



FORCE IN MOTION: FORWARD AS ONE



ANNUAL AND SUSTAINABILITY REPORT 2025

ABOUT THE COVER

The cover reflects the collective strength of Concepcion Industrial Corporation (CIC)—bringing together representatives from across our businesses to symbolize the unity that drives our organization forward. It represents the power of diverse capabilities aligned by a common purpose, demonstrating that meaningful progress is achieved when people, businesses, and leadership move in the same direction.

More than a representation of our workforce, the cover is a statement of our enduring commitment to responsible leadership, disciplined execution, and sustainable value creation. It captures the spirit of “Force in Motion, Forward as One”—an organization advancing with resilience, purpose, and a shared vision for the future.

ABOUT THE REPORT

GRI 2-1, 2-2, 2-3

REPORTING FRAMEWORK

CIC’s 2025 Annual and Sustainability Report (ASR) has been prepared with reference to the Global Reporting Initiative (GRI) Standards for the period January 1 to December 31, 2025. This report was also made in line with the Philippine Securities and Exchange Commission (SEC) Sustainability Reporting Guidelines for Publicly-Listed Companies. Relevant disclosures are mapped to the United Nations Sustainable Development Goals (UN SDGs) to demonstrate how the Company’s programs and initiatives contribute to broader sustainable development priorities.

SCOPE OF THE REPORT

This report covers the financial and sustainability performance of the following subsidiaries for 2025:

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

The Company is currently enhancing its data management systems to facilitate more comprehensive future reporting, as certain environmental and operational data, based on available internal records, do not yet encompass all locations.

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MESSAGE FROM THE CHAIRMAN & PRESIDENT

GRI 2-22

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Looking ahead, CIC will continue to evolve—strengthening our capabilities, expanding our solutions, and deepening our relationships throughout the customer lifecycle. **We remain committed to becoming the Philippines’ most trusted and responsive consumer lifestyle and enterprise solutions company.**

Dear Fellow Shareholders,

The business landscape continues to evolve at an unprecedented pace. Changing market dynamics, rising customer expectations, and rapid technological advancements require organizations to adapt with clarity, execute with discipline, and remain focused on creating long-term value.

For CIC, 2025 was a year of purposeful execution. Guided by our theme, “Force in Motion, Forward as One,” we strengthened the foundations of our business while advancing our transformation into a more agile, responsive, and customer-focused organization.

For more than six decades, CIC has built its success on trust—trust earned through the quality of our products and services, the strength of our partnerships, and our commitment to serving Filipino homes, businesses, and communities. As we move forward, we remain focused on converting this trust into sustainable growth, deeper customer relationships, and enduring shareholder value.

During the year, we continued to strengthen our financial discipline, enhance operational excellence, invest in digital capabilities, and build a culture of ownership across the Company. These efforts enabled us to respond more effectively to changing market conditions while creating stronger foundations for future growth.

At the heart of CIC’s progress are our people and partners. Through a culture of collaboration, accountability, and continuous improvement, we continue to build an organization capable of delivering meaningful impact. Our purpose, “Inspire Our World,” reflects our commitment to building better lives through service, innovation, and responsible business practices.

Looking ahead, CIC will continue to evolve—strengthening our capabilities, expanding our solutions, and deepening our relationships throughout the customer lifecycle. We remain committed to becoming the Philippines’ most trusted and responsive consumer lifestyle and enterprise solutions company.

As we celebrate 65 years of serving the Filipino market, we are reminded that enduring companies are built on the ability to preserve trust while continually reinventing how they create value.

As we move Forward as One, we thank our shareholders, employees, customers, and partners for their continued confidence and support. Together, we will continue building a stronger CIC and a more sustainable future for generations to come.

RAUL JOSEPH A. CONCEPCION
Chairman & President

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For more than six decades, CIC has built its success on trust—trust earned through the quality of our products and services, the strength of our partnerships, and our commitment to serving Filipino homes, businesses, and communities.



The strength of our Company
has always come from our people—
how we work together,
serve our customers,
and remain accountable
to our commitments.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

As we reflect on 2025, I am proud of how CIC continues to move forward with determination, adaptability, and a shared sense of purpose. In a year marked by evolving market conditions and increasing customer expectations, our people demonstrated the grit and commitment needed not only to overcome challenges but also to create new opportunities for growth.

The strength of our Company has always come from our people—how we work together, serve our customers, and remain accountable to our commitments. These values have enabled us to navigate a dynamic business environment while strengthening our market leadership and laying the foundation for future growth.

Turning Resilience into Results

Throughout the year, we focused on reinforcing our core businesses while responding proactively to changing market conditions. Through disciplined execution, innovation, and teamwork, we sustained our leadership across key market categories and strengthened our position as one of the country's most trusted providers of consumer lifestyle and industrial solutions.

A significant milestone in 2025 was our participation in major infrastructure developments, particularly in airport modernization and climate-control projects. Through Carrier, we successfully delivered critical Heating, Ventilation, and Air Conditioning (HVAC) and cooling solutions for key airport facilities, supporting the country's efforts to enhance transportation infrastructure and improve passenger experience. These projects underscore our ability to provide reliable, energy-efficient, and technically advanced solutions for large-scale developments that contribute to national progress and economic growth.

Our continued expansion into emerging categories—including floor care, kitchen lifestyle, and hair care solutions through brands such as SharkNinja—reflects our commitment to meeting the evolving needs of Filipino consumers. At the same time, major projects across our portfolio, including significant installations and modernization initiatives under our Otis business, further demonstrated our ability to deliver value through expertise and execution.

The impact of our operations extends beyond commercial success. Our manufacturing facility in Cabuyao continued to provide stable employment opportunities and support hundreds of Filipino families while producing high-quality products that serve customers nationwide. Likewise, Condura's "Strong for Filipino" campaign reinforced our commitment to supporting local communities and celebrating the resilience and aspirations of the Filipino people.

Investing in the Future

While we continued to strengthen our existing businesses, we also planted the seeds for the next phase of our growth journey.

This year, we accelerated initiatives that expanded our market reach and strengthened customer engagement across both online and offline channels. Through the continued growth of our Carrier Air Authority Centers and Midea Proshops, we created more opportunities for entrepreneurs while bringing trusted cooling solutions closer to communities nationwide. We also enhanced our digital presence through ConcepStore and other e-commerce platforms, making our products more accessible and convenient for customers. Complementing these efforts were investments in after-sales service excellence and digital transformation initiatives that further elevated the customer experience across our ecosystem.

We also advanced initiatives that support long-term value creation. Through Teko, we expanded technician training and skills development programs that provide livelihood opportunities while strengthening service capabilities across the industry. Although many of these initiatives remain in the early stages of development, they represent important foundations for sustainable growth, innovation, and shared value creation in the years ahead.

Delivering Sustainable Value

As we pursue growth, we remain guided by our responsibility to create value not only for shareholders but also for customers, employees, partners, and communities. We believe that sustainable success is built through responsible business practices, operational excellence, and a culture that encourages innovation and continuous improvement.

The progress we achieved in 2025 would not have been possible without the dedication, creativity, and perseverance of our employees, the trust of our customers, the support of our partners, and the confidence of our shareholders. Your commitment inspires us to continue raising our standards and expanding what is possible.

Together, we are building a stronger, more agile, and future-ready Concepcion—one that remains grounded in its purpose while embracing new opportunities for growth and transformation. As we move forward, we do so with confidence, determination, and an unwavering commitment to creating lasting value for generations to come.

ARIEL P. FERMIN
Chief Executive Officer

MESSAGE FROM THE CHIEF FINANCE AND OPERATING OFFICER

For CIC, 2025 was a year that tested our resilience and sharpened our focus on the priorities that matter most: financial discipline, operational resilience, responsible growth, and long-term value creation.

Against a more demanding operating environment, our financial performance reflected both the underlying strength of our businesses and the realities of changing market conditions. CIC recorded consolidated net sales of Php 18.5 billion, representing three percent year-on-year growth. Total group net sales, including Concepcion Midea Inc., reached Php 25.9 billion, an increase of 10 percent. Net income attributable to shareholders amounted to Php 782.7 million, up two percent from the previous year. These results were achieved amid uneven demand, inflationary and foreign exchange pressures, supply-chain volatility, and shifts in consumer spending behavior. These conditions placed pressure on margins and reinforced the need for disciplined capital allocation, stronger cost management, greater operating efficiency, and more deliberate business decisions.

It is within this context that our transition to an ASR has become both relevant and necessary. The experience of 2025 reinforced an important principle: financial performance cannot be considered in isolation from environmental, social, and governance (ESG) factors. Resource efficiency, climate-related risks, supply-chain resilience, workplace safety, talent development, ethical business practices, and stakeholder trust increasingly influence the sustainability of our earnings, the quality of our operations, and our ability to create value over the long term.

Sustainability is therefore not a separate agenda; it is an integral part of how we manage risk, deploy capital, strengthen financial resilience, and make strategic and operational decisions. Our move toward a more comprehensive ASR reflects this integration and provides stakeholders with a clearer view of how ESG considerations affect our strategy, operations, risks, opportunities, and financial outcomes. A key milestone in 2025 was the completion of our materiality assessment. This process allowed us to identify and validate the ESG matters that are most significant to our businesses and stakeholders. The results provide an important baseline for prioritizing our initiatives, setting appropriate measures, and directing resources toward areas where we can create the greatest impact.

Building on this foundation, we are entering 2026 with a clearer agenda. We will begin integrating material ESG

considerations more systematically into enterprise risk management, financial planning, capital expenditure evaluation, performance management, and long-term strategic decision-making. Transparency and accountability remain central to this journey. As we adopt this new reporting format, we have enhanced the governance of ESG data, strengthened internal controls, and aligned our disclosures with globally recognized frameworks. This allows our stakeholders to better understand the link between sustainability performance and financial outcomes.

We also began establishing a more structured cross-functional governance model for sustainability. Representatives from Finance, Human Resources (HR), Environment, Health and Safety (EHS), and our key business units are being brought together to improve coordination, clarify accountability, and support consistent implementation across the Group. This structure is intended to move sustainability from policy to execution by ensuring that commitments are translated into measurable plans, defined ownership, regular monitoring, and management oversight. Over time, our objective is to manage material ESG performance with the same discipline and rigor that we apply to financial and operational performance.

Looking ahead, we will continue to strengthen operational resilience, maintain financial discipline, and advance the integration of sustainability into our business model. We will progressively incorporate relevant ESG metrics into performance management, risk assessment, investment decisions, and resource allocation.

Our aim is not simply to improve reporting. It is to use sustainability as a practical management discipline; one that supports better decisions, strengthens competitiveness, protects enterprise value, and contributes to responsible and sustainable growth.

As we take this important step in our reporting journey, we remain committed to building a more transparent, resilient, accountable, and future-ready Concepcion.

I thank our employees, customers, business partners, shareholders, and other stakeholders for their continued trust and partnership.

RAJAN KOMARASU
Chief Finance and Operating Officer



Sustainability is therefore not a separate agenda; it is an integral part of how we manage risk, deploy capital, strengthen financial resilience, and make strategic and operational decisions.

ABOUT CONCEPCION INDUSTRIAL CORPORATION

PURPOSE

Inspire our world

MISSION

Serve homes and businesses for life

VISION

A Concepcion solution in every home and business

We envision a future defined by a Concepcion solution in every home and business. While the world changes quickly, our pledge to innovate remains a constant force utilizing technology to make Filipino lives better. We are venturing into new territories to touch more lives while keeping our core promise to deliver absolute convenience. For Filipino families, this means we go beyond simply connecting home technologies. We strive to understand complicated modern lifestyles and help simplify them. For our business partners, this means evolving past traditional transactions to become a deeply trusted solutions provider. Together, we are building a more convenient and connected future for the entire nation.

CORE VALUES



CUSTOMER INTIMACY

We put our customers' needs first.



INTEGRITY

We do the right thing, always.



EMPATHY

We truly listen and seek to understand.



TEAMWORK

We collaborate with joy for happier outcomes.



EXCELLENCE

We take pride in delivering meaningful results.

BRAND MANIFESTO

“INSPIRE OUR WORLD”
EMBODIES OUR **Founder’s mentality—** **it is the very purpose of our company.**

CONCEPCION INDUSTRIAL CORPORATION was built on a mission to **‘BUILD BETTER LIVES FOR FILIPINOS’**. For over **60 YEARS**, it remains at the core of our business, driving us each day to work together **for the greater good.**

There is nothing more inspiring than humbly **BEING OF SERVICE TO THE LIVES WE TOUCH.** Regardless of role, tenure, or rank, **every true CONCEPCION EMPLOYEE carries the heart to serve** **A COLLEAGUE, A BUSINESS PARTNER, AND A CUSTOMER.**

THIS **HUMILITY** KEEPS US GROUNDED, reminding us that **our work is never about ourselves,** but about the **communities we serve.**

IN THEIR WORLD, **WE MAKE A DIFFERENCE.** In our world, **THEY MATTER... truly inspiring!**

“Inspire Our World”
IS A CALL FOR EVERYONE TO BE OF SERVICE TO OTHERS —**a movement that elevates** what we believe is **POSSIBLE** in making lives better.

THIS MOVEMENT BEGINS WITH **us.** Together, let’s **lead the change— today and always,** FOR A BETTER LIFE for our **PEOPLE and our nation.**

COMPANY PROFILE

CIC is the leading consumer lifestyle and enterprise solutions provider in the Philippines.

The Company expanded from being a cooling solutions provider into a broader portfolio of products and services for Filipino homes and businesses, while staying committed to quality, innovation, and creating happier spaces for all.

CIC operates in a resilient corporate structure, with eight principal 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 (AI)



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



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

It also includes two associates:



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



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

CIC has strengthened its leadership by developing leading brands, forging strategic alliances and joint ventures with key partners, and investing in facilities and capabilities that support long-term growth. The Company successfully launched its own Condura brand and introduced the Kelvinator brand, offering both air conditioning and domestic refrigeration products.

Leveraging its comprehensive industry knowledge and deep understanding of end-user needs, CIC continues to design and deliver solutions that meet evolving consumer demands, reinforcing its position as a trusted provider of residential and commercial appliances.

BUSINESS ACTIVITIES



CCAC Advances Product Innovation and Research

CCAC significantly strengthened its product development and research capabilities by establishing a dedicated department focused on rigorous product benchmarking, prototype evaluation, and strategic coordination. By actively collaborating with suppliers, industry partners, and the academe, CCAC underscores its commitment to continuous innovation and the delivery of superior, market-responsive solutions.



Broadening Value-Driven Retail Footprint

In March 2025, CTC successfully launched the Mang Kosme pop-up store in Poblacion, Makati City. This strategic expansion extended the brand's signature value-driven retail experience beyond its Muntinlupa headquarters. The inaugural event reinforced Cortex's commitment to making quality appliances accessible to a wider demographic while staying true to its accessible roots.



CCAC Accelerates Franchise Program Expansion

CCAC highlighted its Carrier Air Authority Center franchise initiative at the 2025 International Franchise Expo held in April at the SMX Convention Center. This program empowers Filipino entrepreneurs to establish full-service centers offering authorized HVAC sales, parts, installation, and maintenance. The ongoing expansion addresses the rising demand for comprehensive cooling solutions while stimulating local business opportunities across the Philippines.



Global Partner SharkNinja Enhances Consumer Reach

Furthering its mission to elevate Filipino homes, CIC partnered with global brand SharkNinja to launch a dedicated pop-up store at Glorietta 1, operating from May to October 2025. This initiative successfully introduced top-tier US consumer appliances to the local market, featuring advanced home cleaning systems, innovative beauty tools, and state-of-the-art kitchenware. The brand also demonstrated its latest technologies through a comprehensive product showcase at Enderun's The Atrium and the exclusive launch of the Ninja SLUSHi™ prior to the pop-up's opening.



Advancing Technical Education in Partnership with ValTech

In August 2025, CCAC joined the Valenzuela City Technological College (ValTech) to inaugurate its new campus, marking a major milestone in local workforce development. Serving as ValTech's primary industry partner, CCAC supports a specialized technical training program for HVAC instructors and business partners. Through hands-on immersion at ValTech's HVAC Learning Factory, CCAC actively equips Filipino students and educators with industry-relevant skills, reinforcing its long-term commitment to nurturing technical talent and expanding career opportunities.

MILESTONES



1962

Jose N. Concepcion, Sr. founded Concepcion Industries Inc. and later signed a licensing agreement with Carrier USA

CONDURA

1987

CIC launched the Condura Brand



1995

The air conditioning factory in LISP Cabuyao, Laguna, was built



2006

CDI was established



2013

CIC had its IPO; CCAC also signed a joint venture with Midea Group, expanding its portfolio to include small appliances



2014

CIC signed a joint venture with United Technologies Corporation to distribute Otis vertical transport solutions



2020

CIC expanded CSR and emergency response programs



2023

CIC became the exclusive distributor of SharkNinja appliances in the Philippines, and officially partnered with the Plastic Exchange Program (PCX) to support the Department of Environment and Natural Resources (DENR)'s Extended Producer Responsibility (EPR) Act of 2022



2025

CIC developed its first ASR

AWARDS AND RECOGNITIONS

List of 2025 awards



27th Annual Reader's Digest Trusted Brands Asia Awards

- Platinum Award - "Air Conditioners" Category (Carrier)
- Gold Award - "Air Conditioners" and "Refrigerators" Categories (Condura)



2025 Kidlat Awards (CCAC's Carrier Cool Spot)

- Silver - Brand Experience, Creativity in Entertainment
- Bronze - Outdoor/Ambient, Classic Creativity
- Bronze - PR, Creativity in Engagement



21st Philippine Quill Awards (Midea's Discover Happiness Campaign)

- Marketing, Advertising, and Brand Communication Category



PCX Markets' PULSE

- 100% Plastic Recovery Rate
 - CDI
 - CCAC
 - CMI
 - CTC



EXCELLENCE IN OCCUPATIONAL SAFETY: DATEM RECOGNITION

CCAC was awarded a Certificate of Recognition by DATEM Incorporated for achieving 7 million safe man-hours without a Lost Time Accident at The Galleon Project, covering the period from December 2020 to March 2025. This significant milestone underscores the Company's unwavering commitment to Occupational Safety and Health (OSH). By strictly enforcing safety protocols and fostering collaborative teamwork, CCAC continuously ensures a secure, risk-free operational environment for all employees and project partners.



MDC SAFEST CONTRACTOR AWARD

Makati Development Corporation (MDC) formally recognized CCAC as one of its Safest Contractors, honoring the Company's outstanding EHS performance at the Gardencourt Residences Phase 1 Project, including the Molave and Narra Towers, in Arca South.

CCAC secured a remarkable 97.13 percent rating in MDC's Subcontractor Environment & Safety Key Performance Indicator Evaluation for the first quarter of 2025. This distinction reflects CCAC's proactive safety practices, rigorous compliance standards, and continuous workforce training, further cementing a zero-incident culture across all of its mechanical and auxiliary system operations.

OUR HOUSE OF BRANDS

GRI 2-6



CCAC is engaged in the manufacturing, sale, distribution, installation, and servicing of HVAC products across residential, commercial, and industrial sectors. Formed as a joint venture between the Company and Carrier Air Conditioning Philippines, Inc., it markets Carrier and Toshiba air conditioning brands, along with Totaline aftermarket parts. Its portfolio also includes notable brands such as Condura and Kelvinator.

CCAC manufactures air conditioning equipment at its facility in the Light Industry and Science Park (LISP) in Cabuyao, Laguna, the largest air conditioning manufacturing site in the Philippines, with an annual capacity of approximately 500,000 units. Supported by a nationwide distribution and after-market service network, CCAC continues to strengthen its presence across residential, light commercial, commercial, and industrial market segments.



CONDURA

As CIC's flagship Filipino brand, Condura remains a cornerstone of the Company's consumer appliance and refrigeration business. Established in 1987, the brand is driven by CDI, which oversees the manufacturing, assembly, distribution, and retail of refrigeration equipment. Today, Condura continues to solidify CIC's market leadership and heritage in both the residential and light commercial refrigeration segments.



CMI, a strategic joint venture between Midea Electric Trading (Singapore) Co. Pte. Ltd., CIC, and CCAC, serves as the exclusive distributor of Midea products in the Philippines. CMI offers a comprehensive suite of consumer appliances, including air conditioning units, refrigerators, and kitchen and laundry equipment. The subsidiary also distributes Toshiba-branded home appliances, significantly expanding CIC's multi-brand portfolio in the white goods sector. Backed by Midea's globally recognized leadership as a Fortune 500 company, CMI leverages international expertise to deliver reliable, innovative solutions to Filipino households and businesses.



TOSHIBA

Integrated into CIC's premium air conditioning portfolio through CCAC, Toshiba offers advanced climate control solutions and comprehensive aftermarket support. The inclusion of Toshiba bolsters CIC's multi-brand strategy, allowing the Company to effectively address diverse customer requirements, specialized applications, and premium market segments with cutting-edge technology and exceptional reliability.

Shark | NINJA

Representing a strategic expansion into the innovative small home appliance market, SharkNinja joined the CIC portfolio in 2023. Through an exclusive distribution partnership managed by CTC, CIC's wholly owned subsidiary, Filipino consumers now have access to premium Shark and Ninja products. This addition underscores CIC's commitment to diversifying its offerings across fast-moving consumer categories and emerging lifestyle segments.



OTIS

A vital component of CIC's enterprise and building solutions portfolio, Otis provides world-class vertical transportation for large-scale residential, commercial, and institutional developments. Established in 2014 as a joint venture between CIC and Alstra, Inc., COPI merges global engineering standards with deep local expertise. As an international leader operating in over 200 countries, Otis delivers reliable elevators, escalators, and moving walkways, empowering CIC to contribute significantly to the design, functionality, and mobility of modern urban infrastructures.

Kelvinator®

As one of the most enduring brands in the CIC portfolio since 1977, Kelvinator continues to play a vital role in providing accessible appliance and cooling solutions. Distributed across the Company's refrigeration and air conditioning divisions—including CDI and CCAC—Kelvinator maintains its legacy of delivering durable, high-value refrigerators, freezers, and cooling equipment to the Filipino market.



Totaline anchors CIC's aftermarket and parts portfolio, providing essential support for the Company's extensive installed base. Since acquiring the Philippine distribution license in 2009, CCAC has integrated Totaline parts into its core offerings. The brand is critical to maintaining lifecycle service excellence, ensuring comprehensive maintenance, repair, and aftermarket support that maximizes product performance and customer satisfaction.

MARKETPLACES



CONCEPTSTORE

Launched in 2021, ConceptStore is CIC's proprietary e-commerce platform, serving as the cornerstone of the Company's direct-to-consumer (D2C) distribution strategy. Fully integrated into CIC's nationwide network, ConceptStore leverages digital innovation to provide customers with seamless access, enhanced convenience, and a premium online shopping experience.



MANG KOSME

Mang Kosme plays a strategic role in CIC's omnichannel distribution network. Functioning as an integrated e-commerce platform and physical retail destination, it operates alongside ConceptStore, brand-specific sites, and partner platforms such as Shopee and Lazada. Mang Kosme significantly broadens product reach, ensuring that quality appliances remain highly accessible to consumers across both digital and traditional retail touchpoints.

SERVICE



ALSTRA

Alstra serves as CIC's premier commercial and enterprise solutions platform, dedicated to delivering end-to-end building solutions. Powered by industry-leading brands such as Carrier, Toshiba Climate Control Solutions, and Otis Vertical Transport Solutions, Alstra transcends traditional product supply. It offers integrated, highly engineered solutions and comprehensive technical services tailored for complex commercial, industrial, and infrastructure projects.



TENEX

Tenex strengthens CIC's HVAC service capabilities by providing specialized servicing, installation, and distribution of climate control products. Through increased ownership via Alstra, CIC leverages Tenex to expand its installation and service footprint in a rapidly growing market. As a critical element of CIC's technical service ecosystem, Tenex ensures optimal product performance, long-term reliability and support throughout the entire customer lifecycle.

BRAND HIGHLIGHTS



CONDURA WINS GOLD AT THE 2025 READER'S DIGEST TRUSTED BRANDS AWARDS

CDI won Gold in the Appliance category of the 27th Reader's Digest Trusted Brands Awards, one of Asia's most recognized consumer-based brand surveys. The recognition underscores Condura's focus on durable, reliable, and value-for-money appliance solutions for Filipino families and businesses.

Additionally, Carrier was listed in the 2025 Reader's Digest Philippines winners page listed under the Air Conditioners category, while Condura was recognized in both the Air Conditioners and Refrigerators categories, reflecting the brands' continued reputation for quality in the Philippine market.



TOSHIBA UNVEILS JAPANDI CONCEPT UNDER "HARMONY IN DETAILS" CAMPAIGN

Leading premium home solutions brand Toshiba Lifestyle Philippines launched its Japandi Suite and Nature Pure Series, highlighting the "Japandi" concept that blends Japanese design with Scandinavian minimalism. As part of its "Harmony in Details" campaign, the lineup was showcased at Robinson's Magnolia from June 30 to July 6, 2025, featuring two stylish refrigerator models, a microwave oven, a rice cooker, a washing machine, and a water dispenser designed with clean lines, intuitive features, and purposeful aesthetics.

The collection brought together artistry and innovation, two core principles that guide Toshiba's approach to modern home living.



CONCEPCION-CARRIER NABS KIDLAT AWARDS FOR CARRIER COOL SPOT

Concepcion-Carrier clinched three major prizes at the 2025 Kidlat Awards, one of the most prestigious stages for creative excellence in the Philippines. The Carrier Cool Spot, which transformed a regular Bonifacio Global City (BGC) bus stop into the country's first solar-powered, air-conditioned commuter haven, won Silver in the Brand Experience (Creativity in Entertainment) category. The project, which was brought to life in collaboration with agency partner Ace Saatchi & Saatchi, also won Bronze for Outdoor/Ambient (Classic Creativity) and PR (Creativity in Engagement).



SHARKNINJA SPOTLIGHTS INNOVATION AT WOCEE 2025

SharkNinja brought world-class solutions to the World of Consumer Electronics Expo (WOCEE) 2025, with the theme "Innovating for a Sustainable Future." SharkNinja highlighted its user-friendly and affordable technologies through booth activations, demonstrations, and special promotions, reaching a wider Filipino audience interested in kitchen, cleaning, and beauty appliances.

2025 CAPTURED: A YEAR IN PHOTOS



VALUE CREATION AND STRATEGY

GRI 2-6

SERVING FILIPINO HOMES AND BUSINESSES

CIC delivers solutions for Filipino households and enterprises, ranging from individual homes to large residential, commercial, and industrial developments. Its products and services are designed for reliability, comfort, energy efficiency, environmental responsibility, and aesthetic appeal, ensuring value across various customer segments and price points.



BUSINESS MODEL

CIC operates as a holding company, conducting business through its subsidiaries to deliver specialized solutions across residential, commercial, and industrial sectors. Each subsidiary focuses on its segment while maintaining consistent quality, service standards, and innovation, collectively contributing to manufacturing, engineering, distribution, installation, technical services, digital commerce, and shared corporate support across the Group.

The Company emphasizes the delivery of energy-efficient technologies and sustainability-driven solutions across its portfolio. By coordinating manufacturing, distribution, installation, and after-market services across subsidiaries, CIC ensures end-to-end support for its customers, enabling reliable delivery, enhanced customer experience, and long-term value creation. Through its portfolio of globally recognized brands and integrated business operations, the Company delivers innovative and reliable solutions while embedding sustainability into its products, services, and business practices.

VALUE CHAIN

CIC creates value through an integrated chain that includes product design and sourcing, product manufacturing and assembly, brand management, nationwide distribution, retail, digital and D2C channels, installation, technical services, and after-market support. This holistic approach ensures consistent quality, reliability, and customer satisfaction throughout the lifecycle of its products and services, while supporting operational efficiency, business resilience, and long-term value creation for customers and other stakeholders.



GREEN INNOVATION

OPERATIONAL SUSTAINABILITY INITIATIVES

CIC advances sustainability across its operations through initiatives that reduce environmental impact, support energy efficiency, and strengthen long-term operational resilience. These initiatives reflect the Company's efforts to integrate responsible practices into operational processes and business decisions.



ADVANCING INTELLIGENT INFRASTRUCTURE: CCAC AT ENERGY EFFICIENCY DAY 2025

CCAC accelerated the transition toward a sustainable future at the Energy Efficiency Day Conference on March 20 at the SMX Convention Center, Pasay City, joining public and private sector leaders to tackle the shared mandate of advancing 2030 energy targets and reducing national carbon footprints. As a DOE-certified energy service company (ESCO), CCAC showcased industry-leading HVAC solutions designed to build resilient infrastructure.

CCAC Enterprise Solutions Director Willy Estrella's presentation "Utilizing AI for Building Energy Efficiency" discussed how CIC's AI-driven technologies empower owners to optimize consumption, unlock operational savings, and minimize environmental impact. Through these vital engagements, CCAC continues to drive the public-private synergies necessary for a low-carbon built environment.

POWERING THE FUTURE: ACCELERATING OUR RENEWABLE ENERGY INTEGRATION

Advancing its corporate impact initiatives, CIC successfully transitioned the power supply of its Alabang facility to renewable energy in partnership with ACEN RES. This milestone builds upon the foundational renewable energy integration at the Cabuyao manufacturing plant in 2018, marking a critical step in the Company's overarching strategy to decarbonize operations. In recognition of this shift, ACEN RES awarded CIC the "Powered by Renewable Energy" badge—a formal testament to the Company's steadfast commitment to operational resilience, environmental stewardship, and continuous sustainable evolution.

CORPORATE GOVERNANCE

GRI 2-9, 2-12

CIC recognizes that sound governance is the foundation of sustainable and responsible business. The Company's corporate governance practices are guided by its Revised Corporate Governance Manual, which sets the standards for accountability, transparency, and ethical conduct across CIC. As the Company continues to strengthen its governance structures, it remains committed to upholding the interests of its stockholders and stakeholders through clear roles, defined responsibilities, and consistent oversight.

BOARD OF DIRECTORS



RAUL JOSEPH A. CONCEPCION
Director



RENNA C. HECHANOVA-ANGELES
Director



RAUL ANTHONY A. CONCEPCION
Director



JOSE MA. A. CONCEPCION III
Director



MA. VICTORIA HERMINIA C. YOUNG
Director



RAISSA C. HECHANOVA-POSADAS
Director



CESAR A. BUENAVENTURA
Independent Director



LUIS Y. BENITEZ, JR.
Independent Director



JUSTO A. ORTIZ
Independent Director

CIC's Board of Directors is composed of nine members who collectively provide strategic direction and oversight of the Company's operations.

Three of the nine directors serve as independent directors: Cesar A. Buenaventura, Luis Y. Benitez, Jr., and Justo A. Ortiz. Their independence reinforces the Board's commitment to objective oversight and accountability in the best interest of the Company and its stakeholders.



BOARD COMMITTEES

CIC's governance structure includes four key committees, each focused on specific areas of oversight:



Executive Committee:
Executes delegated Board decisions while maintaining alignment with Company priorities, ensuring the timely implementation of strategic and operational initiatives



Audit and Risk Oversight Committee (AROC):
Monitors financial reporting, internal controls, risk management, and the identification and oversight of emerging risks and opportunities that may affect the Company's long-term performance



Corporate Governance, Nominations, and Remuneration Committee (CGNRC):
Upholds governance standards, evaluates board nominations, and oversees compensation policies, promotes accountability, ethical business conduct, and effective governance practices across the organization



Strategy and Investments Committee (SIC):
Guides management in strategic investments and growth initiatives, supporting informed decision-making and the achievement of the Company's long-term business objectives

DUTIES AND RESPONSIBILITIES

CIC's Revised Corporate Governance Manual establishes that the Board is collectively responsible for the long-term value of the Company. Its role is to approve, oversee, and review the Company's strategic direction and performance, with directors expected to act honestly and in good faith, with loyalty and in the best interest of the Company, its stockholders, and other stakeholders.

Directors are expected to devote sufficient time and attention to properly discharge their responsibilities. The Board is primarily accountable to stockholders and provides a balanced and understandable assessment of the Company's performance, position, and prospects. The Manual further emphasizes director orientation, continuing education, and timely access to information, senior management, and independent advice where necessary.

Additionally, the Board provides guidance on the Company's long-term strategy, ensuring that decisions are responsible, aligned with corporate objectives, and contribute to sustainable growth and value creation for all stakeholders.



BOARD ATTENDANCE AND REMUNERATION

EXECUTIVE COMMITTEE

Name of Director and Office	2025 Committee Meetings [Attended/Held]
Raul Joseph A. Concepcion Chairman	3/3
Renna C. Hechanova-Angeles Vice Chairman & Treasurer	3/3
Raul Anthony A. Concepcion Vice Chairman	3/3

CORPORATE GOVERNANCE, NOMINATIONS AND REMUNERATION COMMITTEE

Name of Director and Office	2025 Committee Meetings [Attended/Held]
Cesar A. Buenaventura Committee Chairman	3/3
Justo A. Ortiz Committee Member	2/3
Luis Y. Benitez, Jr. Committee Member	3/3
Raul Joseph A. Concepcion Committee Member	3/3
Renna C. Hechanova-Angeles Committee Member	3/3

AUDIT AND RISK OVERSIGHT COMMITTEE

Name of Director and Office	2025 Committee Meetings [Attended/Held]
Luis Y. Benitez, Jr. Committee Chairman	5/5
Cesar A. Buenaventura Committee Member	3/5
Justo A. Ortiz Committee Member	2/5
Raissa C. Hechanova-Posadas Committee Member	4/5
Ma. Victoria Herminia C. Young Committee Member	5/5

STRATEGY AND INVESTMENTS COMMITTEE

Name of Director and Office	2025 Committee Meetings [Attended/Held]
Justo A. Ortiz Committee Chairman	3/3
Ma. Victoria Herminia C. Young Committee Member	3/3
Raissa C. Hechanova-Posadas Committee Member	1/3

ENTERPRISE RISK MANAGEMENT (ERM) AND INTERNAL CONTROLS

GRI 3-3, 2-12, 2-16

CIC's ERM framework and internal control systems provide a structured approach to identifying, assessing, and mitigating risks across operations. These frameworks enable the Company to protect assets, enhance operational efficiency, and maintain accountability, while establishing baseline processes for consistent governance and risk oversight.



RISK MANAGEMENT FRAMEWORK AND GOVERNANCE

The Board holds overall responsibility for risk oversight, 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 their respective areas, with risk management practices coordinated across the Company to promote consistency. The internal audit function provides independent assurance by reviewing the effectiveness

of internal controls, governance processes, and risk management systems, reporting its findings directly to the AROC and the Board.

The ERM Framework also defines the Company's risk appetite, which serves as a guide for the decision-making and risk-taking activities in pursuit of business objectives. Through these processes, CIC seeks to strengthen its ability to respond to evolving business challenges while supporting regulatory compliance and long-term value creation.

INTERNAL CONTROL SYSTEMS

CIC maintains internal control systems designed to support the safeguarding of assets, promote the reliability of financial and operational information, and help manage risks related to errors, fraud, and non-compliance. These controls are guided by the Corporate Governance Manual, 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 overall effectiveness of these controls, including risk management processes and adherence to applicable laws and company policies.

RISK ASSESSMENT PROCESS

Through its ERM process, CIC applies its ERM framework to identify, assess, and prioritize risks that may affect 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 strategic, operational, financial, and compliance to support prioritization and appropriate risk responses.

Assessment results are consolidated using established risk management tools, giving management a clearer understanding of key risk exposures and supporting

the development of mitigation measures and internal controls. Risk identification and assessment are carried out by relevant business units and coordinated across the Company, 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. Through this process, CIC seeks to strengthen its ability to anticipate and respond to evolving risks while supporting sound governance and informed decision-making.

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 internal audit provides independent assurance through audits carried out under an

approved plan. Findings are reported to senior management and the AROC, which reviews corrective actions and monitors their timely resolution—supporting continuous improvement to internal controls and risk management practices while promoting accountability across the organization.

BUSINESS ETHICS AND INTEGRITY

GRI 2-23, 2-25

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

Ethical behavior is reinforced through training, annual certification, and confidential reporting channels, with oversight from the Ethics Committee and Business

Practices Officers. Stakeholders may raise concerns through whistleblowing channels, with protections against retaliation that reinforce a culture of accountability and integrity throughout the Company.

The whistleblowing framework includes a hotline hosted through Grant Thornton Solutions' Proactive Hotline, face-to-face reporting with the Ethics and Compliance Officer, and a dedicated hotline number. These mechanisms provide employees and stakeholders with accessible channels to report concerns and support the Company's commitment to ethical conduct and responsible business practices.

COMPLIANCE WITH LAWS AND REGULATIONS

GRI 2-12, 2-23, 2-27

CIC supports compliance with applicable laws and regulations through its Corporate Governance Manual, Code of Ethics, and ERM Framework. The Board of Directors and the AROC provide oversight through reports, risk assessments, and internal audit reviews. Regulatory risks are managed through the ERM process, supported by compliance monitoring, training, and reporting mechanisms that promote transparency and accountability across operations.



SIGNIFICANT INSTANCES OF NON-COMPLIANCE

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



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 under an approved plan. Monitoring activities that include 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, enabling early risk identification and continuous improvement of controls.

The Company is strengthening its activities to support the identification and management of compliance-related risks and contribute to the continuous improvement of internal controls and governance practices.



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—whether policy updates, strengthened controls, training, or disciplinary measures. Implementation is monitored by management and reported to the AROC.

In 2025, no material fines, penalties, or non-monetary sanctions were reported. CIC continues to build on preventive measures and improvement opportunities into its governance and control processes.

SUSTAINABILITY GOVERNANCE (BOARD AND MANAGEMENT OVERSIGHT OF ESG IMPACTS)

GRI 2-13, 2-24

CIC's approach to sustainability is embedded within its existing governance framework. The Board provides oversight of the sustainability-related strategies and objectives, monitoring their implementation alongside the Company's broader business performance.

Sustainability initiatives are coordinated through a Sustainability Committee led by the Chief Corporate Affairs Officer and composed of representatives from

key business units. Day-to-day responsibilities are carried out by relevant functions including HR, Risk Management, Compliance, and EHS, which implement policies, monitor performance, and support regulatory compliance within their respective areas. Management consolidates sustainability-related information and provides updates to the Board and its committees for review, with the AROC and CGNRC supporting oversight activities consistent with their respective mandates.

CIC'S SUSTAINABILITY APPROACH

GRI 3-3

CIC'S SUSTAINABILITY FRAMEWORK

CIC's sustainability framework reflects the Company's commitment to creating long-term sustainable value through responsible and purpose-driven business practices. Guided by its purpose, "Inspire Our World," the framework builds upon CIC's existing Advocacy Pillars—Entrepreneurship, Environment, and Education—and expands them into four interconnected sustainability pillars: Economic, Environmental, Social, and Governance. These pillars provide a structured approach for integrating sustainability into business strategy and operations, guiding the Company's initiatives, targets, and disclosures while aligning with the UN SDGs. As CIC continues to establish and formalize its sustainability practices, this framework serves as the foundation for managing sustainability-related impacts, tracking progress, and supporting accountability across the Company.



CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

CIC's business activities and sustainability initiatives contribute to several UN SDGs. The table below outlines the key areas of contribution, including direct positive impacts, potential negative impacts, and the Company's management approach.

			Employee Well-being and Inclusive Workplace CIC promotes safety, diversity, and development outcomes. Health programs, training, and equal opportunity policies foster a supportive environment, enhancing employee engagement, skills, and overall organizational growth.
			Laundry, Kitchen, and Small Domestic Appliances CIC drives sustainable water management with water-efficient washing machines and implements the EPR Act in partnership with the PCX. Collaboration with government agencies and recyclers ensures proper e-waste management, maintenance programs, and safety training.
			Air Conditioning Solutions CIC provides energy-efficient cooling solutions for residential, commercial, and industrial spaces. Products use eco-friendly refrigerants, and inverter technology minimizes electricity use and CO ₂ emissions, supporting sustainable urban living. Manufacturing processes prioritize chemical safety and environmental management.
			Elevator and Escalator Sales and Service for Commercial and Industrial Use CIC supports urban development by providing efficient, safe, and accessible vertical transport solutions. Technician training and equipment demand create jobs, while ongoing maintenance and e-waste management mitigate safety and environmental risks.
			Refrigeration Products Energy-efficient appliances with eco-friendly refrigerants reduce electricity consumption and emissions. Longer lifespans and recycler partnerships minimize material waste, supporting a circular economy.
			Corporate Governance, Compliance, and Partnerships CIC upholds strong governance and compliance practices, collaborating with government, industry, and sustainability partners. These partnerships strengthen waste management programs, promote responsible business practices, and ensure long-term sustainability.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

GRI 2-29, 3-1



STAKEHOLDER ENGAGEMENT PROCESS

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 helps ensure that stakeholder perspectives are considered in CIC's sustainability disclosures and management approaches.

The stakeholder analysis process includes stakeholder identification, prioritization, and engagement. Stakeholder groups are identified through a review of the Company's operations, organizational structure, and stakeholder interactions. Priority stakeholder groups are then assessed and prioritized based on their relevance to the Company and its activities, providing a basis for stakeholder engagement and sustainability discussions.

In 2025, CIC conducted its first formal series of internal stakeholder engagement activities, involving employee representatives from executive leadership and key departments, including EHS and Factory Operations, Communications and Marketing, Investor Relations, Audit, Financial Planning and Analysis (FP&A), Strategy and Transformation, and HR. These engagements provided insights on operational priorities, sustainability initiatives, organizational culture, and emerging environmental and social considerations relevant to the Company's operations.

External stakeholder considerations—covering customers, regulators, business partners, and communities—were also incorporated through market insights, regulatory expectations, and industry benchmarking to support a broader understanding of sustainability-related impacts and opportunities.

KEY STAKEHOLDERS AND CONCERNS

Insights gathered through the stakeholder engagement process helped inform the identification and prioritization of sustainability topics most relevant to the Company and its stakeholders. These topics serve as the basis for CIC's sustainability disclosures and ongoing sustainability initiatives.

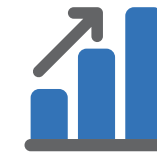
Key themes identified included environmental responsibility in operations, occupational health and safety (OHS), energy-efficient technologies, sustainability-driven brand leadership and innovation, financial sustainability, and employee well-being and development. Broader business considerations were also taken into account in relation to external stakeholders, such as product innovation, environmental stewardship, and responsible business practices.



MATERIAL TOPICS

The following topics have been identified as material to CIC for the 2025 reporting period:

LIST OF MATERIAL TOPICS FOR 2025



Economic

- Economic Performance
- Indirect Economic Impacts



Social

- Employee Management
- Employee Training
- Labor-Management Relations
- Local Communities
- Occupational Health and Safety
- Diversity and Equal Opportunity
- Customer Satisfaction
- Product Safety
- Supply Chain Management
- Human Rights
- Customer Privacy



Environmental

- Energy and Emission Management
- Climate Action
- Green Innovation
- Materials
- Waste Management
- Product Lifecycle Management
- Circularity
- Water Management



Governance

- Compliance with Regulations
- Corporate Governance
- Digitalization

MATERIALITY PROCESS

GRI 3-1, 3-2

In preparation for CIC's first ASR, CIC conducted materiality assessment activities to identify and prioritize Company- and stakeholder-relevant economic, environmental, social, and governance (EESG) issues, determining which topics are most significant for reporting and management attention.

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. Insights gathered through stakeholder engagement activities and internal assessments were also considered in identifying potential impacts and sustainability topics.

A survey was also conducted among internal stakeholders, including organizational leaders and committee heads, generating 31 responses. Respondents assessed the significance of identified impacts, and the results were used to prioritize sustainability topics. Topics were prioritized based on weighted scores, with those scoring 3.50 and above identified as most material.

The resulting list of material topics was reviewed and validated in 2025 through internal meetings and organizational scans to confirm its relevance to CIC's operations, stakeholder considerations, and business priorities. The review also considered changes in the Company's operating environment and emerging sustainability-related developments.

The final material topics serve as the foundation for the sustainability disclosures presented in this report and guide CIC's focus areas for managing its most significant sustainability-related impacts.



ENVIRONMENT

ENERGY AND CLIMATE ACTION

GRI 3-3, 2-4, 103-1, 103-2, 103-4

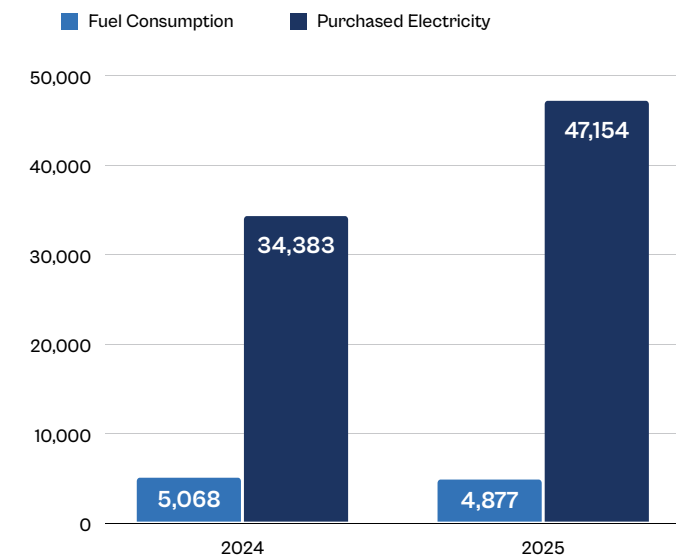
CIC applies structured management practices to energy consumption, efficiency, and renewable adoption across offices, warehouses, and operational facilities. The Company monitors energy use and identifies opportunities for improvement as part of its efforts to support responsible resource management and strengthen environmental performance.

ENERGY

Operational controls and facility management practices ensure efficient use of electricity and fuel across offices, warehouses, and service operations. These measures are guided by the EHS 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 consumption is monitored monthly through utility bill tracking, month-on-month consumption analysis, and review of operational trends to support operational planning and identify efficiency opportunities.

Initiatives in 2025 included LED lighting upgrades to improve energy efficiency and extend equipment life, scheduled power shutdowns during breaks, calibration and preventive maintenance of air conditioning systems, and planned equipment upgrades to optimize energy performance and support the efficient use of electricity across operations.

Energy Consumption Breakdown (GJ)^a



Energy Intensity (GJ/bPeso)^a

Disclosure	2024	2025
Direct	0.00022	0.00024
Indirect	0.00254	0.00190

^aEnergy consumption is reported in gigajoules (GJ) in 2025. For consistency and comparability, 2024 data were restated using the same unit of measurement.

RENEWABLE ENERGY INITIATIVES

In 2025, CIC expanded renewable energy sourcing at the Alabang facility through a partnership with ACEN Renewable Energy Solutions (ACEN RES), building on prior solar-powered operations at the Cabuyao facility. This initiative forms part of the Company's efforts to strengthen responsible energy management across its operations.

The project was implemented under the Green Energy Option Program (GEOP), with CBSI leading the transition and ACEN RES providing the renewable energy supply. The transition was integrated into facility operations without disrupting day-to-day activities, supporting the continued delivery of services and business operations.

This milestone is reflective of CIC's commitment to responsible energy use and operational sustainability. It also provides a foundation for the Company's ongoing efforts to improve its environmental performance and support its sustainability objectives.

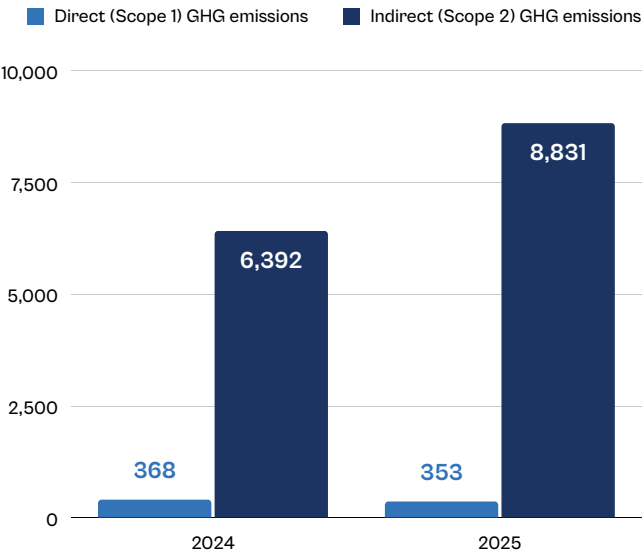
GHG EMISSIONS

GRI 3-3, 102-2, 102-5, 102-6, 102-8

CIC recognizes greenhouse gas (GHG) emissions as a key climate-related impact of its operations. GHG emissions associated with electricity consumption in offices and facilities, as well as fuel use in logistics and service operations, are managed through the Company's EHS Policy and Management System, which promotes pollution prevention, responsible resource use, and compliance with applicable regulations.

To support future tracking and reporting, CIC is developing internal processes to monitor energy use and related emissions, including the establishment of baseline data for Scope 1 (direct) and Scope 2 (indirect) emissions. The 2025 GHG data provides an initial assessment of emissions associated with the Company's operations, offering insights into its environmental impacts and informing future energy and emissions management initiatives aligned with operational priorities and sustainability goals.

GHG Emissions (tCO₂e)^a



GHG Emissions Intensity (tCO₂e/bPeso)^a

CATEGORY	2024	2025
Direct	0.00001	0.00002
Indirect	0.00048	0.00035

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



WATER AND EFFLUENT MANAGEMENT

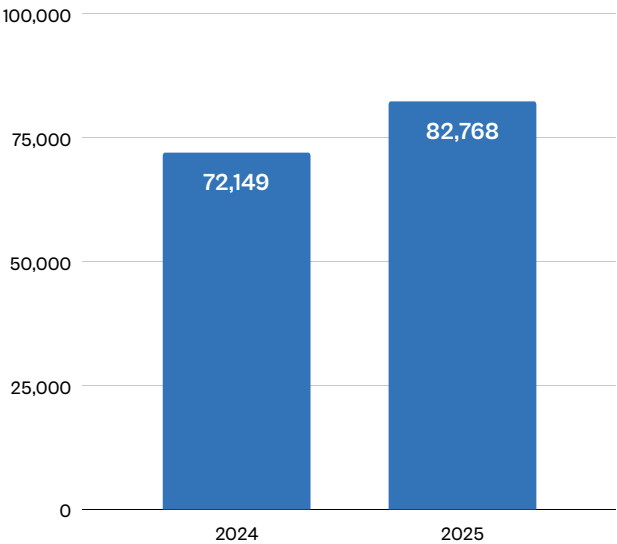
GRI 3-3, 303-3

CIC manages water withdrawal and effluent discharge through its EHS Policy and its on-site wastewater treatment plant (WWTP), ensuring responsible water use, pollution prevention, and compliance with the Philippine Clean Water Act of 2004. Water is primarily used across offices, warehouses, and operational facilities, with monitoring processes in place to support the tracking and management of water consumption.

The WWTP systematically treats wastewater through multiple stages to remove contaminants and ensure safe discharge. By balancing flows, separating pollutants, and applying filtration and pH control, the plant enables CIC to maintain compliance with regulatory standards while supporting sustainable water management across its operations.

These practices demonstrate CIC's dedication to efficient water use, safe effluent discharge, and sustainable operations throughout the Company.

Water Withdrawal (m³)



Water Withdrawal Intensity (m³/bPeso)

2024	2025
0.00389	0.00458



WASTE MANAGEMENT, CIRCULARITY, AND PRODUCT LIFECYCLE

GRI 3-3, 301-1, 301-2, 306-2, 306-3, 306-4

CIC is committed to waste reduction through responsible waste management, material reuse, and circular practices. The Company monitors waste generation, recycling, and resource utilization across appliance and HVAC assembly, distribution, and service operations. These efforts support responsible resource management and contribute to the Company's broader sustainability objectives.



WASTE GENERATION AND DISPOSAL

Waste generated from operations includes packaging materials, office waste, and service by-products. Segregation, storage, and disposal practices are carried out in accordance with DENR regulations. As part of its ongoing sustainability efforts, CIC continues to strengthen internal processes for monitoring and documenting waste generation and management practices across its facilities, supporting the establishment of waste data and preparing to begin structured reporting on this topic. The Company is strengthening internal processes to monitor and document waste management practices across its operations.

RECYCLING AND DIVERSION

CIC collaborates with partners such as Plastic Flamingo and PCX to strengthen recycling and material diversion initiatives. In 2025, the Company introduced equipment to grind plastics, including PET bottles, to support waste diversion efforts, material recovery, potential reintegration into production processes, or proper disposal of Acrylonitrile Butadiene Styrene (ABS) plastic scraps from factory production under the Scrap program.

CIC also engages employees and local communities through activities at the LISP in Cabuyao, including

river clean-ups and fun runs, promoting environmental awareness and community participation. Additionally, monthly safety and environmental training conducted with guidance from the Department of Labor and Employment (DOLE) supports workforce preparedness and compliance with operational safety standards.

These initiatives reflect CIC's commitment to responsible waste management, circular practices, and continuous improvement in environmental performance.



CIRCULAR PRACTICES

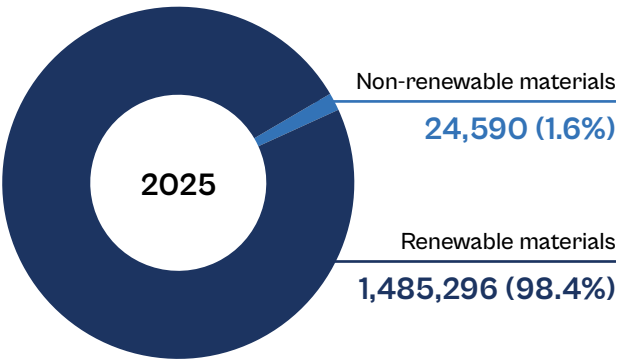
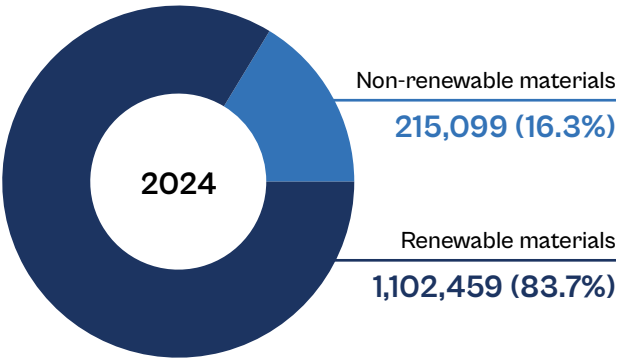
Materials Usage and Reclaimed Materials

CIC recognizes the importance of responsible materials management in supporting efficient operations and reducing material losses across its appliance and HVAC assembly, distribution, and servicing operations. Through initiatives such as Condura's packaging plastic recycling program, the Company promotes the recovery and reuse of materials within its operations, supporting its broader circularity efforts.

Materials used in operations primarily 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 ensure efficient resource use and proper handling. Oversight is integrated across the Company's procurement, operations, and supply chain functions to maintain consistent standards.

As part of its sustainability journey, CIC is strengthening internal monitoring and documentation processes for materials usage and reclaimed materials.

Materials Used by Type (kg)



SOCIAL

EMPLOYEE MANAGEMENT

GRI 3-3, 2-7, 401-1, 401-2, 401-3

HIRING AND BENEFITS

CIC manages employee relations and workforce development through HR policies and programs designed to support employee welfare, engagement, and performance. Core frameworks include Compensation Benefits, the Individual Development Plan (IDP), and Labor-Management Cooperation (LMC), overseen by HR to ensure alignment with operational needs and market competitiveness.

In 2025, the Company supported workforce well-being through access to employee benefit programs like PhilHealth YAKAP. In partnership with PhilHealth, the YAKAP Program provided employees with information and assistance on government-provided healthcare benefits, membership services, and access to available

medical support programs, strengthening healthcare awareness and utilization across the CIC workforce. This initiative supported coverage for approximately 70 percent of employees, helping technicians access affordable medications. CIC also advanced internal operational efficiency through the transition to an automated payroll system, improving efficiency, accuracy, and tracking. Together with structured training, leadership development, and flexible work arrangements, these efforts enhance employee engagement and career progression.

The Company established 2025 as its baseline reporting year for workforce reporting and enhanced integration across business entities, consolidating data to improve accuracy, completeness, and reliability of reporting.

Employee Hiring and Benefits

NEW EMPLOYEE HIRES

Disclosure	2025
Total number of new hires	421

EMPLOYEE TURNOVER

Disclosure	2025
Total number of employee turnover	291

EMPLOYEE BENEFITS

Disclosure	2025	
	% of female availed	% of male availed
SSS	1.05	1.24
PhilHealth	0.40	0.12
Medical benefits (aside from PhilHealth)	100	100
Retirement provision (aside from SSS)	0.21	0.71
Pag-IBIG	1.30	1.58
Parental leaves	0.51	0.44
Vacation & sick leaves	86.76	83.02
Telecommuting / adaptability working	68.66	64.20
Flexible-working hours	90.67	87.70





2025 Employee Appreciation Month

In line with its efforts to support employee well-being and engagement, CIC also celebrated Employee Appreciation Month in March 2025. The month-long initiative focused on empathy, collaboration, and peer recognition, giving employees a chance to express gratitude and reinforce the One CCAC culture. On March 31, employees paused their daily routines to exchange personal notes of gratitude, highlighting support, patience, and care while helping foster a more positive and connected workplace environment.



CDI Factory Canteen Fresh New Look

Following the Employee Appreciation celebrations, the CDI Cabuyao Factory canteen reopened on April 8, 2025, unveiling a refreshed and welcoming space designed for comfort, connection, and convenience. CDI Chairman Raul Anthony Concepcion, President Harold Pernikar, and Factory GM Cecile Yap attended the reopening event alongside employees and representatives from partner contractors.

A blessing ceremony marked the official launch, celebrating safety, abundance, and a fresh beginning for the facility. Employees shared a meal, providing an opportunity to build genuine connections with one another and, in turn, strengthening engagement within the workplace. The revitalized canteen now serves as a space where employees can recharge, interact, and foster camaraderie, supporting both interpersonal well-being and reinforcing a sense of community in the workplace.



TRAINING AND DEVELOPMENT

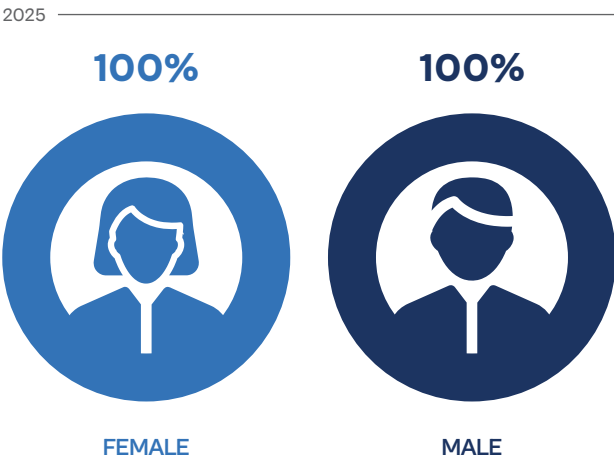
GRI 3-3, 404-1, 404-2, 404-3

CIC invests in workforce capability and leadership to support a resilient, future-ready organization. Training and development initiatives align with business objectives while fostering a culture of continuous learning, collaboration, and operational excellence. These programs equip employees with the knowledge, skills, and tools to support CIC’s strategic priorities and professional growth. In 2025, CIC provided a total of 26,210 training hours to employees, demonstrating its continued commitment to employee development and capability building across the Company.

Average Training Hours per Employee (in hours/employee)



Employees Receiving Regular Performance and Career Development Reviews (in %)





TRAINING PROGRAMS AND LEARNING SYSTEMS

CIC anchors its capability-building initiatives in the IDP, directly linking theoretical training to real-world execution to help ensure that every development effort translates into measurable business impact and clear career progression.

The Company also 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, guiding teams to set precise development goals and identify targeted learning opportunities.

Empowering Growth Through Digital Learning

To strengthen workforce capability, CIC partnered with LinkedIn Learning and Vivantis to launch a comprehensive Learning Management System (LMS), designed to cultivate a culture of continuous learning and empower employees to take ownership of their professional development. The platform provides access to world-class courses covering leadership, technical skills, and emerging technologies, including Artificial Intelligence (AI), Python, sustainability reporting, and foundational financial analysis, alongside soft skills such as communication, presentation, and people management.

Seamlessly integrated into daily workflows, the LMS enables self-paced learning, progress tracking, and immediate application of new knowledge to operational challenges. By combining personalized learning pathways with practical skill development, CIC strengthens workforce capability while driving innovation, operational excellence, and the Company's strategic priorities.



Building Technical Excellence Across the CCAC Network

On April 25, 2025, CCAC spotlighted its Carrier Air Authority Center franchise program at the International Franchise Expo held at SMX Convention Center, Manila. With 35 stores already operational nationwide, the program aims to expand technical expertise and support for Filipino entrepreneurs while equipping employees with advanced HVAC knowledge.

This partnership provides targeted training for technicians and franchise personnel, ensuring standardized technical skills and operational practices across the network. By combining industry best practices, hands-on learning, and professional guidance, CIC reinforces its commitment to workforce development and operational excellence while extending Carrier's global HVAC expertise to local communities.



Strategic Synergies in Urban Development: CIC at the ULI Annual Conference

On March 26, 2025, CIC reinforced its commitment to shaping the future of urban infrastructure as a proud sponsor of the ULI Philippines Annual Conference. Uniting the collective strengths of the Company's portfolio, representatives from Concepcion-Carrier, Concepcion-Otis, and Concepcion-Midea contributed to pivotal industry dialogues surrounding smart cities, hyperconnected developments, and sustainable building technologies. By engaging alongside premier urban planners and real

estate leaders, CIC showcased a comprehensive suite of intelligent solutions while accelerating our strategic corporate impact initiatives.

The summit also served as a critical platform for CIC's attending professionals to gain forward-looking insights and cultivate high-value partnerships, directly aligning its workforce capabilities with the long-term evolution of the built environment.



Learning & Development

CIC's learning and development programs provide structured opportunities for employees to enhance skills, strengthen leadership capabilities, and prepare for future challenges. Programs combine formal training, hands-on coaching, and experiential learning to ensure employees are equipped to meet operational needs and contribute effectively to strategic goals.

In addition, CIC leverages business storytelling as a strategic approach to internal and external communication. Focused on themes of legacy, purposeful innovation, and delivering comfort and quality of life to Filipinos, storytelling programs position CIC not merely as an appliance manufacturer but as a provider of meaningful solutions. Through these initiatives, employees learn to articulate CIC's mission, reinforce corporate values, and effectively engage with stakeholders, promoting a shared understanding of the Company's vision and culture.



CCAC ASHRAE Strategic Partnership

In 2025, CCAC achieved a significant milestone with its designation as ASHRAE's Visionary of Life Partner—the highest partnership tier. The recognition reflects the depth of the Company's commitment to advancing HVAC excellence, developing local expertise, and working alongside industry leaders to build healthier, more resilient spaces for Filipino communities.

The designation was formalized through a signing ceremony in Las Vegas, USA, led by CIC Chairman & President Raul

Joseph Concepcion and Benedict Buenaventura, President of the ASHRAE Philippines Chapter. The event brought together Phillip Trapaga, Concepcion Carrier President; Mark Salvador, incoming ASHRAE Philippines Chapter President; Ariel Hidalgo, CCAC Project Sales Head; and Engr. Boy Conti, Deputy Chair of the ASEAN Monitoring Committee on Engineering Services of the Philippines (AMCES), underscoring the significance of the partnership for both Carrier Philippines and the broader local HVAC industry.

CCAC and UAP Cebu Partnerships

CCAC reaffirmed its commitment to advancing the architecture and building industry in the Philippines by hosting a series of events organized by the United Architects of the Philippines (UAP) at the CIC Innovation Center Cebu on June 26, 2025.

The day commenced with a press conference led by UAP District C1, held in preparation for the highly anticipated ArchTechCon 2025, scheduled for July 25–27. The event brought together architects and media representatives, sparking discussions around emerging architectural trends, sustainability, and the integration of cutting-edge technologies in the built environment. The press conference generated media coverage across television, print, and digital platforms, amplifying Carrier's industry presence and the visibility of ArchTechCon.

In the afternoon, CCAC also hosted the General Membership Meeting and Symposium of the UAP Datu Lapu-Lapu Chapter, attended by approximately 50 architects and industry professionals. This gathering provided a valuable opportunity for CCAC to showcase its latest innovations and product solutions, emphasizing how Carrier technologies can empower architects to design energy-efficient and sustainable spaces.

These engagements underscore the continued partnership between CCAC and the UAP. Through active collaboration and direct engagement with industry professionals and thought leaders, CCAC continues to strengthen connections within the architectural community and support solutions that respond to the evolving needs of the architectural community.



LEADERSHIP AND CAPABILITY DEVELOPMENT

CIC emphasizes leadership development as central to workforce strategy, ensuring managers and next-generation leaders can navigate complex operational challenges and support organizational growth.

IDP Framework

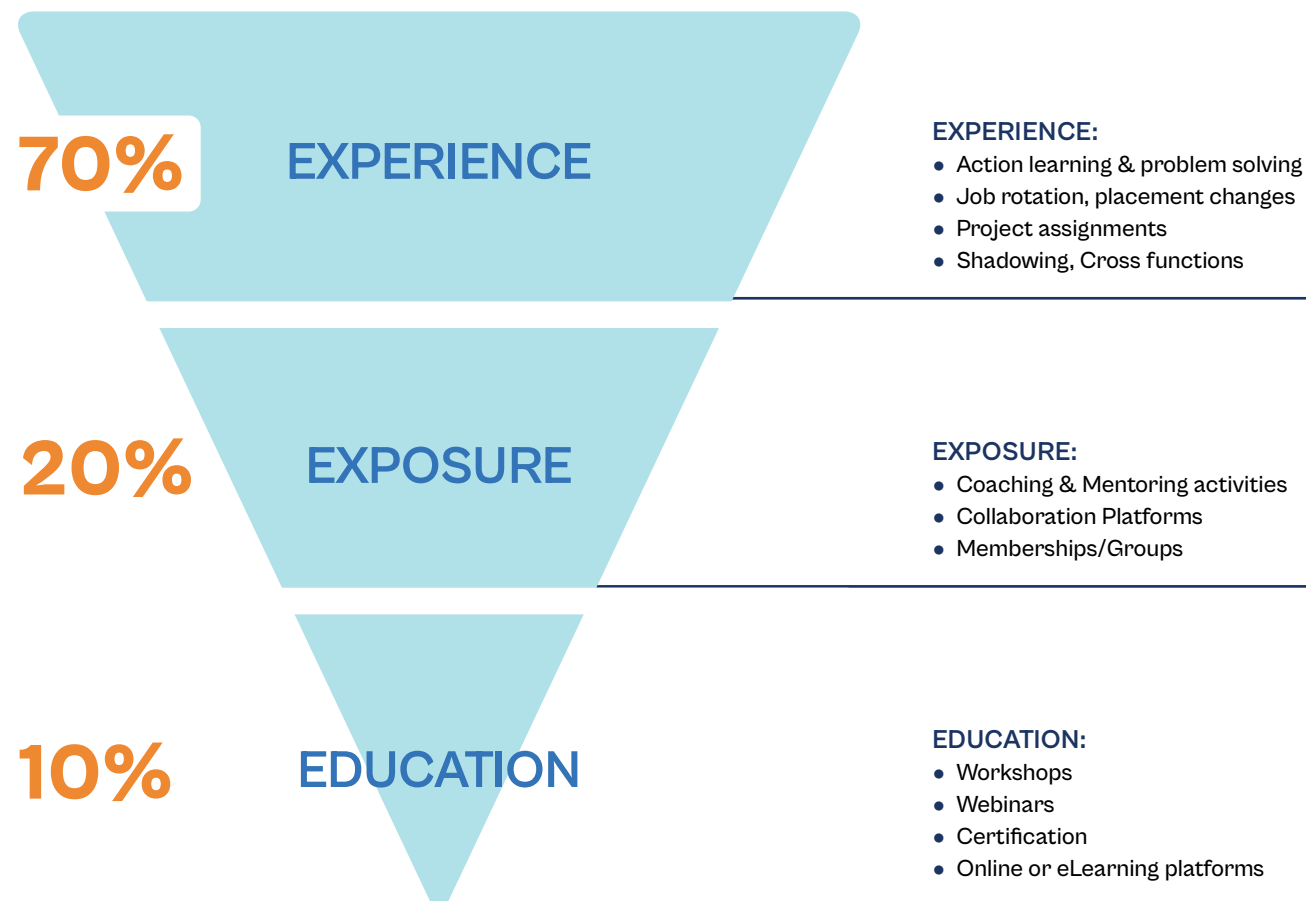
CIC's Individual Development Plan (IDP) is a structured tool designed to guide employee growth and performance. Each plan is initiated by the employee, who identifies areas for improvement, sets specific goals, and outlines an action plan to achieve them. Immediate supervisors are responsible for assessing the proposed objectives, determining priorities, and providing guidance to ensure alignment with business and organizational needs.

The IDP framework is supported by the 70-20-10 learning model, which emphasizes three key development components:

- 70 percent experiential learning through on-the-job assignments, shadowing, and cross-functional projects
- 20 percent exposure through coaching, mentoring, collaboration platforms, and participation in professional groups
- 10 percent formal education via workshops, webinars, certifications, and online learning resources

This approach ensures employees link practical experience, social learning, and formal training to achieve measurable growth and prepare for future leadership responsibilities.

70-20-10 LEARNING MODEL (TRIPLE E)



Creating a Coaching Culture in CIC

On January 15-16, 2025, CDI People Managers participated in Batch 2 of the Coaching for Performance session, facilitated by CIC Chief Human Resources Officer and ICF-certified coach Teodoro Ruiz. The two-day workshop focused on building a culture of growth, collaboration, and accountability, equipping managers with practical coaching skills and tools to guide team development and performance.

The interactive sessions emphasized coaching approaches to uncover solutions themselves, fostering confidence, clarity, and ownership within teams. Participants applied new approaches through real-play exercises and engaged in meaningful discussions, reinforcing leadership skills while embedding a culture of continuous improvement.

Through these sessions, managers strengthened their ability to inspire, empower, and create environments where teams thrive, laying the groundwork for developing the next generation of strong leaders.



Next Gen Leadership

Building on the Individual Development Plan and coaching programs, the Company has established nine Convergence Teams to accelerate strategic initiatives and strengthen organizational capability. These teams bring together high-potential employees from across functions to break down silos, foster collaboration, and deliver solutions aligned with strategic priorities, including operational excellence, digital transformation, customer experience, and sustainability.

Each team is composed of members identified for leadership potential and expertise, operating with clear objectives, key performance indicators, and a collaborative approach to problem-solving. They are encouraged to introduce innovative solutions, continuously improve, and cultivate the next generation of leaders, drawing from employees who demonstrate strong performance, growth potential, and commitment to the Company's talent pipeline.

The Convergence Teams serve as a platform to link strategic priorities with leadership development, ensuring the Company remains agile, innovative, and high-performing. By empowering emerging leaders, these teams support sustained organizational growth and long-term value creation.

LABOR-MANAGEMENT RELATIONS

GRI 3-3, 402-1

CIC seeks to maintain constructive labor-management relations through dialogue, consultation, and collaboration across its operations. The Company continues to strengthen its social management approach through established engagement and communication mechanisms that support more consistent group-wide reporting on workforce concerns, employee representation, and employee welfare.

COLLECTIVE BARGAINING AGREEMENTS (CBA)

CIC supports lawful and respectful labor-management engagement through policies and practices that encourage transparency, participation, and the fair resolution of workplace matters. These mechanisms provide a structured forum for discussing concerns, supporting operational stability, and reinforcing mutual accountability between management and employee representatives.

For CCAC, the CBA covers eligible employees represented by the recognized bargaining unit, subject to applicable

provisions and agreed terms between management and employee representatives. In parallel, labor-management discussions are supported by the Labor-Management Cooperation framework, which addresses workplace concerns, productivity matters, and engagement topics outside the formal scope of the CBA.

In 2025, CCAC sustained communication and consultation between management and employee representatives through regular dialogue sessions and internal engagement activities.



Notice Period Regarding Operational Changes

Disclosure	2024	2025
Number of consultations conducted with employees concerning employee-related policies	31	36

EMPLOYEE ENGAGEMENT AND CONSULTATION

CIC recognizes that equal dialogue and communication with employees are important to building a responsive and productive workplace. The Company uses a combination of structured and informal channels to gather employee feedback, relay workplace updates, and encourage participation in activities that strengthen workplace culture and collaboration.

In 2025, employee engagement initiatives included regular consultations, town halls, union-management discussions, and team-building activities, intended to support communication and workplace cohesion. Monthly Kapihan sessions were also conducted, serving as an open employee engagement platform where teams gathered to share experiences and reflect on daily operations. These sessions provided employees with a space for dialogue and storytelling, reinforcing shared understanding of workplace experiences and strengthening alignment with CIC's core values.

These efforts reflect CIC's continuing approach to fostering a work environment where employees are informed, heard, and empowered to contribute to improvements in the workplace.

Strengthening Workplace Partnerships

In 2025, CDI formally completed the signing of the CBA with the Employees Union, marking a significant milestone in strengthening labor-management relations with the successful conclusion of the 2024-2029 CBA negotiation between CDI Management and the CDI Employee Union. After one negotiation meeting, the parties reached an agreement, reflecting mutual understanding, respect, and a shared commitment to employee welfare and the Company's growth.

The successful conclusion of the CBA demonstrates the value of constructive dialogue and cooperation between management and employee representatives. It also reinforced how transparency and collaborative problem-solving can help strengthen workplace relations and support a positive working environment.



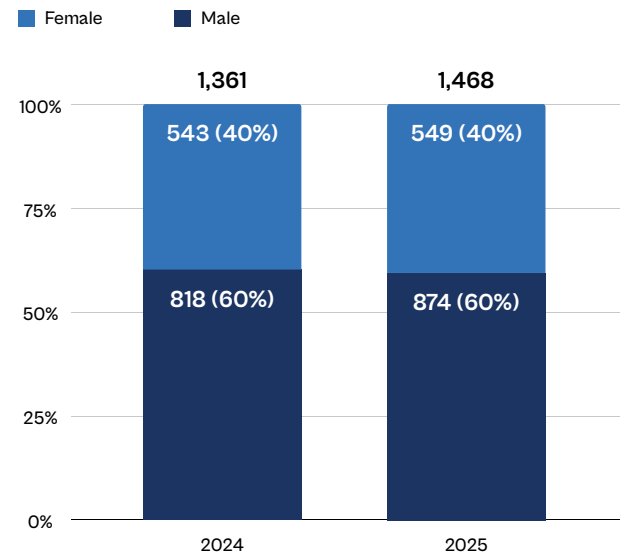
DIVERSITY AND EQUAL OPPORTUNITY

GRI 3-3, 405-1

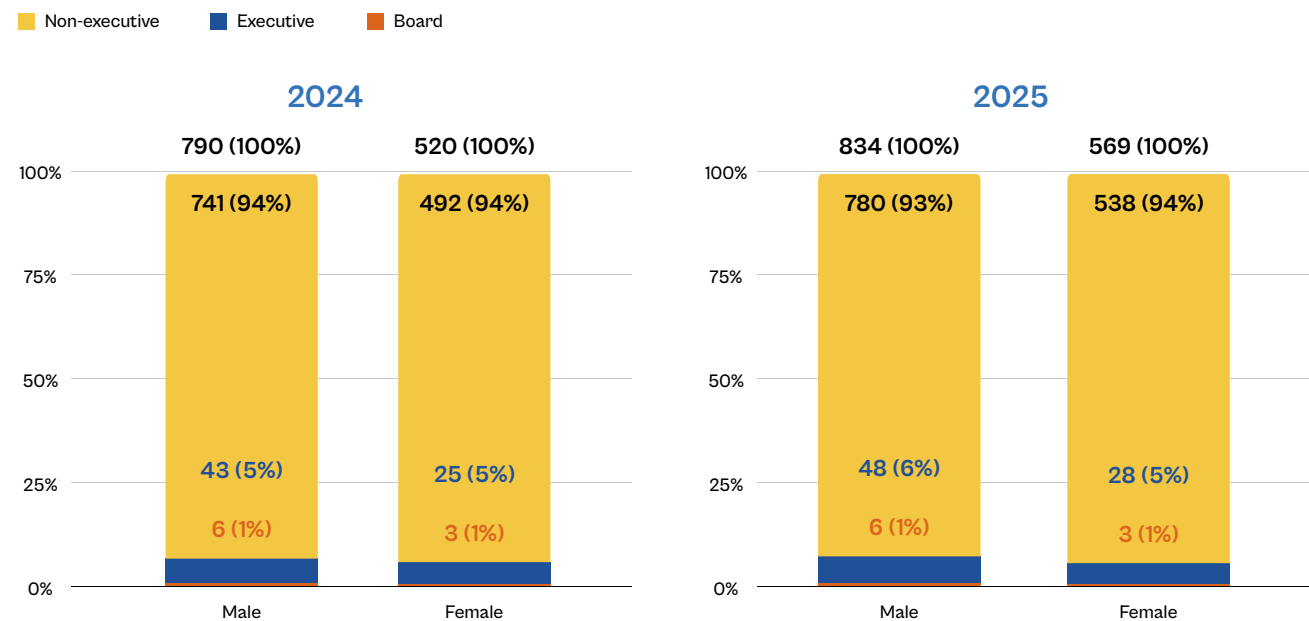
CIC promotes diversity and equal opportunity by embedding fair and respectful practices across the employment lifecycle, implementing responsible workplace practices that support employee engagement, learning, and well-being. At its current stage of reporting, the Company is continuing to build baseline information and strengthen disclosures on representation, inclusion, and equal opportunity across its businesses. As part of these efforts, CIC is enhancing its employee data management processes to support future reporting and provide greater visibility into workforce diversity and inclusion practices.

WORKFORCE DIVERSITY

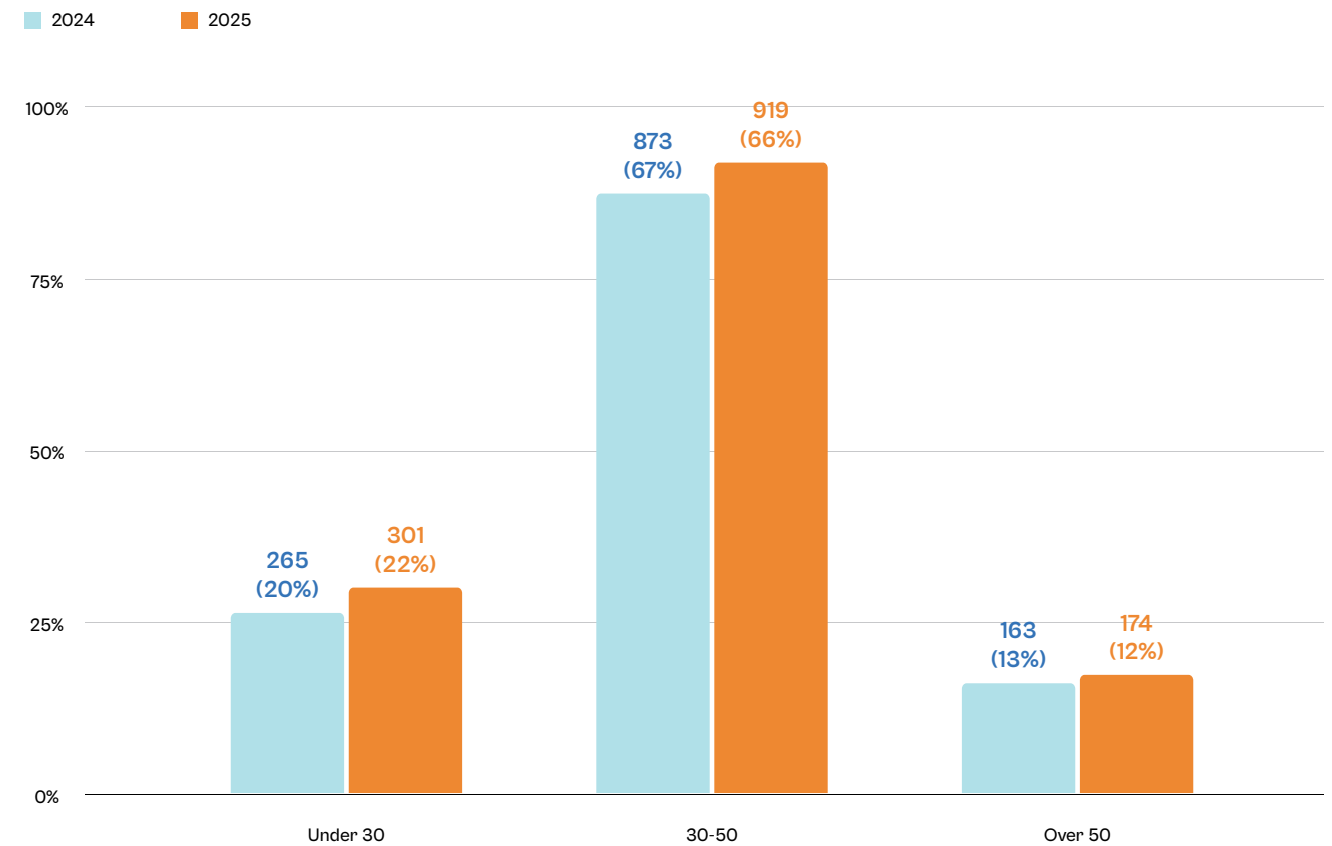
Overall Diversity Indicator^a



Gender Diversity Indicator by Employee Category^a



Employee Age Distribution^{ab}



^aEmployee totals in the graphs may not reconcile with the reported total workforce due to data availability limitations

^bData excludes the age distribution of the Board

CIC promotes diversity and equal opportunity through fair and inclusive practices across all stages of employment. The Company recognizes the value of fair workforce representation and seeks to offer equitable access to professional growth for all employees. To promote a respectful environment, CIC integrates diversity directly into its talent acquisition strategies.

As the Company continues to strengthen its people management practices, it is working to enhance baseline information and disclosures related to workforce representation, inclusion, and equal opportunity across its business. These efforts support a better understanding of

workforce composition and help inform future diversity and inclusion initiatives.

In 2025, CIC continued to support a workplace environment that values respect, collaboration, and equal participation through engagement activities such as values orientation sessions. Key cultural and employee engagement events such as organization-wide recognition of family-related observances and the International Women's Month were also celebrated to reinforce appreciation, inclusivity, and shared organizational values across the workforce. Moving forward, CIC aims to strengthen baseline indicators and internal monitoring that can better inform its equal opportunity narrative over time.

OCCUPATIONAL HEALTH AND SAFETY

GRI 3-3, 403-1, 403-5, 403-9, 403-10

CIC manages OHS through an EHS Policy and Management System that guides compliance, risk assessment, training, inspections, incident reporting, and corrective actions across its operations. As the Company expands its products, services, and service channels, it continues to strengthen workplace controls and build a more robust baseline for safety performance reporting.

SAFETY PROGRAMS AND TRAINING

The Company's EHS framework supports the implementation of workplace safety measures intended to protect employees, contractors, and other relevant personnel across operational sites. In 2025, CIC continued to apply this framework through onboarding orientations, routine safety activities, inspections, and preparedness initiatives aligned with responsible operations and regulatory compliance.

OHS training provided during the year included OHS policy orientation, workplace safety and incident reporting procedures, emergency response and disaster preparedness training, fire safety training and drills, and health and wellness and workplace safety awareness programs. These initiatives were complemented by recurring workplace practices such as monthly activities, safety officer oversight, fire brigade readiness measures, 5S audits, and housekeeping audits.

The Company also strengthened site-level controls during the year, including the installation of an automatic fire suppression system covering Phase 1 office and warehouse facilities. CIC likewise worked with external stakeholders on preparedness and awareness activities, including earthquake preparedness sessions with the Muntinlupa local government unit (LGU).

WORKPLACE SAFETY PERFORMANCE

In 2025, CIC continued to maintain its OHS system across its operations, reflecting its ongoing commitment to workplace safety and employee well-being. The Company also reported zero lost-time injuries during the reporting period and continued to monitor key safety performance indicators across its facilities.

These indicators included safe man-hours worked, safety drills conducted, work-related ill health cases, and work-related injuries, supporting ongoing monitoring and improvement of workplace safety performance.

Occupational Health and Safety Management System

Disclosure	2025
Percentage of employees covered by an OHS system	100

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE

DISCLOSURE	DESCRIPTION	2025
TOTAL NUMBER OF WORK-RELATED INJURIES		
Fatalities	Number of fatalities due to work-related injuries	0
High-consequence injuries	Number of high-consequence injuries, excluding fatalities	Not disclosed
Recordable injuries	Number of recordable work-related injuries	22
TOTAL NUMBER OF WORK-RELATED ILL HEALTH CASES		
Fatalities	Number of fatalities due to work-related ill health	0
Recordable ill health	Number of recordable work-related ill health cases	286
Hours worked	Total number of hours worked	5,411,100

HUMAN RIGHTS

GRI 3-3, 412-2

CIC upholds human rights and labor standards through its Code of Ethics, Corporate Governance Manual, and HR policies. These frameworks establish expectations for lawful and ethical conduct, respect for employees, and responsible workplace practices across its operations.

The Company's labor practices are aligned with applicable Philippine labor laws and regulations, including the Labor Code of the Philippines and requirements implemented by DOLE. Related policies on compensation and benefits, workplace conduct, employee development, and labor-management cooperation support employment practices and a respectful workplace environment. In addition, CIC enforces policies that treat harassment and discrimination as major offenses, which attests to its commitment to fairness, dignity, and accountability in all employee interactions.

POLICIES AND COMPLIANCE

The Company implements and adheres to labor and human rights standards through its employee policies, ethics programs, training initiatives, and established reporting mechanisms that support awareness, accountability, and compliance across the Company. The Code of Ethics applies to directors, officers, employees, and business partners and is reinforced through ethics training, annual certification, and channels for reporting concerns related to workplace conduct or potential company policy violations.

These governance mechanisms promote transparency, accountability, and compliance with the Company's ethical and regulatory obligations.



COMMUNITY ENGAGEMENT AND DEVELOPMENT

GRI 3-3, 413-1

CSR PROGRAMS AND PARTNERSHIPS

CIC advances community engagement and development through programs and partnerships that support well-being and reflect the Company's commitment to caring for people and the planet. Initiatives focus on education, community care, brand-led activities, and responsible plastic management, linking CIC's operations and products to tangible outcomes.

Plastic Responsibility and EPR Compliance

CIC and its subsidiaries support plastic responsibility in alignment with the Philippines' EPR Act of 2022. In 2025, the Company implemented initiatives including employee-led programs and strategic partnerships that promote responsible collection, material recovery, and community engagement, contributing to the Company's broader efforts to promote resource efficiency and responsible environmental stewardship.





Plastic Responsibility Beyond Compliance

GRI 306-2

CIC's plastic responsibility efforts in 2025 reflect a broader approach that links regulatory compliance with circularity and community impact. A key part of this approach is the One Less Plastic campaign, launched on June 25, in partnership with The Plastic Flamingo. The program engaged all CIC business units in company-wide plastic collection, using designated bins, biweekly tracking, and milestone recognition to encourage employee participation. A total of 2,500 kg of plastic waste was diverted and converted into reusable products such as eco-boards.

The Company also advanced this effort through Aling Tindera, a waste-to-cash program supporting women micro-entrepreneurs in collecting flexible plastics for co-processing. In 2025, the program provided a 37 percent average increase in monthly income for participants, demonstrating how plastic recovery can create tangible livelihood benefits.

Through these initiatives, CIC links regulatory compliance, employee engagement, plastic recovery, and community impact, creating an integrated, sustainable approach to waste management and circularity.

ADVANCING EDUCATION AND WORKFORCE DEVELOPMENT

GRI 3-3, 413-1

CIC drives community progress through targeted educational outreach and skills development programs. By expanding access to practical training, learning resources, and student support, the Company reinforces its long-standing commitment to capability-building and sustainable community development.



Building Blocks: Equipping the Next Generation of Professionals

CDI continues to cultivate a culture of continuous learning through strategic partnerships with Mapúa Malayan Colleges Laguna (MMCL) and Pamantasan ng Cabuyao (PnC). These collaborations facilitate vital knowledge sharing and talent development by providing students with hands-on workplace exposure and experiential learning.

Through its comprehensive internship programs, CDI welcomed students from diverse disciplines, including Chemical, Mechanical, Computer, and Industrial Engineering, as well as Psychology. Integrated across various departments, interns gained practical experience, honing both the technical and professional skills required in their respective fields.

To conclude the program, CDI hosted a culminating presentation where MMCL and PnC interns shared their key learnings, achievements, and strategic recommendations. This activity underscored the value of collaborative feedback, reinforcing the Company's dedication to a culture of lifelong learning and growth.



Alagang Condura: Supporting Foundational Education

Through the Alagang CONDURA Lapis at Papel Project, CDI addressed the basic educational needs of early learners by providing essential school supplies. Held in October 2025 at Pittland Elementary School in Cabuyao City, Laguna, the initiative successfully supported 480 elementary students.

The project also served as a platform for employee volunteerism, allowing the CIC team to actively demonstrate the Company's core values and its unwavering commitment to community empowerment and education.

Enhancing Learning Environments: “From Bodega to Eskwela”

Mang Kosme championed the improvement of public school facilities through its “From Bodega to Eskwela” corporate social responsibility (CSR) campaign. By inviting the public to nominate local schools in need of air conditioning, the initiative aimed to enhance classroom comfort and optimize learning environments—particularly crucial during periods of extreme heat and humidity.

The campaign culminated in a collective turnover ceremony for four beneficiary schools: Ganado Elementary School in Biñan, Laguna; Silangan Elementary School in Taguig; Rosemary Daycare in Muntinlupa; and the Special Needs Education Department of Pedro P. Cruz Elementary School. Attended by Mang Kosme representatives, faculty, and students, the event was marked by meaningful community performances and letters of gratitude, highlighting the deep local impact of the initiative.



FOSTERING COMMUNITY HEALTH AND WELFARE

GRI 3-3, 413-1

CIC actively advances community welfare through targeted initiatives supporting public health, child development, and education. These efforts embody the Company’s dedication to providing practical, localized support through strong community partnerships, corporate donations, and active employee volunteerism.



Advancing Public Health: Blood Donation Drive

In July 2025, CIC conducted its annual simultaneous blood donation drive across its Alabang, Cabuyao, and Makati facilities in partnership with the Philippine Red Cross. Driven by a strong culture of volunteerism, over a hundred donors from the Concepcion community participated, collectively contributing 154 bags of blood, equivalent to 69,300 cc. These donations directly supported the vital blood supply needs of the Red Cross chapters in Calamba, Muntinlupa, and Taguig.

CIC’s steadfast commitment to public health was formally recognized by the Philippine Red Cross, which awarded the CCAC PSG a Certificate of Recognition in the Ruby Category for its substantial contribution of 61 bags (27,450 cc). Beyond the numerical impact, the initiative highlighted the power of employee mobilization in advancing critical community health efforts.



Elevating Care Facilities at White Cross Children’s Home

To ensure climate-resilient spaces for vulnerable children, CIC donated eight Condura 2.0 HP Window Room Air Conditioners to White Cross, Inc., a dedicated child-caring institution. Installed across bedrooms, classrooms, and play areas, these units create cooler, more comfortable environments for both children and staff during periods of extreme heat.

This infrastructure support allows White Cross to reallocate essential resources toward other critical care needs, demonstrating CIC’s strategic approach to providing practical, high-impact assistance to social welfare institutions.



Meaningful Engagements: Museo Pambata Holiday Outreach

A partner since 1997 and the first to cool the museum, CIC proudly joined Museo Pambata’s annual Christmas outreach program in December 2025, hosting 70 children from the White Cross Orphanage for a day of discovery and play. As part of the Company’s year-end CSR initiatives, the event combined corporate resource support with active employee volunteerism.

CIC employees personally guided the children through interactive galleries and performances, providing warm, engaging experiences. The program reinforced CIC’s dedication to uplifting underserved communities by supporting environments that foster learning and meaningful experiences for the next generation.



Supporting Local Academics: Diezmo Integrated School Outreach

Extending the reach of the Alagang Condura: Lapis at Papel Project, CDI supported the students of Diezmo Integrated School by donating essential school supplies to encourage continued educational participation.

In recognition of this impactful contribution, the school formally honored CDI during the Gawad Dunong 2025 program held in April at the Diezmo Gymnasium. This acknowledgment reflects the tangible difference CDI makes in equipping students and supporting the broader learning community.

PURPOSE-DRIVEN COMFORT & BRAND EXPERIENCE

CIC and its partner brands bring comfort and innovation to life through experiences that demonstrate how their products enhance everyday living. From interactive showcases to real-world activations, these initiatives highlight practical solutions, creative design, and customer-focused experiences that reinforce the Company's commitment to purposeful innovation and meaningful engagement.

Innovations in Action: Experiencing Our Solutions in Real Life

SharkNinja brought its products to life through a two-day showcase at Enderun's The Atrium on August 27-28, highlighting innovations across the Shark and Ninja brands. The event featured cooling and air purification systems, home cleaning solutions, and multifunctional kitchen appliances designed to make everyday living more efficient and enjoyable.



Among the featured products were Shark's FlexBreeze, TurboBlade, HydroGO, and NeverChange, along with the StainStriker, HydroVac, StainForce, and CleanSense IQ+ cleaning range. From Ninja, guests experienced SLUSHi, Swirl, and DoubleStack, demonstrating the brand's focus on convenience, creativity, and fun in the kitchen.

The showcase also welcomed leaders from CIC and SharkNinja's regional team, underscoring the collaboration behind the event. Participation from retailers, online platforms, media, and industry partners reinforced SharkNinja's growing presence in the Philippine market.

SharkNinja also launched the Ninja SLUSHi™ Professional Frozen Drink Maker on August 19 at the Glorietta Activity Center. The launch introduced guests to different frozen drink experiences in café, home, outdoor, and bar-inspired settings, with partner brands such as Nescafé, Pernod Ricard, and Selecta helping bring the concept to life.



Transforming Urban Spaces: Carrier Cool Spot 2.0

GRI 203-1

Building on the highly successful 2024 launch in Bonifacio Global City, Carrier expanded its urban cooling initiative with the Carrier Cool Spot 2.0 in Ortigas. Unveiled in July 2025, this project transformed a standard bus stop outside Robinsons Galleria into a fully air-conditioned environment, providing thousands of daily commuters with immediate relief from the urban heat.

Offered free for public use, this real-world application of Carrier's energy-efficient cooling technology is a prime example of the brand's commitment to public service. By extending premium comfort beyond private indoor spaces, Carrier demonstrates how human-centric engineering can directly address the daily challenges of urban commuting.



A Legacy of Comfort: Three Decades with Museo Pambata

GRI 413-1

For over 30 years, CIC and CCAC have stood as key partners to Museo Pambata, providing the critical air conditioning infrastructure required to keep the museum a comfortable, safe environment for young learners. In 2025, this enduring legacy was renewed with the donation of new Carrier units to support the museum's interactive exhibits.

This partnership—which began when the museum was just a nascent vision for active learning—has also expanded beyond the museum walls. Through the Mobile Library initiative, CIC helps bring books and educational sessions directly to underserved schools, barangays, and childcare centers. Together, CIC and CCAC continue to champion accessible education, ensuring that spaces for curiosity and discovery remain vibrant and welcoming for all children.

CUSTOMER AND PRODUCT RESPONSIBILITY

CIC places customer and product responsibility at the center of its business by supporting product quality, responsible use, and responsive customer engagement across its residential, commercial, and industrial markets. The Company complements its product portfolio with service channels and support mechanisms that help customers access reliable assistance throughout the product lifecycle.

CUSTOMER SATISFACTION AND ENGAGEMENT

CIC maintains customer satisfaction through product quality assurance, after-sales services, and customer support channels that help ensure reliable service delivery. These mechanisms are complemented by technical support, warranty services, product manuals, and other materials that guide proper installation, operation, and maintenance across its residential, commercial, and industrial markets.

Guided by its core value of "Customer Intimacy," CIC seeks to understand and respond to customer needs through its Customer Experience Center and other service channels. The Company also expanded its Carrier Air Authority Center franchise coverage and other service access initiatives in 2025, based in part on internal customer surveys. CIC recorded a customer satisfaction score of 92 percent in 2025 through an internal study.



Cross-Functional Collaboration for Customer Support

As part of CIC's efforts to strengthen customer-focused operations, Totaline conducted its Customer Intimacy Program on February 24, 2025, bringing together the Sales Team and key support groups, including Logistics Hubs, Supply Chain Management, Order Management, Finance, and HR. The activity focused on strengthening collaboration and alignment across functions amid evolving processes, enabling more responsive and coordinated customer support.

The full-day session featured activities that encouraged open communication, relationship-building, and reflection on teamwork and problem-solving, reinforcing the importance of cross-functional collaboration in delivering a consistent customer experience.

PRODUCT QUALITY, SAFETY, AND RESPONSIBLE USE

CIC is committed to delivering products that uphold quality, safety, and responsible use across its markets. The Company recognizes the importance of supporting customers and industry stakeholders through solutions that meet performance expectations and promote efficient, responsible application. Through initiatives that encourage knowledge-sharing and collaboration, CIC continues to strengthen awareness of product capabilities and their role in creating safer and more sustainable environments.



Industry Collaboration for Responsible Solutions

As part of the HVAC Experts-Masters League Program, CCAC welcomed ADGO Architecture and Design Inc. to its Cabuyao manufacturing plant on April 26, 2025, for an exclusive factory tour that strengthened collaboration between engineering and architectural professionals.

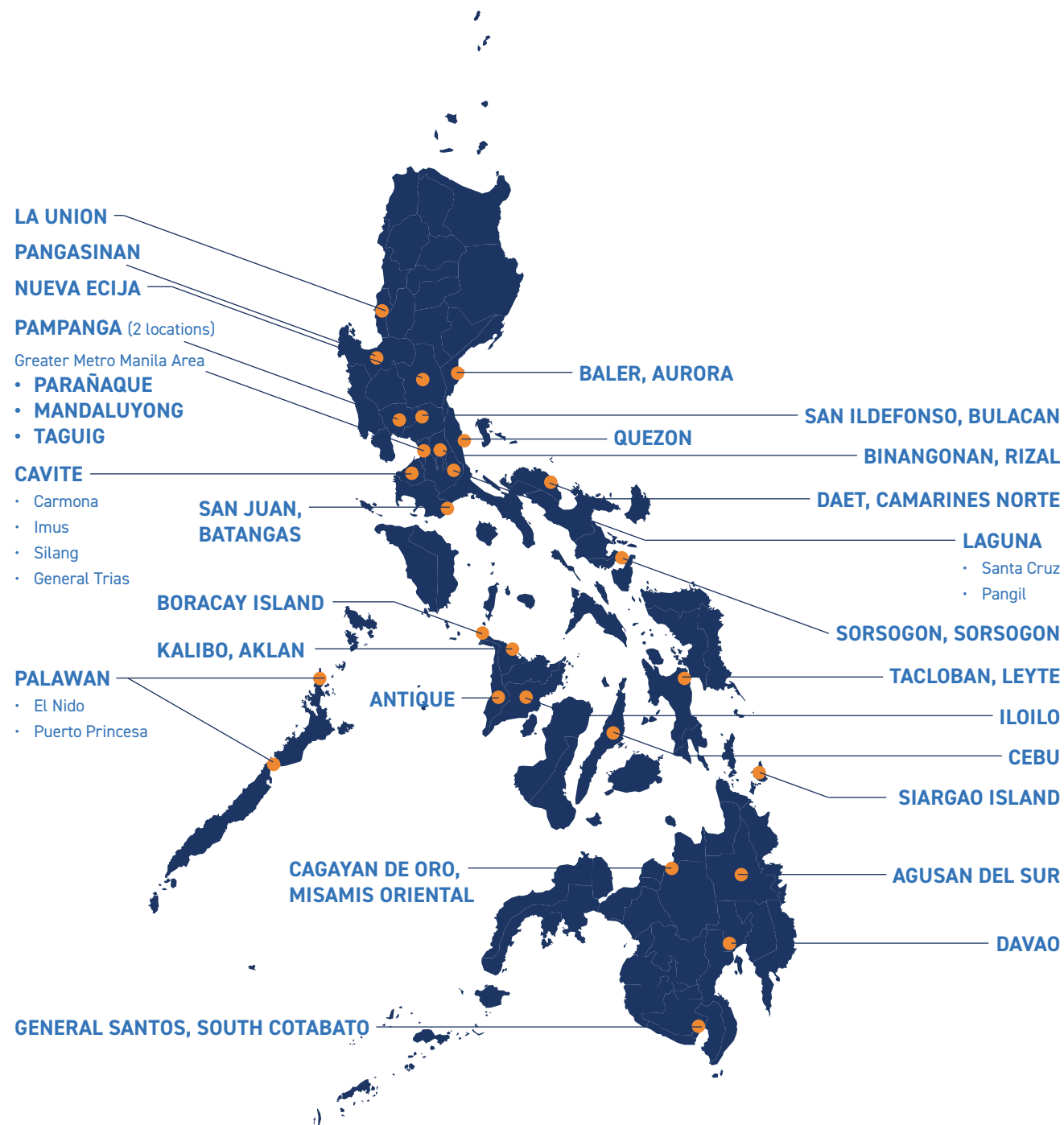
Led by Principal Architect Daniel Go, the ADGO team gained insights into CCAC's engineering capabilities, manufacturing processes, sustainable innovations, and quality control practices. The visit provided an opportunity to explore how design and engineering considerations contribute to building performance, energy efficiency, and the responsible application of HVAC solutions.

Through collaborations such as this, CCAC promotes knowledge-sharing with industry stakeholders and supports the development of solutions that respond to evolving needs in the built environment.

LIFECYCLE SUPPORT AND THE CARRIER AIR AUTHORITY NETWORK

CIC is committed to providing seamless support mechanisms that assist customers from the point of purchase through the product's entire lifecycle. A cornerstone of this strategy is the Carrier Air Authority Center franchise model.

In April 2025, CIC showcased this rapidly growing franchise network as a major event partner at the International Franchise Expo at the SMX Convention Center. The network is designed to bring authorized, highly reliable Carrier solutions closer to the end consumer. By empowering franchisees to handle installation, maintenance, repair, and technical services, CCAC effectively decentralizes its service footprint—significantly improving nationwide service accessibility, response times, and overall customer satisfaction.



SUPPLY CHAIN MANAGEMENT

GRI 3-3, 308-1, 414-1

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, bribery, and conflicts of interest.

Suppliers are expected to adopt CIC's Code of Ethics or maintain equivalent standards, as part of their business

relationship with the Company. Violations or non-compliance with these requirements may result in corrective actions, termination of engagement or blacklisting, as appropriate. These controls are supported by the Company's ERM framework, which monitors supplier-related risks and supports responsible supplier engagement.

In 2025, CIC continued strengthening coordination with global and local partners to support the distribution, installation, servicing, and maintenance of appliances, HVAC systems, and building solutions across the Philippines.

SUPPLIER ENGAGEMENT AND ACCREDITATION

CIC's supplier engagement and accreditation process supports responsible sourcing by requiring suppliers to comply with Company standards, contractual obligations, and applicable regulations. This helps ensure that suppliers align with CIC's expectations on product quality, ethical business, and regulatory compliance.

CUSTOMER PRIVACY

GRI 3-3, 418-1

CIC values the privacy of its customers and outlines its practices through a Data Privacy Notice covering the collection, use, storage, disclosure, and disposal of customer personal data. The notice applies to personal data obtained through authorized representatives, contact center channels, official websites, web-based and mobile-based applications, and other forms of communication.

DATA PRIVACY AND SECURITY

The Company collects and processes customer personal data only upon affirmative consent and in accordance with the Data Privacy Act of 2012 and applicable data privacy regulations. In the ordinary course of business, the personal data collected may include full name, age, gender, home address, email address, and contact numbers.

CIC may collect such data through personal information sheets, authorized representatives, contact centers, email, mobile applications, online platforms, public records, and other authorized sources. The Company states that customer personal data is used solely for legitimate business purposes and in accordance with its Privacy Policy and the applicable terms and conditions governing the customer relationship.



ECONOMIC

ECONOMIC PERFORMANCE

GRI 3-3, 201-1

CIC continues to create value by delivering innovative products and services that meet the needs of residential, commercial, and industrial customers across the Philippines.

FINANCIAL HIGHLIGHTS

CIC generates economic value through the manufacture, sale, distribution, installation, and servicing of air conditioning systems, refrigeration products, and consumer appliances 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, as well as procurement, inventory management, sales monitoring, and demand planning systems that help ensure efficient product delivery and after-sales service.

In 2025, CIC continued to expand 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, which contribute to revenue generation, employment, and value creation across its operations and value chain.

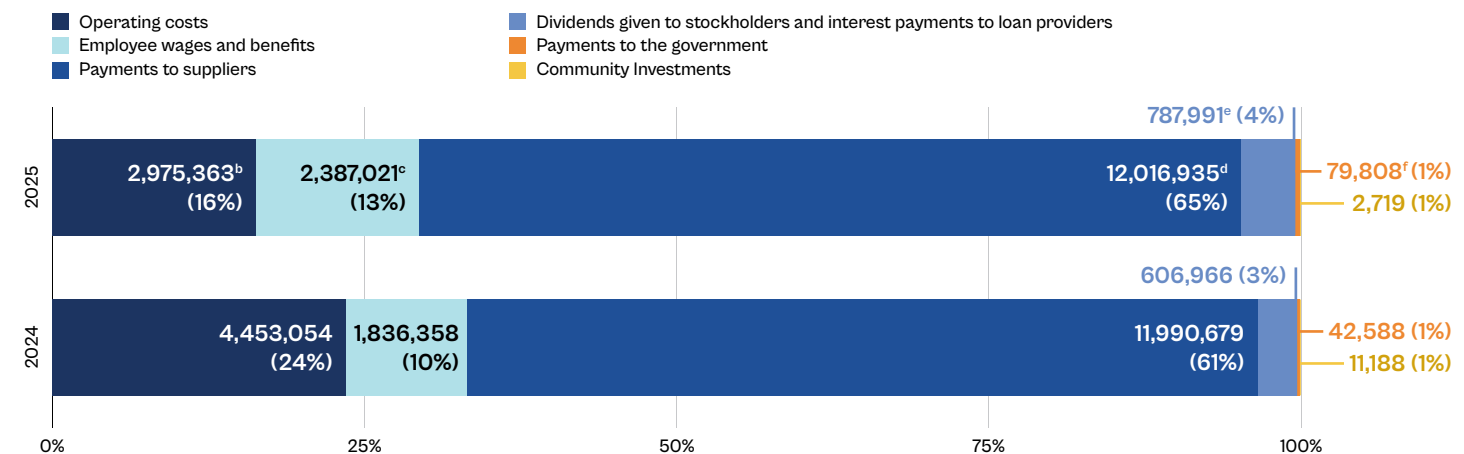
DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

During the reporting period, the Company disclosed direct economic value generated of Php 18,546,066, a substantial portion of which was allocated to suppliers, employees, capital providers, government, and community investments.

Direct Economic Value Generated (billion Php)

Disclosure	2024	2025
Direct economic value generated (revenue)	18,064,132	18,546,066 ^a

Direct Economic Value Distributed (billion Php)



^aBased on Audited Financial Statements (AFS), this is Net Sales

^bBased on AFS, this is Operating Expenses less Personnel costs under operating expense (1,635,110) and community and investments (2,719)

^cBased on AFS, this is composed of Personnel Costs and are lodged under Cost of Services (751,911) and Operating Expenses (1,635,110)

^dBased on AFS, this is composed of total Cost of Sales and Services less Personnel costs under Cost of Sales and Services (751,911)

^eBased on AFS, this is composed of cash distribution of profits (782,656) and interest paid on short-term borrowings (5,335)

^fBased on AFS, this is the net income tax paid. Can be referred to in the Statement of Cash Flows.



INDIRECT ECONOMIC IMPACTS

GRI 3-3, 203-1

INFRASTRUCTURE AND COMMUNITY CONTRIBUTIONS

CIC contributes to indirect economic impacts through the development and distribution of energy-efficient air conditioning systems, refrigeration products, appliances, and building solutions across residential, commercial, and industrial markets. Through brands such as 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. The Company also contributes to local economic development through initiatives that support technical education, workforce development, and entrepreneurship, including partnerships with educational institutions and the expansion of franchise and retail networks across the Philippines.

Infrastructure Investments and Services Supported

CIC also disclosed infrastructure and service support contributions through selected pro bono engagements. CCAC supported Museo Pambata through the donation of 12 new Carrier air conditioning units, enhancing comfort and safety for children, teachers, and visitors, supporting classroom and exhibit operations, and reducing maintenance costs through more energy-efficient and reliable units.

In addition, CCAC provided cooling units and training tools for ValTech under a three-year partnership. This support strengthened technical-vocational education by providing modern HVAC tools, enhancing the employability of Filipino youth and technicians, and supporting workforce development aligned with industry needs and local economic growth.



EMPOWERING THE FILIPINO FOOD ENTERPRISE: CONDURA AT KUSINEGOSYO 2025

Advancing its commitment to grassroots economic development, Condura partnered with Nestlé Maggi for the KusiNegosyo summit on August 28, 2025. The collaborative event empowered local micro, small, and medium enterprises (MSMEs) with resources to support sustainable growth. Through its Negosyo portfolio of high-performance cooling solutions, Condura showcased resilient innovations designed to enhance operational efficiency and promote business continuity among small businesses, while strengthening its commitment to broader corporate impact initiatives.



CUSTOMER COST SAVINGS THROUGH ENERGY-EFFICIENT PRODUCTS

Improving energy efficiency remains one of the most effective ways to help customers manage costs while reducing their environmental impact. Through energy-efficient cooling solutions offered under the Carrier brand, CIC supports households and businesses in improving energy efficiency and managing electricity consumption.

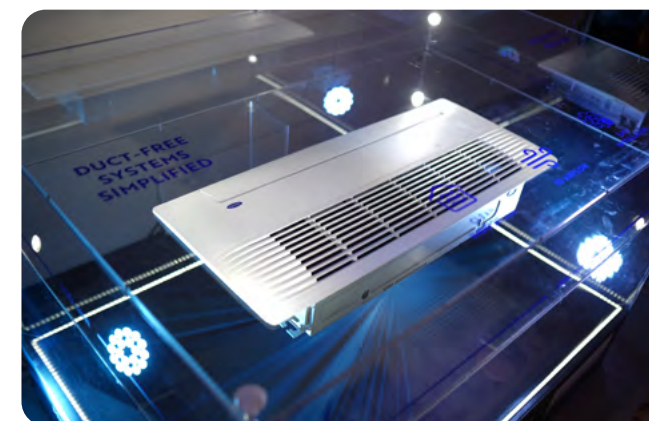
Many of Carrier's residential air-conditioning units incorporate inverter technology, which enables more efficient temperature regulation and helps reduce energy use compared to conventional systems. The adoption of these technologies allows customers to support more efficient electricity use while maintaining indoor comfort, demonstrating how product innovation can deliver both economic and environmental benefits.

For commercial and industrial customers, Carrier's Energy Optimization Program supports the assessment and enhancement of existing equipment performance. Through system optimization, upgrades, and operational improvements, customers may achieve significant reductions in energy consumption, helping lower operating

expenses while improving the overall efficiency of building systems. These initiatives contribute to reduced demand for energy and the corresponding reduction of GHG emissions associated with electricity use.

Through these solutions, CIC supports customers in improving operational efficiency, managing energy consumption, and making more informed choices aligned with responsible resource use. This approach aligns economic value creation with environmental stewardship, reinforcing the Company's commitment to delivering sustainable solutions that benefit customers and contribute to broader climate and energy-efficiency goals.

Additionally, beyond cooling solutions, CIC's Condura brand also offers energy cost-saving appliances. Products such as refrigerators and air conditioners incorporate energy-saving features, including inverter technology that can save up to 44 percent of energy compared to non-inverter types. These solutions help customers improve energy efficiency, reduce electricity consumption, and better manage utility costs.



PROCUREMENT PRACTICES

GRI 3-3, 204-1

CIC continues to strengthen procurement management to ensure the efficient sourcing of components, equipment, and materials that support its appliance and HVAC operations.

PROCUREMENT SYSTEMS AND PROCESSES

Procurement activities are carried out through internal supply chain procedures and coordinated with suppliers to support product availability and operational needs. Suppliers are expected to comply with these standards or adopt equivalent policies, while procurement and supplier engagement practices are aligned with the Company's governance, compliance, and enterprise risk management processes to support oversight, compliance, and reliable supplier relationships.



ANTI-CORRUPTION AND BUSINESS ETHICS

GRI 3-3, 205-2

CIC upholds ethical business conduct through policies and governance mechanisms that promote integrity, accountability, and compliance across its operations. In line with its early-stage sustainability reporting approach, the Company's disclosures in this area are currently centered on foundational policies, oversight structures, and internal compliance mechanisms.

ETHICS PROGRAM AND POLICIES

CIC maintains a zero-tolerance stance on corruption and implements an Ethics Program that supports lawful, honest, and responsible conduct across directors, officers, employees, representatives, suppliers, and other business partners. This framework is anchored on the Code of Ethics and related policies covering anti-bribery, fraud prevention, conflicts of interest, and other unethical or improper practices.

The Company also requires suppliers and business partners to comply with the Code of Ethics or adopt equivalent standards, with violations subject to appropriate actions, including possible termination of engagement or blacklisting. These measures help establish a common standard of ethical conduct across CIC's operations and value chain.



TRAINING AND COMPLIANCE

CIC supports ethics compliance through required Annual Ethics Training and the submission of Conflict of Interest Declarations by senior executives and employees within the first quarter of each year. These measures help reinforce awareness of ethical responsibilities and support compliance with the Company's Code of Ethics and related policies.

INCIDENTS AND MONITORING

Oversight of compliance with the Code of Business Conduct and Ethics is supported by the Board, together with the Company's whistleblowing framework and ethics governance mechanisms. These mechanisms support the monitoring and reporting of potential violations.

The whistleblowing framework provides channels for raising concerns regarding potential violations of the Code of Ethics and supports the Company's commitment to accountability, transparency, and ethical business conduct.



OUTLOOK

STRENGTHENING SYSTEMS AND OPERATIONAL PROCESSES

CIC will continue to strengthen the systems and operational processes that support its business as it advances its transformation agenda. Moving forward, the Company is expected to further refine organizational design, improve coordination across functions, and deepen capability-building efforts through upskilling and next-generation leadership development.



ACKNOWLEDGEMENTS

The publication of this ASR stands as a testament to the robust collaboration and shared vision across CIC. We sincerely thank the individuals and teams whose expertise and dedication brought this comprehensive review to fruition.

We extend our sincere gratitude to our Corporate Affairs, Corporate Controllershship, and Corporate FP&A teams. Their strategic guidance and rigorous oversight were instrumental in delivering accurate, comprehensive disclosures that meet the highest standards of corporate accountability.

We also recognize the vital contributions of the Marketing, HR, and EHS teams across our business units: CCAC, CDI, CMI, CBSI, COPI, and CTC. Your operational insights form the foundation of this report, and your steadfast commitment to transparency drives our organizational progress.

Finally, to our employees, customers, partners, and communities: thank you. Your continued trust inspires our mission to create sustainable value, fueling an enterprise-wide commitment to responsible, resilient growth.

FINANCIAL STATEMENTS



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.

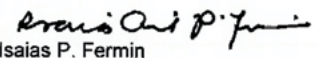
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

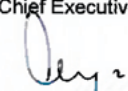
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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 26th day of March 2026

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



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.

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

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www.pwc.com/ph

Signed in the presence of:

MAILEEN CASTANEDA

KRISTHA 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	Evidence of Competent Identity
RAUL JOSEPH CONCEPCION	P6306423A issued on Mar 06, 2018
ISAIAS P. FERMIN	N03-90-095285 issued on Apr. 15, 2022
RAJAN KOMARASU	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
 Page No. 24
 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

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

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 judgments; 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.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Concepcion Industrial Corporation
Page 3

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
<i>Impairment of goodwill</i> The Group has goodwill arising from its acquisition of Concepcion-Otis Philippines, Inc. (COPI) in 2014 and acquisition of Teko Solutions Asia, Inc. (Teko) in 2018. Under Philippine Accounting Standards (PAS) 36, "Impairment of Assets", the amount of goodwill is required to be tested annually for impairment. This annual impairment test was significant to our audit since the related goodwill amounting to PHP 802.4 million as at December 31, 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. Note 27.1.9 to the financial statements presents management's disclosure on the estimate applied in assessing impairment of goodwill.	We addressed the matter by performing the following: • Obtained an understanding of the goodwill recognition and impairment assessment process. • Reviewed management's basis for identifying the CGU where goodwill is attributed to. • 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: • Model integrity. Checked logic, links, formulas, mathematical accuracy, and completeness of the key model inputs. • Discount rate and terminal growth rate estimates. Compared the discount rate and terminal growth rate used against our independently estimated weighted average cost of capital (WACC) for the Group and relevant external benchmarks. • 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. • Performed sensitivity analysis on the assumptions used. We evaluated the competence, capabilities and objectivity of the third-party valuation expert engaged by the Group, and our internal expert.

Independent Auditor's Report

To the Board of Directors and Shareholders of
Concepcion Industrial Corporation
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.

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

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.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Concepcion Industrial Corporation
Page 6

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.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Concepcion Industrial Corporation
Page 7

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 U. 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



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 U. 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;
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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
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Makati City
March 26, 2026

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Independent Auditor's Report on Components of Financial Soundness Indicators

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Concepcion Industrial Corporation and its subsidiaries (the "Group") as at December 31, 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

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;
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T.I.N. 202-215-515
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Makati City
March 26, 2026

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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)

	Notes	2025	2024
Assets			
Current assets			
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
Non-current assets			
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
Total assets		14,148,647	13,430,710
Liabilities and Equity			
Current liabilities			
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
Non-current liabilities			
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
Equity			
Attributable to owners of the Parent Company			
Share capital	21	407,264	407,264
Share premium	21	993,243	993,243
Treasury shares	21	(292,064)	(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
Total liabilities and equity		14,148,647	13,430,710

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
Net sales		18,546,066	18,064,132	14,661,417
Cost of sales and services	16	(12,768,846)	(12,111,465)	(10,006,235)
Gross profit		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
Operating income		1,262,626	1,551,160	929,549
Interest expense	13, 19	(25,054)	(16,407)	(25,659)
Income before share in net income of associates and income tax		1,237,572	1,534,753	903,890
Share in net income of associates	7	240,981	129,907	9,415
Income before income tax		1,478,553	1,664,660	913,305
Income tax expense	9	(355,240)	(441,070)	(246,013)
Net income for the year		1,123,313	1,223,590	667,292
Other comprehensive loss that will not be subsequently reclassified to profit or loss				
Remeasurement loss on retirement benefits, net of tax	20	(29,998)	(30,799)	(21,427)
Total comprehensive income for the year		1,093,315	1,192,791	645,865
Net income attributable to:				
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
Total comprehensive income attributable to:				
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					Non-controlling interest	Total
	Share capital	Share premium	Treasury shares	Retained earnings	Other comprehensive loss		
	21	21	21	21	20	7	
Balances as at January 1, 2023	407,264	993,243	(241,464)	3,765,573	(51,816)	1,825,659	6,698,459
Comprehensive income (loss)							
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)
Transactions with owners							
Cash dividends declared	-	-	-	383,256	(17,998)	280,607	645,865
Balances as at December 31, 2023	407,264	993,243	(241,464)	3,949,873	(69,814)	1,890,166	6,929,268
Comprehensive income (loss)							
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)
Transactions with owners							
Impact of share transfer on NCI	-	-	-	769,119	(25,172)	448,844	1,192,791
Cash dividends declared	-	-	-	(1,947)	-	(4,053)	(6,000)
Treasury shares	-	-	(50,600)	(277,629)	-	(329,000)	(606,629)
Balances as at December 31, 2024	407,264	993,243	(292,064)	4,439,416	(94,986)	2,005,957	7,458,830
Comprehensive income (loss)							
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)
Transactions with owners							
Cash dividends declared	-	-	-	782,655	(25,557)	336,217	1,093,315
Balances as at December 31, 2025	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
Cash flows from operating activities				
Income before income tax		1,478,553	1,564,660	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	6	156,140	143,886	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
Cash flows from investing activities				
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)
Cash flows from financing activities				
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)
Net (decrease) increase in cash and cash equivalents		(3,652)	25,855	685,051
Cash and cash equivalents as at January 1		2,398,515	2,372,614	1,686,163
Effects of foreign exchange rate changes on cash and cash equivalents		(19)	46	(610)
Cash and cash equivalents as at December 31	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.

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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.

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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 2025					
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
2024					
Trade receivables					
Third parties	3,461,884	1,284,927	146,759	93,103	4,986,673
Related parties	3,469	-	-	-	3,469
	3,465,353	1,284,927	146,759	93,103	4,990,142
Contract assets	1,015,568	-	-	-	1,015,568
Total	4,480,921	1,284,927	146,759	93,103	6,005,710
Loss allowance	-	-	76,183	67,955	144,138

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 P8,543.

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:

	Machinery and equipment	Transportation equipment	Furniture, fixtures and office equipment	Tools and equipment	Leasehold improvements	Building improvements	Construction in progress (CIP)	Total
Cost								
At January 1, 2024	1,352,482	30,417	340,808	255,205	283,711	35,676	8,757	2,307,056
Additions	79,941	4,759	47,623	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)	-	(8,166)	-	-	(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	48,348	-	31,719	2,513	20,388	-	(102,975)	-
At December 31, 2025	1,515,446	19,399	388,168	286,648	379,434	35,676	8,782	2,833,553
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	248,944	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).

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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).

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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
Cost					
At January 1, 2024		187,113	13,883	118,561	319,557
Additions		-	-	1,253	1,253
Transfers	5	-	-	7,634	7,634
Retirement		-	-	(3,751)	(3,751)
At December 31, 2024		187,113	13,883	123,697	324,693
Accumulated amortization					
At January 1, 2024		75,876	13,883	110,818	200,577
Amortization	17	7,484	-	5,309	12,793
Transfers	5	-	-	2,173	2,173
Retirement		-	-	(2,438)	(2,438)
At December 31, 2024		83,360	13,883	115,862	213,105
Net book values at December 31, 2024		103,753	-	7,835	111,588
Cost					
At January 1, 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
Accumulated amortization					
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		Terms and conditions
	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)	
Shareholders							
Rent and utilities	84,427	(8)	114,770	-	66,067	-	Outstanding payables are due within 30 to 60 days from transaction date. These are payable in cash, non-interest bearing and unsecured.
Lease of warehouse	45,196	-	44,309	-	43,141	-	Refer to Note 21.2.
Dividends declaration	393,656	-	277,629	-	198,956	-	Outstanding receivables/payables are due within 30 to 60 days from transaction date. These are collectible payable in cash, non-interest bearing and unsecured.
Reimbursements from shareholders	56	539	57	-	141	598	
Reimbursements to shareholders	-	(1,157)	112	(1,157)	-	(1,157)	
Associate							
Administrative services	45,016	4,173	43,503	3,469	32,206	14,761	Outstanding receivables are due within 30 to 60 days from transaction date. These are collectible in cash, non-interest bearing and unsecured.
Transfer of employees (payable)	290	-	132	(1)	7,870	7,870	Bonafide due to the employee transferred up to date of transfer will be paid by the former employer to the receiving company. Outstanding receivables/payables are due within one year from transaction date. The balance is collectible/payable in cash, non-interest bearing and unsecured.
Transfer of employees	2,801	3,790	4,447	4,332	-	-	Payable in cash on demand, unsecured and non-interest bearing.
Purchase of goods, net of returns	15,728	(11,349)	6,918	(7,294)	671	(1,691)	Outstanding payables are due within 30 to 60 days from transaction date. These are payable in cash, non-interest bearing and unsecured in nature. These receivables are unsecured and non-interest bearing.
Outside Services (Transaction fees)	3,133	-	2,848	-	2,782	258	Outstanding receivables/payables are due within 30 to 60 days from transaction date. These are collectible/ payable in cash, non-interest bearing and unsecured
Reimbursements from associates	24,246	2,686	48,745	1,310	140,421	70,172	
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)	Receivables/payables are collectible/payable in cash within 30 to 60 days from billing date. These are unsecured, unguaranteed and non-interest bearing. Balances are fully recoverable with no impairment loss recognized.
Entities with common shareholders							

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	2025		2024		2023		Terms and conditions
	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)	
Commission income							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	(596,693)	161,442	(166,674)	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	(65,221)	57,147	(46,076)	
Total receivable from related party	-	15,881	-	9,643	-	103,675	Note 3
Total payable to related party	-	(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	13,090	-	9,460	-	8,553	(9,505)	
Salaries and wages	466,140	(30,094)	426,600	(2,340)	368,010	(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.

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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	60,805	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 CCSI 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 Arma! 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:

	Notes	Buildings and leasehold improvements	Warehouses	Office spaces	Vehicles	Others	Total
Cost							
January 1, 2024		45,015	548,308	43,837	24,924	61,543	723,627
Additions		59,368	26,244	8,554	16,198	9,958	120,322
Lease terminations		(43,395)	(92,079)	(10,236)	(16,305)	(9,311)	(171,326)
Modifications and transfers		-	(4,906)	(1,071)	284	-	(5,893)
Adjustments		-	-	(3,696)	-	-	(3,696)
December 31, 2024		60,988	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		-	(188,112)	(6,687)	-	(61,181)	(235,980)
Modifications and transfers		(1,744)	13,909	-	(56)	-	12,109
December 31, 2025		59,244	693,283	15,266	37,955	34,670	840,428
Accumulated amortization							
January 1, 2024		41,861	246,361	25,513	17,100	51,691	382,526
Amortization	16, 17	7,181	148,773	13,057	6,257	12,723	187,981
Lease terminations		(43,552)	(30,949)	(10,236)	(15,902)	(6,699)	(107,338)
Modifications and transfers		-	-	(5,695)	928	-	(4,766)
Adjustments		-	1,797	2,299	(1,052)	1,010	4,054
December 31, 2024		5,490	365,982	24,938	7,332	58,725	462,467
Amortization	16, 17	14,451	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		19,941	359,517	11,338	16,266	9,154	416,216
Net book values							
December 31, 2024		55,498	111,585	12,450	17,769	3,465	200,767
December 31, 2025		39,303	333,766	3,928	21,699	25,516	424,212

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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.

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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 13th 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
2025									
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
2024									
Retirement benefit obligation	26,327	394,227	118,467	101,742	1,606	12,824	4,081	1,441	660,715
Retirement benefit expense	1,601	62,850	23,366	20,729	2,823	1,702	1,135	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
2025									
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
2024									
Present value of retirement benefit obligation	26,327	431,543	170,048	101,742	28,329	12,824	4,081	1,441	776,335
Fair value of plan assets	-	(37,316)	(51,581)	-	(26,723)	-	-	-	(115,620)
	26,327	394,227	118,467	101,742	1,606	12,824	4,081	1,441	660,715

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
2025									
Beginning	26,327	431,543	170,048	101,742	28,329	12,824	4,081	1,441	776,335
Interest cost	1,638	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	-	2,458
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	578	2,332	(117)	(155)	28,421
Ending	29,563	472,464	168,724	114,541	32,471	18,047	6,956	1,619	844,385
2024									
Beginning	23,456	381,034	164,904	94,780	28,347	861	3,386	450	685,218
Interest cost	1,578	25,050	10,212	6,947	1,822	465	237	32	46,341
Current service cost	25	36,169	15,461	13,782	2,713	1,237	899	368	72,654
Transfer of employees	-	(83)	(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	5,912	954	723	397	232	31,272
Changes in demographic assumptions	70	(225)	(1,346)	332	(1,347)	1,427	(659)	-	(2,348)
Experience adjustments	1,138	6,069	6,632	1,640	2,716	(3,478)	(178)	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
2025				
Beginning	37,316	51,581	26,723	115,620
Interest income	2,671	3,096	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
2024				
Beginning	4,176	17,237	22,560	43,973
Interest income	1,150	2,307	1,712	5,169
Contributions	30,000	31,790	5,045	66,745
Benefits paid from the fund	(2,448)	-	(789)	(3,237)
Remeasurement gain (loss) from experience adjustments	4,138	337	(1,855)	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
2025									
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)	37,612
Transfer of employees	-	5,207	49	(3,905)	1,290	(2,500)	2,267	-	2,458
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
2024									
Beginning	23,456	376,356	147,567	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	CDI	CBSI	COPI	CTC	Teko	Tenex	Total
2025									
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)	-
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	116,217
2024									
Current service cost	25	38,169	15,461	13,782	2,713	1,237	899	368	72,654
Interest cost	1,576	25,050	10,212	6,947	1,822	465	237	32	46,341
Interest income on plan assets	-	(1,150)	(2,307)	-	(1,712)	-	-	-	(5,169)
Settlement gain or loss	-	781	-	-	-	-	-	-	781
	1,601	62,850	23,366	20,729	2,823	1,702	1,136	400	114,607
2023									
Current service cost	475	39,286	17,421	12,391	3,065	87	819	508	74,052
Interest cost	1,201	22,727	11,890	4,909	2,197	64	193	42	43,223
Interest income on plan assets	-	(1,352)	(948)	-	(1,716)	-	-	-	(4,016)
Settlement gain or loss	-	(5,071)	(123)	(747)	-	-	-	-	(5,941)
	1,676	55,590	26,240	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
2025										
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	(9,091)
Ending		(1,281)	106,322	28,175	22,921	10,576	2,095	(973)	(517)	167,318
2024										
Beginning		(2,563)	87,784	11,908	7,985	5,591	(675)	(118)	(964)	108,948
Remeasurement loss (gain)		1,270	16,468	14,979	5,884	2,928	(1,328)	(441)	591	40,351
Adjustment		-	-	-	-	-	-	-	39	39
Tax effect	9	-	(4,117)	(3,745)	(1,471)	(1,685)	332	88	67	(10,531)
Ending		(1,293)	100,135	23,142	12,398	6,834	(1,671)	(471)	(267)	138,807
2023										
Beginning		(2,696)	80,801	2,745	3,854	4,090	(544)	88	(284)	88,054
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
2025								
Discount rate	5.60%	5.96%	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
2024								
Discount rate	5.84%	5.96%	6.00%	5.93%	5.91%	5.97%	6.05%	6.10%
Salary increase rate	3.70%	5.00%	5.00%	5.00%	5.00%	2.30%	5.00%	5.00%
Average expected future service years of plan members	6.6	21.2	19.6	23.1	19.60	25.8	26.2	27.5

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
2025									
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	290,295	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	19,069	18	515	474,807
2024									
Less than a year	24,452	176,708	32,848	19,166	13,234	-	-	-	266,408
More than 1 year to 5 years	8,326	229,587	102,872	98,050	18,021	9,888	-	-	466,544
More than 5 years to 10 years	301	232,775	123,478	67,525	10,606	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.

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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.

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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
2025				
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
2024				
Net sales and services	13,010,161	5,011,856	42,115	18,064,132
Timing of revenue recognition				
At point in time	12,941,524	4,006,156	-	16,947,680
Over time	68,637	1,005,700	42,115	1,116,451
Cost of sales and services	(8,893,714)	(3,179,637)	(38,114)	(12,111,465)
Gross profit	4,116,447	1,832,219	4,001	5,952,667
Operating expenses*	(3,443,404)	(1,009,650)	-	(4,453,054)
Depreciation and amortization**	(110,875)	(33,010)	-	(143,885)
Amortization of right-of-use assets	(108,715)	(40,608)	-	(149,323)
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
2023				
Net sales and services	10,063,028	4,566,124	32,265	14,661,417
Timing of revenue recognition				
At point in time	10,021,951	3,680,886	-	13,702,837
Over time	41,077	885,238	32,265	958,580
Cost of sales and services	(6,932,625)	(3,043,865)	(29,845)	(10,006,335)
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)	(5,666)	-	(25,459)
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
2025					
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
2024					
Current assets	5,981,887	2,855,736	1,138,708	796,828	10,773,159
Non-current assets	786,976	540,800	955,684	374,091	2,657,551
Current liabilities	2,506,862	1,373,452	755,055	573,272	5,208,641
Non-current liabilities	408,978	158,518	44,121	151,622	763,239
Other information					
Investment in associates	210,604	-	-	17,215	227,819
Additions to non-current assets					
Property and equipment	94,226	85,550	12,780	20,448	213,004

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
2025					
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)
2024					
Yen	-	(52,735)	(52,735)	0.37	(19,354)
U.S. Dollar	183	(4,341)	(4,158)	58.01	(241,240)
Hong Kong Dollar	-	(13)	(13)	7.47	(99)
Singaporean Dollar	-	(197)	(197)	42.69	(8,414)
Chinese Yuan	4	(69,910)	(69,906)	7.95	(555,760)
Euro	1	(67)	(66)	60.47	(4,015)
					(828,882)
2023					
Yen	-	(4,317)	(4,317)	0.39	(1,697)
U.S. Dollar	27	(2,635)	(2,608)	55.57	(144,919)
Chinese Yuan	3	(60,741)	(60,738)	7.81	(474,528)
Euro	1	(76)	(75)	61.47	(4,611)
					(625,755)

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
2025			
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
	4,670,646	135,810	4,806,456
2024			
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
	4,356,089	88,761	4,444,850

* 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
Bank of Philippine Islands				
Revolving promissory note line	Philippine Peso	2,500,000	Philippine Peso	2,500,000
Lease line	-	-	-	-
Bills purchased line	Philippine Peso	100,000	Philippine Peso	100,000
Import letters of credit and trust receipt line	Philippine Peso	550,000	Philippine Peso	550,000
Foreign Exchange Risk	Philippine Peso	500,000	Philippine Peso	500,000
Foreign exchange settlement line	U.S. Dollar	-	U.S. Dollar	-
Banco De Oro				
Short-term loan line	Philippine Peso	500,000	Philippine Peso	500,000
Bills Purchased line	Philippine Peso	50,000	Philippine Peso	50,000
Corporate card guarantee	Philippine Peso	-	Philippine Peso	-
Foreign exchange settlement line	Philippine Peso	20,000	Philippine Peso	20,000
Citibank				
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

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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:

- 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:

- management-defined performance measures;
- 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
- 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.

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

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

28.5 Financial instruments

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

28.5.1 Financial assets

(a) Classification

The Group classifies its financial assets as those measured at amortized cost. 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 since 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	Current	Non Current	Balance at end of year
Acosta, Melanie Saban	212,500	570,077	402,591	-	379,585	-	379,585
Almagno, Cyrus Basto	-	386,337	254,879	-	101,458	-	101,458
Aloyado, Joyce Mabon	119,158	124,850	135,372	-	102,634	-	102,634
Andrada, Carl Malden Amaba	147,500	150,000	150,000	-	47,500	-	147,500
Aquino, Sherwin Anthony	-	279,586	-	-	279,586	-	279,586
Arar, Elmer	-	159,000	-	-	159,000	-	159,000
Arrieta, Kristal Rose	-	2,546,120	2,351,120	-	195,000	-	195,000
Baltier, Judith Rodriguez	-	300,000	-	-	300,000	-	300,000
Blongson, Arlyn Kyia	-	100,000	-	-	100,000	-	100,000
Bustamante, Raa	128,450	178,019	197,290	-	159,210	-	159,210
Cabajar, Sherina May	41,372	529,840	409,843	-	161,369	-	161,369
Caloto, Richard	-	457,805	303,274	-	154,531	-	154,531
Creeer, Ja-mark 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, Mar el Burgos	-	486,932	159,043	-	327,889	-	327,889
Dela Cruz, Wally	101,707	388,740	324,133	-	166,313	-	166,313
Domingo, Aize Marie Medenilla	28,750	360,634	253,934	-	135,450	-	135,450
Estrella, Wilfredo Fajardo	107,091	75,290	167,978	-	114,393	-	114,393
Fusana, Blanca 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	374,479	334,337	-	191,313	-	191,313
Labos, Angelito Roda	-	622,224	399,858	-	222,356	-	222,356
Lascuna, Reynante	-	340,509	-	-	340,509	-	340,509
Limco, Ma. Cristina	100,325	348,578	315,444	-	133,450	-	133,450
Macatangian, Jonathan D	-	230,470	127,836	-	102,634	-	102,634
Maderse, Jhuddel	-	150,000	-	-	150,000	-	150,000
Manalon, Casius	298,888	951,826	938,145	-	312,569	-	312,569
Manzano, Lisette Taranco	468,100	551,088	635,185	-	384,003	-	384,003
Mendoza, Jacquelyn	576,449	416,500	660,449	-	312,500	-	312,500
Mercado, Leslie Bandoquillo	289,576	901,370	808,935	-	382,041	-	382,041
Mirallor, Lynette	-	289,500	-	-	289,500	-	289,500
Nalundim, Rolden	-	590,725	-	-	590,725	-	590,725
Nunez, Carolyn Rodrigo	108,656	140,000	131,889	-	116,667	-	116,667
Nunez, Mariska Bassag	-	1,100,000	300,000	-	800,000	-	800,000
Ortega, Zanette Daguro	-	121,500	-	-	121,500	-	121,500
Portoriza, Sherly Marie	107,485	322,820	271,356	-	158,909	-	158,909
Protacio, Mancel Rongavilla	-	162,058	57,833	-	104,224	-	104,224
Quindalan, Khizia 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	80,473	263,198	241,046	-	102,627	-	102,627
Ruiz, Teodoro	775,774	1,110,934	1,525,052	-	361,655	-	361,655
Sagun, Abngnel Limos	97,685	160,200	174,785	-	103,100	-	103,100
Salandanan, Amelyn Batugat	-	453,522	342,344	-	111,178	-	111,178
Salvadora, Jennifer Love Dalmacon	-	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	624,513	22,000,266	20,454,901	-	2,169,978	-	2,169,978
Sayago, Elmar Tapia	-	180,000	78,750	-	101,250	-	101,250
Sicuan, Dean	-	561,656	447,572	-	114,086	-	114,086
Somit, Allen Robert P.	-	545,328	118,938	-	426,391	-	426,391
Syquo, 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, Maril Francis	298,594	2,287,462	1,679,009	-	907,053	-	907,053
Zubia, Christopher Cns 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
	32,168,403	211,265,708	210,193,558	-	33,180,553	-	33,180,553

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	28,241	-	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	59,649	-	37,756	-	37,756
Concepcion-Otis Philippines, Inc., Subsidiary	253	1,964	267	-	1,950	-	1,950
Teko Solutions Asia Inc., Subsidiary	307	34,358	32,327	-	2,336	-	2,336
Alstra Incorporated, Subsidiary	-	15,000	-	-	15,000	-	15,000
Tenax 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

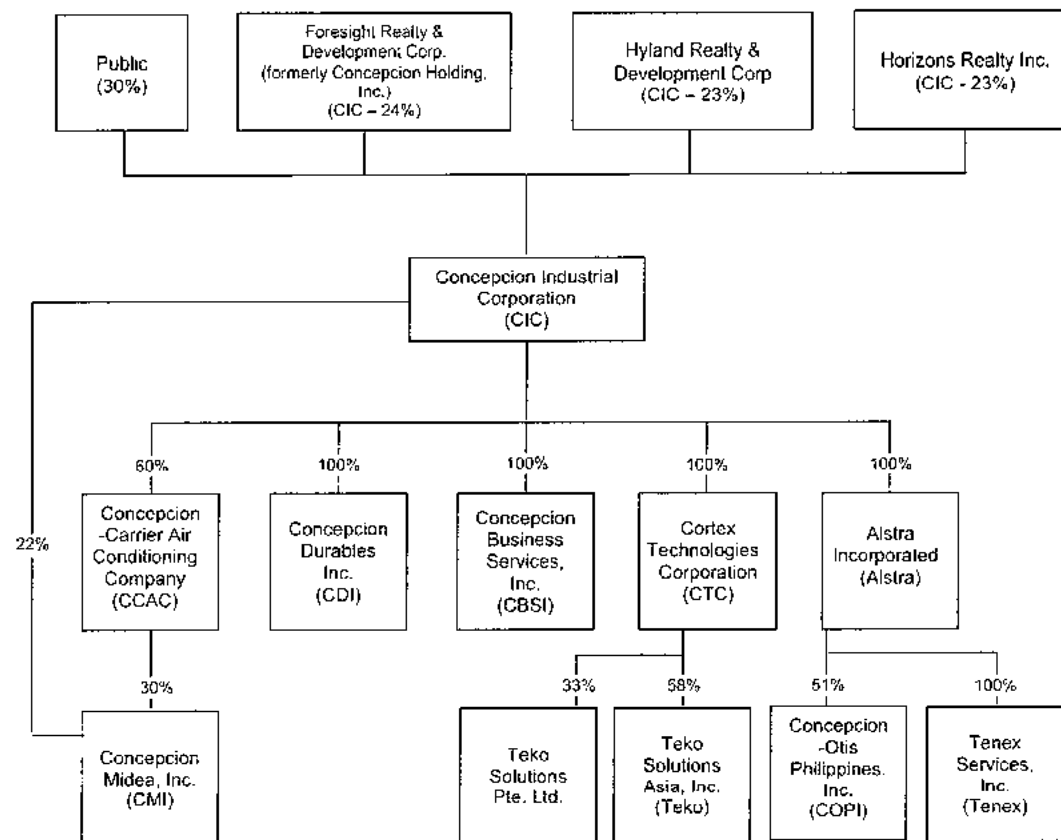
Additional Components of Financial Statements
Schedule of Financial Soundness Indicators
As at and for years ended December 31, 2025 and 2024

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
Total equity (net of non-controlling interest) divided by average outstanding shares			
Book value per share	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)
Unappropriated Retained Earnings, as adjusted	2,898,797,456
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	-
Total Retained Earnings, end of the year available for dividend declaration	3,656,438,765
*Unappropriated Retained Earnings (net of Treasury Shares)	

ANNEX

I. ECONOMIC

GRI 201-1

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (IN BILLION PHP)

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

^aBased on Audited Financial Statements (AFS), this is Net Sales
^bBased on AFS, this is Operating Expenses less Personnel costs under operating expense (1,635,110) and community and investments (2,719)
^cBased on AFS, this is composed of Personnel Costs and are lodged under Cost of Services (751,911) and Operating Expenses (1,635,110)
^dBased on AFS, this is composed of total Cost of Sales and Services less Personnel costs under Cost of Sales and Services (751,911)
^eBased on AFS, this is composed of cash distribution of profits (782,656) and interest paid on short-term borrowings (5,335)
^fBased on AFS, this is the net income tax paid. Can be referred to in the Statement of Cash Flows.

II. ENVIRONMENTAL

ENERGY MANAGEMENT

GRI 2-4, 103-2, 103-4

a. Energy Consumption Breakdown (GJ)^a

Fuel Consumption		Purchased Electricity		Total Energy Consumption	
2024	2025	2024	2025	2024	2025
5,068	4,877	34,383	47,154	39,451	52,031

b. Energy Intensity (GJ/bPeso)^a

Disclosure	2024	2025
Direct	0.00022	0.00024
Indirect	0.00254	0.00190

^aEnergy consumption is reported in gigajoules (GJ) in 2025. For consistency and comparability, 2024 data were restated using the same unit of measurement.

EMISSIONS MANAGEMENT

GRI 2-4, 102-6, 102-7

a. GHG Emissions (tCO₂e)^a

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

b. GHG Emissions Intensity (tCO₂e/bPeso)^a

Category	2024	2025
Direct	0.00001	0.00002
Indirect	0.00048	0.00035

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

WATER MANAGEMENT

GRI 303-3

a. Water Withdrawal (m³)

Disclosure	2024	2025
Water Withdrawn	72,149	82,768

b. Water Withdrawal Intensity (m³/bPeso)

2024	2025
0.00389	0.00458

MATERIALS

GRI 301-1

a. Materials Used by Type (kg)

Material	2024	2025
Renewable materials	1,102,459	1,485,296
Non-renewable materials	215,099	24,590
Total materials used	1,317,558	1,509,886

III. SOCIAL

EMPLOYEE MANAGEMENT

GRI 2-7, 401-1, 401-2

Employee Hiring and Benefits

a. New Employee Hires

Disclosure	2025
Total number of new hires	421

b. Employee Turnover

Disclosure	2025
Total number of employee turnover	291

c. Employee Benefits

Disclosure	2025	
	% of female availed	% of male availed
SSS	1.05	1.24
PhilHealth	0.40	0.12
Medical benefits (aside from PhilHealth)	100	100
Retirement provision (aside from SSS)	0.21	0.71
Pag-IBIG	1.30	1.58
Parental leaves	0.51	0.44
Vacation & sick leaves	86.76	83.02
Telecommuting / adaptability working	68.66	64.20
Flexible-working hours	90.67	87.70

TRAINING AND DEVELOPMENT

GRI 404-1, 404-3

a. Average Training Hours per Employee (in Hours/Employee)

	2024	2025
By Gender		
Female	9	9
Male	13	13

b. Employees Receiving Regular Performance and Career Development Reviews (%)

Disclosure	2025
Female	100
Male	100
Total percentage	100

LABOR-MANAGEMENT RELATIONS

GRI 402-1

Notice Period Regarding Operational Changes

Disclosure	2024	2025
Number of consultations conducted with employees concerning employee-related policies	31	36

DIVERSITY AND EQUAL OPPORTUNITY

Workforce Diversity

GRI 405-1

a. Overall Diversity Indicator^a

Category	Total [#]		Total [%]	
	2024	2025	2024	2025
Female	543	594	40	40
Male	818	874	60	60
Total	1,361	1,468	100	100

b. Gender Diversity Indicator by Employee Category^a

Category	Total [#]				Total [%]			
	2024		2025		2024		2025	
	Male	Female	Male	Female	Male	Female	Male	Female
Board	6	3	6	3	1	1	1	1
Executive	43	25	48	28	5	5	6	5
Non-executive	741	492	780	538	94	94	93	94
Total	790	520	834	569	100	100	100	100

c. Employee Age Distribution^{ab}

Category	Total [#]				Total [%]			
	2024		2025		2024		2025	
	Male	Female	Male	Female	Male	Female	Male	Female
Under 30	131	134	140	161	17	26	17	28
30-50	531	342	553	366	67	66	67	65
Over 50	122	41	135	39	16	8	16	7
Total	784	517	828	566	100	100	100	100

^aEmployee totals in the graphs may not reconcile with the reported total workforce due to data availability limitations

^bData excludes the age distribution of the Board

OCCUPATIONAL HEALTH AND SAFETY (OHS)

GRI 403-8, 403-9, 403-10

a. Occupational Health and Safety Management System

Disclosure	2025
Percentage of employees covered by an OHS system	100

b. Occupational Health and Safety Performance

Disclosure	Description	2025
TOTAL NUMBER OF WORK-RELATED INJURIES		
Fatalities	Number of fatalities due to work-related injuries	0
High-consequence injuries	Number of high-consequence injuries, excluding fatalities	Not disclosed
Recordable injuries	Number of recordable work-related injuries	22
TOTAL NUMBER OF WORK-RELATED ILL HEALTH CASES		
Fatalities	Number of fatalities due to work-related ill health	0
Recordable ill health	Number of recordable work-related ill health cases	286
Hours worked	Total number of hours worked	5,411,100

GRI CONTENT INDEX

Statement of use	Concepcion Industrial Corporation has reported the information cited in this GRI content index for the period 01 January 2025 to 31 December 2025 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure		Page Number/s	Direct Answer/s
GRI 2: General Disclosures 2021	2-1	Organizational details	2	
	2-2	Entities included in the organization's sustainability reporting	2	
	2-3	Reporting period, frequency and contact point	2	
	2-4	Restatements of information	48, 176-177	
	2-5	External assurance		This report did not undergo external assurance.
	2-6	Activities, value chain and other business relationships	16, 30	
	2-7	Employees	54-67, 178-180	
	2-9	Governance structure and composition		Amended By-Laws , Charter of the Board of Directors , and Corporate Governance Manual
	2-10	Nomination and selection of the highest governance body		Corporate Governance Manual , Board Diversity Policy , Amended By-Laws , and Charter of the Board of Directors
	2-11	Chair of the highest governance body		Mr. Raul Joseph A. Concepcion serves as Chairman of the Board of Directors, the Company's highest governance body.
	2-12	Role of the highest governance body in overseeing the management of impacts	34, 38	
	2-13	Delegation of responsibility for managing impacts	41	
	2-14	Role of the highest governance body in sustainability reporting		Management consolidates sustainability-related information and provides updates to the Board of Directors and its relevant committees for review as part of the Company's sustainability governance process.
	2-15	Conflicts of interest		Policy on Conflict of Interests , Policy on Related Party Transactions , and Insider Trading Policy

GRI Standard	Disclosure		Page Number/s	Direct Answer/s
	2-16	Communication of critical concerns	38	
	2-17	Collective knowledge of the highest governance body		The Board's collective knowledge is supported through director orientation, continuing education, and access to information.
	2-18	Evaluation of the performance of the highest governance body		Corporate Governance Manual , and Integrated Annual Corporate Governance Report
	2-19	Remuneration policies		Corporate Governance Manual
	2-20	Process to determine remuneration		Corporate Governance Manual
	2-22	Statement on sustainable development strategy	5	
	2-23	Policy commitments		Corporate Governance Manual , Policy on Insider Trading Policy , Code of Ethics , Policy on Whistleblowing , Policy on Dialog , Policy on Conflict of Interests , Board Diversity Policy , and Policy on Enterprise Risk-Management
	2-24	Embedding policy commitments	41-43	
	2-25	Processes to remediate negative impacts	40	
	2-26	Mechanisms for seeking advice and raising concerns		Code of Ethics and Policy on Whistleblowing
	2-27	Compliance with laws and regulations	40	
	2-28	Membership associations		CIC maintains strategic memberships in industry associations and business organizations to support collaboration, policy engagement, and industry development.
	2-29	Approach to stakeholder engagement	44	
	2-30	Collective bargaining agreements		Information not currently disclosed
GRI 3: Material Topics 2021	3-1	Process to determine material topics	46	
	3-2	List of material topics	46	

GRI Standard	Disclosure		Page Number/s	Direct Answer/s
ECONOMIC PERFORMANCE				
GRI 201: Economic Performance 2016	3-3	Management of Material Topic	78	
	201-1	Direct economic value generated and distributed	78, 176	
INDIRECT ECONOMIC PERFORMANCE				
GRI 203: Indirect Economic Impacts 2016	3-3	Management of Material Topic	80	
	203-1	Infrastructure investments and services supported	74, 80	
PROCUREMENT PRACTICES				
GRI 204: Procurement Practices 2016	3-3	Management of Material Topic	82	
	204-1	Proportion of spending on local suppliers	82	
ANTI-CORRUPTION				
GRI 205: Anti-corruption 2016	3-3	Management of Material Topic	83	
	205-2	Communication and training about anti-corruption policies and procedures	83	
	205-3	Confirmed incidents of corruption and actions taken		No confirmed incidents were recorded during the reporting period.
MATERIALS				
GRI 301: Materials 2016	3-3	Management of Material Topic	52	
	301-1	Materials used by weight or volume	52	
	301-2	Recycled input materials used	52	
WATER AND EFFLUENTS				
GRI 303: Water and Effluents 2018	3-3	Management of Material Topic	51	
	303-3	Water withdrawal	51	
	303-4	Water discharge		The Company is strengthening its water monitoring and data management processes to support the disclosure of water discharge and consumption information in future reporting periods.
	303-5	Water consumption		

GRI Standard	Disclosure		Page Number/s	Direct Answer/s
CLIMATE CHANGE				
GRI 102: Climate Change 2025	3-3	Management of Material Topic	50	
	102-2	Climate adaptation plan	50	
	102-5	Scope 1 GHG emissions	50	
	102-6	Scope 2 GHG emissions	50	
	102-8	GHG emissions intensity	50	
ENERGY				
GRI 103: Energy 2025	3-3	Management of Material Topic	48	
	103-1	Energy policies and commitments	48	
	103-2	Energy consumption and self-generation within the organization	49	
	103-4	Energy intensity	49	
WASTE				
GRI 306: Waste 2020	3-3	Management of Material Topic	52	
	306-2	Management of significant waste-related impacts	52-53, 70	
	306-3	Waste generated	52-53	
	306-4	Waste diverted from disposal	52-53	
EMPLOYMENT				
GRI 401: Employment 2016	3-3	Management of Material Topic	56	
	401-1	New employee hires and employee turnover	56, 178	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	56, 178	
	401-3	Parental leave	56, 178	
LABOR/MANAGEMENT RELATIONS				
GRI 402: Labor/ Management Relations 2016	3-3	Management of Material Topic	64	
	402-1	Minimum notice periods regarding operational changes	64, 178	

GRI Standard	Disclosure		Page Number/s	Direct Answer/s
OCCUPATIONAL HEALTH AND SAFETY				
GRI 403: Occupational Health and Safety 2018	3-3	Management of Material Topic	68	
	403-1	Occupational health and safety management system	68	
	403-4	Worker participation, consultation, and communication on occupational health and safety		Employees receive occupational health and safety information through onboarding orientations, workplace safety training, emergency preparedness activities, and incident reporting mechanisms.
	403-5	Worker training on occupational health and safety	68	
	403-6	Promotion of worker health		Occupational health and safety training included health and wellness awareness programs during the reporting period.
	403-8	Workers covered by an occupational health and safety management system		In 2025, 100% of employees were covered by the Company's Occupational Health and Safety Management System.
	403-9	Work-related injuries	68	
	403-10	Work-related ill health	68	
TRAINING AND EDUCATION				
GRI 404: Training and Education 2016	3-3	Management of Material Topic	57	
	404-1	Average hours of training per year per employee	57	
	404-2	Programs for upgrading employee skills and transition assistance programs	57-63	
	404-3	Percentage of employees receiving regular performance and career development reviews	57, 179	
DIVERSITY AND EQUAL OPPORTUNITY				
GRI 405: Diversity and Equal Opportunity 2016	3-3	Management of Material Topic	66	
	405-1	Diversity of governance bodies and employees	66	
	405-2	Ratio of basic salary and remuneration of women to men		The ratio of basic salary and remuneration of women to men is not publicly disclosed due to the confidential nature of employee remuneration data.

GRI Standard	Disclosure		Page Number/s	Direct Answer/s
NON-DISCRIMINATION				
GRI 406: Non-discrimination 2016	3-3	Management of Material Topic		No incidents of discrimination were reported during the 2025 reporting period.
	406-1	Incidents of discrimination and corrective actions taken		
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
GRI 407: Freedom of Association and Collective Bargaining 2016	3-3	Management of Material Topic		No operations or suppliers were identified as being at significant risk of violating the rights to freedom of association or collective bargaining during the 2025 reporting period.
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		
CHILD LABOR				
GRI 408: Child Labor 2016	3-3	Management of Material Topic		No operations were identified as having significant risks of child labor or hazardous work involving young workers during the 2025 reporting period.
	408-1	Operations and suppliers at significant risk for incidents of child labor		
FORCED OR COMPULSORY LABOR				
GRI 409: Forced or Compulsory Labor 2016	3-3	Management of Material Topic		No significant risks of forced or compulsory labor were identified across the Company's operations during the 2025 reporting period.
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		
LOCAL COMMUNITIES				
GRI 413: Local Communities 2016	3-3	Management of Material Topic	69	
	413-1	Operations with local community engagement, impact assessments, and development programs	69-74	
CUSTOMER PRIVACY				
GRI 418: Customer Privacy 2016	3-3	Management of Material Topic	77	
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	77	

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