



SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.: CS200411461

Company Name: MEGAWIDE CONSTRUCTION CORPORATION

Industry Classification: F45000

Company Type: Stock Corporation

Document Information

Document ID: OST105152026811381955

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2025

Submission Type: Annual

Remarks: None

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **MEGAWIDE CONSTRUCTION CORPORATION** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, 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 auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

ENGR. EDGAR B. SAAVEDRA
Chairman of the Board of Directors
Chief Executive Officer, and President

JEZ G. DELA CRUZ
Group Chief Financial Officer

SUBSCRIBED AND SWORN TO before me this MAY 07 2026 at
CITY OF SAN JUAN affiants exhibiting to me their valid Tax Identification
Numbers stated above.

Signed this MAY 07 2026
th day of _____ 2026.

Doc. No. 513 ;
Page No. 104 ;
Book No. I ;
Series of 2026.



MAY 07 2026



JANELLE CARYN A. DELA CRUZ
Notary Public for and in the City of San Juan
Appointment No. 16 (2025-2026)
Until 31 December 2026
11th floor, Santolan Town Plaza, 276 Col. Benny Serrano Ave.,
Barangay Little Baguio, San Juan City
Roll of Attorneys No.
PTR No. 01.09.26 / City of San Juan
IBP No. / 12.22.25 / Rizal KSM Chapter
MCLE Compliance No. VIII-0031501 (Until 14 April 2028)



Independent Auditor's Report

To the Board of Directors and Shareholder of
Megawide Construction Corporation
(A subsidiary of Citicore Holdings Investment, Inc.)
20 N. Domingo Street
Brgy. Valencia, Quezon City

Report on the Audits of the Separate Financial Statements

Our Opinion

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of Megawide Construction Corporation (the "Company") as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2025 and 2024;
- the statements of total comprehensive income for the years ended December 31, 2025 and 2024;
- the statements of changes in equity for the years ended December 31, 2025 and 2024;
- the statements of cash flows for the years ended December 31, 2025 and 2024; and
- the notes to the separate financial statements, comprising material accounting policy information and other explanatory information.

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 Separate Financial Statements section of our report.

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

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 Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of separate financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the separate 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.

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

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

In preparing the separate 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.

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

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

Our objectives are to obtain reasonable assurance about whether the separate 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.

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

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

Report on the Bureau of Internal Revenue (BIR) Requirement

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information required under BIR Revenue Regulation No.15-2010 in Note 30 to the separate financial statements is presented for the purposes of filing with the BIR and is not a required part of the basic separate financial statements. Such information is the responsibility of management of the Company. The information has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic separate financial statements taken as a whole.

Isla Lipana & Co.

Pocholo C. Domondon

Partner

CPA Cert. No.

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

SEC A.N. (Individual) as general auditors 108839 - SEC, 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.

BIR A.N. ; issued on November 9, 2024; effective until November 8, 2027

BOA/PRC Reg. No. 0142/P-014, effective until November 14, 2028

Makati City
May 7, 2026



Isla Lipana & Co.

Statement Required by Rule 68 Securities Regulation Code (SRC)

To the Board of Directors and Shareholder of
Megawide Construction Corporation
(A subsidiary of Citicore Holdings Investment, Inc.)
20 N. Domingo Street
Brgy. Valencia, Quezon City

We have audited the separate financial statements of Megawide Construction Corporation (the "Company") as at and for the year ended December 31, 2025, on which we have rendered the attached report dated May 7, 2026.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of other work we performed, the Company has 33 shareholders owning more than one hundred (100) shares each as at December 31, 2025.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No.

on January 8, 2026 at Makati City
SEC A.N. (Individual) as general auditors 108839 - SEC, 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.
BIR A.N. 08-000745-128-2024; issued on November 9, 2024; effective until November 8, 2027
BOA/PRC Reg. No. 0142/P-014, effective until November 14, 2028

Makati City
May 7, 2026

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

Megawide Construction Corporation
(A subsidiary of Citicore Holdings Investment, Inc.)

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

	Notes	2025	2024
Assets			
Current assets			
Cash and cash equivalents	2	4,167,729,694	4,232,560,713
Trade and other receivables, net	3	24,131,644,819	25,371,110,358
Construction materials	4	1,326,836,063	1,044,194,928
Contract assets, net	5	2,320,144,827	2,780,785,715
Other current assets	7	8,941,453,023	8,349,496,061
Total current assets		40,887,808,426	41,778,147,775
Non-current assets			
Financial assets at fair value through other comprehensive income	6	3,544,472	3,544,472
Investment in subsidiaries, associates and joint ventures	8	15,512,261,991	9,289,670,459
Property, plant and equipment, net	9	4,780,202,290	4,731,983,821
Investment properties	10	458,428,063	433,327,323
Deferred tax assets, net	21	665,164,931	715,630,231
Other non-current assets	7	304,671,288	298,159,383
Total non-current assets		21,724,273,035	15,472,315,689
Total assets		62,612,081,461	57,250,463,464
Liabilities and Equity			
Current liabilities			
Trade and other payables	12	6,303,528,789	4,772,217,758
Interest-bearing loans and borrowings	13	20,837,094,631	18,051,286,069
Contract liabilities	14	5,121,465,529	5,193,417,624
Other current liabilities	15	63,460,261	140,966,754
Total current liabilities		32,325,549,210	28,157,888,205
Non-current liabilities			
Interest-bearing loans and borrowings, net of current portion	13	8,370,311,452	10,796,224,605
Contract liabilities, net of current portion	14	1,516,668,954	892,644,800
Retirement benefit obligation	20	315,875,410	349,349,338
Total non-current liabilities		10,202,855,816	12,038,218,743
Total liabilities		42,528,405,026	40,196,106,948
Equity			
Common shares	22	2,399,426,127	2,399,426,127
Preference shares		235,115,030	149,876,010
Additional paid-in capital		26,571,122,766	18,460,789,667
Treasury shares		(16,978,291,576)	(11,237,703,576)
Revaluation reserves		156,090,985	138,222,689
Retained earnings		7,700,213,103	7,143,745,599
Total equity		20,083,676,435	17,054,356,516
Total liabilities and equity		62,612,081,461	57,250,463,464

The notes on pages 1 to 69 are integral part of these separate financial statements.

Megawide Construction Corporation
(A subsidiary of Citicore Holdings Investment, Inc.)

Statements of Total Comprehensive Income
For the years ended December 31, 2025 and 2024
(All amounts in Philippine Peso)

	Notes	2025	2024
Contract revenues	16	17,636,658,616	22,205,953,703
Contract costs	17, 18	(14,136,432,239)	(19,251,005,090)
Gross profit		3,500,226,377	2,954,948,613
Other income and expenses			
Operating expenses	18	(637,579,739)	(661,758,627)
Finance costs	18, 19.1	(2,209,015,103)	(2,124,805,631)
Finance income	19.2	632,723,166	859,804,016
Others - net	19.3	71,669,026	463,012,501
		(2,142,202,650)	(1,463,747,741)
Profit before tax		1,358,023,727	1,491,200,872
Tax expense	21.2	(160,616,747)	(181,924,526)
Net profit		1,197,406,980	1,309,276,346
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gain (loss) on retirement benefits	20	23,824,395	(50,815,814)
Tax (expense) benefit	21.2	(5,956,099)	12,703,954
Other comprehensive income (loss) - net of tax		17,868,296	(38,111,860)
Total comprehensive income		1,215,275,276	1,271,164,486

The notes on pages 1 to 69 are integral part of these separate financial statements

Megawide Construction Corporation
(A subsidiary of Citicore Holdings Investment, Inc.)

Statements of Changes in Equity
For the years ended December 31, 2025 and 2024
(All amounts in Philippine Peso)

	Capital stock (Note 22.1)		Additional paid-in capital (Note 22.1)		Treasury shares	Treasury shares (Note 22.3)	Revaluation reserves (Note 22.4)	Retained earnings (Note 22)	Total
	Common	Preferred	Common	Preferred					
Balance at January 1, 2024	2,399,426,127	145,876,010	4,207,276,193	13,582,905,185	670,608,289	(11,237,703,576)	176,334,549	6,265,116,065	16,209,838,842
Comprehensive income									
Net income for the year	-	-	-	-	-	-	-	1,309,276,346	1,309,276,346
Other comprehensive loss for the year	-	-	-	-	-	-	(38,111,860)	-	(38,111,860)
Total comprehensive income for the year	-	-	-	-	-	-	(38,111,860)	1,309,276,346	1,271,164,486
Transactions with owners									
Issuance of preferred shares (Series 3)	-	4,000,000	-	-	-	-	-	-	4,000,000
Cash dividends declared	-	-	-	-	-	-	-	(430,646,812)	(430,646,812)
Total transactions with owners	-	4,000,000	-	-	-	-	-	(430,646,812)	(426,646,812)
Balance at December 31, 2024	2,399,426,127	149,876,010	4,207,276,193	13,582,905,185	670,608,289	(11,237,703,576)	138,222,689	7,143,745,599	17,054,356,516
Comprehensive income									
Net income for the year	-	-	-	-	-	-	-	1,197,406,980	1,197,406,980
Other comprehensive income for the year	-	-	-	-	-	-	17,868,296	-	17,868,296
Total comprehensive income for the year	-	-	-	-	-	-	17,868,296	1,197,406,980	1,215,275,276
Transactions with owners									
Issuance of preferred shares (Series 3)	-	2,500,000	-	-	-	-	-	-	2,500,000
Issuance of preferred shares (Series 6)	-	52,739,020	-	5,174,850,212	-	-	-	-	5,227,589,232
Issuance of preferred shares (Series 7)	-	30,000,000	-	2,935,482,887	-	-	-	-	2,965,482,887
Redemption of preferred shares (Series 2B)	-	-	-	-	-	(1,740,588,000)	-	-	(1,740,588,000)
Redemption of preferred shares (Series 4)	-	-	-	-	-	(4,000,000,000)	-	-	(4,000,000,000)
Cash dividends declared	-	-	-	-	-	-	-	(640,939,476)	(640,939,476)
Total transactions with owners	-	85,239,020	-	8,110,333,099	-	(5,740,588,000)	-	(640,939,476)	1,814,044,643
Balance at December 31, 2025	2,399,426,127	235,115,030	4,207,276,193	21,693,238,284	670,608,289	(16,978,291,576)	156,090,985	7,700,213,103	20,083,676,435

The notes on pages 1 to 69 are integral part of these separate financial statements

Megawide Construction Corporation
(A subsidiary of Citicore Holdings Investment, Inc.)

Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(All amounts in Philippine Peso)

	Notes	2025	2024
Cash flows from operating activities			
Profit before tax		1,358,023,727	1,491,200,872
Adjustments for:			
Finance costs	19.1	2,209,015,103	2,124,805,631
Depreciation and amortization	18	658,711,399	1,358,521,062
Retirement benefit (gain) expense	20	(1,723,347)	52,360,338
Finance income	19.2	(632,723,166)	(859,804,016)
Gain on disposals of property, plant and equipment	19.3	(8,322,032)	(17,092,645)
Gain on sale of non-current assets classified as held for sale	8.1, 19.3	-	(5,606,621,330)
Operating profit (loss) before working capital changes		3,582,981,684	(1,456,630,088)
Changes in working capital:			
Trade and other receivables	3	(4,584,816,200)	(1,969,605,669)
Construction materials	4	(282,641,135)	1,235,144,167
Contract assets	5	460,640,888	2,166,670,642
Other current assets	7	(541,491,664)	817,976,942
Other non-current assets	7	(3,969,524)	(34,941,268)
Trade and other payables	12	1,347,091,133	596,496,383
Contract liabilities	14	546,000,274	973,201,884
Other liabilities	15	(77,506,493)	49,271,184
Cash generated from operations		446,288,963	2,377,584,177
Interest received	19.2	180,897,590	187,062,674
Benefits paid	20	(7,926,186)	(366,821)
Net cash provided by operating activities		619,260,367	2,564,280,030
Cash flows from investing activities			
Additional investment in subsidiaries	8.1	(1,492,849,344)	(1,039,305,000)
Acquisitions of property, plant and equipment and intangible assets	7, 9	(739,611,267)	(707,356,283)
Proceeds from sale of property, plant and equipment	9	38,461,052	25,582,205
Acquisitions of investment properties	10	(25,100,740)	(3,953,802)
Advances collected from related parties		1,640,648,472	-
Advances granted to related parties		(102,129,250)	(890,001,506)
Net cash used in investing activities		(680,581,077)	(2,615,034,386)
Cash flows from financing activities			
Proceeds of interest-bearing loans and borrowings	27	23,361,659,394	23,946,728,444
Repayments of interest-bearing loans and borrowings	27	(23,023,824,712)	(21,243,141,003)
Redemption of preferred shares	22.3	(5,740,588,000)	-
Dividends paid	22.2	(535,508,588)	(430,646,812)
Interest paid		(2,268,666,426)	(2,089,239,218)
Proceeds from issuance of preferred shares	22.1	8,195,572,119	4,000,000
Net cash (used in) provided by financing activities		(11,356,213)	187,701,411
Net (decrease) increase in cash and cash equivalents		(72,676,923)	136,947,055
Cash and cash equivalents at January 1		4,232,560,713	4,096,114,218
Effect of changes in foreign exchange rates		7,845,904	(500,560)
Cash and cash equivalents at December 31	2	4,167,729,694	4,232,560,713

The notes on pages 1 to 69 are integral part of these separate financial statements.

Supplemental information on a non-cash investing activities and financing activities

- 1) In 2025, and 2024, the Company recognized right-of-use assets and lease liabilities amounting to P26.7 million, and P6.7 million, respectively (Notes 11 and 28).
- 2) In 2025 and 2024 the Company applied deposits on future stock subscription to preferred shares amounting to Nil and P2.3 million (Note 22.1).

Megawide Construction Corporation
(A subsidiary of Citicore Holdings Investments, Inc.)

Notes to the Separate Financial Statements

As at and for the years ended December 31, 2025 and 2024

(In the notes, all amounts are in Philippine Peso unless otherwise stated)

1 Corporate information

1.1 Incorporation and operations

Megawide Construction Corporation (the “Company”) was incorporated in the Philippines on July 28, 2004 and is engaged in the general construction business, including constructing, enlarging, repairing, or engaging in any work upon buildings, houses and condominium, roads, plants, bridges, piers, waterworks, railroads and other structures. It performs other allied construction business like the construction and sale of precast items, concrete production, and purchase sale and/or lease of formworks system and construction equipment.

The Company’s registered address and principal place of business is 20 N. Domingo St. Barangay Valencia, 1112 Quezon City.

On January 28, 2011, the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC) approved the Company’s application for the listing of its common stock. The approval covered the initial public offering (IPO) of 292.0 million unissued common shares of the Company at P7.84 offer price per share and the listing of those shares in PSE’s main board on February 18, 2012. On December 3, 2014, the Company made a primary offer of 40.0 million preferred shares at an offer price of P100.0 per share. These preferred shares are also listed in the PSE (Note 22.1). Moreover, the Company also made follow-on offerings in 2020, 2021, 2024, and 2025. (Note 22.1).

The Company remains as a subsidiary of Citicore Holdings Investment, Inc. (Citicore) which owns and controls 35.41% of the issued and outstanding capital stock of the Company as of December 31, 2025. Citicore still directs the overall business operations of the Company through its Chief Executive Officer and President, who is also the President of Citicore. Moreover, Citicore also appoints majority of the board members and remains the largest stockholder controlling the Board of Directors (BOD).

Citicore is a company incorporated in the Philippines and is engaged in the business of a holding company through buying and holding shares of other companies. The registered address of Citicore is at Block 1, Lot 42, Jaka Village, Brgy. Sampaguita, San Pedro, Laguna. Meanwhile, the registered address of the Company is at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

The Company's effective ownership on each affiliate is as follows:

	2025	2024
Subsidiaries:		
PH1 World Developers, Inc. (PH1)	100%	100%
Megawide Construction (BVI) Corporation (MCBVI)	100%	100%
Megawide Terminals, Inc. (MTI)	100%	100%
Megawide International Limited, SG (MIL)	100%	100%
Cebu2World Development, Inc. (CDI)	100%	100%
Wide-Horizons, Inc. (WHI)	100%	100%
Tiger Legend Holdings Limited (TLH)	100%	100%
Tunnel Prefab Corporation (TPC)	90%	90%
Megawide OneMobility Corporation (MOMC)	80%	80%
Megawide Land, Inc. (MLI)	100%	100%
Megawide GMR Construction Joint Venture, Inc. (MGCJVI)	100%	50%
Megawide Dreamrise Residences Inc. (MDRI)	95%	-
Accounted for under Asset Acquisition:		
Altria East Land, Inc. (Altria)	100%	100%
Associates:		
Citicore Megawide Consortium, Inc. (CMCI)	10%	10%
Evolution Data Centres Philippines, Inc. (EDC)	49%	49%
Citicore Renewable Energy Corporation (CREC)	10%	-
Joint Operations:		
Megawide GISPL Construction Joint Venture (MGCJV)	50%	50%
HDEC- Megawide-Dongah JV (HMDJV)	35%	35%
Tokyu-Tobishima-Megawide Joint Venture (TTM-JV)	30%	30%
Joint Venture:		
MWM Terminals, Inc. (MWMTI)	51%	51%

Moreover, the Company has interest in Citicore Solar Negros Occidental Inc. (CSNOI) formerly named as Silay Solar Power, Inc. (SSPI), but it neither exercises control nor significant influence over CSNOI (Note 6).

1.2 Approval of separate financial statements

The separate financial statements of the Company as of and for the year ended December 31, 2025 were authorized for issue by the Company's BOD on May 7, 2026.

2 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2025	2024
Cash on hand	5,489,680	5,163,161
Cash in banks	4,162,240,014	3,797,397,552
Cash equivalents	-	430,000,000
	4,167,729,694	4,232,560,713

Cash in banks generally earn interest based on daily bank deposit rates.

Cash equivalents consist of investments in short-term placements, which have an average maturity of 30 to 90 days and earn average annual effective interest of 5.0% to 6.0% in 2024.

Accrued interest receivable from these financial assets amounted to P3.3 million in 2025 and P4.5 million in 2024 and is presented as part of interest receivable under trade and other receivables account in the statements of financial position (Note 3).

Total interest income earned from these financial assets amounted to P121.3 million and P113.6 million in 2025 and 2024, respectively, and is presented as part of finance income under the income and expenses section in the statements of total comprehensive income (Note 19.2).

3 Trade and other receivables, net

Trade and other receivables as at December 31 consist of:

	Notes	2025	2024
Contract receivables:			
Third parties		9,053,500,143	4,249,794,457
Related parties	21.4	2,990,718,040	2,496,498,953
		12,044,218,183	6,746,293,410
Retention receivables:			
Third parties		3,772,027,921	3,403,074,387
Related parties	21.4	975,266,404	777,974,181
		4,747,294,325	4,181,048,568
Advances to:			
Related parties	21.7	3,485,014,766	8,997,226,027
Officers and employees	21.6	127,417,849	70,665,960
		3,612,432,615	9,067,891,987
Interest receivable	21.7	1,515,750,376	3,176,217,171
Other receivables	21.5	2,438,791,982	2,426,501,884
		24,358,487,481	25,597,953,020
Allowance for impairment		(226,842,662)	(226,842,662)
		24,131,644,819	25,371,110,358

Retention receivables pertain to progress billings which are withheld by the project owners equivalent to 5% or 10% as provided in the respective construction contract of each project. This will only be collected after a certain period of time upon acceptance by project owners of the certificate of completion.

Trade and other receivables except advances to related parties and officers and employees do not bear any interest.

All receivables except advance to officers and employees are subject to credit risk exposure (Note 25.2).

A reconciliation of the allowance for impairment provided for long outstanding contract receivables for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Balance at beginning of year	226,842,662	262,111,638
Write off	-	(35,268,976)
Balance at end of year	226,842,662	226,842,662

In 2024, the Company wrote off contract receivables which were previously provided with allowance for impairment since the management assessed that there is no reasonable expectation of recovery for these receivables. No similar write off was recognized for 2025.

4 Construction materials

Construction materials at cost as at December 31 consist of:

	2025	2024
Materials issued to project sites	566,822,523	417,369,162
Precast	328,620,639	30,551,235
Spare parts and consumables	324,325,596	387,185,164
Hardware	23,189,103	75,445,124
Mechanical electrical plumbing and fireproof materials	13,785,932	49,990,566
Rebars	10,384,647	30,904,239
Others	59,707,623	52,749,438
	1,326,836,063	1,044,194,928

Materials delivered to project sites pertain to various construction materials delivered to project warehouses and are yet to be installed or used by its subcontractors. The Company recognizes revenue from these construction project contracts over time during the course of the construction.

Others pertain to construction consumables that are immaterial to the total construction operation.

No provision for losses on inventories was recognized for the years ended December 31, 2025 and 2024.

5 Contract assets, net

Contract assets as at December 31 consist of:

	2025	2024
Balance at beginning of year	3,868,201,017	6,034,871,659
Increase as a result of changes in measurement of progress	1,804,272,837	6,536,899,512
Decrease as a result of reversal to trade receivables	(2,264,913,725)	(6,282,648,038)
Write-off	-	(2,420,922,116)
Balance at end of year	3,407,560,129	3,868,201,017
Allowance for impairment	(1,087,415,302)	(1,087,415,302)
Balance at end of year	2,320,144,827	2,780,785,715

A reconciliation of the allowance for impairment as at December 31, 2025 and 2024 are as follows:

	Amount
Balance at beginning of year	1,087,415,302
Additional allowance for the year	-
Balance at end of year	1,087,415,302

Contract assets pertain to the gross amount due from customers for contract works of all contracts in progress which are not yet billed.

The Company satisfies its performance obligation when the full completion of the project and benefit therefrom can be derived by the customers. Invoices are due once related accomplishments for the month are complete.

Changes in the contract assets are recognized by the Company when a right to receive payment is already established, respectively.

In 2024, the Company wrote-off certain contract assets representing receivables related to projects that were already completed in previous years and were undergoing close-out process. The Company pursued the collectability of such accounts and engaged in several discussions with these counterparties in the past 18-24 months. Management assessed that these outstanding accounts are no longer collectible and decided to write off such assets. No similar write-off of contract assets was recognized in 2025.

6 Financial assets at fair value through other comprehensive income

These financial assets pertain to investments in certain equity investment acquired in 2015 wherein the Company does not exercise control or significant influence (Note 1.1) and proprietary golf club shares.

The details of the financial assets at FVOCI as of December 31, 2025 and 2024 are shown below (Note 29.5(a)).

Investment in CSNOI (formerly SSPI)	2,500,000
Golf club shares	1,044,472
	<u>3,544,472</u>

As discussed in Note 1.1, the Company's equity interest of 1% as of December 31, 2025 and 2024 over CSNOI is accounted for at cost. CSNOI was incorporated in the Philippines on August 7, 2015, and established for the operation of solar power and other clean or renewable energy infrastructure. Its registered office, which is also its principal place of business, is located at 20 N. Domingo Street, Barangay Valencia, Quezon City.

As of December 31, 2025 and 2024, the amounts of investment in CSNOI and golf club shares approximate their fair values.

7 Other assets

Other assets as at December 31 consist of:

	Notes	2025	2024
Current:			
Advances to contractors and suppliers	7.1	7,104,109,954	6,584,124,853
Prepaid taxes	7.2	1,054,275,705	1,033,629,695
Deferred fulfilment costs, net	7.6	353,862,480	306,704,966
Deferred input VAT	7.3	242,241,320	229,970,236
Refundable security and bond deposits		94,768,580	100,413,333
Prepaid insurance		47,595,816	80,187,069
Input VAT		28,639,781	-
Prepaid rent		9,816,397	8,300,876
Prepaid subscription		2,297,267	1,246,070
Miscellaneous		3,845,723	4,918,963
		<u>8,941,453,023</u>	<u>8,349,496,061</u>
Non-current:			
Deposits for condominium units	7.4	290,185,138	286,215,614
Intangible assets, net	7.5	14,486,150	11,943,769
		<u>304,671,288</u>	<u>298,159,383</u>
		<u>9,246,124,311</u>	<u>8,647,655,444</u>

7.1 Advances to contractors and suppliers

Advances to contractors and suppliers pertain to down payments made by the Company based on a certain percentage of the contract price. The initial payment will eventually be recouped or deducted from the amount payable by the Company either on a pro-rated basis or in full once billed by the contractors and suppliers.

This account also includes materials and supplies provided by the Company to subcontractors and will be deducted from the progress billings upon installation. The risk of loss on the materials and supplies provided by the Company is borne by the subcontractors. These advances are classified as current as these would be applied to payments made to subcontractors within the normal operating cycle.

Impairment of current portion of advances to subcontractors and suppliers was assessed through determining the operational and financial positions of the subcontractors and suppliers on their capacity to comply according to their performance obligation.

7.2 Prepaid taxes

Prepaid taxes pertain to the excess of quarterly income tax payments over the current tax due during the year and creditable withholding taxes.

7.3 Input VAT and deferred input VAT

Input VAT under other current assets pertains to the payment of VAT on purchases of services and goods that is recoverable within 12 months. Deferred input VAT pertains to the unamortized input VAT on purchases of capital goods exceeding P1.0 million prior to January 2022 and input VAT on unreleased retention payable previously set up.

Based on management's assessment, input VAT and deferred input VAT are not impaired as of December 31, 2025 and 2024.

7.4 Deposits for condominium units

Deposits for condominium units represent initial down payments made for the purchase of condominium units. This will be reclassified to investment property upon execution of contract to sell and deed of sale. As of December 31, 2025 and 2024, there are no contracts to sell executed for these properties yet.

7.5 Intangible assets

Intangible assets represent the cost of computer license software. Details and movements of intangible assets as at and for the years ended December 31 are as follows:

	2025	2024
Cost		
Beginning	142,634,710	136,170,798
Additions	9,357,407	6,463,912
Ending	151,992,117	142,634,710
Accumulated amortization		
Beginning	130,690,941	119,948,121
Amortization	6,815,026	10,742,820
Ending	137,505,967	130,690,941
Net book value	14,486,150	11,943,769

Amortization expense for the years ended December 31 were charged to:

	Notes	2025	2024
Contract costs	17	6,016,598	3,728,537
Operating expense	18	798,428	7,014,283
		6,815,026	10,742,820

7.6 Deferred fulfilment costs

Deferred fulfilment costs pertain to costs that are directly related to a specific construction contract, generate, or enhance resources that will be used to fulfill a performance obligation of the Company in the future, and are recoverable under the contract. Such costs include, but are not limited to, mobilization costs of equipment and labor, engineering and design costs, insurance and depreciation of equipment related to a specific contract.

The policy on initial and subsequent measurement of these deferred fulfilment costs is discussed in Note 30.20.

The movement of deferred fulfilment costs is shown below.

	Note	2025	2024
Balance at beginning of year		635,310,171	664,289,891
Additions		90,318,882	25,955,446
Write off	19.3	(43,161,368)	(54,935,166)
		682,467,685	635,310,171
Allowance for impairment		(328,605,205)	(328,605,205)
Balance at end of year		353,862,480	306,704,966

As at December 31, 2025 and 2024, no additional impairment allowance was recognized on deferred fulfillment costs based on management's assessment that such costs are recoverable.

No amortization has been recognized in 2025 and 2024 due to the absence of identified progress and percentage of completion associated with these projects. Instead, costs related to confirmed projects that will no longer proceed were written off amounting to P43.16 million (2024 - P54.94 million) and are presented under income and expenses section in the statements of total comprehensive income (Note 19.3).

8 Investment in subsidiaries, associates, joint venture and joint operations

The components of the investments in subsidiaries, associates, and joint venture as at December 31 are as follows:

	Notes	2025	2024
Subsidiaries:	8.1		
MLI:	(b)		
Investment		8,231,823	26,841,823
Deposit on future stock subscription		-	189,366,675
		8,231,823	216,208,498
MCBVI	(c)	15,276,505	15,276,505
MCEI	(d)		
Investment		-	386,500
Deposit on future stock subscription		-	17,925,132
		-	18,311,632
MTI	(e)	344,149,804	344,149,804
MIL	(f)	11,223,052	11,223,052
CDI	(g)	974,862,920	664,639,027
WHI	(h)	4,149,811	4,149,811
Altria	(i)	45,803,794	305,355,953
MOMC	(j)	2,375,000	2,375,000
TPC	(k)	10,000,000	10,000,000
PH1	(l)	6,870,623,066	6,200,000,000
MGCJVI	(m)	153,662,851	-
MDRI	(n)	1,000,000,000	-
		9,416,850,298	7,541,892,647
Associates:	8.2		
CREC	(c)	4,729,742,188	-
CMCI	(a)	200,000,000	200,000,000
EDC	(b)	116,676,000	100,996,000
		5,046,418,188	300,996,000
Joint venture:	8.3		
MWMTI:	(d)		
Investment		1,025,485,177	846,985,177
Deposit on future stock subscription		-	350,000,000
		1,025,485,177	1,196,985,177
		15,512,261,991	9,289,670,459

These subsidiaries, associates and joint ventures, except for CREC, are not listed in any stock exchange; hence, the fair value of the shares cannot be determined reliably. However, management believes that the carrying amounts of the investments are fully recoverable based on either the prospect of the business or the recoverable amount from the net assets of these associates and joint ventures.

8.1 Investment in subsidiaries

(a) GMCAC

In 2013, the Company, together with GMR Infrastructure Limited, an entity incorporated under the laws of India, formed GMCAC, a consortium to undertake the public-private partnership (PPP) projects of the government, which is to construct and operate the Mactan-Cebu International Airport Project (the MCIA Project). GMCAC was incorporated on January 13, 2014. GMCAC's registered address, which is also its principal place of business, is located at Mactan-Cebu International Airport Passenger Terminal Building, Airport Terminal, Lapu-Lapu City Cebu.

On September 2, 2022 (execution date), the Company, GAIBV and Aboitiz InfraCapital, Inc. (AIC) executed a Share Subscription and Transfer Agreement (the Agreement) for AIC to acquire shares in GMCAC. Subject to the fulfillment of the conditions precedent under the Agreement, the following occurred on December 16, 2022 (closing date):

1. For a total amount of P9,473.6 million, AIC obtained 33.3% minus 1 share of the outstanding capital stock of GMCAC. The Company retained 33.3% plus 1 share, while GAIBV retained 33.3%; and,
2. The Company and GAIBV issued exchangeable note in favor of AIC in the total amount of P15,526.4 million. The Note will mature on October 30, 2025 (exercise date) and will be exchanged by AIC for the rest of the 66.67% plus 1 share of GMCAC's outstanding capital stock.

On the exercise date, the Company and GAIBV shall assign, transfer and convey the remaining GMCAC shares to AIC in exchange for the full discharge of the Note. The Note is unsecured and non-interest-bearing. At least 10 business days prior to the exercise date, the Company and GAIBV may exercise the option to pay the Note in cash and they shall have no obligation to assign, transfer and convey the remaining GMCAC shares. In the event that the Company and GAIBV exercise the cash option, they shall pay the principal amount of the Note, plus a cash option interest of 19% per annum on the principal amount calculated from the Execution date to the Exercise date. The accrual of the cash option interest and the obligation to pay shall only arise upon the exercise of the cash option.

Prior to the closing date, GMCAC converted its shareholders' loans totaling P2,040.0 million, of which P1,224.0 million came from the Company to common stock of GMCAC. In addition, GMCAC issued 555.4 million new shares to AIC. The issuance of new shares to AIC resulted in a reduction in the Company's ownership interest in GMCAC from 60.0% to 55.8%.

The transaction closed on December 16, 2022, wherein:

- AIC paid cash amounting to P6,623.6 million to the Company for 1,781.4 million common shares, equivalent to 22.5% of the outstanding capital stock of GMCAC; and,
- The Company issued the Note for a cash consideration of P7,763.2 million, which will be exchanged by AIC for the rest of the Company's remaining 2,643.3 million common shares, equivalent to 33.3% of the outstanding capital stock of GMCAC, on the Exercise date.

At closing date, the Company retained 33.3% ownership interest in GMCAC.

The gain on disposal amounting to P4,161.0 million, which is presented as part of others - net under income and expenses section in the 2022 statement of total comprehensive income is determined as follows:

Fair value of consideration received	6,623,599,800
Cost of investment sold	(2,462,643,043)
Gain on disposal of a subsidiary	4,160,956,757

Relative to management's intention to sell the remaining shares held in GMCAC, as evidenced by the issuance of the Notes, the remaining ownership interest in GMCAC amounting to P1,962.1 million is presented as Non-current Asset Classified as Held for Sale in the 2023 the statements of financial position. No cost to sell was recognized as the expenses incurred in relation to the issuance of the Notes was shouldered by AIC. On the other hand, the Notes amounting to P7,763.2 million is presented as Exchangeable Note under the Non-current Liabilities section in the 2022 statement of financial position.

On October 30, 2024, in accordance with the agreement dated September 2, 2022 among the Company, GAIBV, and AIC, the Company opted to exchange the rest of its 66 and 2/3% plus 1 share of GMCAC's outstanding capital stock in favor of AIC, for the total amount of P7,763.2 million. On the same date, the Company assigned, sold, transferred, and conveyed, absolutely and irrevocably unto AIC all its remaining 2,643.3 million outstanding capital stock in GMCAC to AIC for the total price of P7,763.2 million.

The gain on disposal amounting to P5,606.6 million, which is presented as part of others - net under income and expenses section in the 2024 statement of total comprehensive income (Note 19.3), is determined and recorded by the Company as follows:

Fair value of consideration received	7,763,200,000
Cost of investment sold	(2,156,578,670)
Gain on disposal of a subsidiary	5,606,621,330

(b) MLI

The Company acquired a 100% ownership interest in MLI, an entity incorporated in the Philippines on October 28, 2016. MLI was incorporated primarily to engage in land or real estate business. MLI's registered address, which is also its principal place of business, is 20 N. Domingo St., Barangay Valencia, Quezon City. These amounts are intended for the future issuance of MLI's capital stock to the Company. In 2025, the Company reclassified the deposit for future stock subscription amounting to P208.0 million to due to related parties account as management assessed that an increase in authorized share capital may not materialize in the near future.

In 2022, Altria, also a subsidiary of the Company, subscribed to additional shares in MLI equivalent to 97.78% ownership interest which reduced the Company's ownership interest in MLI to 2.22%. However, management believes that the Company retained control over MLI due to its existing control over Altria. Thus, MLI is still accounted for as a subsidiary of the Company.

The entity did not engage in any commercial activities during the period ending December 31, 2025 and 2024. Consequently, there were no revenue-generating operations or transactions recorded for this period.

(c) MCBVI

The Company acquired a 100% ownership interest in MCBVI, an entity incorporated in the territory of British Virgin Islands on June 20, 2017. MCBVI is primarily engaged in buying and holding shares in other companies. MCBVI's registered address, which is also its principal place of business, is Marcy Building, 2nd Floor, Purcell Estate, Road Town Tortola, British Virgin Islands. MCBVI commenced business operations in 2018.

(d) MCEI

On September 4, 2014, the Company acquired 70% of the issued and outstanding capital stock of MCEI, a company engaged in the development of clean or renewable energy sources for power generation. Following the shortening of its corporate term, MCEI ceased to exist on February 29, 2024. As a result, the Company lost control over the entity and deconsolidated the subsidiary in accordance with PFRS 10.

Upon deconsolidation, the Company derecognized MCEI's assets and liabilities with a net carrying amount of P1.8 million. No consideration was received, no interest was retained by the Company, and the deconsolidation resulted in a loss on investment in MCEI amounting to P18.3 million recognized in Others - net (Note 19.3) in the Statements of Total Comprehensive Income for the year ended December 31, 2025.

(e) MTI

On August 9, 2018, the Company purchased 344.5 million shares or 100% ownership interest from shareholders of MTI. MTI owns 49% interest over MWMTI.

MTI is an entity incorporated and registered on November 11, 2011, to establish, own, manage, administer, operate, maintain, and carry the business of providing property management services, either directly or through third parties, but not limited to the services of rent collection, tenant and lease management, marketing and advertising, repair and maintenance, liaison and other similar services. MTI's registered address and principal place of business is at 20 N. Domingo St., Barangay Valencia, Quezon City.

(f) *MIL*

MIL, whose registered office is at Marcy Building, 2nd Floor, Purcell Estate, P.O. Box 2416, Road Town Tortola, British Virgin Islands, was incorporated on July 26, 2019. MIL has a 100% owned subsidiary, MC-SG, which was registered on March 1, 2019 as a general building engineering design and consultancy services. Its registered office is located at 8 Cross St. #24-03/04 Manulife Tower Singapore. MIL has no operations as of December 31, 2025 and 2024.

(g) *CDI*

CDI, whose registered office is at 3/F Unit 2, Carbon Market, Quezon Boulevard, Barangay Ermita, Cebu City, was incorporated on November 3, 2020, to deal, engage, or otherwise acquire an interest in land or real estate business, without engaging in real estate investment trust. The Company owns 100% interest over CDI. In 2025, the Company infused cash amounting to P310.2 million to CDI, which was recognized as part of its investment in the subsidiary.

(h) *WHI*

WHI, whose registered office is at 20 N. Domingo St., Barangay Valencia, Quezon City, was incorporated on November 16, 2020 to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description. The Company owns 100% interest over WHI. As of December 31, 2025 and 2024, WHI has not yet started commercial operations.

(i) *Altria*

On December 26, 2012, pursuant to a memorandum of agreement dated December 17, 2012, the Company acquired 100% ownership interest in Altria. Altria is a company incorporated in the Philippines and holds an investment property in the form of land. The registered office of Altria, which is also its principal place of business, is located at Coastal Road, Sitio Bangiad, San Juan, Taytay, Rizal. As of December 31, 2025 and 2024, Altria has not started operations and its assets mainly pertain to the land where the Company's precast and batching facilities are constructed.

In 2025, the Company reclassified the deposit for future stock subscription account to due to related parties account, as management assessed that an increase in authorized share capital may not materialize in the near future. The due to related parties balance are intended for working capital requirements and are unsecured, noninterest-bearing and payable in cash on demand.

(j) *MOMC*

MOMC, whose registered address is at 20 N. Domingo St. Barangay Valencia, Quezon City, was incorporated in the Philippines and registered with SEC on March 11, 2015 to engage in buying and holding shares of other companies, either by subscribing to unissued shares of capital stock in public or private offering or by purchasing the shares of other stockholders by way of assignment in private sale. In 2022, the Company subscribed to primary shares of MOMC equivalent to 80% ownership interest for a total consideration of P2.4 million. In 2025 and 2024, there were no changes in the number of issued shares, outstanding shares, or the paid-up portion of stockholdings of MOMC.

(k) *TPC*

In 2022, the Company acquired 90% ownership interest in TPC. TPC, whose registered office is at No. 4 Velasquez Street, Sitio Bangiad, Barangay San Juan, Taytay, Rizal, was incorporated on August 31, 2022 to engage in the business of producing, manufacturing, fabricating, construction, procuring, furnishing, purchasing and/or selling precast concrete materials, items, and systems, formworks materials and systems, construction equipment, and other construction and building supplies for tunnels, highways, horizontal and vertical developments, infrastructure works, and any other construction projects.

(l) PH1

On July 12, 2023, the Company and Citicore executed a Share Purchase Agreement (SPA) for the Company to acquire 100% of the outstanding capital stock of PH1 from Citicore. The fulfilment of the conditions precedent under the SPA such as the transfer of 579,457,844 common shares from Citicore to the Company, and the payment by the Company to Citicore for the purchase price of P5,200.0 million were fulfilled on July 27, 2023, that resulted in the closing of the transaction.

PH1 is primarily engaged in the business of buying, selling, leasing, developing and managing real estate properties. The registered office address of PH1, which is also its principal place of business, is located at 10th Floor, Santolan Town Plaza, 276, Colonel Bonny Serrano Avenue, San Juan, Metro Manila. PH1 commenced commercial operations in January 2015.

In 2025, a significant capital infusion amounting to P670.6 million was directed towards PH1's strategic expansion within the real estate sector. This financial support facilitated key activities such as land acquisition, predevelopment planning, and construction projects.

The acquisition of PH1 World Developers, Inc. (PH1) is anticipated to strengthen the Megawide Group's position in the real estate sector. PH1 is actively managing multiple projects in emerging areas across the country such as Rizal, Cavite, and Bulacan. These regions offer more affordable land prices and are experiencing increased demand due to improved infrastructure and a growing preference for suburban living. By focusing on developments outside Metro Manila, Megawide aims to mitigate risks associated with the current real estate glut in the capital and align with its strategic objective to diversify its portfolio and enhance growth in the property development sector.

(m) MGCJVI

MGCJVI is an incorporated joint arrangement formed in January 2018 by the Company owning 50% interest, GMR Infrastructure (Singapore) Pte Limited ("GISPL") with 45% interest, and GMR Holdings Overseas Singapore PTE Limited ("GHOSPL") owning the remaining 5%. The Company and GISPL both exercising joint control. MGCJVI was established to provide general construction business including construction, improvement and repair of the Clark International Airport in Pampanga.

On January 9, 2025, the Company, executed a share purchase agreement for the acquisition of the outstanding capital stock of MGCJVI, from GHOSPL and GISPL. As a result of the transaction, MGCJVI became a wholly owned subsidiary of the Company, enabling it to fully leverage its engineering and construction expertise while strengthening its balance sheet.

(n) MDRI

MDRI is a corporation duly organized and existing under the laws of the Philippines. The Company was incorporated on November 19, 2025 and is primarily engaged in real estate activities, including the development of socialized housing projects. As of December 31, 2025, the Company owns 95.24% of the MDRI's subscribed capital, while 4.76% consists of the preferred shares held by the Home Development Mutual Fund (Pag-IBIG). The Company's registered office address is at No. 20 N. Domingo St. Barangay Valencia, Quezon City.

8.2 Investment in associates

(a) CMCI

The Company, together with Citicore, formed CMCI to undertake the construction of public classrooms in Regions 3 and 4 under the build-lease-transfer PPP agreement with the Department of Education (DepEd). CMCI was incorporated in the Philippines on October 15, 2012 and is primarily engaged in general construction business. CMCI's registered address, which is also its principal place of business, is located at 20 N. Domingo Street, Brgy. Valencia, Quezon City. As of December 31, 2025, and 2024, the Company owns 10% interest in CMCI.

(b) EDC

In 2024, the Company acquired 49% interest in EDC. The rights and powers of the Parent Company over the management and control of EDC are exercised through a seat in the BOD of EDC. Taking this into consideration, the Company concluded that it has significant influence over the investee. Accordingly, the investment is accounted for as an investment in an associate and measured using the cost method.

In 2025, the Company made an additional cash infusion of P45 million into EDC to support its ongoing capital requirements and pre-operating activities. EDC has not commenced revenue-generating operations as of December 31, 2025 and 2024, and continues to incur pre-operating costs primarily related to the development and establishment of its data centre infrastructure.

(c) CREC

On 17 October 2025, the Company obtained 1,103,095,410 common shares of CREC representing approximately 9.88% ownership of its outstanding common stock, through a block sale transaction with CPI. This transaction forms part of the settlement of advances with CPI and CHII.

The valuation used and price at which the transaction was executed was the 30-day volume-weighted average price (VWAP) of CREC shares as of September 30, 2025, consistent with Philippine Stock Exchange guidelines for block trades, resulting in a recognized cost of investment of P4.7 billion. There is no difference between the carrying amount of the advances and the fair value of shares received.

Although the Company holds less than 20% of CREC's outstanding common stock, management has assessed that the Company exercises significant influence over CREC based on the following factors under PAS 28: (i) the Company holds a seat on CREC's Board of Directors; (ii) the Company participates in CREC's financial and operating policy decisions; and (iii) the Company and CREC are members of the same Citicore group, resulting in material interchange of strategic and operational direction. Accordingly, the investment is classified as an investment in an associate.

Accordingly, the investment is accounted for as an investment in an associate and measured using cost method.

The following table presents the financial information as of and for the years ended December 31, 2025 and 2024 of the associates (amounts in thousands):

	Assets		Liabilities		Revenues	Net income (loss)
	Current	Non-current	Current	Non-current		
2025						
CMCI (Audited)	3,157,401	85,000	1,184,187	3,097	2,040	(60,088)
EDC (Audited)	24,981	587,334	11,922	568,219	-	(60,037)
CREC (Audited)	21,845,193	59,265,308	4,075,843	52,157,456	5,318,761	1,152,967
2024						
CMCI (Audited)	3,296,220	230,000	1,402,940	7,865	31,352	(115,557)
EDC (Audited)	33,472	577,190	28,515	540,930	-	(58,963)
2023						
CMCI (Audited)	3,483,905	647,993	1,883,019	68,024	112,257	(112,757)
EDC (Audited)	58,252	595,769	89,267	537,935	-	(49,956)

Based on management's assessment, there are no impairment losses required to be recognized on investments in CMCI, EDC, and CREC as of December 31, 2025 and 2024.

The Company did not receive any dividends from its associates in 2025 and 2024.

8.3 Interest in joint operation and joint ventures

The Company's interests in MGCJV, HMDJV, and TTM-JV are accounted for as joint operations as the Company exercises joint control over the arrangements' relevant activities. Accordingly, the Company accounts for its interest in the relevant assets, liabilities, revenues, and expenses of MGCJV, HMDJV, and TTM-JV.

(a) MGCJV

MGCJV is an unincorporated joint venture formed on September 16, 2014 by the Company and GISPL - Philippine Branch each owning 50% interest and exercising joint control to direct the relevant activities of MGCJV. MGCJV was established to provide all proper and suitable personnel and labor including supervision, materials, offices, workshops, tools, machinery, equipment, and all other resources required for the construction works for the renovation and expansion of the Mactan Cebu International Airport.

As at and for the years ended December 31, 2025 and 2024, the relevant financial information of the Company's interest in MGCJV, which are included in the appropriate accounts in the Company's statements of financial position and statement of total comprehensive income is presented below.

	2025	2024
Assets:		
Cash and cash equivalents	145,520,477	144,677,365
Trade and other receivables	1,104,849	473,282
Other assets	19,839,211	19,580,841
	166,464,537	164,731,488
Liability:		
Trade and other payables	144,958,828	146,508,288
Income and expenses:		
Contract costs	(2,369,681)	(15,871,814)
Other operating expense	(1,306,518)	(231,225)
Finance income - net	6,958,709	14,406,025
	3,282,510	(1,697,014)

(b) HMDJV

HMDJV is an unincorporated joint venture formed on October 27, 2020, by the Company owning 35% and Hyundai Engineering & Construction Co., Ltd. and Dong-Ah Geological Engineering Company Ltd. owning 57.5%, and 7.5% interest, respectively, and exercising joint control. HMDJV was established to provide construction works for the civil structures, viaducts, bridges, and stations (MCRP). HMDJV began to operate in 2021.

As at December 31, 2025 and 2024, the relevant financial information of the Company's interest in HMDJV which are included in the appropriate accounts in the Company's statements of financial position and statement of total comprehensive income is presented as follows:

	2025	2024
Assets:		
Cash and cash equivalents	587,509,252	923,197,919
Contract receivables	1,966,046,105	1,828,320,553
Other assets	97,365,991	265,910,952
Property, plant and equipment - net	54,864,535	88,855,947
	2,705,785,883	3,106,285,371
Liabilities:		
Trade and other payables	1,650,505,982	1,617,842,428
Other liabilities	52,536,141	244,419,923
	1,703,042,123	1,862,262,351
Revenue and expenses:		
Contract revenues	2,142,650,462	2,333,189,737
Contract costs	(1,390,969,765)	(1,670,486,561)
Finance income (costs) - net	(61,838,299)	119,220,450
	689,842,398	781,923,626

(c) *TTM-JV*

TTM-JV is an unincorporated joint venture formed on May 31, 2022, by the Company owning 30% and Tokyu Construction Co., Ltd. and Tobishima Corporation owning 40% and 30% interest, respectively, and exercising joint control. The purpose of the joint arrangement shall be the performance of the works for the project in compliance with the contract, including any variations as may have authorized under the contract and the recovery of the payment for the performance of the works.

As at and for the years ended December 31, 2025 and 2024, the relevant financial information of the Company's interest in TTM-JV which are included in the appropriate accounts in the Company's 2025 and 2024 statement of financial position and 2025 and 2024 statement of total comprehensive income is presented below.

	2025	2024
Assets:		
Cash and cash equivalents	818,528,846	779,511,158
Contract receivables	893,123,094	350,564,287
Other assets	150,314,550	149,969,893
	1,861,966,490	1,280,045,338
Liabilities:		
Trade and other payables	1,560,076,584	1,137,680,113
Other liabilities	82,631,708	42,050,571
	1,642,708,292	1,179,730,684
Revenue and expenses:		
Contract revenues	812,934,742	705,026,508
Contract costs	(705,441,017)	(667,714,299)
Finance income - net	101,077,134	15,162,147
	208,570,859	52,474,356

(d) *MWMTI*

MWMTI was incorporated in the Philippines on February 3, 2015, primarily engaged in the business of constructing, operating, and maintaining integrated transport system terminals, stations, hubs and all allied business in relation thereto, including the construction, operations and maintenance of the commercial assets and establishments.

This is pursuant to the development and operation of the Parañaque Integrated Terminal Exchange (PITX), which was granted by the Philippine Government to MWMTI under a Build-Operate-Transfer (BOT) or Concession Agreement executed with the Department of Transportation and Communications (now the Department of Transportation or DOTr) on February 25, 2015.

MWMTI is effectively owned by the Company and MTI, holding 51% and 49% ownership, respectively. However, the Company and MTI are exercising joint control over MWMTI. In 2018, the Company and MTI infused additional P542.5 million and P526.6 million, respectively, which is intended to be converted into capital stock. The same has been converted to capital stock in 2020 upon securing approval of the increase in authorized capital stock from SEC which was filed in 2019. The Company and MTI retained joint control over MWMTI after the stock issuance.

In 2018, the construction of the terminal area was completed and operations started in the same year. The commercial area was completed in July 2019.

In 2022, the Company and MTI infused additional cash into MWMTI amounting to a total of ₱350.0 million, proportionate to their ownership interests, which was recognized as deposits for future stock subscription in relation to MWMTI's planned increase in authorized capital stock.

On July 4, 2023, the Board of Directors approved the increase in the Corporation's authorized capital stock which was subsequently approved by the SEC in 2025. Following such approval, deposits for future stock subscription (DFSS) amounting to P350 million were applied against the subscription of shares and accordingly reclassified to equity.

The relevant financial information for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Assets:		
Current assets	1,601,461,725	2,424,266,959
Non-current assets	3,694,621,238	3,754,478,054
Liabilities:		
Current liabilities	804,044,668	1,363,590,105
Non-current liabilities	3,032,264,892	3,286,481,088
Revenue and expenses:		
Revenue	518,004,759	355,254,019
Cost of services	285,830,922	312,139,364
Other operating expenses	165,167,369	209,944,992
Other income (charges)	(119,803,035)	(116,229,403)

9 Property, plant and equipment

Details of property, plant and equipment, net and related movements as at and for the years ended December 31, 2025 and 2024 are as follows:

	Land	Building	Precast factory	Office, furniture, fixture and equipment	Transportation equipment	Precast and construction equipment	Construction in progress	Right-of-use Assets	Total
Balance at January 1, 2025, net of accumulated depreciation	1,121,077,239	239,849,702	425,774,421	94,874,897	155,180,619	1,172,533,468	1,046,829,277	475,864,198	4,731,983,821
Additions	154,109,836	192,968,906	-	14,779,114	77,126,635	147,092,619	95,038,440	23,894,157	705,009,707
Disposal	-	-	-	(2,074,888)	(472,872)	(27,591,260)	-	-	(30,139,020)
Reclassification	-	-	-	224,704	22,936,476	21,804,522	-	(44,740,998)	224,704
Remeasurement	-	-	-	25,019,451	-	-	-	-	25,019,451
Depreciation charges for the year	-	(17,205,726)	(18,348,717)	(63,990,459)	(78,369,371)	(433,116,891)	-	(40,865,209)	(651,896,373)
Balance at December 31, 2025, net of accumulated depreciation	1,275,187,075	415,612,882	407,425,704	68,832,819	176,401,487	880,722,458	1,141,867,717	414,152,148	4,780,202,290
Balance at January 1, 2024, net of accumulated depreciation	1,148,799,930	270,931,758	472,310,962	106,963,172	167,047,063	1,696,477,480	1,022,276,631	502,941,012	5,387,748,008
Additions	17,599,125	-	75,784,810	159,694,919	69,867,931	353,392,940	24,552,646	26,748,525	727,640,896
Disposal	-	-	-	(128,199)	(980,000)	(6,388,336)	-	-	(7,496,535)
Pre-termination	-	-	-	-	-	-	-	(993,025)	(993,025)
Reclassification to investment property	(45,321,816)	-	-	-	-	-	-	-	(45,321,816)
Remeasurement	-	-	-	-	-	-	-	18,184,535	18,184,535
Depreciation charges for the year	-	(31,082,056)	(122,321,351)	(171,654,995)	(80,754,375)	(870,948,616)	-	(71,016,849)	(1,347,778,242)
Balance at December 31, 2024, net of accumulated depreciation	1,121,077,239	239,849,702	425,774,421	94,874,897	155,180,619	1,172,533,468	1,046,829,277	475,864,198	4,731,983,821

Construction in progress pertains to accumulated costs incurred in constructing a new precast warehouse, workers' barracks and logistics department facility which are located in Taytay, Rizal.

In 2025 and 2024, certain property and equipment amounting to P30.1 million and P7.5 million were sold for P38.5 million and P25.6 million, respectively. As a result, the Company recognized gains amounting to P8.3 million and P17.1 million in 2025 and 2024, respectively, and are presented as Gain on disposals of property, plant and equipment as part of Others - net account under the Income and Expenses section in the statements of total comprehensive income (Note 19.3).

In 2024, the management reclassified certain parcels of land from property, plant, and equipment to investment property. This reclassification was undertaken to better reflect the change in the intended use of these assets. The land, previously utilized in operational activities, is now held for the purpose of generating rental income and for future capital appreciation.

In 2025, certain right-of-use assets were reclassified to property, plant, and equipment upon the Company's acquisition of the underlying physical assets at lease maturity.

Effective January 1, 2025, the Company reassessed the depreciation method applied to certain property, plant and equipment located in the Taytay Precast Facility to ensure that depreciation expense more faithfully reflects the pattern in which the future economic benefits of these assets are expected to be consumed. These assets were previously depreciated using the straight-line method; however, based on management's assessment of their operational use, the Company determined that the units-of-production method, based on estimated production capacity, more appropriately reflects the pattern of consumption of economic benefits. Accordingly, the depreciation method for these assets was changed to the units-of-production method.

The change in depreciation method resulted in a decrease of P69.9 million in depreciation expense recognized during the year. In accordance with PAS 8, this change is treated as a change in accounting estimate and has been applied prospectively. Management expects that depreciation expense in future periods will continue to vary depending on the level of production or utilization of the affected assets. Based on management's assessment, the estimation of the future effect of the change of depreciation method is impracticable hence, the amount is not disclosed.

Unpaid additions to property, plant and equipment as at December 31, 2025 amounted to P25.2 million (2024 - P26.7 million).

Depreciation expense for the years ended December 31 were charged to:

	Note	2025	2024
Contract costs	17	632,666,081	1,304,930,673
Other operating expenses		19,230,292	42,847,569
		651,896,373	1,347,778,242

10 Investment properties

The Company holds a land located in Taytay, Rizal for future capital appreciation and is recognized at cost.

A reconciliation of the carrying amounts of investment properties, which is composed of land and its development as at and for the years ended December 31 are as follows:

	2025	2024
January 1	433,327,323	384,051,706
Additions	25,100,740	3,953,802
Reclassification from property, plant and equipment	-	45,321,815
	458,428,063	433,327,323

The investment properties of the Company did not generate income for the years ended December 31, 2025 and 2024 and none of which have been used as collateral.

The fair value of investment property as of December 31, 2025 and 2024 amounted to P1,459.1 million (Note 25.8).

11 Leases

The Company has leases for certain construction equipment and transportation equipment. Lease asset land, on the other hand, pertains to the share of the Company's joint venture (HMDJV). With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as part of property, plant and equipment and as part of interest-bearing loans and borrowings.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. Further, the Company must ensure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

Amounts recognized in the statements of financial position

Details of right-of-use assets, net and movements in the account as at and for the years ended December 31 are as follows:

	Land	Precast and construction equipment	Transportation equipment	Total
Balance as of January 1, 2025	17,707,097	356,312,580	101,844,521	475,864,198
Additions	-	-	23,894,157	23,894,157
Reclassification	-	(21,804,522)	(22,936,476)	(44,740,998)
Amortization	(17,707,097)	(10,580,050)	(12,578,062)	(40,865,209)
Balance at December 31, 2025	-	323,928,008	90,224,140	414,152,148
Balance as of January 1, 2024	16,990,939	395,788,770	90,161,303	502,941,012
Additions	-	-	26,748,525	26,748,525
Pre-termination	-	-	(993,025)	(993,025)
Remeasurement	18,184,535	-	-	18,184,535
Amortization	(17,468,377)	(39,476,190)	(14,072,282)	(71,016,849)
Balance at December 31, 2024	17,707,097	356,312,580	101,844,521	475,864,198

Lease liabilities presented as part of interest-bearing loans and borrowings in the statements of financial position as at December 31 are as follows (Note 13).

	2025	2024
Current	12,956,091	47,388,469
Non-current	13,356,814	21,330,694
	26,312,905	68,719,163

Movements in lease liabilities for the years ended December 31 are as follows:

	2025	2024
Lease liabilities, beginning	68,719,163	151,681,538
Cash flows		
Principal payments	(42,406,258)	(121,283,114)
Interest payments	(4,549,255)	(11,536,618)
Non-cash changes		
Additions	-	20,136,203
Remeasurements	-	18,184,536
Interest expense	4,549,255	11,536,618
Ending	26,312,905	68,719,163
Less: Current portion	12,956,091	47,388,469
Lease liabilities, net of current portion	13,356,814	21,330,694

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

The statement of total comprehensive income shows the following amounts relating to lease agreements:

	2025	2024
Interest expense	4,549,255	11,536,618
Amortization	40,865,209	71,016,849
Expenses relating to short-term lease and low value assets	31,682,060	36,199,700

(b) Discount rate

As at December 31, 2025, the lease payments for the lease of land, precast and construction equipment and transportation equipment are discounted using the lessee's incremental borrowing rate from 6.0% to 12.23% (2024 - 6.0% to 12.23%), 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.

(c) Short term leases

The Company has elected not to recognize a lease liability for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The lease liabilities are secured by the related underlying assets. The maturity analysis of lease liabilities at December 31 is as follows:

	2025	2024
Within one year	14,827,127	52,544,897
One to two years	13,936,283	10,440,987
Two to three years	591,783	11,878,748
Three to four years	-	3,406,775
Four to five years	-	447,542
	29,355,193	78,718,949

12 Trade and other payables

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

	Notes	2025	2024
Trade payables		3,425,162,042	2,089,254,917
Retention payable		2,445,806,046	2,415,057,849
Due to stockholders and other related parties	21.6	142,721,315	10,000,000
Dividends payable	23.1	135,071,638	29,640,750
Interest payable	13.1,13.3	129,700,089	189,351,412
Accrued salaries		25,067,659	38,912,830
		6,303,528,789	4,772,217,758

Trade payables to third parties are normally due within a 30 to 60-day period.

Retention payable pertains to amounts withheld from payments made to subcontractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Upon completion of the subcontracted projects, the amounts are paid to the subcontractors.

13 Interest-bearing loans and borrowings

The short-term and long-term interest-bearing loans and borrowings are as follows as of December 31:

	Notes	2025	2024
Current:			
Bank loans	13.1	17,404,138,540	18,003,897,600
Notes payable	13.2	1,820,000,000	-
Bonds payable	13.3	1,600,000,000	-
Lease liabilities	11	12,956,091	47,388,469
		20,837,094,631	18,051,286,069
Non-current:			
Bonds payable	13.3	7,356,954,638	8,934,893,911
Notes payable	13.2	1,000,000,000	1,840,000,000
Lease liabilities	11	13,356,814	21,330,694
		8,370,311,452	10,796,224,605
		29,207,406,083	28,847,510,674

13.1 Bank loans

Details and movements of bank loans as at and for the years ended are as follows:

	2025	2024
January 1	18,003,897,600	16,593,971,346
Availments	22,361,659,394	18,983,784,144
Payments	(22,961,418,454)	(17,573,857,890)
December 31	17,404,138,540	18,003,897,600

The loans bear weighted average annual interest rates of 6.81% and 7.49% in 2025 and 2024, respectively. Total interest on these bank loans amounted to P1,291.0 million and P1,365.2 million in 2025 and 2024, respectively, and is presented as Interest expense from bank loans under finance costs account in the statement of total comprehensive income (Note 19.1). The unpaid portion of this interest amounted to P71.2 million and P93.2 million as of December 31, 2025 and 2024, respectively, and is presented as part of interest payable under trade and other payables in the statements of financial position (Note 12).

13.2 Notes payable

(a) First unsecured note

In 2016, the Company entered various notes facility arrangement with a local bank to refinance the corporate note issued in 2011 and to finance its capital expenditure and general corporate requirements.

The notes constitute direct, unconditional, unsubordinated, general and unsecured obligation ranking at least pari passu with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Company.

The notes are issued with the following details:

Date issued	Principal	Term in years	Interest rate
September 15, 2016	650,000,000	10	5.50%
December 5, 2016	350,000,000	10	6.37%
December 16, 2016	1,000,000,000	10	6.37%
	2,000,000,000		

These 10-year corporate notes bear an interest rate based on the closing per annum rates of a 10-year PDST-R2 rate on the PDS Group website plus a certain spread. The Company must maintain certain financial covenants in relation to this corporate notes.

All of the three tranches of the second corporate note remained outstanding, with a carrying value of P2,820.0 million and P1,840.0 million as at December 31, 2025 and 2024, respectively.

The foregoing loan agreements include, among others, certain restrictions and requirements such as maintenance of certain current, debt-to-equity and debt service coverage ratios.

The Company shall comply with the following financial ratios: 1) Debt service coverage ratio of not less than 1.1 and, 2) Debt-to-equity ratio not more than 2.33.

As of December 31, 2025 and 2024, the Company is compliant with these covenants.

(b) Second unsecured note

On February 19, 2020, the Company signed a P5,000.0 million corporate note facility, the proceeds of which will be used by the Company to (a) retire maturing debt obligations; (b) to fund growth projects; and (c) for general corporate purposes.

The notes constitute direct, unconditional, unsubordinated, general and unsecured obligation ranking at least pari passu with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Company.

The notes will be issued in five tranches as follow:

	Principal
Tranche A	3,600,000,000
Tranche B	350,000,000
Tranche C	350,000,000
Tranche D	350,000,000
Tranche E	350,000,000
	5,000,000,000

These 4.5-year corporate notes bear an interest rate based on the closing per annum rates of a 4.5-year PHP BVAL reference rate on the PDS Group website plus a certain spread, subject to a floor rate of 5%. The Company must maintain a debt-to-equity ratio of not more than 2.33 and a debt service coverage ratio of at least 1.10. Debt pertains to all interest-bearing loans and borrowing.

In 2020, the Company made its first drawdown (Tranche A) on its third unsecured corporate note, with a carrying value of P3,528.0 million as of December 31, 2024. The notes were fully settled in 2024.

(c) *Third unsecured note*

On December 17, 2025, the Company entered into a term loan agreement with a local bank for an aggregate principal amount of up to P1,000.0 million, the proceeds of which were drawn and will be used to partially finance the Company's general capital expenditure requirements.

The loan constitutes a direct, unconditional, unsubordinated and unsecured obligation of the Company and ranks at least pari passu with all other present and future unsecured obligations of the Company.

The 3-year corporate notes bear an interest rate based on the closing per annum rates of a 3-year PHP BVAL reference rate on the PDS Group website plus a certain spread, subject to a floor rate of 6%.

The Company has to maintain a debt-to-equity ratio of not more than 2.33 and a debt service coverage ratio of at least 1.10. Debt pertains to all interest-bearing loans and borrowing. As of December 31, 2025, the outstanding balance of the loan amounted to P1,000.0 million.

Total interest on these notes payable amounted to P105.7 million in 2025 (2024 - P220.7 million) and is presented as Interest expense from notes payable under Finance Costs account in the statements of total comprehensive income (Note 19.1). As at December 31, 2025, the unpaid portion of this interest amounted to P58.5 million (2024 - P50.3 million) and is presented as part of Interest payable under Trade and Other Payables account in the statements of financial position (Note 12).

As at December 31, 2025 and 2024, the carrying amount of all the corporate notes are P2,820.0 million and P1,840.0 million, respectively.

13.3 Bonds payable

Movements in bonds payable for the years ended December 31 are as follows:

	2025	2024
January 1	9,000,000,000	4,000,000,000
Additions	-	5,000,000,000
December 31	9,000,000,000	9,000,000,000
Debt issuance cost		
January 1	65,106,089	46,130,215
Additions	-	37,055,700
Amortization	(22,060,727)	(18,079,826)
December 31	43,045,362	65,106,089
Bonds payable, net	8,956,954,638	8,934,893,911

On August 17, 2022, the Company listed fixed-rate bonds in the total amount of P3,000.0 million, inclusive of the P1,000.0 million oversubscription option, with the Philippine Dealing & Exchange Corp. The fixed-rate bonds consists of Series A (P1,600.0 million maturing in three years and six months from issue date at rate of 6.9506%) and Series B (P2,400.0 million maturing in five years from issue date a rate of 7.9663%).

The net proceeds of the fixed-rate bonds shall be used by the Company primarily to refinance its short-term debts, fund its capital expenditures and other general corporate requirements. The bonds require the Company to maintain a debt-to equity ratio of not more than 2.33 and a debt service coverage ratio of not less than 1.1. As at December 31, 2025 and 2024, the Company is compliant with these covenants.

On July 11, 2024, the Company listed fixed-rate bonds in the total amount of P 4,000.0 million, inclusive of the P1,000.0 million oversubscription option, with the Philippine Dealing & Exchange Corp. The Fixed-Rate Bonds consists of Series C (P3.1 billion maturing in three years from issue date at rate of 7.6348%) and Series D (P1.1 billion maturing in five years from issue date at a rate of 8.0580%) and Series E (P0.8 billion maturing in seven years from issue date at a rate of 8.4758%).

The net proceeds of the fixed-rate bonds shall be used by the Parent Company primarily to refinance its short-term debts, fund its capital expenditures and other general corporate requirements. The bonds require the Parent Company to maintain a debt-to equity ratio of not more than 2.33 and a debt service coverage ratio of not less than 1.10.

As of December 31, 2025, the Company is compliant with these covenants.

14 Contract liabilities

Contract liabilities as at December 31 consist of:

	2025	2024
Balance at beginning of year	6,086,062,424	5,080,265,478
Revenue recognized that was included in contract liability at beginning of the year	(417,985,976)	(3,039,137,211)
Increase due to billings excluding amount recognized as revenue during the year	963,986,250	4,012,339,095
Effect of financing component	6,071,785	32,595,062
Balance at end of year	6,638,134,483	6,086,062,424

Advances from customers will be applied against progress billings to clients based on work accomplishment on the project.

These are presented and classified in the statements of financial position as at December 31 as follows:

	2025	2024
Current	5,121,465,529	5,193,417,624
Non-current	1,516,668,954	892,644,800
	6,638,134,483	6,086,062,424

15 Other current liabilities

Other current liabilities as at December 31 consist of:

	2025	2024
Output VAT, net	-	79,807,617
Withholding taxes	38,729,602	33,802,552
Others	24,730,659	27,356,585
	63,460,261	140,966,754

Output VAT, which pertain to the tax arising from the Company's sale of goods and services and withholding taxes, which pertain to withholding taxes on compensation and expanded holding taxes, are normally settled within one month. Others significantly include government-related payables for employee benefits.

16 Contract revenues

The details of this account are composed of revenues from:

	2025	2024
Contracts in progress	15,932,514,233	21,230,802,181
Completed contracts	1,704,144,383	975,151,522
	17,636,658,616	22,205,953,703

When the Company prepares its investor presentations, it disaggregates revenue. The Company determines that the categories used in the investor presentations and financial reports used by the Company's management can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15 (except for rentals accounted for under PFRS 16 and disclosed herein as additional information), which is to disaggregate revenue from contracts with customers and other counterparties into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. A summary of disaggregation from the construction revenues is shown as follows:

	Overtime	Short-term	Long-term	Total
2025				
Contract revenues	16,029,653,022	-	16,029,653,022	16,029,653,022
Sale of precast	664,032,649	664,032,649	-	664,032,649
Sale of ready-mix concrete	601,718,345	601,718,345	-	601,718,345
Rental of equipment	341,254,600	341,254,600	-	341,254,600
	17,636,658,616	1,607,005,594	16,029,653,022	17,636,658,616
2024				
Contract revenues	19,000,381,899	-	19,000,381,899	19,000,381,899
Sale of precast	2,033,435,026	2,033,435,026	-	2,033,435,026
Sale of ready-mix concrete	799,461,002	799,461,002	-	799,461,002
Rental of equipment	372,675,776	372,675,776	-	372,675,776
	22,205,953,703	3,205,571,804	19,000,381,899	22,205,953,703

17 Contract costs

The components of contract costs for the years ended December 31 are as follows:

	Notes	2025	2024
Materials		5,795,937,218	7,315,381,934
Outside services		5,089,115,606	7,700,402,036
Salaries and employee benefits		2,070,371,885	2,258,267,259
Depreciation and amortization	7.5, 9	632,666,081	1,308,659,211
Project overhead		548,341,449	668,294,650
	18	14,136,432,239	19,251,005,090

Project overhead includes insurance, repairs and maintenance, gas and oil, travel and transportation, professional fees, utilities, municipal permits, taxes, security and manpower services, office supplies and various rental of staging areas.

18 Cost and expenses

The components of cost and expenses for the years ended December 31 are as follows:

	Notes	2025	2024
Materials, supplies and facilities		5,798,762,016	7,320,441,970
Outside services		5,105,468,272	7,734,545,973
Salaries and wages		2,319,852,257	2,520,034,190
Finance costs	19.1	2,209,015,103	2,124,805,631
Depreciation and amortization	7.5, 9	658,711,399	1,358,521,062
Project overhead		548,341,449	668,294,650
Taxes and licenses		145,927,068	127,128,748
Professional fees		49,601,188	42,469,135
Rentals	11 (a)	31,682,060	36,199,700
Advertising		10,910,732	9,173,332
Security services		10,351,956	4,138,569
Utilities		7,939,282	12,559,798
Insurance		7,738,932	4,089,413
Transportation		5,511,805	5,782,700
Representation		3,663,456	5,591,434
Repairs and maintenance		3,278,567	1,905,685
Gas and oil		-	284,795
Miscellaneous		66,271,539	61,602,563
		16,983,027,081	22,037,569,348

Miscellaneous expense in 2025 and 2024 include construction reworks and warranty costs for certain projects already completed.

These expenses are classified in the statements of total comprehensive income as follows:

	Notes	2025	2024
Contract costs	17	14,136,432,239	19,251,005,090
Finance costs	19.1	2,209,015,103	2,124,805,631
Operating expenses		637,579,739	661,758,627
		16,983,027,081	22,037,569,348

19 Other income (charges)

19.1 Finance costs

The components of finance costs for the years ended December 31 are as follows:

	Notes	2025	2024
Interest expense from:			
Bank loans	13.1	1,291,021,752	1,365,218,661
Bonds payable	13.3	717,346,157	464,578,669
Notes payable	13.2	105,688,452	220,715,667
Lease liabilities	11	4,549,255	11,536,618
		2,118,605,616	2,062,049,615
Bank charges		66,606,849	15,437,859
Interest expense from retirement benefit - net	20	17,730,854	14,723,095
Finance costs - PFRS 15		6,071,784	32,595,062
		2,209,015,103	2,124,805,631

19.2 Finance income

The components of finance income for the years ended December 31 are as follows:

	Notes	2025	2024
Interest income from:			
Advance to related parties	21.7	443,979,672	672,741,342
Cash in banks	2	84,859,305	68,484,311
Short-term placements	2	36,642,181	45,119,751
		565,481,158	786,345,404
Foreign currency gains - net		67,242,008	73,458,612
		632,723,166	859,804,016

19.3 Others - net

The components of others - net for the years ended December 31 are as follows:

	Notes	2025	2024
Income from scrap sales		59,554,078	18,250,177
Rental income	21.4	26,735,682	16,012,333
Gain on disposals of property, plant and equipment	9	8,322,032	17,092,645
Gain on sale of non-current asset held for sale	8.1(a)	-	5,606,621,330
Write off of contract asset	5	-	(2,420,922,116)
Loss on liquidation of subsidiary	8.1(d)	(18,555,082)	-
Write-off of deferred fulfillment cost	7.6	(43,161,368)	-
Write-off of other assets		-	(2,130,309,021)
Write off of receivables		-	(686,569,489)
Other income (charges)		38,773,684	42,836,642
		71,669,026	463,012,501

Other income (charges) includes components such as insurance claims and recognized share in joint venture and joint operations.

20 Retirement benefit obligation

(a) Characteristics of defined benefit plan

The Company maintains a partially funded and non-contributory retirement defined benefit plan covering all regular full-time employees. The Company conforms to the minimum regulatory benefit under the Retirement Pay Law which is of the defined benefit type and provides a retirement benefit in lump sum equal to 22.5-day pay for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement. The normal retirement age is 60 with a minimum of five years of credited service.

The retirement benefit obligation 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 as the amount necessary to provide for the portion of the retirement benefit accrued during the year. The latest actuarial valuation was issued by an independent actuary.

Details of the Company's retirement benefits as at and for the year ended December 31 are as follows:

	2025	2024
Retirement benefit obligation, net	315,875,410	349,349,338
Retirement benefit expense	(1,723,347)	52,360,338
Remeasurements recognized in other comprehensive income, net	17,868,296	(38,111,860)

The amounts of retirement defined benefit obligation in the statements of financial position are determined as follows:

	2025	2024
Present value of the obligation	321,386,312	354,560,633
Fair value of plan assets	(5,510,902)	(5,211,295)
	315,875,410	349,349,338

Changes in the present value of defined benefit obligation for the years ended December 31 are as follows:

	2025	2024
Balance at beginning of year	354,560,633	251,487,698
Current service cost	34,534,361	37,637,243
Interest cost	18,048,743	15,025,894
Benefits paid directly from book reserve	(7,926,186)	(366,821)
Past Service Cost/(Credit)	(53,988,562)	-
Remeasurement/ actuarial losses (gains) arising from:		
Experience adjustments	(11,574,356)	50,014,105
Changes in financial assumptions	(12,268,321)	762,514
Balance at end of year	321,386,312	354,560,633

Changes in the fair value of plan assets for the years ended December 31 are as follows:

	2025	2024
Balance at beginning of year	5,211,295	4,947,691
Interest income	317,889	302,799
Loss on plan assets (excluding amounts included in net interest)	(18,282)	(39,195)
Balance at end of year	5,510,902	5,211,295

Plan assets as at December 31, 2025 and 2024 are composed of the following:

	2025	2024
Cash and cash equivalents	5,498,096	5,186,029
Others	14,979	27,795

Actual gain on plan asset in 2025 amounted to P299,607 (2024 - P263,104).

The plan assets do not comprise any of the Company's own financial instruments or any of its assets occupied and/or used in its operation.

Details of retirement benefits expense charged to profit or loss for the years ended December 31 are as follows:

	2025	2024
Recognized in profit or loss:		
Current service cost	34,534,361	37,637,243
Past Service Cost	(53,988,562)	-
Net interest expense	17,730,854	14,723,095
	(1,723,347)	52,360,338

The movements in remeasurement on retirement benefits for the years ended December 31 are as follows:

	2025	2024
Beginning, net of tax	138,222,689	176,334,549
Recognized in other comprehensive income (loss):		
Actuarial (losses) gains arising from:		
Experience adjustments	11,574,356	(50,014,105)
Changes in financial assumptions	12,268,321	(762,514)
Loss on plan assets (excluding amounts included in net interest)	(18,282)	(39,195)
	23,824,395	(50,815,814)
Tax impact	(5,956,099)	12,703,954
	17,868,296	(38,111,860)
Ending, net of tax	156,090,985	138,222,689

Current service cost is included as part of Salaries and employee benefits in the Other Operating Expenses account under Income and Expenses section in the statements of income. The net interest expense is included in Finance Costs account in the statements of total comprehensive income (Note 19.1).

The principal assumptions used for the years ended December 31 are as follows:

	2025	2024
Discount rate	6.43%	6.10%
Expected return on plan asset	5.60%	4.10%
Employee turn-over rate	11.00%	11.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 5 years. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bonds with terms to maturity approximating to the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

Risks associated with the defined benefit plan

The plan exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and interest risks

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan and if the return on plan assets fall below this rate, it will create a deficit in the plan. As of December 31, 2025, and 2024, the plan has short-term investments managed through UITF.

(ii) Longevity and salary risks

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(b) Other information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement defined benefit plan are described in the succeeding page.

(i) Sensitivity analysis

The table below summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit obligation as at December 31.

	Impact on retirement benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
2025			
Discount rate	+ / - 1%	(34,024,531)	39,744,936
Salary growth rate	+ / - 1%	40,980,026	(35,617,730)
2024			
Discount rate	+ / - 1%	(38,133,588)	44,744,840
Salary growth rate	+ / - 1%	46,008,293	(39,834,164)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous years.

(ii) Funding arrangements and expected contributions

The retirement plan trustee has no specific matching strategy between the plan assets and the plan liabilities.

The Company is not required to pre-fund the future defined benefits payable under the plan assets before they become due. For this reason, the amount and timing of contributions to the plan assets are at the Company's discretion. However, in the event of a benefit claim, the shortfall will be due and payable from the Company to the plan assets.

The maturity profile of undiscounted expected benefit payments from the plan follows:

	2025	2024
More than one year to five years	34,088,221	48,934,305
More than five years to ten years	303,346,895	279,569,250
	337,435,116	328,503,555

The weighted average duration of the defined benefit obligation at the end of the reporting period is 15.02 years.

21 Income taxes

21.1 Registration with the Board of Investments (BOI)

On October 20, 2025, the BOI approved the Company's application for registration as a Domestic Market Enterprise engaged in the manufacture of structural concrete products (Producer of Precast Half Slabs) under PSIC 23961, pursuant to Title XIII of the National Internal Revenue Code of 1997, as amended by Republic Act Nos. 11534 and 12066, as evidenced by Certificate of Registration No. 2025-235.

Under the terms of the BOI registration, the Company is entitled to the following incentives, subject to compliance with the representations, commitments, and conditions set forth in the registration agreement and applicable laws and regulations:

- (a) Income Tax Holiday (ITH) for a period of five (5) years from October 2025 up to October 2030.
- (b) Enhanced Deductions Regime (EDR) for a period of ten (10) years; and
- (c) Duty exemption on the importation of capital equipment until the expiration of the income tax-based incentives period.

Registration with Clark Freeport Zone

MGCJVI was registered as Clark Freeport Zone (CFZ) enterprise on April 12, 2018 with registration number C2018-169. On April 26, 2007, R.A. 9400 or "An Act Amending R.A. 7227 as Amended, otherwise known as the Bases Conversion and Development Act of 1992 and for Other Purposes" was approved.

One of the major amendments to R.A. 7227, now embodied in R.A. 9400, is the official declaration of Clark, which used to be a Special Economic Zone, as a Freeport Zone that would cover 4,400 hectares of the former Clark Air Base. Under R.A. 9400, the CFZ shall be operated and managed as a separate customs territory ensuring free flow or movement of goods and capital equipment within, into and exported out of Clark, as well as provide incentives such as tax and duty-free importation of raw materials and capital equipment. However, exportation or removal of goods from the territory of Clark to other parts of the country will also be subjected to customs duties and taxes under the Tariff and Customs Code of the Philippines, as amended by the National Internal Revenue Code. As a CFZ-registered enterprise, in lieu of paying the regular corporate income tax rate of 30%, the MGCJVI shall pay 5% tax on gross income earned, divided as follows: 3% to the national government and 2% to the municipality or city where the zone is located. In addition, it is exempt from other internal revenue tax dues for its registered activities within the Freeport Zone, such as business tax, VAT, and excise tax.

21.2 Current and deferred taxes

The components of tax expense (income) as reported in the statements of total comprehensive income are as follows:

	2025	2024
Reported in profit or loss:		
Current tax expense:		
Regular corporate income tax (RCIT) at 25%	125,829,263	152,824,003
Final taxes at 20% and 7.5%	9,886,622	14,761,171
Gross income tax of MGCJVI at 5%	-	345,780
	135,715,885	167,930,954
Deferred tax income relating to origination and reversal of temporary differences	24,900,862	13,993,572
	160,616,747	181,924,526
	2025	2024
Reported in other comprehensive income:		
Deferred tax (benefit) expense relating to origination and reversal of temporary differences	5,956,099	(12,703,954)

Presented below are the details of the Company's remaining net operating loss carry-over (NOLCO), which can be claimed as deductions from taxable income within three to five years from the year the tax loss was incurred.

Year incurred	Valid until	2025	2024
2023	2026	53,690,808	53,690,808
2022	2025	-	1,310,865,952
		53,690,808	1,364,556,760

In compliance with the Tax Reform Act of 1997, the Company shall pay the MCIT or the normal income tax, whichever is greater. Any excess of the MCIT over the normal income tax shall be carried forward annually and credited against normal income tax for the next three (3) succeeding taxable years.

Year incurred	Amount	Applied	Expired	Remaining balance	Valid until
MCIT:					
2023	36,066,884	-	-	36,066,884	2026
2022	19,608,339	19,608,339	-	-	2025
	55,675,223	19,608,339	-	36,066,884	

The net deferred tax assets recognized in the statements of financial position as at December 31 are as follows:

	2025	2024
Deferred income tax assets		
To be recovered within 12 months		
NOLCO	349,968,867	349,968,867
Impairment losses on other assets	293,858,333	293,858,333
Impairment losses on trade receivables	65,527,910	65,527,910
MCIT	36,066,884	55,675,223
Lease liabilities	-	54,561,039
Unbilled non-taxable income*	25,207,474	25,207,474
Effect of significant financing component	2,784,781	12,861,917
To be recovered after 12 months		
Retirement benefit obligation	82,700,445	89,087,380
Deferred income tax liabilities (to be recovered within 12 months)		
Deferred fulfillment costs	(132,975,837)	(121,186,458)
Right-of-use assets	(54,269,467)	(107,981,041)
Unrealized foreign currency gains (losses) - net	(3,538,667)	(1,784,621)
Fair value gains on financial assets at FVTPL	(165,792)	(165,792)
	665,164,931	715,630,231

*This pertains to the deficiency (excess) of revenue recognized under percentage of completion over collection of non-taxable revenues under ITH.

The movements in deferred income tax assets are as follows:

	2025	2024
January 1	715,630,231	716,919,849
Credited (Charged) to profit or loss	(44,509,201)	(13,993,572)
Credited to other comprehensive income	(5,956,099)	12,703,954
December 31	665,164,931	715,630,231

The Company is subject to MCIT, which is computed at 2% of gross income in 2025 and 2024, and 1.5% in 2023 as defined under the tax regulations, or RCIT, whichever is higher. RCIT was reported in 2024, while MCIT was reported in 2023.

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the statements of income is as follows:

	2025	2024
Tax on pretax profit at 25%	339,505,932	372,800,218
Adjustment for income subjected to lower tax rates	(168,134,026)	(194,267,184)
Tax effects of:		
Non-deductible interest expense	2,390,015	3,391,491
Others	(13,145,174)	-
	160,616,747	181,924,525

21.3 Related party transactions

In the normal course of business, the Company transacts with entities which are considered related parties under Philippine Accounting Standards (PAS) 24, "Related Party Transactions". The table below summarizes the Company's transactions and balances with its related parties as at and for the year ended December 31, 2025:

Related party category	Notes	Amount of transaction	Outstanding receivable (payable)	Terms	Conditions
Parent Company:					
Cash advance granted	3, 21.7	(3,089,295,108)	-	Interest bearing	Unsecured; Unimpaired
Interest income	19.2, 21.7	127,875,000	1,186,918,170	On demand; Noninterest bearing	Unsecured; Unimpaired
Rental income	21.5	53,570	362,990	On demand; Noninterest bearing	Unsecured; Unimpaired
Shareholder:					
Revenue from services	3, 16, 22.4	140,487,215	624,866,903	Normal credit terms; On demand; Noninterest bearing	Unsecured; Unimpaired
Joint venture arrangement:					
Cash advance granted (collected)	3, 21.7	-	-	On demand; Noninterest bearing	Unsecured; Unimpaired
Revenue from services	3, 16, 22.4	579,503,484	37,798,053	Normal credit terms	Unsecured; Unimpaired
Subsidiaries:					
Cash advance granted	3, 21.7	83,563,316	2,838,356,767	On demand; Noninterest bearing	Unsecured; Unimpaired
Cash obtained	3, 21.7	132,721,315	(132,721,315)	On demand; Noninterest bearing	Unsecured; Unimpaired
Revenue from services	3, 16, 22.4	2,926,035,891	1,784,392,188	Normal credit terms	Unsecured; Unimpaired
Interest income	19.2, 21.7	38,555,145	227,503,412	On demand; Noninterest bearing	Unsecured; Unimpaired
Rental income	21.5	3,756,467	3,756,467	On demand; Noninterest bearing	Unsecured; Unimpaired
Dividend income	3, 19.3, 21.7	-	931,429,868	On demand; Noninterest bearing	Unsecured; Unimpaired
Associates:					
Revenue from services	3, 16, 22.4	22,079,826	732,409,631	Normal credit terms	Unsecured; Unimpaired
Rent income	21.5	53,570	495,713	Normal credit terms	Unsecured; Unimpaired
Cash advance granted (collected)	3, 21.7	18,565,934	23,329,165	On demand; Noninterest bearing	Unsecured; Unimpaired
Cash advance obtained	12	-	(10,000,000)	On demand; Noninterest bearing	Unsecured; Unimpaired
Related parties under common ownership:					
Rent income	21.5	12,012,014	56,298,619	Normal credit terms	Unsecured; Unimpaired
Revenue from services	3, 16, 22.4	1,790,387,376	786,517,669	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	3, 21.7	(3,148,374,236)	-	On demand; Noninterest bearing	Unsecured; Unimpaired
Interest income	19.2, 21.7	167,334,015	98,013,208	On demand; Noninterest bearing	Unsecured; Unimpaired
Retirement fund		299,607	5,510,902	Upon retirement of beneficiaries Upon liquidation, Noninterest bearing	Unimpaired
Advance to officers and employees	3, 21.6	56,751,889	127,417,849	Noninterest bearing	Unsecured; Unimpaired
Key management personnel compensation	21.9	239,697,530	-	On demand	Unsecured; Unimpaired

The summary of the Company's outstanding balances and transactions with its related parties as of December 31, 2024 is as follows:

Related party category	Notes	Amount of transaction	Outstanding receivable (payable)	Terms	Conditions
Parent Company:					
Cash advance granted	3, 21.7	-	3,089,295,108	Interest bearing	Unsecured; Unimpaired
Interest income	19.2, 21.6	255,750,000	1,469,748,661	On demand; Noninterest bearing	Unsecured; Unimpaired
Rental income	21.5	53,571	309,420	On demand; Noninterest bearing	Unsecured; Unimpaired
Shareholder:					
Revenue from services	3, 16, 22.4	-	671,432,835	Normal credit terms; On demand; Noninterest bearing	Unsecured; Unimpaired
Joint venture arrangement:					
Cash advance granted (collected)	3, 21.7	(901,012)	-	On demand; Noninterest bearing	Unsecured; Unimpaired
Revenue from services		813,087,293	11,896,475	Normal credit terms	Unsecured; Unimpaired
Subsidiaries:					
Cash advance granted	3, 21.7	892,935,022	2,754,793,451	On demand; Noninterest bearing	Unsecured; Unimpaired
Revenue from services	19.2, 21.7	1,187,345,881	1,089,825,644	Normal credit terms	Unsecured; Unimpaired
Interest income	21.5	113,773,086	188,022,506	On demand; Noninterest bearing	Unsecured; Unimpaired
Dividend income	3, 19.3, 21.6	-	931,429,868	On demand; Noninterest bearing	Unsecured; Unimpaired
Associates:					
Revenue from services	3, 16, 22.4	193,084,720	998,316,553	Normal credit terms	Unsecured; Unimpaired
Rent income	21.5	53,571	442,143	Normal	Unsecured; Unimpaired
Cash advance granted (collected)	3, 21.7	(4,629,189)	4,763,231	On demand; Noninterest bearing	Unsecured; Unimpaired
Cash advance payable	12	-	(10,000,000)	On demand; Noninterest bearing	Unsecured; Unimpaired
Related parties under common ownership:					
Rent income	21.5	9,196,532	44,286,606	Normal credit terms	Unsecured; Unimpaired
Revenue from services	3, 16, 22.4	1,179,912,369	503,001,627	Normal credit terms	Unsecured; Unimpaired
Cash advance granted	3, 21.7	2,596,684	3,148,374,236	On demand; Noninterest bearing	Unsecured; Unimpaired
Cash advance payable	19.2, 21.7	303,218,255	1,513,949,283	On demand; Noninterest bearing	Unsecured; Unimpaired
Interest income		263,604	5,211,295	On demand; Noninterest bearing	Unsecured; Unimpaired
Retirement fund	3, 21.6			Upon retirement of beneficiaries	Partially funded; Unimpaired
Advance to officers and employees		(14,814,182)	70,665,960	Upon liquidation, Noninterest bearing	Unsecured; Unimpaired
Key management personnel compensation	21.10	242,394,279	-	On demand	Unsecured; Unimpaired

21.4 Rendering of services

In the normal course of business, the Company provides construction services to subsidiaries, associates, a certain previous shareholder and other related parties. The related revenue from these transactions amounted to P5,458.5 million and P3,373.4 million in 2025 and 2024, respectively, and is recognized as part of Contract Revenues account in the statements of total comprehensive income (Note 16). Services rendered to the above related parties are based on normal terms similar to terms that would be available to non-related parties.

The outstanding contract receivables from these transactions, which are generally unsecured and settled through cash within 45 to 60 days, and the related retention receivables, which can only be collected after a certain period of time upon acceptance by project owners of the certificate of completion, amounted to P3,966 million and P3,274.5 million in 2025 and 2024, respectively, and are presented as part of Contract and Retention receivables under Trade and Other Receivables account in the statements of financial position (Note 3).

There were no impairment losses recognized in 2025 and 2024 for these related party receivables.

21.5 Rental of land and buildings

The Company also leases out its office space to its associates and related parties under common ownership. As a result, the Company recognized rent income amounting to P26.7 million in 2025 and P16.0 million in 2024 from the lease of its office building to several related parties. This is recognized as part of Others - net under the Income and Expenses section in the statements of total comprehensive income (Note 19.3). The outstanding balances arising from the transactions are presented as part of other receivables under the Trade and Other Receivables account in the statements of financial position (Note 3).

21.6 Advances to officers and employees

Advances to officers and employees represent unsecured, noninterest-bearing cash advances for business-related expenditures that are to be liquidated 60 days from the date the cash advances were received. The outstanding receivables from these transactions are presented as part of Trade and Other Receivables account amounting to P127.4 million (2024 - P70.7 million) (Note 3).

No impairment losses were recognized in 2025 and 2024 for these advances.

21.7 Advances to/from related parties

The Company obtained unsecured, noninterest-bearing cash advances from its related parties to finance portion of its working capital requirement which are payable upon demand. The outstanding balance from these transactions is shown under trade and other payables account in the statements of financial position (Note 12). On the other hand, the Company gave unsecured, interest-bearing cash advances to its affiliates and certain related parties under common ownership for their working capital requirements. The outstanding balance from this transaction is recognized as part of other receivables under trade and other receivables account in the statements of financial position (Note 3). The interest income for the year ended December 31, 2025 amounting to P443.9 million (2024 - P672.7 million), is presented under finance income (Note 19.2). The outstanding balance is presented as part of Interest receivable under trade and other receivables account in the statements of financial position (Note 3). In 2025 and 2024, the Company also provided bridge financing to its associates for the Company's business expansion and diversification program.

The breakdown of these accounts is as follows:

	Notes	2025	2024
Due to related parties	12		
Associate		(10,000,000)	10,000,000
Subsidiaries		(132,721,315)	-
		(142,721,315)	10,000,000
Advance to related parties	3		
Related party under common ownership		-	3,148,374,237
Ultimate parent company		-	3,089,295,108
Subsidiaries		3,461,685,601	2,754,793,451
Associates		23,329,165	4,763,231
		3,485,014,766	8,997,226,027

Further, no impairment losses were recognized in 2025 and 2024 for these advances.

The Company's outstanding receivables from and payables to the same related parties as presented can be potentially offset to the extent of their corresponding outstanding balances.

21.8 Management fee

Management fees pertain to the Company's billings to related parties for procurement, design, engineering and other technical services provided for their respective projects, as well as corporate administrative and governance services. These are disclosed as part of revenue from services.

21.9 Others

The Company's retirement plan is in the form of a bank-trustee managed account. The fair value of the retirement plan totalled P5.5 million and P5.2 million as of December 31, 2025 and 2024, respectively. The details of the retirement plan are presented in Note 20.

21.10 Key management personnel compensation

The compensation of key management personnel is broken down as follows:

	2025	2024
Short-term employee benefits	238,045,150	237,918,839
Post-employment benefits	1,652,380	4,475,440
	239,697,530	242,394,279

22 Equity

22.1 Capital stock

Capital stock consists of:

	Shares		Amount	
	2025	2024	2025	2024
Common shares - P1 par value				
Authorized	4,930,000,000	4,930,000,000	4,930,000,000	4,930,000,000
Subscribed and paid-in:	2,399,426,127	2,399,426,127		
Less: Treasury shares				
Balance at end of year	386,016,410	386,016,410	4,615,690,576	4,615,690,576
Issued and outstanding	2,013,409,717	2,013,409,717		
Preferred shares - P1 par value				
Authorized				
Balance at beginning of year	250,000,000	186,000,000	250,000,000	186,000,000
Increase during the year	40,000,000	64,000,000	40,000,000	64,000,000
Balance at end of year	290,000,000	250,000,000	290,000,000	250,000,000
Subscribed and paid-in:				
Balance at beginning of year:				
Series 1	40,000,000	40,000,000	40,000,000	40,000,000
Series 2A	26,220,130	26,220,130	26,220,130	26,220,130
Series 2B	17,405,880	17,405,880	17,405,880	17,405,880
Series 3	45,000,000	29,000,000	45,000,000	29,000,000
Series 4	40,000,000	40,000,000	40,000,000	40,000,000
Series 5	15,000,000	15,000,000	15,000,000	15,000,000
Issuance during the year:				
Series 3	10,000,000	16,000,000	10,000,000	16,000,000
Series 6A	17,791,740	-	17,791,740	-
Series 6B	11,913,600	-	11,913,600	-
Series 6C	23,033,680	-	23,033,680	-
Series 7A	11,624,670	-	11,624,670	-
Series 7B	18,375,330	-	18,375,330	-
	276,365,030	183,626,010	276,365,030	183,626,010
Less: Subscription receivable:				
Balance at beginning of year	33,750,000	21,750,000	33,750,000	21,750,000
Subscription - Series 3	7,500,000	12,000,000	7,500,000	12,000,000
Balance at end of year	41,250,000	33,750,000	41,250,000	33,750,000
Balance at end of year	235,115,030	149,876,010	235,115,030	149,876,010
Less: Treasury shares				
Balance at beginning of year	66,220,130	66,220,130	6,622,013,000	6,622,013,000
Redemption of Series 2B preferred shares	17,405,880	-	1,740,588,000	-
Redemption of Series 4 preferred shares	40,000,000	-	4,000,000,000	-
Balance at end of year	123,626,010	66,220,130	12,362,601,000	6,622,013,000
Issued and outstanding	111,489,020	83,655,880		

On September 22, 2014, the SEC approved the Company's amendment of Articles of Incorporation, which includes: (i) the Company's power to extend corporate guarantees to its subsidiaries and affiliates; and, (ii) the increase in its authorized capital stock of P5,000.0 million divided into 4,930.0 million common shares and 70.0 million cumulative, non-voting, non-participating, non-convertible to common shares and redeemable, at the option of the Company, perpetual preferred shares. Both common and preferred shares have a par value of P1.0 per share.

On August 16, 2017, Megacore Holdings, Inc. (Megacore) acquired 313,786,575 shares representing 14.7% ownership over the Company from Citicore. This resulted in a decrease in Citicore's ownership from 66.7% to 51.0%.

On December 20, 2017, the state-owned Social Security System acquired a total of 110,532,500 shares or equivalent to 5.2% interest of the Company through purchase of 3.45% stake held by Megacore and the remaining interest from the public.

On December 22, 2017, Megacore further acquired additional shares from Citicore which resulted in an increase in Megacore's equity interest to the Company equivalent to 28.9% or 617,709,197 shares as of December 31, 2017.

On September 22, 2020, the SEC approved the increase of the authorized capital stock of the Company increasing the total authorized capital stock of the Company to P5,054,000,000, divided into the following classes:

- a. 4,930,000,000 voting common shares with the P1.0 par value; and
- b. 124,000,000 cumulative, non-voting, non-participating, non-convertible, perpetual preferred shares with the P1.0 par value.

The Preferred Shares shall be issued in series, sub-series or in tranches as the BOD may determine, and authority is hereby expressly granted to the BOD, to establish and designate the series, sub-series or tranches of the Preferred Shares, fix the issue price and the number of shares in each sub-series or tranche, establish the specific terms and conditions of each sub-series or tranche and determine the manner by which the Preferred Shares will be subscribed and paid for, such as but not limited to, a private placement transaction or public offering.

Preferred shares of stock shall be cumulative, non-voting, non-participating, non-convertible, perpetual, provided, that no share will be issued below and succeeding par value.

The preferred shares shall have the following features, rights, and privileges:

- a. The issue value of shares shall be determined by the BOD at the time of the issuance of the shares;
- b. The BOD shall declare a dividend rate equivalent to the 7-year benchmark rate or any other rate determined by the BOD as of issue date, payable on a date to be set by the BOD in accordance with Philippine laws, rules and regulations;
- c. Preferred shares shall be non-convertible into common shares;
- d. Preference over holders of common stock in the distribution of the corporate assets in the event of dissolution and liquidation of the corporation and in the payment of the dividend at the rate specified at the time of issuance;
- e. Preferred shares shall be cumulative;
- f. Preferred shares shall be non-participating in any other or further dividends beyond that specifically payable on the shares;
- g. Holders of preferred shares shall have no pre-emptive rights to any issue of shares, common or preferred; and,
- h. The preferred shares may be redeemed by the corporation at the sole option of the BOD at the price to be determined by the BOD.

On September 30, 2020, the Company entered into a Subscription Agreement with Citicore whereby Citicore subscribed to 13.5 million preferred shares of the Company at P1.0 each and paid 25% of such subscription in cash amounting to P3.4 million.

On November 5, 2020, the SEC approved the Company's offer and sale of Series 2 preferred shares which are to be issued in two subseries: Series 2A and Series 2B preferred shares, at a subscription price of P100.0. As of December 31, 2020, preferred shares of 26,220,130 and 17,405,880 for Series 2A and 2B, respectively, were subscribed and listed in the PSE. As a result, the Company recognized additional paid-in capital amounting to P4,281.4 million, arising from the excess of subscription price over par value of the issuance of Series 2A and 2B preferred shares. The Company also recognized issuance-related costs amounting to P37.1 million which was charged against the additional paid in capital recorded from the issuance of Series 2A and 2B preferred shares.

On February 26, 2021, the Company's BOD approved the resolution increasing the Company's authorized capital stock of preferred shares by 26.0 million shares, to a total of 150.0 million cumulative, non-voting, non-participating, non-convertible, perpetual preferred shares at a par value of P1.0 per share, thereby increasing the Company's total authorized capital stock to P5,080.0 million. On the same date, the BOD approved the offer and sale of up to 40.0 million preferred shares from the unissued authorized capital stock of the Company and the issuance of 6.5 million shares to Citicore. On September 9, 2021, the SEC approved the increase in capital stock of preferred shares.

On July 23, 2021, the Company filed with the SEC a Registration Statement and Preliminary Prospectus relating to its offer and sale of up to 40.0 million Series 4 preferred shares with a par value of P1.0 per share, composed of a base offer of 30.0 million shares and an oversubscription option of up to 10.0 million shares, at an offer price of P100.0 per share. On September 30, 2021, the SEC approved the Company's offer and sale of Series 4 preferred shares. As a result, the Company recognized additional paid-in capital amounting to P3,930.1 million, arising from the excess of subscription price over par value related to the issuance of Series 4 preferred shares. Transaction costs from the issuance amounting to P29.9 million were charged against the additional paid-in capital relating to this issuance. The proceeds from such issuance were used for the redemption of the outstanding Series 1 preferred shares as discussed in the succeeding paragraphs.

On September 10, 2021, Citicore subscribed to an additional 6.5 million preferred shares at a price of P1.0 per share and paid P1.6 million in cash representing the 25% of such subscription. As of December 31, 2021, Citicore has subscribed to a total of 20.0 million preferred shares at a par value of P1.0 per share and has paid 25% of such subscription.

On October 19, 2021, the BOD approved the redemption of the Company's Series 1 Preferred Shares on December 3, 2021, at a redemption price of P100.0 per share, increasing the treasury shares by P4,000.0 million. The cost of the redemption was considered temporarily as part of treasury shares until such time that the SEC will approve the decrease in authorized capital stock of the Company to reflect such redemption wherein the redemption price will be charged against the paid-up capital arising from the original issuance. The details of the redemption are as follows:

Ex-date	November 4, 2021
Record date	November 9, 2021
Redemption date	December 3, 2021

On November 4, 2022 and December 20, 2022, the Company's BOD and stockholders, respectively, approved the following increase in its authorized capital stock:

	Common shares		Preferred shares	
	Number of shares	Amount	Number of shares	Amount
From:				
Authorized P1 par value	4,930,000,000	4,930,000,000	150,000,000	150,000,000
To:				
Authorized P1 par value	4,930,000,000	4,930,000,000	186,000,000	186,000,000

Common shares - voting

Preferred shares - cumulative, non-voting, non-participating, non-convertible, perpetual

On December 23, 2022, the Company received deposits from Citicore amounting to P2.3 million equivalent to 25% of the subscription price of 9.0 million shares of stock of the Company at par value of P1.0 per share. The deposit is presented as Deposit on Future Stock Subscription under Equity section in the 2022 statement of financial position. There was no similar transaction in 2024 and 2025.

On January 6, 2023, the Company filed with the SEC a registration statement and preliminary prospectus relating to its offer and sale of 15.0 million cumulative, non-voting, non-participating, non-convertible, redeemable (non-reissuable) perpetual preferred shares with a par value of P1.0 per share (the offer shares). The offer shares are for a total of 15.0 million Series 5 preferred shares, which shall be issued at a subscription price of P100.0 per share.

On February 15, 2023, the Company's application for the increase in authorized capital stock was approved by the SEC. In 2023, the deposit pertaining to preferred shares (Series 3) was converted to capital stock.

On October 25, 2024, the Board of Directors approved the increase of the Company's authorized capital stock of preferred shares by 64 million shares, to a total 250 million cumulative, non-voting, non-participating, non-convertible, perpetual preferred shares; thereby increasing the Company's total authorized capital stock to P5,180 million, and amending Article Seven of its articles of incorporation while the authorized capital stock of preferred shares increased to 250 million shares.

On December 27, 2024, the SEC issued the certificate of approval of the increase of capital stock and certificate of filing of amended articles of incorporation, both of which were received by the Company on January 7, 2025. Following the approval by the SEC of the increase of capital stock, CHII, the Parent Company, formally subscribed to at 25% of the increase in the Company's authorized capital stock, equivalent to P16 million, through the execution of a subscription agreement dated January 7, 2025. Payment of 25% of such subscription, amounting to P4 million, was received by the Company on December 12, 2024.

On April 14, 2025, the Company listed a total of P5,300 million Series 6 preferred shares in the PSE, comprising a base offer of 30 million shares, plus an oversubscription option for another 30 million, at P100 per share. The proceeds were utilized for the redemption of the outstanding Series 4 perpetual preferred shares, partial financing for projects in the pipeline and general corporate purposes. This resulted in additional preferred capital stock of P52.74 million and additional paid in capital of P5,174 million.

On August 18, 2025, the SEC approved a subsequent increase in the Company's authorized capital stock. Following such approval, CHII subscribed to 25% of the approved increase, amounting to P10 million, pursuant to a subscription agreement executed on August 19, 2025.

On November 19, 2025, the Company listed a total of P3,000 million Series 7 preferred shares in the PSE, comprising of 20 million shares plus an Oversubscription Option of up to 10 million, at P100 per share. The proceeds will be used to refinance the Company's maturing Series 2B Preferred Shares, while the oversubscribed part will serve as additional funds for corporate use and growth aspirations, particularly in the government's Pambansang Pabahay Para sa Pilipino (4PH) program. This resulted in additional preferred capital stock of P30 million and additional paid in capital of P2,935 million.

As at December 31, 2025 and 2024, the Company has 33 and 32 of its common equity securities owning at least one board lot of 100 shares listed in the PSE, respectively, and its share price closed as of such dates at P2.99 per share and P3.08 per share, respectively. The Company has 2,399.4 million common shares traded in the PSE as at December 31, 2025 and 2024.

As at December 31, 2025 and 2024, the Company has the following preferred shares traded in the PSE:

	2025		2024	
	No. of shares	Closing price	No. of shares	Closing price
Series 2B*	-	-	17,405,880	95.0
Series 4**	-	-	40,000,000	98.0
Series 5	15,000,000	103.0	15,000,000	100.8
Series 6A	17,791,740	98.5	-	-
Series 6B	11,913,600	102.8	-	-
Series 6C	23,033,680	103.8	-	-
Series 7A	11,624,670	100.4	-	-
Series 7B	18,375,330	105.0	-	-

* On November 27, 2025, 17,405,880 Preferred shares Series 2B were fully reacquired using the proceeds from the issuance of Preferred Shares Series 6. The shares were redeemed at a redemption price of P100 per share.

**On April 29, 2025, 40,000,000 Preferred Shares Series 4 were fully reacquired using the proceeds from the proceeds from the issuance of Preferred Shares Series 7. Last closing price amounting to P100 for the series redeemed is as at April 7, 2025.

22.2 Dividends

22.2.1 Common shares dividends

No dividends were paid to common stockholders in 2024 and 2025.

22.2.2 Preferred shares dividends

Dividend Declaration	Quarterly dividend rate	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Total
2025						
Preferred shares:						
Series 2B	1.4375	25,020,953	25,020,953	25,020,953	25,020,953	100,083,812
Series 4	1.325	53,000,000	53,000,000	-	-	106,000,000
Series 5	1.97605	29,640,750	29,640,750	29,640,750	29,640,750	118,563,000
Series 6A	1.907075	-	33,930,183	33,930,183	33,930,183	101,790,549
Series 6B	1.99015	-	23,709,851	23,709,851	23,709,851	71,129,553
Series 6C	2.074825	-	47,790,854	47,790,854	47,790,854	143,372,562
Total		107,661,703	213,092,591	160,092,591	160,092,591	640,939,476
2024						
Preferred shares:						
Series 2B	1.4375	25,020,953	25,020,953	25,020,953	25,020,953	100,083,812
Series 4	1.325	53,000,000	53,000,000	53,000,000	53,000,000	212,000,000
Series 5	1.97605	29,640,750	29,640,750	29,640,750	29,640,750	118,563,000
Total		107,661,703	107,661,703	107,661,703	107,661,703	430,646,812

(a) Series 2B Preferred Shares

The series of record dates and payments are as follows:

	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
2025				
Series 2B Preferred shares:				
Approval dates	January 22, 2025	April 22, 2025	July 22, 2025	October 23, 2025
Record dates	February 11, 2025	May 13, 2025	August 8, 2025	November 12, 2025
Payment dates	February 27, 2025	May 27, 2025	August 27, 2025	November 27, 2025
2024				
Series 2B Preferred shares:				
Approval dates	January 16, 2024	April 23, 2024	July 22, 2024	October 25, 2024
Record dates	February 7, 2024	May 10, 2024	August 8, 2024	November 12, 2024
Payment dates	February 27, 2024	May 27, 2024	August 27, 2024	November 27, 2024

(b) Series 4 Preferred Shares

The series of record dates and payments are as follows:

	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
2025				
Series 4 Preferred shares:				
Approval dates	January 3, 2025	March 24, 2025	-	-
Record dates	January 22, 2025	April 10, 2025	-	-
Payment dates	January 30, 2025	April 29, 2025	-	-
2024				
Series 4 Preferred shares:				
Approval dates	January 5, 2024	March 22, 2024	June 26, 2024	September 27, 2024
Record dates	January 22, 2024	April 12, 2024	July 12, 2024	October 14, 2024
Payment dates	January 29, 2024	April 29, 2024	July 29, 2024	October 29, 2024

(c) *Series 5 Preferred Shares*

The series of record dates and payments are as follows:

	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
2025				
Series 5 Preferred shares:				
Approval dates	March 12, 2025	June 13, 2025	September 15, 2025	December 9, 2025
Record dates	April 2, 2025	July 2, 2025	October 2, 2025	January 2, 2026
Payment dates	April 21, 2025	July 17, 2025	October 17, 2025	January 19, 2026
2024				
Series 5 Preferred shares:				
Approval dates	March 13, 2024	June 14, 2024	September 16, 2024	December 10, 2024
Record dates	April 2, 2024	July 2, 2024	October 2, 2024	December 27, 2024
Payment dates	April 17, 2024	July 17, 2024	October 17, 2024	January 17, 2025

(d) *Series 6A, Series 6B and Series 6C Preferred Shares*

The series of record dates and payments are as follows:

	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
2025				
Series 6A Preferred shares				
Approval dates	-	June 10, 2025	September 11, 2025	December 3, 2025
Record dates	-	June 27, 2025	September 29, 2025	December 23, 2025
Payment dates	-	July 14, 2025	October 14, 2025	January 14, 2026
Series 6B Preferred shares				
Approval dates	-	June 10, 2025	September 11, 2025	December 3, 2025
Record dates	-	June 27, 2025	September 29, 2025	December 23, 2025
Payment dates	-	July 14, 2025	October 14, 2025	January 14, 2026
Series 6C Preferred shares				
Approval dates	-	June 10, 2025	September 11, 2025	December 3, 2025
Record dates	-	June 27, 2025	September 29, 2025	December 23, 2025
Payment dates	-	July 14, 2025	October 14, 2025	January 14, 2026

The Company's retained earnings are restricted up to the extent of the cost of its treasury shares, except those treasury shares acquired in the redemption of redeemable preferred shares amounting to P12,363.0 million as of December 31, 2025 and (2024 - P6,622.0 million).

Under Section 4(1) of the SEC's 1982 Rules Governing Redeemable and Treasury Shares, the amount of unrestricted retained earnings equivalent to the cost of the treasury shares being held, other than those acquired in accordance with the exceptions provided in Section 3(1) of these rules, shall be restricted from being declared and issued as dividends. Section 3(1) provides that redeemed redeemable shares, although part of treasury shares, is not subtracted from the unrestricted retained earnings to determine the Retained Earnings Available for Dividend Declaration provided that the corporation must still have sufficient assets to cover debts and liabilities inclusive of capital stock, after redemption of the redeemable preferred shares.

22.3 Treasury shares

On July 20, 2016, the Company's BOD approved the buy-back of 410.8 million common shares held by Sybase Equity Investment Corporation at a price equal to the seven-trading day volume weighted average price ending on July 28, 2016 or equivalent to P10.03 per share. Total purchase price of the treasury shares including incidental cost of the buy-back amounted to P4,138.8 million.

On October 20, 2016, the Company's BOD approved the sale of its 150.0 million treasury shares at P14.90 per share. Net proceeds of the sale of treasury shares amounted to P2,181.7 million, net of incidental cost of the transaction. Outstanding balance of the treasury shares after the sale is 260.8 million treasury shares at cost of P2,627.7 million.

On October 1, 2018, the Company's BOD approved a share buyback program worth up to P2,000.0 million over a period of two years. Total cost to acquire treasury shares in 2020 and 2019 amounted to P703.1 million and P457.8 million, respectively, which is equivalent to 50.2 million and 26.1 million shares, respectively.

On March 3, 2020, the Company's BOD approved an additional P3,000.0 million to its Program, making it a total of P5,000.0 million and removal of the period within which to execute the Program, making it open-ended. There are no buyback transactions in 2022 and 2021.

On October 19, 2021, the Company's BOD approved the redemption of the Company's Series 1 Preferred Shares on December 3, 2021, at a redemption price of P100.0 per share, increasing the treasury shares by P4,000.0 million.

On April 26, 2023, the Company's BOD approved the redemption of its Series 2A Preferred Shares with stock symbol MWP2A, on May 29, 2023 at a redemption price of P100.0 per share, increasing the treasury shares by P2,622.0 million.

On March 24, 2025, the Company's BOD approved the redemption of its Series 4 Preferred Shares with stock symbol MWP4, on April 29, 2025 at a redemption price of P100.0 per share, increasing the treasury shares by P4,000.0 million.

On 23 October 2025 the Company's BOD approved the redemption of its Series 2B Preferred Shares with stock symbol MWP2B, on November 27, 2025 at a redemption price of P100.0 per share, increasing the treasury shares by P1,741.0 million.

22.4 Revaluation reserves

The movements of this account pertaining to retirement benefit obligation are shown below.

	Notes	2025	2024
Balance at beginning of year		138,222,689	176,334,549
Remeasurements of post-employment defined benefit plan	20	23,824,395	(50,815,814)
Tax impact	21.2	(5,956,099)	12,703,954
Balance at end of year		156,090,985	138,222,689

23 Events after the end of the reporting period

23.1 Preferred shares dividends

The Company's BOD approved the declaration of dividends on the following dates which shall be taken out of the unrestricted earnings of the Company as of December 31, 2025.

	1 st quarter	2 nd quarter	Amount per share
Series 7A Preferred shares:			1.83
Approval dates	January 19, 2026	-	
Record dates	February 2, 2026	-	
Payment dates	February 19, 2026	-	
Series 7B Preferred shares:			1.93
Approval dates	January 19, 2026	-	
Record dates	February 2, 2026	-	
Payment dates	February 19, 2026	-	
Series 6A Preferred shares:			1.91
Approval dates	March 9, 2026	-	
Record dates	March 25, 2026	-	
Payment dates	April 14, 2026	-	
Series 6B Preferred shares:			1.99
Approval dates	March 9, 2026	-	
Record dates	March 25, 2026	-	
Payment dates	April 14, 2026	-	
Series 6C Preferred shares:			2.07
Approval dates	March 9, 2026	-	
Record dates	March 25, 2026	-	
Payment dates	April 14, 2026	-	
Series 5 Preferred shares:			1.98
Approval dates	March 12, 2026	-	
Record dates	March 30, 2026	-	
Payment dates	April 17, 2026	-	

23.2 Mandani bay project arbitration ruling

In January 2026, the Construction Industry Arbitration Commission (CIAC) rendered a decision ordering the Company to pay HT Land, Inc. (HTLI) in relation to the Mandani Bay Project, after considering the claims and counterclaims of both parties. The decision represented a significant reduction from the original claims asserted by HTLI.

The Company recognized a net loss from arbitration of P120.7 million, which was recognized in the statement of total comprehensive income.

23.3 Series A Fixed-Rate Bonds - Settlement

On February 17, 2026, the Company's Series A fixed-rate bonds amounting to P1,600.0 million matured and were fully settled. The settlement was funded through proceeds from corporate notes issued in January 2026 and internal cash resources.

In January 2026, the Company issued unsecured corporate notes amounting to P1,100.0 million.

Management assessed that these transactions do not constitute adjusting events under PAS 10 and, accordingly, no adjustments were made to the December 31, 2025 financial statements.

24 Commitments and contingencies

24.1 Credit lines and guarantees

24.1.1 Credit lines

Credit lines are revolving in nature, allowing repeated drawdowns within the approved limit. Loan availments during the year include re-availments of previously settled amounts, consistent with the terms of the facility agreements.

The Company has existing credit lines with local banks totaling P25,300 million and P23,800 million in 2025 and 2024, respectively.

The Company availed of bank loans totalling P17,404.1 million and P18,983.8 million from the credit lines in 2025 and 2024, respectively (Note 13.1). Unused credit lines as of December 31, 2025 and 2024 amounted to P7,738.0 and P5,796.0 million, respectively.

These facilities support the Company's operational and financial requirements and encompass range of financial instruments, including omnibus lines, revolving credit lines, import and domestic letter of credit, trust receipt lines, domestic and foreign standby letters of credit, domestic bills purchase lines, foreign exchange settlement lines, settlement risk lines, pre-settlement risk lines and counterparty lines.

24.1.2 Guarantee and others

MWMTI entered an OLSA with a local universal bank in 2015, with the Company as guarantor, for a loan facility amounting to P3,300.0 million to finance the construction of the ITS Project. In 2019, the Company requested the lender to increase the loan facility by P600.0 million making the total principal loan to P3,900.0 million. As of December 31, 2025, outstanding loan amount is P3,162.9 million (2024 - P3,377.4 million).

24.2 Legal claims

There are pending claims and legal actions filed by the Company or against the Company arising from the normal course of business. There are no related provisions recognized in the separate financial statements as management believes that the Company has strong legal positions related to such claims. Moreover, management believes that the ultimate liability, if any, with respect to such litigations, claims and disputes will not materially affect the financial position and results of operations of the Company.

24.3 Capital commitments on use of proceeds and joint operations

24.3.1 Use of proceeds

The Company has capital commitments to utilize the proceeds from the issuance of its preferred shares amounting to P12,516.8 million (2024 - P4,325.5 million) for various expansion of its facilities and construction of infrastructure projects as stated in the use of proceeds report. As of December 31, 2025, the balance of the unutilized proceeds amounted to P2,026.5 million and (2024 - P1,248.4 million).

24.4 Others

Apart from the foregoing significant commitments, and the Company's construction commitments with various counterparties under the ordinary course of business, there are other commitments and contingent liabilities that arise in the normal course of the Company's operations which are not reflected in the separate financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Company's separate financial statements, taken as a whole.

25 Risk management objectives and policies, and fair values

The Company is exposed to a variety of financial risks in relation to its financial instruments. The main types of risk are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated with the parent company, in close cooperation with the BOD, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The relevant financial risks to which the Company is exposed to are described below and in the succeeding pages.

25.1 Market risk

Market risk is the risk that fluctuations in market prices, such as interest rates, security price and foreign exchange rates, will affect the Company's total comprehensive income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. The management of these risks is discussed as follows:

(a) Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates, however, arise from the Company's cash which are denominated in United States dollars and Euro amounting to P22.3 million in December 31, 2025 (2024 - P60.7 million). To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored. The sensitivity of the Company's foreign currency financial instruments with respect to changes in Philippine peso against U.S dollar exchange rates is deemed immaterial for the reporting periods presented.

Net foreign exchange gain (losses) for the years ended December 31 consists of:

	Note	2025	2024
Realized foreign exchange gain, net		59,396,103	73,959,171
Unrealized foreign exchange gain (loss), net	21.2	7,845,904	(500,560)
		67,242,007	73,458,611

(b) Interest Rate Risk

Interest rate risk refers to the exposure to fluctuations in market interest rates that affect the future cash flows or fair values of financial instruments. The Company's financial instruments are exposed to interest rate risk primarily due to changes in market interest rates that may result in losses from such fluctuations. The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually made at fixed rates.

As at December 31, 2025 and 2024, the Company is exposed to changes in market rates through its cash in banks and short-term placements which are subject to monthly repricing intervals (Note 2) and certain short-term payable which is subject to variable interest rate (Note 12). All other financial assets and financial liabilities have fixed rates or are non-interest bearing.

The sensitivity of the profit before tax is analyzed based on a reasonably possible change in interest rates of +/-100.0 basis points for both 2025 and 2024, based on observation of current market conditions with effect from the beginning of the year. The changes in interest rates have been determined based on the average market volatility in interest rates for each period using standard deviation and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables held constant, if the interest rates increased by 100.0 basis points in 2025, and 2024, respectively, profit before tax would have decreased by P97.6 million, and P282.6 million in 2025, and 2024, respectively. Conversely, if the interest rates decreased by the same basis points, profit before tax in 2025, and 2024 would have been higher by the same amounts.

25.2 Credit risk

Credit risk is the risk that counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, such as the granting of loans and receivables to customers and related parties and placing deposits with local banks.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by Company, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of assets is the carrying amount of the financial assets and contract assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the separate financial statements, as summarized below.

	Notes	2025	2024
Cash and cash equivalents	2	4,162,240,014	4,227,397,553
Trade and other receivables - net (excluding advances to officers and employees)	3	24,004,226,970	25,300,444,398
Contract assets	5	2,320,144,827	2,780,785,715
Refundable security and bond deposits	7	94,768,580	100,413,333
Financial assets at FVOCI	6	3,544,472	3,544,472
		30,584,924,863	32,412,585,471

Contract assets are subsequently tested for impairment in the same manner as how the company assesses impairment of its financial assets.

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents and trade and other receivables as described below and in the succeeding pages.

(a) Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1.0 million for every depositor per banking institution.

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables, and contract assets.

To measure the ECL, trade receivables and other receivables, and contract assets have been based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from both third and related parties other than trade receivables and have substantially the same risk characteristics as the trade receivables. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2025 and 2024, respectively, and the corresponding historical credit losses experienced within such period. 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 Company has identified the inflation rate in the Philippines to be the most relevant factor and accordingly adjusts the historical loss rates based on expected changes in this factor.

The Company identifies a default when the receivables become credit impaired or when the customer has not been able to settle the receivables when due, depending on the terms with customers or after completion and acceptance of the stage of completion as represented by the billings. In making the assessment, the Company considers the net position of the customer after advances and deposits received from the customer, reason for non-payment (i.e. dispute related to quality of work completed has been raised by the customer) and the credit standing of the customer. In addition, the Company considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty. When customer is unlikely to pay a past due account in the next year due to financial difficulty, and there is no agreement on how to customer settles the receivables, an ECL is recognized in the books. ECL computation is applied on a per project basis depending on the status of the project, behaviour and experience with the customer.

On that basis, the loss allowance as at December 31 was determined based on months past due, as follows for both trade and other receivables:

	Not more than 3 months	More than 3 mos. but not more than 6 mos.	More than 6 mos. but not more than 1 year	More than 1 year	Total
2025					
Expected credit loss rate				45.26%	
Trade receivables	10,738,690,232	511,027,516	293,246,526	501,253,909	12,044,218,183
Other receivables	2,438,791,982	-	-	-	2,438,791,982
		511,027,516	293,246,526	501,253,909	14,483,010,165
Loss allowance				226,842,662	226,842,662
2024					
Expected credit loss rate				42.92%	
Trade receivables	6,125,149,700	58,479,960	34,112,462	528,551,288	6,746,293,410
Other receivables	2,426,501,884	-	-	-	2,426,501,884
	8,551,651,584	58,479,960	34,112,462	528,551,288	9,172,795,294
Loss allowance				226,842,662	226,842,662

ECL for advances to and receivable from related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the counterparties' ability to repay the receivables upon demand at the reporting date taking into consideration the historical defaults from the counterparties. The Company does not consider any significant risks in the advances to and receivable from related parties since the related parties have enough capacity to pay the advances and receivables upon demand.

(b) Refundable Security and Bond Deposits

The Company is not exposed to any significant credit risk exposures to its lessors as lease agreements were executed with reputable entities. The Company can negotiate, before the end of the lease term, to apply deposit to rentals due.

25.3 Liquidity risk

The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for six-month and one-year periods are identified monthly. The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits or short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, the Company's financial liabilities have contractual maturities which are presented in the below. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Current Less than 1 year	Non-current 1 to 5 years
2025		
Interest-bearing loans and borrowings	20,837,094,631	8,370,311,452
Trade and other payables	6,303,528,789	-
	27,140,623,420	8,370,311,452
2024		
Interest-bearing loans and borrowings	18,329,008,580	13,225,718,044
Trade and other payables	4,772,217,758	-
	23,101,226,338	13,225,718,044

The contractual maturities presented reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of reporting period.

25.4 Carrying amounts and fair values by category

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the statements of financial position are shown below.

	Notes	2025		2024	
		Carrying values	Fair values	Carrying values	Fair values
Financial assets					
Cash and cash equivalents	2	4,167,729,694	4,167,729,694	4,232,560,713	4,232,560,713
Trade and other receivables - net*	3	24,004,226,970	24,004,226,970	25,300,444,398	25,300,444,398
Refundable security and bond deposits	7	94,768,580	94,768,580	100,413,333	100,413,333
		28,266,725,244	28,266,725,244	29,633,418,444	29,633,418,444
Financial assets at FVOCI:					
Investment in SSPI - at cost	6	2,500,000	2,500,000	2,500,000	2,500,000
Golf club shares		1,044,472	1,044,472	1,044,472	1,044,472
		3,544,472	3,544,472	3,544,472	3,544,472
		28,270,269,716	28,270,269,716	29,636,962,916	29,636,962,916
Financial liabilities					
Financial assets at amortized cost:					
Interest bearing loans and borrowings	13	29,207,406,083	29,207,406,083	28,847,510,674	31,554,726,625
Trade and other payables	12	6,303,528,789	6,303,528,789	4,772,217,758	4,772,217,758
		35,510,934,872	35,510,934,872	33,619,728,432	36,326,944,383

*Excludes advances to officers and employees

25.5 Offsetting of financial assets and financial liabilities

The Company has not offset financial instruments in 2025 and 2024. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. As such, the Company's outstanding receivables from and payables to the same related parties as presented in Note 21.6 can be potentially offset to the extent of their corresponding outstanding balances. Further, in the event of the default of the Company, outstanding loans payable as disclosed in Note 13 can be potentially offset against cash deposits maintained with the same bank.

25.6 Fair value hierarchy

In accordance with PFRS 13, Fair Value Measurement, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels.

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

25.7 Financial instruments measured at fair value

Since the fair value of the Company's financial assets through FVOCI approximates the cost amounting to P3.5 million as of December 31, 2025 and 2024, the fair value change is deemed immaterial (Note 6).

As of December 31, 2025 and 2024, equity securities on golf club shares classified as FVOCI are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting periods. The fair valuation of golf club shares amounted to P1.0 million both as of December 31, 2025 and 2024.

The Company has equity interest of 1% in CSNOI as of December 31, 2025 and 2024. These securities were valued based on entity specific estimate, thus included in Level 3.

The Company has no financial liabilities measured at fair value as of December 31, 2025 and 2024.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years.

25.8 Fair value measurement for investment property carried at cost

The fair value of the Company's investment property measured at cost but for which fair value is disclosed and determined under the Level 3 fair value hierarchy amounted to P1,459.1 million as of December 31, 2025 and 2024 (Note 10). Management has determined that there were no significant circumstances in 2025 and 2024, that would impact the current valuation of the assets from the appraisal conducted as of December 31, 2025; hence, the fair value approximates the latest appraisal report as of December 31, 2025 and 2024.

The fair value of certain parcels of land are determined based on the appraisals performed by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Company's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location. On the other hand, the fair value of other parcels of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations. Both valuation processes were applied as sale comparable method.

In estimating the fair value of investment property, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company's non-financial assets indicated above is their current use.

There has been no other change to the valuation techniques used by the Company for its non-financial assets. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2025 and 2024.

26 Capital management objectives, policies and procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, equity, and liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, re-issuance of treasury shares or sell assets to reduce debt.

For purposes of computing the debt-to-equity ratio, outstanding balance pertaining to exchangeable note is excluded from the computation as the aforementioned does not relate to any financial settlements.

	Note	2025	2024
Interest-bearing loans and borrowings (excluding lease liabilities)	13	29,181,093,178	28,778,791,511
Total equity		20,083,676,435	17,054,356,516
		1.45.1.00	1.69.1.00

27 Reconciliation of liabilities arising from financing activities

Presented below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Bank loans (Note 13.1)	Corporate notes (Note 13.2)	Lease liabilities (Note 11)	Bonds payable (Note 13.3)	Exchangeable note (Note 8.1)	Total
Balance as at January 1, 2025	18,003,897,600	1,840,000,000	68,719,163	8,934,893,911	-	28,847,510,674
Cash flow from financing activities:						
Additional borrowings	22,361,659,394	1,000,000,000	-	-	-	23,361,659,394
Repayment of borrowings	(22,961,418,454)	(20,000,000)	(42,406,258)	-	-	(23,023,824,712)
Non-cash activities:						
Amortization of issuance cost	-	-	-	22,060,727	-	22,060,727
Additional lease liabilities	-	-	-	-	-	-
Balance as at December 31, 2025	17,404,138,540	2,820,000,000	26,312,905	8,956,954,638	-	29,207,406,083
Balance as at January 1, 2024	16,593,971,346	5,388,000,000	151,681,538	3,953,869,785	7,763,200,000	33,850,722,669
Cash flow from financing activities:						
Additional borrowings	18,983,784,144	-	-	4,962,944,300	-	23,946,728,444
Repayment of borrowings	(17,573,857,890)	(3,548,000,000)	(121,283,113)	-	-	(21,243,141,003)
Non-cash activities:						
Remeasurement	-	-	18,184,535	-	-	18,184,535
Maturation of exchangeable note	-	-	-	-	(7,763,200,000)	(7,763,200,000)
Amortization of issuance cost	-	-	-	18,079,826	-	18,079,826
Additional lease liabilities	-	-	20,136,203	-	-	20,136,203
Balance as at December 31, 2024	18,003,897,600	1,840,000,000	68,719,163	8,934,893,911	-	28,847,510,674

28 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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition seldom equal the related actual results. The estimates, assumptions and judgments applied by the Company and which may cause adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the succeeding sections.

28.1 Critical accounting estimates and assumptions

Discussed below and in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) Determination of percentage-of-completion

The Company recognizes its revenue from construction contracts based on percentage-of-completion method of the project whereby the performance obligations are satisfied over time. The Company's application of the percentage-of-completion method is based on its efforts or inputs (i.e., actual costs incurred) to the satisfaction of a performance obligation by management necessary for the determination of percentage-of-completion is done regularly. Actual data is being compared to the related benchmarks and critical judgment is exercised to assess the reliability of the percentage of completion procedures which are currently in place and make the necessary revisions in the light of current progress.

(b) Determination of Appropriate Discount Rate in Measuring Lease

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(c) Allowance for expected credit losses (ECL) on trade and other receivables, refundable security and bond deposits, and contract assets

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

With respect to refundable security and bond deposits, management does not expect significant risks of collectability since the same can be applied to the last period rentals at the option of the Company.

(d) Determination Net Realizable Value of Construction Materials

In determining the net realizable value of construction materials, management takes into account the most reliable evidence available at the time the estimates are made. The Company periodically reviews its construction materials for possible damaged and obsolete items. Items identified as obsolete are provided with impairment allowance. Management has assessed that no allowance for obsolescence is required to be recognized on construction materials in all years.

(e) Estimation of Useful Lives of Intangible Assets and Property, Plant and Equipment

The Company estimates the useful lives of computer software and property, plant and equipment (which includes right-of-use assets) based on the period or pattern over which the assets are expected to be available for use or generate economic benefits. For certain assets whose consumption of economic benefits is more closely correlated with usage or output, depreciation is determined using the units-of-production method. Other assets continue to be depreciated on a straight-line basis over their estimated useful lives.

The estimated useful live, residual values, and depreciation methods are reviewed periodically and are revised prospectively 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 assets. The estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

Based on management's assessment as at December 31, 2025 and 2024, there were no changes in the estimated useful lives of the Company's assets during those years. During 2025, however, the depreciation method for certain assets was revised to the units-of-production method to better reflect the pattern of consumption of economic benefits. Actual results may differ due to changes in estimates arising from changes in usage patterns, physical wear and tear, technical or commercial obsolescence, and other relevant factors discussed above.

The carrying amounts of intangible assets and property, plant and equipment (which include right-of-use assets) are analyzed in Notes 7.5 and 9, respectively.

(f) Realizability of deferred tax assets

The Company reviews its deferred tax assets at the end of each reporting period 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 tax asset to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2025 and 2024 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 21.2.

(g) Provision for impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate

Though management believes that the assumptions used in the estimation of fair values reflected in the separate financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management has assessed that no impairment losses are required to be recognized on the Company's non-financial assets in 2025 and 2024, except for the investment in MCEI, MWCCI and deferred fulfilment costs which were assessed to be impaired (Notes 7.6)

(h) Determination of the Probability of Collection

The Company exercises judgment in evaluating the probability of collection (as one of the gating criteria) of transaction price on customer or counterparty contracts wherein revenue is recognized over time or specific point in time. The Company uses historical payment pattern of customers and counterparties in establishing a percentage of collection threshold, or in some instances, when the Company is certain that the sale or contract will not be cancelled (i.e., considering financial capacity, credit worthiness, and business interests of the customer or counterparty) even if the collection is below such threshold but which the Company determines that collection of the transaction price is reasonably assured.

Management believes that the established collection threshold is appropriate based on the collection history and credit worthiness of customers in each revenue segment.

(i) Valuation of Post-employment Defined Benefit

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, salary rate increase and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the retirement benefit obligation in the next reporting period.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of defined benefit obligation, as well as the significant assumptions used in estimating such obligation are presented in (Note 20).

28.2 Critical management judgments in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the separate financial statements:

(a) Determination of lease term of contracts with renewal and termination options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of vehicles, construction equipment, warehouses and offices, the factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. The Company included the renewal period as part of the lease term for leases of warehouses and offices due to the significance of these assets to its operations. These leases have a short, non-cancellable lease period (i.e., four to ten years) and there will be a significant negative effect on production if a replacement is not readily available. However, the renewal options for leases of transportation equipment were not included as part of the lease term because the Company has historically exercised its option to buy this transportation equipment at the end of the lease term.

The lease term is reassessed if an option is actually exercised or not exercised, or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

(b) Determination of timing of satisfaction of performance obligations

(i) Construction revenue

The Company determined that its revenue from construction services shall be recognized over time in accordance with the percentage-of-completion method. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company provides the construction services that create or enhance an asset that the customer controls as the asset is created or enhanced. This demonstrates that the customer obtains the benefits of the Company's rendering of construction service as it performs.

In determining the best method of measuring the progress of the Company's rendering of construction services, management considers the input method (i.e., based on the Company's inputs to the satisfaction of a performance obligation) under PFRS 15, because of the direct relationship between the Company's effort, in terms of incurred labor hours and materials, and the transfer of service to the customer.

(ii) Sale of construction materials

The Company determines that its revenue from sale of construction materials shall be recognized over time as the Company creates the construction materials.

(iii) Management fees

This is recognized on a time-and-materials basis as the services are provided. Customers are invoiced monthly as work progresses, which are due upon receipt by the customers. Any amounts remaining unbilled at the end of a reporting period are presented in the statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

(c) Determination of transaction price and amounts allocated to performance obligations

The transaction price for a contract is allocated amongst the material right and other performance obligations identified in the contract based on their stand-alone contract prices. The transaction price for a contract excludes any amounts collected on behalf of third parties (e.g., VAT).

In determining the transaction price, the Company adjusts the amount of consideration for the effects of time value of money for payments received prior to rendering construction services when the construction period is more than one year. This circumstance indicates that the contract contains significant financing component. The Company uses the prevailing interest rate at the time of receipt of advance payments, which approximates the Company's borrowing rate.

(d) Recognition of provisions and contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources, and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the separate financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the separate financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 24.

(e) Determination of joint control and significant influence

Judgment is exercised in determining whether the Company has joint control of an arrangement or significant influence over an entity. In assessing each interest over an entity, the Company considers voting rights, representation on the BOD or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

The Company believes to have significant influence over CMCI, due to the Company's ability to participate over the entity's relevant activities based on the rights and powers of the Company over the management of CMCI exercised through a seat in the BOD of CMCI. Taking this into consideration, the Company concluded that it has significant influence over the investee; accordingly, the investee is treated as an associate (Note 8.2).

Similarly, the Company exercises significant influence over CREC based on its ability to participate in CREC's financial and operating policy decisions, including representation in governance and involvement in strategic matters. Currently, the Company's President and CEO holds the position of Chairman of the Board of CREC. Accordingly, the investment in CREC is accounted for using the cost method.

The Company has also determined that it has joint control over MWMTI, MGCJV, HMDJV, and TTM-JV due to the contractually agreed sharing of control over these investees wherein decision on relevant activities require unanimous consent between the Company and co-venturers.

The Company recognizes its interest in MWMTI as a joint venture, while its interests in MGCJV, HMDJV, and TTM-JV are recognized as joint operations (Note 8.3). However, the Company has determined that its ownership interest in CSNOI neither result in control nor significant influence over CSNOI (Note 6).

29 Summary of material accounting policies

The material accounting policies that have been used in the preparation of these separate financial statements are discussed below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

29.1 Basis of preparation

The separate financial statements of the Company 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).

The separate financial statements have been prepared under the historical cost basis, except for investment in equity securities which is measured at FVOCI.

The preparation of separate financial statements in conformity with PFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 28.

The Company also prepares consolidated financial statements in accordance with PFRS Accounting Standards. In the consolidated financial statements, subsidiary undertakings - those companies in which the Company, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations - have been fully consolidated.

Users of these separate financial statements should read them together with the consolidated financial statements as at December 31, 2025 and 2024 and for the years ended in order to obtain full information on the financial position, results of operations and changes in equity of the Company and its subsidiaries as a whole. The consolidated financial statements of the Company can be obtained from the Company's registered address and principal office at 20 N. Domingo Street, Brgy. Valencia, Quezon City.

29.2 Changes in accounting policies and procedures

(a) New standards, amendment to existing standards and interpretations applied by the Company

The Company has applied the following amendments for the first time for their annual reporting period commencing January 1, 2025:

- Amendments to PAS 21, "The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability"

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 adoption of the amendment by Company did not have a material impact on its operations or financial statements.

(b) New standards, amendments and interpretations not yet adopted by the Company

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

- 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)

The amendments to PFRS 9 and PFRS 7 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 PFRS 9 highlighted in the above-mentioned standards are anticipated to have an impact specifically on the date of recognition and derecognition of the Company's financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.

- PFRS 18 Presentation and Disclosure in Financial Statements (effective for annual period 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 Company's 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 Company's net profit, the Company expects that grouping items of income and expenses in the statement of total comprehensive income into the new categories will impact how operating profit is calculated and reported. 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 Company 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 total comprehensive income - 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 total comprehensive income between the restated amounts presented by applying PFRS 18 and the amounts previously presented applying PAS 1.
 - From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Company 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.

29.3 Separate financial statements and investments in subsidiaries and association, and interest in joint arrangements

These financial statements are prepared as the Company's separate financial statements. The Company also prepares consolidated financial statements as required under PFRS Accounting Standards.

The Company's investments in subsidiaries and associates, and its interest in joint venture are accounted for in these separate financial statements at cost, less any impairment loss (Note 29.10). On the other hand, the Company accounts for its relevant assets, liabilities, revenues and expenses relating to its interest in MGCJV, HMDJV and TTM-JV, which are joint operations, in accordance with the PFRS applicable to the particular assets, liabilities, revenues and expenses (Note 8.3).

29.4 Accounting policy for disposal group held for sale

Non-current asset classified as held for sale relates to the Company's remaining ownership interest in GMCAC that the Company intends to sell (Note 8.1). A non-current asset classified as held for sale is measured at the lower of its carrying amount, immediately prior to its classification as held for sale, and its fair value less costs to sell. The Company shall recognize an impairment loss for any initial or subsequent write-down of the asset at fair value less cost to sell.

29.5 Financial instruments

(a) Financial assets

Classification, measurement and reclassification of financial assets

The Company's financial assets include financial assets at amortized cost and at fair value through other comprehensive income (FVOCI).

(i) Financial assets at amortized cost

The Company's financial assets at amortized cost are presented as cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), and due from related parties, refundable security and bond deposits (presented under other current assets account).

(ii) FVOCI

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Company for trading or as mandatorily required to be classified as FVTPL. The Company has designated certain equity instruments as at FVOCI on initial recognition.

(b) Financial liabilities

Financial liabilities, which include Interest-bearing Loans and Borrowings, Trade and Other Payables [except output value-added tax (VAT) and other taxes payable], and other non-current liabilities (except unearned rent income) are recognized when the Company becomes a party to the contractual terms of the instrument.

(c) Impairment of financial assets

The Company uses the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. The Company uses its historical experience, external indicators, and forward-looking information to calculate the ECL using a provision matrix. The Company also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due (Note 25.2(a)). On the other hand, the Company applies a general approach in relation to advances to and rental receivables from related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded.

Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Company's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Company cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

For financial assets other than trade and other receivables and contract assets, the Company determines whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that may indicate an actual or expected deterioration of the credit quality of the financial assets.

29.6 Cash and cash equivalents

Cash includes deposits held at call with banks which are carried in the statements of financial position at amortized cost. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from acquisition date and that are subject to an insignificant risk of change in value. Other relevant policies are discussed in Note 29.

29.7 Trade and other receivables, net

Trade receivables are recognized initially at the transaction price. These are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Receivables are derecognized upon collection in the normal course of business or when these are determined to be fully uncollectible.

Other relevant policies are disclosed in Note 29.

29.8 Construction materials

The cost of construction materials is determined using the weighted average method. The cost of construction materials includes all costs directly attributable to acquisition such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities. The net realizable value of construction materials is the current replacement cost.

29.9 Other current assets

Other current assets are expenses paid in cash and recorded as assets before these are used or consumed as the services or benefits will be received in the future. These are expected to be realized within 12 months after the reporting period and are classified as current assets, otherwise these are classified as non-current assets. Other current assets expire and are recognized as expenses in profit or loss either with the passage of time or through use or consumption/utilization

Input taxes, which represent value-added tax (VAT) arising from purchases of goods and services, are carried at cost and included as current assets in the statement of financial position. The account balance is presented net of applicable output VAT, or vice versa whichever is higher as at reporting date. These may either be applied against future output tax liabilities or claimed for tax credit or refund. These are stated at face value less provision for impairment, if any. Any allowance for unrecoverable input VAT, if any, is maintained by the Company at a level considered adequate to provide for potential unrealizable portion. Management evaluates the level of impairment provision on the basis of factors that affect the realizability. Input VAT is derecognized when there is a legally enforceable right to offset the recognized amounts against income tax due and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously

Deferred fulfillment costs, or costs to fulfill a contract, are recognized as assets only if they meet all of the following criteria: (a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify, such as costs relating to services to be provided under the renewal of an existing contract or costs of designing an asset to be transferred under a specific contract that has not yet been approved; (b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) the costs are expected to be recoverable.

29.10 Investment in subsidiaries, associates and joint ventures

A subsidiary is an entity (including special purpose entities) over which the Company has control. The Company controls an entity when the Company 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. The subsidiary is fully consolidated from the date on which control is transferred to the Company, and de-consolidated from the date on which control ceases.

Investment in a subsidiary is stated at cost less impairment in value in the statement of financial position. Under this method, the investment is recognized at cost, and any income from investment is recognized in the statement of total comprehensive income only to the extent that the Company receives distribution from accumulated profits of the subsidiary arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction to the cost of the investment. All dividend distribution from the subsidiary is recognized in the statement of total comprehensive income within other income when the right to receive the dividend is established.

The investment is derecognized upon disposal or loss of control over the subsidiary. Any gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in the statement of total comprehensive income within other income or expense. Upon loss of control, the investment account is measured at fair value, any difference between carrying amount and the fair value of investment is recognized in the statement of total comprehensive income within other income or expense.

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company has both joint operations and joint ventures.

The Company recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

Interests in joint ventures are accounted for using the equity method after initially being recognized at cost in the consolidated statement of financial position and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Company and its joint ventures are eliminated to the extent of the Company's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investment in associates is accounted for using the cost method of accounting. Under this method, income is recognized only to the extent of dividends received after the date of acquisition. Dividends received in excess of the investee's accumulated profits subsequent to the date of acquisition are regarded as a recovery of investment and recognized as a reduction of the cost of the investment.

The investment in associate is derecognized upon disposal or when no future economic benefits are expected to arise from the investment.

Investments in associates are accounted for at cost following the provisions of PAS 28, Investment in Associates, on exemptions in using equity method.

29.11 Property, plant and equipment

Property, plant and equipment, except land and construction in progress, are carried at acquisition cost or construction cost less subsequent depreciation and any impairment losses. Land held for use in operations or administration is stated at cost less any impairment losses.

The initial cost of property and equipment consists of its purchase price, import duties, taxes and directly attributable costs of bringing the asset to its working condition for its intended use.

Subsequent expenditures relating to an item of property and equipment such as additions, major improvements and renewals are added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. Expenditures for repairs and maintenance are charged to operating expenses in the Company's statements of total comprehensive income during the period in which these are incurred.

Construction in progress is stated at cost. Construction in progress includes development costs and other direct costs related to the planned construction of the Company's power plant. Construction in progress is not depreciated until such time the planned construction is completed and put into operational use.

Depreciation is computed on straight-line basis over the estimated useful lives of the assets as follows:

Building	25 years
Precast factory	25 years
Precast and construction equipment	3 to 15 years
Office furniture, fixtures and equipment	5 years
Transportation equipment	5 years

For certain precast equipment, where the pattern of consumption of economic benefits is more closely related to usage or output, depreciation is determined using the units-of-production method.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

An item of property plant and equipment is derecognized upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising from the derecognition of the asset is recognized in profit or loss in the year the asset is derecognized.

29.12 Investment properties

Investment property comprising of land and development thereto are measured initially at acquisition cost, including transaction costs. This includes cost of construction and other direct costs.

Following initial recognition, investment properties are carried at cost less accumulated depreciation and any impairment in value.

An investment property is derecognized from the statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses on retirement or disposal is recognized in profit or loss in the period in which these occurred.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

29.13 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers with average credit terms of 30 days.

Trade and other payables are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest rate method.

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

Other relevant accounting policies are disclosed in Note 29.

29.14 Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of total comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a contra liability account and amortized over the period of the facility to which it relates.

Borrowings are derecognized in the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of total comprehensive income under finance cost.

A substantial modification of the terms of the existing borrowings or part of the borrowings is accounted for as an extinguishment of the original financial liability and a recognition of new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid (net of any fees received and discounted using the original effective interest rate), is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. The resulting difference is recognized as a gain or loss under other income, net in the statement of total comprehensive income.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. In cases of breaches in loan covenants prior to the end of a reporting period, borrowings are classified as current liability, unless a sufficient waiver of the covenant is granted by the lender, such that the borrowings do not become immediately repayable.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized and charged under finance cost in the statement of total comprehensive income in the year in which they are incurred.

29.15 Current and deferred income tax

Income tax expense comprises current and deferred income taxes.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Company operates and generates taxable income. 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 assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred income tax assets and liabilities are derecognized when relevant temporary differences have been realized and settled, respectively. The Company reassesses at each reporting the need to recognize previously unrecognized deferred income tax asset.

29.16 Foreign currency transactions

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Outstanding foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing at reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of total comprehensive income through profit or loss.

29.17 Equity

(a) Share capital; share premium

The Company's share capital is composed of common and preferred at par value. The amount of proceeds from the issuance or sale of common shares representing the aggregate par value is credited to share capital.

Proceeds in excess of par value of shares issued or additional capital contribution without corresponding issuance of shares are credited to share premium.

After initial measurement, share capital and share premium, if any, are carried at historical cost and are classified as equity in the statement of financial position.

Preference shares are classified as equity if it is non-redeemable, or redeemable only at the Company's option and any dividends are discretionary. Preference shares of the Company that were redeemed shall not be considered retired and may be reissued. Preference shares are derecognized when retired.

(b) Treasury shares

Treasury shares are recorded at cost and deducted from the Company's equity. No gain or loss is recognized in the statements of total comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments. On subsequent issuance, any difference between the carrying amount and the consideration received is recognized under share premium in the statements of financial position.

(c) Retained earnings (Deficit)

Retained earnings (Deficit) includes current and prior years' results of operations, net of transactions with shareholder and dividends declared, if any.

(d) Dividend distribution

Dividend distribution to Company's shareholder is recognized as a liability in its financial statements in the period in which the dividends are approved and declared by the BOD.

29.18 Revenue and expense recognition

Revenue arises mainly from rendering of construction services and sale of construction materials.

The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 28.2(c) while significant judgments used in determining the timing of satisfaction of the following performance obligations are disclosed in Note 29.2 (b).

The Company uses the practical expedient in PFRS 15, Revenue from Contracts with Customers, with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized as revenue as the Company's contracts with customers have original expected duration of one year or less.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

The Company enters transactions involving construction services, sale of construction materials and other contracts containing performance obligations with counterparties. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 28.2 (c). The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the asset or services transfers to the customer.

If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The normal credit term of the Company is 30 to 60 days after billing. In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) Construction revenues

Revenue from construction services is recognized over time as the service is provided. The Company uses the percentage of completion method to determine the appropriate amount to recognize as contract revenue in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for 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.

(b) Sale of construction materials

Revenue from sale of ready mixed concrete and precast materials are recognized over time as goods are manufactured as there is alternate use for these construction materials.

(c) Management fee

This is recognized on a time-and-materials basis as the services are provided. Customers are invoiced monthly as work progresses, which are due upon receipt by the customers. Any amounts remaining unbilled at the end of a reporting period are presented in the statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

(d) Rental revenue

Revenue from rentals arising from the lease of its office space and construction equipment is recognized on the straight-line basis over the lease term based on the provisions of the covering lease contracts, including any minimum rent-free period therein, plus additional rent-free period as mutually agreed by the contracting parties. This is outside the scope of PFRS 15.

The Company incurs incremental costs in obtaining customer contracts (i.e., biddings costs on construction contracts). These costs are expensed when incurred as these are incurred regardless of whether the contract is obtained.

29.19 Contract asset and contract liability

Contract asset

The Company recognizes a contract asset when it transfers control of goods or performs services before the customer pays consideration or before payment is due. A contract asset is the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer. The Company's right to consideration is conditional on something other than the passage of time (i.e., project should be completed for the Company to have an unconditional right to payment).

Contract liability

The Company presents a contract liability when a customer pays the consideration, or the Company has the right to an amount of consideration that is unconditional (i.e., a receivable), before the Company transfers goods or performs services to the customer. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liability also includes cash received from customers which are applied to subsequent progress billings for construction contracts. The Company considers effects of significant financing component in the contract (Note 28.2 (c)). The effect of financing component is recognized as part of contract revenues and finance cost in the statement of total comprehensive income.

29.20 Deferred fulfilment assets or capitalized costs

The Company incurs costs in fulfilling contracts with customers. These costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Company first considers any other applicable standards. If other standards exclude capitalization of a particular cost, then an asset is not recognized under PFRS 15. If other standards are not applicable to deferred fulfilment costs, the Company applies the following criteria, which, if met, result in capitalization:

- (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract;
- (ii) the costs incurred, generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and,
- (iii) the costs are expected to be recovered.

Deferred fulfilment assets or capitalized costs (which are recognized as part of Other Current Assets account) are subsequently included as part of construction costs and considered in determining the stage of completion of the project. Furthermore, these are derecognized either upon disposal or when no further economic benefits are expected to flow from its use or disposal.

29.21 Leases

The Company accounts for its leases as follows:

(a) *Company as Lessee*

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 Company'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 Company:

- 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).

Subsequent to initial recognition, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of useful life of the right-of-use asset or the end of the lease term which is from two to five years.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

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 Company 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.

(b) Company as Lessor

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset, or assets and the arrangement convey a right to use the asset.

29.22 Impairment of non-financial assets

The Company's investments in subsidiaries, associates and joint venture, property, plant and equipment, investment properties, intangible assets and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

29.23 Employee benefits

(a) Short-term benefits obligation

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Retirement benefits

The Company has a defined benefit plan, which is unfunded and covers substantially all of its qualified employees. The defined benefit plan satisfies the minimum benefit requirements of RA No. 7641, otherwise known as the "*Retirement Pay Law*".

A defined benefit plan is a retirement plan that defines an amount of retirement benefit that an employee will receive on retirement, usually dependent on certain factors such as age, years of service and compensation.

The retirement benefit obligation is calculated using the projected unit credit 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 retirement benefit obligation.

The retirement benefit obligation recognized in the statement of financial position is the present value of the defined benefit obligation less fair value of plan assets at the end of the reporting period.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions, if material, are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is charged to profit or loss.

(c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company 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, "Provisions, Contingent Liabilities and Contingent Assets" 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.

29.20 Events after reporting period

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

29.21 Operating cycle and classification of assets and liabilities

The Company's normal operating cycle is based on the duration of its construction projects, which may extend beyond twelve (12) months. Assets are classified as current when they are expected to be realized, sold, or consumed within the normal operating cycle of the related project, or within twelve months after the reporting date. Liabilities are classified as current when they are expected to be settled within the normal operating cycle of the related project, or within twelve months after the reporting date. Assets and liabilities that do not meet these criteria are classified as non-current.

30 Supplementary information required by the Bureau of Internal Revenue (BIR)

The following supplementary information required by Revenue Regulations (RR) Nos. 15-2010 and 34-2020 are presented for purposes of filing with the BIR and are not required parts of the basic financial statements:

(a) *Output VAT*

Output VAT declared and the revenues upon which the same was based consist of:

	Tax base	Output tax
Vatable sales/receipts	11,384,725,479	1,147,508,895

Revenues presented above are based on net sales/receipts for VAT reporting purposes while revenues in the statements of total comprehensive income are based on the Company's revenue recognition policy.

(b) *Input VAT*

The movements in input VAT in 2025 are summarized below.

Balance at beginning of year	-
Add:	
Domestic Purchases	1,076,227,853
VAT paid during the year	38,803,526
Imported goods	49,642,534
Capital goods subject to amortization	-
Capital goods not subject to amortization	4,282,946
Tax Credit - Others	7,191,816
Less:	
Applied against output VAT	(1,147,508,894)
Balance, December 31	28,639,781

(c) Importations

During the year ended December 31, 2025, the Company had importations amounting to P413.69 million. This amount includes VAT on importations amounting to P49.64 million and custom duties and other taxes. These were recognized or capitalized, as appropriate, during the year based on the nature of the imported items.

(d) Excise tax

The Company did not have any transactions in 2025 which are subject to excise tax.

(e) Documentary stamp tax

In 2025, the Company incurred DST in relation to share issuance, short-term bank loans and finance lease of certain construction equipment and transportation equipment as follows:

Loan instruments	82,692,863
Others	575,451
	<u>83,268,314</u>

The amounts above are recorded under Taxes and licenses and Finance costs in the statements of total comprehensive income.

(f) Other taxes and licenses

The details of other taxes and licenses account are broken down as follows:

Business licenses and permits	2,810,063
Real property tax	4,972,097
	<u>7,782,160</u>

(g) Withholding taxes

The details of total withholding taxes for the year ended December 31, 2025 are shown below.

	Paid	Outstanding	Total
Expanded	169,586,240	21,924,844	191,511,084
Compensation and employee benefits	169,011,044	16,804,757	185,815,801
Final	165,762,300	-	165,762,300
	<u>504,359,584</u>	<u>38,729,601</u>	<u>543,089,185</u>

(h) Tax assessments and cases

In September 2025, the Company received a preliminary assessment notice from the BIR covering taxable year 2024 for deficiency taxes. This has been settled in the same month.

In February 2025, the Company received a preliminary assessment notice covering taxable year 2023 for deficiency taxes. This has been settled in the same month.

MEGAWIDE CONSTRUCTION CORPORATION
20 N Domingo Street, Brgy. Valencia, Quezon City
Reconciliation of Parent Company Retained Earnings Available for Dividend Declaration
December 31, 2025
(Amount in Philippines Pesos)

Unappropriated Retained Earnings, beginning of the year	1,501,691,147
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	(640,939,476)
Retained earnings appropriated during the reporting period	-
Effect of restatements or prior-period adjustments	-
Others	-
Unappropriated Retained Earnings, as adjusted	860,751,671
Add/less: Net Income for the current year	1,197,406,980
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	-
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-
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	-
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	37,826,456
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	849,465
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others	38,675,921
Total Retained Earnings, end of the year available for dividend declaration	2,096,834,572