicators As at and for years ended December 31, 2025 and 2024

Ratio	Formula	Current Year	Prior Year
	Total Current Assets divided by Total Current Liabilities		
Current ratio	Total Current Assets Divide by: Total Current Liabilities Current ratio	2.04	2.07
	Quick assets ( <i>Total Current Assets less Inventories and Other Current Assets</i> ) divided by Total Current Liabilities		
Acid test ratio	Total Current Assets Less: Inventories Other current assets Quick assets Divide by: Total Current Liabilities Acid test ratio	1.35	1.45
	Total Assets divided by Total Liabilities		
Solvency ratio	Total Assets Divided by: Total Liabilities Solvency ratio	2.22	2.25
	Total Liabilities divided by Total Equity		
Debt-to-equity ratio	Total Liabilities Divided by: Total Equity Debt-to-equity ratio	0.82	0.80
	Total Assets divided by Total Equity		
Asset-to-equity ratio	Total Assets Divided by: Total Equity Asset-to-equity ratio	1.82	1.80
	Earnings before interest and tax divided by Interest expense		
Interest rate coverage ratio	Earnings before interest and tax Divided by: Interest expense Interest rate coverage ratio	60.01	102.46
	Net income attributable to owners of the Parent Company divided by average equity (net of Non-controlling interest)		
Return on average equity	Net income Divided by: Average equity Return on equity	13.89%	14.66%
	Net income divided by average Total Assets		
Return on average assets	Net income Divided by: average Total Assets Return on assets	8.15%	9.53%
	Gross profit ( <i>Net sales less cost of sales and services</i> ) divided by Net sales		
Gross profit margin	Net sales Less: Cost of sales and services Gross profit Divided by: Net sales Gross profit margin	31.15%	32.96%
	Income before income tax divided by Net sales		
Profit before tax	Income before income tax Divided by: Net sales	7.97%	9.22%

Ratio	Formula	Current Year	Prior Year
	Profit before tax		
	Net income attributable to owners of the Parent Company divided by average outstanding shares		
Earnings per share	Net income Divided by: Outstanding shares Earnings per share	1.99	1.95
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	14.78	13.81

**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-subsiaries and Associates  
 As at December 31, 2025



**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, 2025

(All amounts in Philippine Peso)

Unappropriated Retained Earnings, beginning of the year*	3,292,454,415
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	(393,655,959)
Retained earnings appropriated during the reporting period	-
Effect of restatements or prior-period adjustments	-
Others	-(393,655,959)
<b>Unappropriated Retained Earnings, as adjusted</b>	<b>2,898,797,456</b>
Add/Less: Net Income for the current year/period	757,641,309
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	757,641,309
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)	-
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	-
<b>Total Retained Earnings, end of the year available for dividend declaration</b>	<b>3,656,438,765</b>

\*Unappropriated Retained Earnings (net of Treasury Shares)