

COVER SHEET

SEC Registration Number

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Company Name

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Principal Office (No./Street/Barangay/City/Town/Province)

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Form Type

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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

eeicenter@eei.com.ph
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Company's Telephone Number/s

8-334-2677

Mobile Number

N/A

No. of Stockholders

3,115

Annual Meeting
(Month/Day)

Every Third Friday of June

Fiscal Year
(Month/Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Atty. Iannoel V. Mondragon

Email Address

ivmondragon@eei.com.ph

Telephone Number/s

8-334-2677

Mobile Number

N/A

Contact Person's Address

No. 12 Manggahan St., Bagumbayan, Quezon City, Metro Manila, Philippines
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Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17 (2)(b) THEREUNDER

1. For the quarterly period ended **September 30, 2023**
2. Commission identification number **937**
3. BIR tax identification number **000-391-438-000**
4. Exact name of issuer as specified in its charter - **EEI Corporation**
5. Province, country or other jurisdiction of incorporation or organization
Quezon City, Philippines
6. Industry Classification Code (SEC use only)
7. Address of issuer's principal office/Postal code
No. 12 Manggahan St., Bagumbayan, Quezon City 1110
8. Issuer's telephone number, including area code
(02) 8334-26-77
9. Former name, former address and former fiscal year, if changed since last report
Not Applicable

10. Securities Registered pursuant to Sections 4 and 8 of the RSA

<u>Title of each class</u>	<u>Number of shares outstanding</u>	
	No. of Shares	Amount
Common Shares-₱1.00 par value		
Authorized	2,000,000,000	2,000,000,000
Issued and Outstanding	1,036,281,485	1,036,281,485
Preferred Shares -₱0.50 par value		
Authorized	240,000,000	120,000,000
Issued and Outstanding		
Series A	15,000,000	7,500,000
Series B	45,000,000	22,500,000

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

Yes ☒ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange, Inc.

Common and Preferred Shares

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The Interim Condensed Consolidated Financial Statements of EEI Corporation and Subsidiaries (collectively, the Group) as of September 30, 2023 with comparative figures for the period ended September 30, 2022 and as of December 31, 2022, Supplementary Information and Disclosures Required under Revised SRC Rule No. 68 and Schedule of Aging of Accounts Receivable are presented as **Exhibit 1**.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

A. Results of Operations

EEI continued to execute its transformation plan which aims to position the company towards improved profitability and growth. This is evident in the Group's strong performance for the 3rd quarter of 2023, generating ₱4.3 billion in revenues and a consolidated net profit of ₱408.8 million.

EEI's transformation agenda aims to strengthen the four key pillars of the Group's future: its governance and processes, its financial health, and most importantly its people.

On governance and process, EEI undertook an organizational realignment that improves and streamlines processes across the enterprise and ensures accountability. We strengthened the Commercial and Contracts Division to improve our overall commercial process throughout the project life cycle. We reorganized the construction Field Operating Groups into distinct business divisions that serve as our primary market segments, namely: Infrastructure, Buildings, Heavy and Light Industry.

On financial health, we have right-sized supervision, support and overhead resources which has allowed us to reduce operating expenses. We continue to progress in resolving issues around our most significant long-standing receivables. At the same time, we see improvement towards improved profitability at the project level through closely monitored recovery plans.

On people, we continued the leadership changes we had started in the last quarter, to ensure that there is absolute organizational alignment around our transformation agenda. Moreover, EEI has embarked on an ambitious culture change effort to support the transformation initiatives that are currently, and will be happening. Our HR organization was completely restructured to address our needs around performance management, recruitment, training and development which are the key ingredients for our sustainability and growth.

The Group's consolidated revenues as of the third quarter of 2023 reached ₱12.2 billion which was 17% higher compared to the same period last year. Revenues from domestic construction contracts increased by ₱1.4 billion (16%) mainly due to the ramp up in construction activities of ongoing domestic projects. Revenue from services also increased by ₱295.2 million (23%) due to higher revenues generated by EEI Energy Solutions Corporation, a wholly owned subsidiary of EEI Power Corporation. Revenue from merchandise sales increased to ₱104.1 million (47%) which is attributable to the increase in scrap sales of EEI Corporation and the increased delivery and supply of construction materials of EEI Business Solutions, Inc.

Gross profit came in higher at ₱1.6 billion, 37% higher compared to the same period in the previous year.

The Group has made much headway in the reduction of its selling and administrative expenses. Headcount at the Company's headquarters has been reduced by almost 200 personnel compared to September 2022 and overhead costs have been continuously monitored. The Company's selling and administrative expenses decreased by 3% or ₱32.51 million, from ₱1,141.1 million to ₱1,108.6 million.

As for Joint Ventures and Associates, EEI registered a ₱401.9 million loss from equity in associates and joint ventures. This is primarily comprised of the performances of Al Rushaid Construction Company (ARCC) (₱605.4 million loss), earnings from investments in Petro Wind Energy, Inc. and Petro Solar Corporation (₱161.1 million profit), and EEI's joint ventures in construction projects (₱42.3 million profit).

For ARCC, recovery plans and measures to contain and limit further losses beyond the current year continue to progress with losses in the third quarter lower than the second quarter, and significantly lower compared to the first quarter.

Year to date, the Group registered a consolidated net loss of ₱292.3 million in the third quarter of 2023. The Group's loss per share was registered at ₱ 0.501

The Group's unworked portion of existing contracts remains strong at ₱44.9 billion. In addition, EEI has been preparing for a robust inflow of additional projects that it expects to secure and be awarded in the last quarter of the year and in 2024.

B. Financial Position

EEI's consolidated assets decreased by 3% to ₱28.2 billion, compared to ₱29.0 billion at the end of 2022. Cash and cash equivalents decreased by ₱208.4 million or 8% due to working capital requirements along with the payment of dividends amounting to ₱299.1 million as of September 30, 2023. Receivables increased by 18% to ₱3.2 billion due to incremental progress billings driven by the increase in construction revenue. The movement between current and noncurrent portions of Contract Assets pertain to the reclassification of assets expected to be billed within the year. Inventories went up by 12% to ₱1.3 billion due to the procurement of additional construction materials for new and on-going projects while Other current assets increased by 46% to ₱1.7 billion primarily due to an increase in advance payments made to suppliers and subcontractors.

Investments in associates and joint ventures decreased by 30% to ₱ 2.2 billion after the disposal of shares in Petro Wind Energy, Inc. and Petro Solar Corporation and Equity investments at fair value through other comprehensive income decreased by 56% to ₱562.3 million after the disposal of shares in PetroGreen Energy Corporation.

Total current liabilities increased by 3% to ₱12.7 billion while total noncurrent liabilities decreased by 14% to ₱2.8 billion. Consolidated liabilities decreased by 1% to ₱15.5 billion as of the third quarter of 2023. Total indebtedness, consisting of bank loans and long term debt, stands at ₱9.1 billion, 12% higher than the balance at the end of 2022 due to additional loan drawdowns. The combined current and noncurrent portions of contract liabilities decreased by 59% to ₱520.9 million after the recoupment of advance payments against progress billings of ongoing construction projects while deferred tax liabilities decreased by 51% to ₱63.0 million after the settlement of tax liabilities in relation to the sale of equity investments.

The Group ended the third quarter of 2023 with a total consolidated equity of ₱12.7 billion and book value per share of ₱6.50.

C. Operating Highlights

Newly Awarded Projects

Infrastructure

- Malolos Clark Railway Project CPN 04 (EEI-JV – Anchor Bolts & Steel Structure Platform at CIA Station)
- MMSP Ancillary Buildings

Electromechanical

- Analog Devices Gen Trias, Inc. – Building 4 Extension Project: Package 1

Buildings

- Metrobank – The MBTC Redevelopment: Demolition works
- Filinvest Alabang Inc. – Two Botanika Nature Residences
- Jade Residences

ARCC

- Furnace U210 (Unit 2B-1208) Retubing Services at Yanpet
- Furnace CF-01 Retubing Works at Kemya
- Furnace Coil Repair and Recoil Services (Furnace-1150)
- Furnace #5 Emergency Shutdown at Saudi Kayan
- Furnace #4 Emergency Shutdown at Saudi Kayan
- Furnace Coil Repair and Recoil Services (Furnace F-1110)
- J-Bot Blasting and Q layer Painting for Q73-D-108 Tank at Wasit Gas Plant
- Furnace #6 Revamp Shutdown Works at Saudi Kayan
- Furnace coil repair and recoil services (Furnace F-1230)
- Furnace #7 Emergency Shutdown at Saudi Kayan
- Furnace Coil Repair and Recoil Services (Furnace F-1150)
- Furnace (Unit B-1208) Retubing Works at Yanpet
- Furnace (Unit B-1102) Retubing Works at Yanpet
- Furnace #5 Revamp Shutdown at Saudi Kayan

Completed Projects

Buildings

- Federal Land's IMET BPO Towers 2, 3, and 4 (General Construction Works)
- SMDC's Air Residences
- Torre Lorenzo Loyola CP01: General Construction Works
- Clark Mimosa Lifestyle Mall Phase 1 & 2

Infrastructure

- MRT-7
- C3-A. Bonifacio Interchange
- Metro Manila Subway Project North Avenue Station (NAS) Structure Works Launching Shaft Sections
- Pavement Rehabilitation OS Sta. Ines Interchange

Electromechanical

- Southern Star Project – SSP Industrial CP-01 General Construction Works (Superstructure Works for B5_D&L and for C3, C5_NATURA)

ARCC

- Skilled Manpower & Equipment Services for Rabigh II IWSP Project
- Furnace #5 Emergency Shutdown at Saudi Kayan
- Expand Vacuum Distillation Unit (VDU) Heater – Riyadh Refinery
- Furnace U210 Retubing Works at Yanpet
- Furnace #4 Revamp Shutdown at Saudi Kayan
- Furnace CF-01 Retubing Works at Kemya
- Furnace Coil Repair and Recoil Services (Furnace F-1110)
- Furnace #6 Revamp Shutdown Works at Saudi Kayan
- Furnace Coil Repair and Recoil Services (F-1230)
- Shuaiba Desalination Plant Technology and Expired Assets Replacement Project (Supply & Installation of EOT Cranes)
- Installation of New Seal Leg at DR Module C -Hadeed Plant
- J-Bot Blasting and Q layer Painting for Q73-D-108 Tank at Wasit Gas Plant
- Furnace #6 Revamp Shutdown Works at Saudi Kayan

- Furnace coil repair and recoil services (Furnace F-1230)
- Furnace #7 Emergency Shutdown at Saudi Kayan
- Furnace Coil Repair and Recoil Services (Furnace F-1150)

Ongoing Projects

Buildings

- The Estate Makati
- Megaworld's Arcovia Palazzo 3 Towers Residential
- Federal Land's Four Seasons Riviera
- Federal Land's Seasons Residences
- Federal Land's Seasons Residences – Tower D
- Federal Land's Big Apple
- Federal Land's Grand Hyatt Manila Gold Residences Tower 2 – Superstructure
- Federal Land's Grand Midori Ortigas
- Federal Land's Grand Midori Ortigas – Tower 2
- Cyberzone Properties' Cebu Cyberzone
- Cebu Landmasters' The Masters Tower Project
- San Lorenzo Luis Investment and Holdings, Inc. - The Yuchengco Centre Phase 1-Demolition and Excavation
- San Lorenzo Luis Investment and Holdings, Inc. - The Yuchengco Centre Phase 2
- San Lorenzo Luis Investment and Holdings, Inc. – The Yuchengco Centre Phase – CPO & Electrical FDAS NPA VGM
- Megaworld's 18th Avenue de Triomphe
- Megaworld's 18th Avenue de Triomphe – Additional (Rectification Works for 6F & below)
- SMDC's Glam Residences
- SMDC's Light Residences Phase 1, Phase 2 and Architectural
- SMDC's Ice Tower Residential
- SMDC's Sands Residences

Infrastructure

- Metro Manila Subway - JV
- Metro Manila Subway Project - Temporary Yard Development & Piling Work for Depot LS
- Malolos Clark Railway Project CPN 04 (JV Portion with ACCIONA)
- Metro Manila Subway Project – Demolition Works for North Avenue Station, Quirino Highway Station, Tandang Sora and Depot
- Malolos-Clark Railway Project (MCPR) CP N-05 (Site Clearing and Earthworks Package #1)
- Malolos-Clark Railway Project (MCRP) CPN-04 Subcon Package - RC Works Viaduct (Area 1) and Underground Structures
- The Metro Manila Skyway Stage 3, Section 5 – Balintawak Flyover (Additional Works)
- Freyfil Corp. – Supply and Fabrication of Structural for Mindanao Bridge
- NLEX - Strengthening Of Thirteen (13) Link Slabs along the Candaba Viaduct and Improvement of San Matias Bridge
- Malolos-Clark Railway Project (MCRP) CPN-04 Structural BR 107 Steel Through Girder
- DOTR South Commuter Railway - JV
- Malolos-Clark Railway Project (MCRP) CPN-02 - Combined Offer for San Fernando (Concreting and Structural Steel Works)
- Metro Manila Subway Project CP-101 Construction of Light Repair Shop (Civil, Structural, Architectural Package)
- MCRP CPN-05 : Construction of the GRS Retaining/Perimeter Wall, Integral Bridge Structural
- Metro Manila Subway Project Phase 1 Contract Package 101 – Commencement and Completion of U-Box and Cut and Cover Depot Launching Shaft 1 – Section 4
- Metro Manila Subway Project Phase 1 Contract Package 101 – Tunnel Boring Machine Manpower Supply
- Malolos- Clark Railway Project CPN-04 Viaduct Works Area 2

- 13.2MW Nabas Phase II Wind Farm Project

Electromechanical

- Black & Veatch - 3x425MW Batangas Combined Cycle Power Plant
- Project Alkaline
- Project Alkaline Mechanical Works
- Capitol Steel Corp - Rolling Mill
- Construction of Trenches, Equipment/Pipe Foundation, Slab on Grade, & Crane Foundation Part 1, Implementation of Site Development & MEPF Work for the Rolling Mill Building
- FGEN LNG Multi-purpose Jetty and Onshore Gas Receiving Facility
- D&L – Project Epic Take-over Works
- Masinloc Unit 4&5 Liner Cans Fabrication
- Capitol Steel Corp – CSC Rolling Mill 1 (WTP Package)

ARCC

- APOC PDH/UTOS Project
- Shuaiba Desalination Plant Technology and Expired Assets Replacement Project (Civil Works)
- Debottleneck Onshore Plant - Safaniyah
- Hawiyah Unayzah Gas Reservoir Storage (HUGRS) Project
- Oil Water Separation Improvement
- SATORP – Manpower Supply
- GCC Electrical Laboratory Project Short Circuit Generator Installation
- Jafurah Gas Processing Facilities (JFGP1)
- Zuluf Hydrocarbon Processing Facilities & Utilities and Water Injection (Building BD1+BD2 and Civil CV2 Package)
- GCC Electrical Laboratory Project Short Circuit Generator Installation – Manpower Supply
- Dewatering System & Oily Water Sump Pits – Abqaiq
- APOC PDH & Compleax U&O (HVAC Works)
- Furnace (Unit B-1208) Retubing Works at Yanpet
- Furnace (Unit B-1102) Retubing Works at Yanpet
- Furnace #5 Revamp Shutdown at Saudi Kayan

D. Outlook

Analysts expect the construction industry in the Philippines to register an annual average growth rate of 7.2% between 2024 and 2027, supported by the government’s focus on the development of the country’s rail and road transport and energy infrastructure, coupled with investments to develop affordable housing and social infrastructure. It added that in March 2023, President Ferdinand Marcos Jr’s administration approved 123 new projects that will cost a total of ₱9.1 trillion (\$163 billion). The 123 projects include long-distance railways near the capital and in central and southern Philippines, and an upgrading of the ageing Manila international airport, the country’s main gateway. This program can provide significant demand for more construction services in the years to come and spur growth in the construction sector where EEI remains to be one of the major players.

The global economy is likely to weaken in 2024, according to 61% of respondents in the World Economic Forum’s latest Chief Economists Outlook. Nine out of ten economists surveyed for the report believe geopolitics will create economic volatility in the year ahead. However, in terms of regional economic outlook, there is a “a growing divergence in growth prospects around the world,” the Chief Economists Outlook says. Asia is seen as having the strongest growth prospects – particularly South East Asia, where 92% expect moderate or strong growth this year. Over half expect growth, up from 36% in the May edition of the report. Although there is a challenging backdrop for global development, EEI Corporation (the Parent Company/the Company) sees potential growth catalysts for construction projects and continues to develop its business.

The Parent Company is also prepared to obtain subcontracting works for other infrastructure projects. It remains to be regarded as a contractor of choice by its clients, particularly top property developers and industrial customers.

EEI foresees productive years ahead given its position to win more contracts as it continues to bid for local buildings, infrastructure and industrial projects. The Company's ongoing bids for various domestic projects reflect the resilience of the Philippine economy.

Commercial activities of EEI continued to pick up aggressively in the 3rd quarter of 2023. There is an approximately ₱50 billion worth of projects to bid for and be awarded in the 4th quarter of 2023 and 2024.

Likewise, the economic diversification initiatives and high population growth in Saudi Arabia provide major catalysts for a vast range of construction projects. These represent more opportunities for the ARCC joint venture and EEI to capitalize on. ARCC's credibility and market penetration will enable it to take advantage of these conditions.

The Company's unworked portion of existing contracts by the end of the third quarter of 2023 stood strong at ₱ 44.9 billion. This amount is at a healthy level and enough to sustain the Company even as it expects to win more projects ahead.

E. Key Performance Indicators

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

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

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

2. **Production** – represents the value of construction work accomplished by the Group during the period in review. It is synonymous to sales revenue since these are recognized at the value corresponding to the percentage of completion of the projects and orders. Production is determined through the Group's efforts or inputs towards satisfying the performance obligation relative to the total expected efforts or inputs to complete the performance obligation. Wherein, total inputs correspond to costs incurred as of date. These translate to better financial performance.

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

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

F. Market Information

Quarterly high, low and closing prices of the Parent Company shares are as follows:

1st Quarter 2023	High	Low	Close
Common Shares	3.28	2.65	2.70
Preferred Shares – Series A	110.0	94.0	98.0
Preferred Shares – Series B	103.5	100.0	103.0
2nd Quarter 2023			
Common Shares	6.20	2.66	4.90
Preferred Shares – Series A	94.5	94.0	94.3
Preferred Shares – Series B	103.0	98.0	100.0
3rd Quarter 2023			
Common Shares	5.19	4.41	4.69
Preferred Shares – Series A	98.25	90.0	98.20
Preferred Shares – Series B	100.0	94.0	98.0

2022	High	Low	Close
Common Shares			
Jan-Mar	6.75	5.30	5.67
Apr-Jun	5.65	3.11	3.55
Jul-Sep	3.85	3.20	3.31
Oct-Dec	3.39	2.80	2.80
Preferred Shares – Series A			
Jan-Mar	105.5	100.0	104.0
Apr-Jun	104.0	100.5	104.0
Jul-Sep	110.0	100.6	106.4
Oct-Dec	106.0	96.0	100.0
Preferred Shares – Series B			
Jan-Mar	110.5	105.3	109.7
Apr-Jun	109.8	102.0	105.0
Jul-Sep	107.0	100.0	102.8
Oct-Dec	103.4	99.9	102.0

G. Commitments and Contingencies

Surety Arrangement and Guarantees

The Group is contingently liable for guarantees arising in the ordinary course of business, including performance, surety and warranty bonds for various construction projects amounting to ₱7.2 billion and ₱6.9 billion as at September 30, 2023 and December 31, 2022, respectively.

Standby Letters of Credit

The Group has outstanding irrevocable domestic standby letters of credit amounting to ₱5.3 billion and ₱4.3 billion as at September 30, 2023 and December 31, 2022, respectively, from local banks which are used for bidding and guarantees for down payments received, performance, retention and warranty for its ongoing construction projects. The Group also has outstanding irrevocable foreign standby letters of credit amounting to USD 3.2 million, JPY756.6 million, SGD2.04 million, EU0.3 million and USD 0.5 million, JPY 676.6 million, SGD 2.0 million EU 0.3 million as at September 30, 2023 and December 31, 2022, respectively.

Contingencies

There are pending legal cases against the Group that are being contested by the Group and its legal counsels. The information required by PAS 37, Provisions, Contingent Liabilities and Contingent Assets, is not disclosed until final settlement, on the ground that it might prejudice the Group's position.

Management and its legal counsels believe that the final resolutions of these cases will not have a material effect on the consolidated financial position and operating results of the Group.

PART II – OTHER INFORMATION

None

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant – EEI CORPORATION



CRIS NOEL E. TORRES
SVP and Chief Financial Officer,
Managing Director for EEI Subsidiaries



VIOLY B. ACEVEDO
AVP, Finance

Date: November 13, 2023

Exhibit 1**EEI CORPORATION AND SUBSIDIARIES****UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****As of September 30, 2023** (with comparative audited figures as of December 31, 2022)

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Cash and cash equivalents (Note 5)	₱ 2,362,961,158	₱2,571,374,751
Receivables - net (Note 6)	2,981,120,687	2,499,010,535
Contract assets - net (Note 7)	5,849,832,462	5,182,274,282
Inventories (Note 8)	1,261,812,828	1,126,814,073
Due from related parties (Note 21)	185,687,716	196,097,127
Other current assets (Note 9)	1,739,172,265	1,193,838,858
Total Current Assets	14,380,587,116	12,769,409,626
Noncurrent Assets		
Investments in associates and joint ventures (Note 10)	2,231,598,112	3,189,929,274
Equity investments at fair value through other comprehensive income (FVOCI) (Note 11)	562,322,779	1,276,220,111
Investment properties (Note 13)	52,384,591	14,295,711
Property and equipment (Note 12)	2,203,431,772	2,429,573,259
Right-of-use assets	621,886,164	658,508,891
Retirement assets	-	52,191,565
Deferred tax assets – net (Note 20)	1,283,652,144	1,289,478,853
Contract assets - net of current portion (Note 7)	4,575,138,001	5,190,526,530
Other noncurrent assets (Note 14)	2,248,259,169	2,103,983,174
Total Noncurrent Assets	13,778,672,732	16,204,707,368
	₱ 28,159,259,848	₱28,974,116,994
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 16)	₱ 4,921,977,507	₱5,144,478,462
Bank loans (Note 15)	5,000,000,000	3,400,000,000
Current portion of long-term debt (Note 17)	2,211,799,341	3,193,317,241
Current portion of lease liabilities	101,198,259	102,592,918
Current portion of contract liabilities (Note 7)	396,380,891	434,405,390
Income tax payable	13,082,200	5,993,068
Due to related parties (Note 21)	4,932,711	2,532,536
Total Current Liabilities	12,649,370,909	12,283,319,615
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 17)	1,923,584,212	1,572,868,570
Deferred tax liabilities (Note 20)	62,963,407	128,494,358
Lease liabilities - net of current portion	569,938,201	617,797,371
Contract liabilities- net of current portion (Note 7)	124,537,010	826,701,427
Retirement liabilities	8,766,877	-
Other noncurrent liabilities (Note 16)	121,557,070	128,168,313
Total Noncurrent Liabilities	2,811,346,777	3,274,030,039
Total Liabilities	15,460,717,686	15,557,349,654
Equity		
Capital stock (Note 22)	1,066,401,386	1,066,401,386
Additional paid-in capital	6,402,046,998	6,402,046,998
Treasury stock	(3,720,790)	(3,720,790)
Other comprehensive income – net	847,788,445	1,188,159,598
Retained earnings (Note 23)	4,380,131,131	4,760,634,469
	12,692,647,170	13,413,521,661
Non-controlling interests	5,894,992	3,245,679
Total Equity	12,698,542,162	13,416,767,340
	₱ 28,159,259,848	₱28,974,116,994

See accompanying Notes to Interim Condensed Financial Statements.

EEI CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
For the nine months ended September 30, 2023 and 2022

	2023		2022	
	Quarter	Nine months	Quarter	Nine months
REVENUES				
Construction contracts	₱ 3,792,576,133	₱ 10,282,760,094	₱3,550,282,924	₱8,897,097,717
Services	493,496,945	1,580,551,971	484,359,127	1,285,320,149
Merchandise sales	52,113,725	325,682,425	96,008,447	221,601,971
Real estate sales	9,231,932	10,400,378	-	3,980,246
	4,347,418,735	12,199,394,868	4,130,650,498	10,408,000,083
COSTS (Note 18)				
Construction contracts	2,823,521,544	8,946,741,107	3,120,408,723	7,982,806,788
Services	408,148,934	1,371,261,596	413,795,337	1,065,096,514
Merchandise sales	43,975,315	292,956,407	86,413,571	197,167,357
Real estate sales	2,937,719	3,872,476	-	3,132,313
	3,278,583,512	10,614,831,586	3,620,617,631	9,248,202,972
GROSS PROFIT	1,068,835,223	1,584,563,282	510,032,867	1,159,797,111
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES (Note 10)	(51,892,767)	(401,932,451)	(16,067,192)	385,287,170
SELLING AND ADMINISTRATIVE EXPENSES (Note 19)	(377,425,545)	(1,108,592,860)	(397,525,180)	(1,141,101,602)
FINANCE COST AND OTHER EXPENSES – Net				
Interest expense (Notes 15 and 17)	(217,001,010)	(594,055,116)	(92,746,339)	(310,189,880)
Foreign exchange gains – net	21,288,393	49,445,133	10,092,674	22,672,887
	(195,712,617)	(544,609,983)	(82,653,665)	(287,516,993)
INTEREST INCOME	18,179,032	56,888,986	(182,596)	29,829,597
OTHER INCOME – Net	117,835,466	202,566,148	17,804,015	21,539,776
INCOME (LOSS) BEFORE INCOME TAX (PROVISION FOR) BENEFIT FROM INCOME TAX (Note 20)	579,818,792	(211,116,878)	31,408,249	167,835,059
Current	(39,880,680)	(74,066,573)	(20,193,966)	(59,928,284)
Deferred	(131,133,267)	(7,133,971)	19,702,654	36,097,703
	(171,013,947)	(81,200,544)	(491,312)	(23,830,581)
NET INCOME (LOSS)	₱408,804,845	(₱292,317,422)	₱30,916,937	₱144,004,478
Net income (loss) attributable to:				
Equity holders of the Parent Company	₱406,002,127	(₱294,966,735)	₱33,078,820	₱149,676,929
Noncontrolling interests	2,802,718	2,649,313	(2,161,883)	(5,672,451)
	₱408,804,845	(₱292,317,422)	₱30,916,937	₱ 144,004,478
Earnings Per Share – Basic and Diluted (Note 25)	₱0.3196	(₱0.5011)	(₱0.0402)	(₱0.0720)

See accompanying Notes to Interim Condensed Financial Statements.

EI CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****For the nine months ended September 30, 2023 and 2022**

	2023		2022	
	Quarter	Nine months	Quarter	Nine months
NET INCOME (LOSS)	₱408,804,845	(₱292,317,422)	₱30,916,937	₱144,004,478
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Fair value change on equity investments at FVOCI (Note 11)	(148,162,174)	(124,585,234)	(303,264)	(762,048)
Remeasurement losses on retirement liability	219,039	708,513	-	271,936
<i>Item to be reclassified to profit or loss in subsequent periods:</i>				
Cumulative translation adjustments	21,195,651	(2,980,160)	147,434,972	308,289,616
TOTAL COMPREHENSIVE INCOME (LOSS)	₱282,057,361	(₱419,174,303)	₱178,048,645	₱451,803,982
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company	₱279,254,643	(₱421,823,616)	₱183,960,514	₱457,476,433
Non-controlling interests	2,802,718	2,649,313	(5,911,869)	(5,672,451)
	₱282,057,361	(₱419,174,303)	₱178,048,645	₱451,803,982

See accompanying Notes to Interim Condensed Financial Statements.

EEI CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended September 30, 2023 and 2022

	Attributable to Equity Holders of the Parent Company Other Comprehensive Income - Net of Deferred Tax Effect						Subtotal	Retained Earnings (Note 23)	Subtotal	Non-controlling Interests	Total
	Capital Stock (Note 22)	Additional Paid-In Capital	Treasury Stock	Remeasurement Losses on Retirement Liability	Cumulative Translation Adjustments (Note 10)	Fair Value Reserve of Equity Investments at FVOCI (Note 11)					
Balances at January 1, 2023	₱1,066,401,386	₱6,402,046,998	(₱3,720,790)	(₱79,164,875)	₱540,862,287	₱726,462,186	₱1,188,159,598	₱4,760,634,469	₱13,413,521,661	₱3,245,679	₱13,416,767,340
Transfer of net gain from disposal of Equity investments at FVOCI						(213,514,272)	(213,514,272)	213,514,272			
Net income (loss)	—	—	—					(294,966,735)	(294,966,735)	2,649,313	(292,317,422)
Other comprehensive income (loss)	—	—	—	708,513	(2,980,160)	(124,585,234)	(126,856,881)		(126,856,881)	—	(126,856,881)
Total comprehensive income (loss)	—	—	—	708,513	(2,980,160)	(124,585,234)	(126,856,881)	(294,966,735)	(421,823,616)	2,649,313	(419,174,303)
Dividends paid	—	—	—	—	—	—	—	(299,050,875)	(299,050,875)	—	(299,050,875)
Balances at September 30, 2023	₱1,066,401,386	₱6,402,046,998	(₱3,720,790)	(₱78,456,362)	₱537,882,127	₱ 388,362,680	₱ 847,788,445	₱ 4,380,131,131	₱ 12,692,647,170	₱ 5,894,992	₱ 12,698,542,162

	Attributable to Equity Holders of the Parent Company Other Comprehensive Income - Net of Deferred Tax Effect						Subtotal	Retained Earnings (Note 23)	Subtotal	Non-controlling Interests	Total
	Capital Stock (Note 22)	Additional Paid-In Capital	Treasury Stock	Remeasurement Losses on Retirement Liability	Cumulative Translation Adjustments (Note 10)	Fair Value Reserve of Equity Investments at FVOCI (Note 11)					
Balances at January 1, 2022	₱1,066,401,386	₱6,402,046,998	(₱3,720,790)	(₱165,161,422)	₱363,417,852	₱723,802,224	₱922,058,654	₱4,950,157,787	₱13,336,944,035	₱3,749,986	₱13,340,694,021
Additional subscription										8,400,000	8,400,000
Net income (loss)	—	—	—					149,575,929	149,676,929	(5,672,451)	144,004,478
Other comprehensive income (loss)	—	—	—	271,936	308,289,616	(762,048)	307,799,504		307,799,504		307,799,504
Total comprehensive income (loss)	—	—	—	271,936	308,289,616	(762,048)	307,799,504	149,676,929	457,476,433	(5,672,451)	451,803,982
Dividends paid	—	—	—	—	—	—	—	(299,050,442)	(299,050,442)		(299,050,442)
Balances at September 30, 2022	₱1,066,401,386	₱6,402,046,998	(₱3,720,790)	(₱164,889,486)	₱671,707,468	₱723,040,176	₱1,229,858,158	₱4,800,784,274	₱13,495,370,026	₱6,477,535	₱13,501,847,561

EEI CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS****For the nine months ended September 30, 2023 and 2022**

	September 30, 2023	September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before income tax	(P211,116,880)	P 167,835,059
Adjustments for:		
Interest expense	594,055,116	310,189,880
Depreciation and amortization	390,583,595	397,167,756
Movement in retirement assets and liabilities	60,359,693	70,252,333
Gain on sale of property and equipment	398,811	(662,551)
Gain on sale of investment	(183,754,237)	-
Interest income	(56,888,986)	(29,829,597)
Unrealized foreign exchange gains – net	(115,075,168)	7,807,513
Equity in net earnings (loss) of associates	401,932,451	(385,287,170)
Dividend income	-	(4,000,000)
Operating income before changes in working capital	880,494,395	533,473,223
Decrease (increase) in:		
Receivables	(482,110,152)	(483,337,239)
Contract assets	131,584,586	75,938,983
Due from related parties	10,409,410	(11,979,335)
Inventories	(173,087,635)	(140,751,134)
Other current assets	(612,310,849)	(59,477,648)
Other noncurrent assets	(144,275,994)	(231,643,426)
Increase (decrease) in:		
Due to related parties	2,400,176	175,867
Accounts payable and other current liabilities	(261,983,308)	(182,637,412)
Contract liabilities	(740,188,916)	480,419,801
Net cash used in operations	(1,389,068,287)	(19,818,320)
Interest received	56,888,986	30,192,681
Interest paid	(561,184,013)	(300,853,046)
Net cash flows used in operating activities	(1,893,363,314)	(290,478,685)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of:		
Property and equipment (Note 12)	(398,811)	30,991,711
Investment properties	-	232,800
Equity investments at Fair value through other comprehensive income (FVOCI)	589,312,097	-
Investments in associate and joint ventures	1,911,639,762	-
Acquisition of property and equipment (Note 12)	(127,819,373)	(137,084,405)
Proceeds from return of investment (Note 10)	-	75,396,720
Acquisition of investment in associates and joint ventures	(1,314,479,251)	(16,290,700)
Dividend received	-	48,000,000
Net cash flows provided by investing activities	1,058,254,424	1,246,126
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of:		
Bank loans (Note 15)	8,111,408,437	10,112,676,041
Long term debt	2,000,000,000	-
Payments of:		
Bank loans (Note 15)	(6,511,408,437)	(10,550,000,000)
Long-term debt (Note 17)	(2,625,000,000)	(2,626,313,250)
Principal portion of lease liabilities	(49,253,828)	(46,622,573)
Cash dividends paid	(299,050,875)	(299,050,875)
Net cash flows provided by (used in) financing activities	626,695,297	(3,409,310,657)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(208,413,593)	(3,698,543,216)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,571,374,751	7,124,222,377
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	P 2,362,961,158	P3,425,679,161

EEI CORPORATION AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

EEI Corporation (the Parent Company) is a stock corporation incorporated on April 22, 1931 under the laws of the Philippines. On July 15, 1980, the Parent Company's corporate life was extended for another fifty years starting April 22, 1981. Pursuant to Section 11 of the Revised Corporation Code, the Parent Company now has perpetual existence. Its registered office address is No. 12 Manggahan Street, Bagumbayan, Quezon City.

The Parent Company's shares of stock are publicly traded at the Philippine Stock Exchange (PSE). The principal shareholders holding significant interests in the Parent Company are House of Investments, Inc. (21%), RYM Business Management Corporation (20%) and Industry Holdings and Development Corporation (14.346%).

The Parent Company is engaged in general contracting and construction equipment rental. The Parent Company's subsidiaries, associates and joint ventures are mainly involved in the provision of manpower services, construction, trading of construction equipment and parts, power generation, steel fabrication, scaffoldings rental, and real estate.

The unaudited interim condensed consolidated financial statements were approved and authorized for issue on November 8, 2023.

2. Basis of Preparation and Statement of Compliance

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for equity investments at FVOCI which have been measured at fair value. The accompanying interim condensed consolidated financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. Except as indicated, all amounts are rounded off to the nearest Peso.

Statement of Compliance

The interim condensed consolidated financial statements have been prepared in compliance with Philippine Accounting Standards (PAS 34), *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at December 31, 2022.

The interim condensed consolidated financial statements of the Group have been prepared for filing with the SEC.

Basis of Consolidation

The interim condensed consolidated financial statements as of September 30, 2023 and December 31, 2022 and the period then ended include the Parent Company and the following companies (collectively, the Group) that it controls:

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership			
				September 2023	December 2022	September 2023	December 2022
				Direct	Indirect	Direct	Indirect
EEI Limited (formerly EEI BVI Ltd.)	British Virgin Islands	Holding company	US Dollar	100	–	100	–
Clear Jewel Investments, Ltd. (CJIL)	British Virgin Islands	Holding company	US Dollar	–	100	–	100
Nimaridge Investments, Limited	British Virgin Islands	Holding company	US Dollar	–	100	–	100
EEI (PNG), Ltd	Papua New Guinea	Holding company	US Dollar	–	100	–	100
EEI Corporation (Guam), Inc.	United States of America	Construction	US Dollar	100	–	100	–
EEI Construction and Marine, Inc.	Philippines	Construction	Philippine Peso	100	–	100	–
EEI Realty Corporation (EEI Realty)	Philippines	Real estate	Philippine Peso	100	–	100	–
EEI Subic Corporation	Philippines	Construction	Philippine Peso	100	–	100	–
EEI Business Solutions, Inc. (EBSI) (formerly Equipment Engineers, Inc)	Philippines	Trading	Philippine Peso	100	–	100	–
JP Systems Asia Inc. (JPSAI)	Philippines	Rental of scaffolding and formworks	Philippine Peso	–	60	–	60
BiotechJP Corp.	Philippines	Manufacturing food and therapeutic food	Philippine Peso	60	–	60	–
Shinbayanihan Heavy Equipment Corp.	Philippines	Rental of construction equipment	Philippine Peso	40	–	40	–
Learn JP Corp.	Philippines	Service for improvement in language proficiency	Philippine Peso	–	60	–	60
EEI Power Corporation (EPC)	Philippines	Power generation	Philippine Peso	89	11	89	11
Gulf Asia International Corporation (GAIC)	Philippines	Manpower services	Philippine Peso	100	–	100	–
GAIC Professional Services Inc. (GAPSI)	Philippines	Manpower services	Philippine Peso	–	100	–	100
GAIC Manpower Services, Inc. (GAMSI)	Philippines	Manpower services	Philippine Peso	–	100	–	100
Bagumbayan Equipment & Industrial Products, Inc.	Philippines	Consultancy services	Philippine Peso	100	–	100	–
Philmark, Inc	Philippines	Construction	Philippine Peso	100	–	100	–
Philrock Construction and Services, Inc.	Philippines	Manpower services	Philippine Peso	100	–	100	–
EEI Energy Solutions Corporation (ESSC)	Philippines	Power generation	Philippine Peso	–	100	–	100
EEI Carga Digital Logistic Corporation	Philippines	Operate digital logistic platform	Philippine Peso	–	100	–	–

The Group operation is not affected by seasonality and cyclicity.

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2023. Adoption of these pronouncements did not have any significant impact on the Group's consolidated financial statements unless otherwise indicated.

The Group did not early adopt any other standard, interpretation or amendment that has been issued but is not yet effective.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The Group is still assessing the impact of the amendments to the consolidated financial statements.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The Group is still assessing the impact of the amends to the consolidated financial statements.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- **PFRS 17, *Insurance Contracts***

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted. The amendments are not expected to have a material impact on the Group.

Deferred Effectivity

- **Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Significant Accounting Judgments and Estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures.

Except as otherwise stated, the significant accounting policies, judgments, estimates and assumptions used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements as at and for the year ended December 31, 2022.

Judgments

Provisions and contingencies

The Group is involved in various claims in the ordinary course of business. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position. The Group's management believes that the outcome of these claims will not have a material adverse effect on the Group's financial position or operating results. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of the strategies relating to these claims.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimating variable considerations arising from change orders and claims

The Group frequently agrees to change orders that modify the scope of its work previously agreed with customers and regularly submits claims to customers when unanticipated additional costs are incurred because of delays or changes in scope caused by the customers. PFRS 15 requires the Group to recognize, as part of its revenue from construction contracts, the estimated amounts the Group expects to be entitled to and to be received from customers due to these change orders and claims (otherwise known as variable considerations), provided that it is highly probable that a significant reversal of the revenue recognized in connection with these variable considerations will not occur in the future. For these unpriced change orders and claims, the Group uses the "most likely amount" method to predict the amount to which it will be entitled and expected to be received from the customers. The Group also updates its estimate of the transaction price to reflect any changes in circumstances that would result to changes in amount of variable considerations and corresponding increase or decrease in the contract assets.

The aggregate carrying values of receivables and contract assets arising from construction contracts amounted to ₱13.4 billion and ₱12.9 billion as of September 30, 2023 and December 31, 2022, respectively (Notes 6 and 7).

Fair value measurement of unquoted equity investments at FVOCI

The Group uses valuation techniques such as discounted cash flow approach and adjusted net asset method to estimate the fair value of investment in Petro Green Energy Corporation (PGEC) and Hermosa Ecozone Development Corporation (HEDC), respectively. These valuation techniques require significant unobservable inputs to calculate the fair value of the Group's unquoted equity investments at FVOCI. These inputs include forecast cash flows assumptions, discount rates, appraised value of real properties, among others. Changes in assumptions relating to these factors could affect the reported fair value of these unquoted equity financial instruments. For the investment in PGEC, the effects of COVID-19 were reflected in the discount rate used in the discounted cash flow and were not accounted for separately. For the investment in HEDC, the valuation made by the appraisers was based on sales comparison approach. The effects of COVID-19 were reflected in the selling price of comparable listings of real estate properties and were not accounted for separately.

The fair value of unquoted equity investments amounted to ₱0.5 billion and ₱1.2 billion as of September 30, 2023 and December 31, 2022, respectively. (Note 11).

Realizability of deferred tax assets

The Group reviews the carrying amounts of deferred taxes of each entity in the Group at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Classification of creditable withholding tax

The Group classifies its creditable withholding tax (CWT) as current when it is expected to be realized (e.g., will be used as tax credit against income taxes due) within twelve months after the reporting period. The portion of CWT that is expected to be realized more than twelve months after the reporting period is classified as noncurrent.

CWT recognized by the Group is disclosed in Note 14 to the interim consolidated financial statements.

5. Cash and Cash Equivalents

This account consists of:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Cash on hand	₱6,810,098	₱8,420,080
Cash in banks	2,183,721,161	1,380,536,133
Cash equivalents	172,429,899	1,182,418,538
	₱ 2,362,961,158	₱2,571,374,751

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn annual interest at the respective short-term investment rates.

6. Receivables - net

This account consists of:

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Trade receivable		
Non-interest bearing		
Billed receivables	₱ 2,839,409,198	₱2,458,026,281
Unbilled receivables	110,300,096	59,413,064
Interest-bearing	12,107,163	11,530,924
Receivable from sale of investment properties	15,210,074	15,997,014
Other receivables	99,773,628	45,011,795
	3,076,800,159	2,589,979,078
Less: Allowance for expected credit losses	95,679,472	90,968,543
	₱2,981,120,687	₱2,499,010,535

Movements in the allowance for expected credit losses follow:

September 30, 2023 (Unaudited)				
	Non-interest bearing trade receivables	Interest-bearing trade receivables	Other receivables	Total
Balances at beginning of period	₱79,842,362	₱200,000	₱10,926,181	₱90,968,543
Provision (Note 19)	4,710,929	—	—	4,710,929
Balances at end of period	₱84,553,291	₱200,000	₱10,926,181	₱95,679,472

December 31, 2022 (Audited)				
	Non-interest bearing trade receivables	Interest-bearing trade receivables	Other receivables	Total
Balances at beginning of period	₱76,241,674	₱200,000	₱10,926,181	₱87,367,855
Provision	(12,771,964)	—	—	(12,771,964)
Recovery	16,372,652	—	—	16,372,652
Balances at end of period	₱79,842,362	₱200,000	₱10,926,181	₱90,968,543

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

7. Contract Assets and Liabilities

Contract Assets

The Group presents contract receivable and retentions withheld by customer as contract assets as the Group's right for consideration is conditioned on the lapse of the defects liability period and the receipt of customer certification that there are no defects on the constructed asset. These are reclassified as receivables upon the lapse of the defect liability period and final customer acceptance.

The Group's contract assets amounted to ₱10.4 billion as of September 30, 2023 and December 31, 2022, respectively.

Details of the Group's contract assets as of September 30, 2023 and December 31, 2022 are shown below:

September 30, 2023 (Unaudited)			
	Current	Noncurrent	Total
Contract asset	₱ 5,869,343,247	₱ 4,584,581,813	₱ 10,453,925,060
Less: Allowance for expected credit losses	19,510,785	9,443,812	28,954,597
	₱ 5,849,832,462	₱ 4,575,138,001	₱ 10,424,970,463

December 31, 2022 (Audited)			
	Current	Noncurrent	Total
Contract asset	₱5,201,785,067	₱5,199,970,342	₱10,401,755,409
Less: Allowance for expected credit losses	19,510,785	9,443,812	28,954,597
	₱5,182,274,282	₱5,190,526,530	₱10,372,800,812

Movement in the allowance for expected credit losses as of September 30, 2023 and December 31, 2022 follows:

	September 30, 2023 (Unaudited)		Total
	Current	Noncurrent	
Balances as at January 1	₱19,510,785	₱9,443,812	₱28,954,597
Provision (Reversal)	—	—	—
Balances as at September 30	₱19,510,785	₱9,443,812	₱28,954,597

	December 31, 2022 (Audited)		Total
	Current	Noncurrent	
Balances as at January 1	₱47,701,274	₱9,443,812	₱57,145,086
Provision	(11,817,837)	—	(11,817,837)
Reversals	(16,372,652)	—	(16,372,652)
Balances as at December 31	₱19,510,875	₱9,443,812	₱28,954,597

Contract Liabilities

Contract liabilities mainly consist of down payments received in relation to construction contracts that will be recognized as revenue in the future as the Group satisfies its performance obligations. The Group's contract liabilities amounted to ₱0.5 billion and ₱1.3 billion as of September 30, 2023 and December 31, 2022, respectively, after offsetting with related contract assets.

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Total contract liabilities	₱ 520,917,901	₱1,261,106,817
Less current portion	396,380,891	434,405,390
	₱ 124,537,010	₱826,701,427

8. Inventories

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Construction materials	₱ 849,257,772	₱726,367,905
Real estate:		
Land and land development	120,555,797	158,670,638
Subdivision lots and condominium units for sale	34,260,442	35,988,542
Raw land	41,453,914	42,398,913
Spare parts and supplies	120,868,094	84,002,233
Merchandise	103,758,518	87,727,551
	1,270,154,537	1,135,155,782
Less: Allowance for inventory obsolescence		
Merchandise	769,378	769,378
Spare parts and supplies	7,572,331	7,572,331
	8,341,709	8,341,709
	₱1,261,812,828	₱1,126,814,073

9. Other Current Assets

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Advances to suppliers and subcontractors	₱ 1,140,113,448	₱677,201,222
Creditable withholding taxes (CWTs)	181,253,741	181,253,741
Prepaid expenses	173,971,683	27,762,549
Miscellaneous deposits	158,790,912	145,760,576
Advances to officers and employees	55,097,403	52,753,886
Deferred input tax	54,823,548	60,415,203
Bid bonds	-	59,822,400
Others	31,264,801	44,264,478
	1,795,315,536	1,249,234,055
Less: Allowance for impairment	56,143,271	55,395,197
	₱ 1,739,172,265	₱1,193,838,858

CWTs pertain to unutilized creditable withholding taxes which will be used as tax credit against income taxes due. The Group determines that taxes withheld can be recovered in future periods. A portion of CWT's is classified as non-current as management assessed that this will not be used as tax credits within the next twelve months (Note 14).

Miscellaneous deposits mainly represent the Group's refundable rental, utilities and guarantee deposits on various machinery and equipment items.

Movements in allowance for impairment are shown below:

September 30, 2023 (unaudited)				
	Miscellaneous deposits	Advances to officers and employees	Advances to suppliers and subcontractors	Total
Balances as at January 1	₱41,265,425	₱1,035,813	₱ 13,093,959	₱55,395,197
Provisions for ECL (Note 19)	748,074	-	-	748,074
Balances as at December 31	₱42,013,499	₱1,035,813	₱ 13,093,959	₱56,143,271

December 31, 2022 (audited)				
	Miscellaneous deposits	Advances to officers and employees	Advances to suppliers and subcontractors	Total
Balances as at January 1	₱3,335,193	₱29,516	₱13,093,959	₱16,458,668
Provisions for ECL	37,930,232	1,006,297	-	38,936,529
Balances as at December 31	₱41,265,425	₱1,035,813	₱ 13,093,959	₱55,395,197

10. Investments in Associates and Joint Ventures

The investments relate to the following investee companies:

			Percentage of ownership	
	Place of incorporation	Nature of business	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<i>Associates</i>				
Al-Rushaid Construction Company Limited (ARCC)	Kingdom of Saudi Arabia	Construction	49	49
PetroSolar Corporation (PSOC)	Philippines	Renewable energy	-	44
Rice Integrated Commercial Enterprise, Inc. (RICEI)	Philippines	Support activities to agriculture and post- harvest crop activities	49	49
<i>Joint ventures</i>				
PetroWind Energy, Inc. (PWEI)	Philippines	Renewable energy Electric vehicle	-	20
ParkNcharge, Inc.	Philippines	charging systems	40	-
Shinbayanihan Heavy Equipment Corporation (SHEC)	Philippines	Equipment rental	40	40
BEO Distribution and Marketing Corporation (BEO DMC)	Philippines	Distribution and Marketing	30	30
Shimizu-Fujita-Takenaka-EEI Joint Venture (SFTE)	Philippines	Construction	5	5
Acciona-EEI Joint Venture (AE)	Philippines	Construction	30	30
Lotte-Gulermak-EEI Joint Venture (LGE)	Philippines	Construction	25	-

Details of the Group's material investments in associates and joint ventures follow:

	September 30, 2023 (Unaudited)										
	ARCC	PSOC	PWEI	PARKN CHARGE	RICEI	SHEC	BEO DMC	LGE	SFTE	AE	Total
Acquisition cost:											
Balances as at January 1	₱595,948,045	₱693,303,362	₱288,490,782	–	₱13,540,700	₱20,800,000	₱450,000	₱-	₱–	₱–	₱1,612,532,889
Additional investment	1,294,479,250	–	–	20,000,000	–	–	–	–	–	–	1,314,479,250
Balances as at September 30	1,890,427,295	693,303,362	288,490,782	20,000,000	13,540,700	20,800,000	450,000	–	–	–	2,927,012,138
Accumulated equity in net earnings (losses):											
Balances as at January 1	541,647,535	511,410,622	257,365,159	–	(497,960)	313,289	(384,008)	-	9,357,434	54,418,305	1,373,630,376
Equity in net earnings (losses)	(605,392,815)	137,548,513	23,595,025	–	137,494	2,703,991	(13,336)	(10,092,958)	21,700,288	27,881,347	(401,932,451)
Balances as at September 30	(63,745,280)	648,959,135	280,960,184	–	(360,466)	3,017,280	(397,344)	(10,092,958)	31,057,722	82,299,652	971,697,925
Disposal of shares	-	(1,342,081,418)	(569,558,345)	–	–	–	–	–	–	–	(1,911,639,762)
Accumulated share in other comprehensive income (loss)	(111,716,607)	(181,079)	107,379	–	–	–	–	–	–	–	(111,790,307)
Equity in cumulative translation adjustments	356,318,118	–	–	–	–	–	–	–	–	–	356,318,118
	₱2,071,283,526	₱-	₱-	₱20,000,000	₱13,180,234	₱23,817,280	₱52,656	(₱10,092,958)	₱ 31,057,722	₱ 82,299,652	₱2,231,598,112

	December 31, 2022 (Audited)									
	ARCC	PSOC	PWEI	RICEI	SHEC	BEO DMC	SFTE	ACCIONA		Total
Acquisition cost:										
Balances as at January 1	₱595,948,045	₱690,553,362	₱257,020,000	₱–	₱20,800,000	₱450,000	₱–	₱–	₱–	₱1,564,771,407
Additions	–	2,750,000	31,470,782	13,540,700	–	–	–	–	–	47,761,482
Balances as at December 31	595,948,045	693,303,362	288,490,782	13,540,700	20,800,000	450,000	–	–	–	1,612,532,889
Accumulated equity in net earnings (losses):										
Balances as at January 1	928,700,211	428,695,847	214,834,375	-	(1,456,318)	(344,169)	7,053,091	20,798,985		1,598,282,022
Equity in net earnings (losses)	(387,052,676)	201,514,775	42,530,784	(497,960)	1,769,607	(39,839)	2,304,343	33,619,320		(105,851,646)
Dividends	–	(118,800,000)	–	–	–	–	–	–		(118,800,000)
Balances as at December 31	541,647,535	511,410,622	257,365,159	(497,960)	313,289	(384,008)	9,357,434	54,418,305		1,373,630,376
Accumulated share in other comprehensive income (loss)	(57,048,497)	(181,079)	107,379	–	–	–	–	–		(57,122,197)
Additions	(54,668,109)	–	–	–	–	–	–	–		(54,668,109)
Balances as at December 31	(111,716,606)	(181,079)	107,379	–	–	–	–	–		(111,790,306)
Equity in cumulative translation adjustments	315,556,315	–	–	–	–	–	–	–		315,556,315
	₱1,341,435,289	₱1,204,532,905	₱545,963,320	₱13,042,740	₱21,113,289	₱65,992	₱9,357,434	₱54,418,305		₱3,189,929,274

EEI Power Corporation entered into a Share Purchase Agreement with Petro Energy Resources Corporation to sell its shares in PetroWind Energy, Inc., PetroSolar Corporation and PetroGreen Energy Corporation to the latter.

The Deed of Absolute Sale for the shares in PetroWind Energy, Inc. was entered into by the parties on May 10, 2023 and the related proceeds were received on the same date. Gain on disposal was recognized in May 2023 amounting to ₱82.1 million.

The parties executed the Deed of Sale for the shares in PetroSolar Corporation on July 31, 2023. Gain on disposal amounted to ₱101.7 million.

The sale of the shares in PetroGreen Energy Corporation took place on August 31, 2023. As equity investment at FVOCI, the net revaluation to fair value was recognized in other comprehensive income and was eventually transferred to Retained Earnings upon disposal (Note 11).

11. Equity Investments at FVOCI

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Quoted equity investments	₱ 48,184,460	₱27,044,752
Unquoted equity investments	514,138,319	1,249,175,359
	₱ 562,322,779	₱1,276,220,111

The rollforward analyses of equity investments at FVOCI as of September 30, 2023 and December 31, 2022 follow:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning of period	₱1,276,220,111	₱1,272,977,284
Disposals	(739,037,040)	-
Fair value changes	25,139,708	3,242,827
End of period	₱562,322,779	₱1,276,220,111

The unquoted equity investments consist of shares of the following companies:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
PetroGreen Energy Corporation	₱-	₱735,037,040
Hermosa Ecozone Development Corporation	508,507,014	508,507,014
YGC Corporate Services, Inc.	3,305,447	3,305,447
Brightnote Assets Corporation	1,656,327	1,656,327
Others	669,531	669,531
At end of period	₱514,138,319	₱1,249,175,359

The Group elected to present the fair value changes of all its equity investments in other comprehensive income because it does not intend to hold these investments for trading.

12. Property and Equipment

This account consists of the following:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
At Cost		
Land, Buildings and Improvements	₱ 594,996,411	₱592,720,907
Machinery, Tools and Construction Equipment	5,188,863,473	5,137,922,997
Transportation and Service Equipment	1,004,559,905	1,022,970,508
Furniture, Fixtures and Office Equipment	580,424,960	538,930,424
	7,368,844,749	7,292,544,836
Less: Accumulated Depreciation	(5,226,752,843)	(4,914,061,004)
	2,142,091,906	2,378,483,832
Construction in Progress	61,339,866	51,089,427
	₱ 2,203,431,772	₱2,429,573,259

Machinery, tools and construction equipment are directly used in various construction projects of the Group. Construction in progress mainly pertains to the Parent Company's building improvements at its head office and satellite offices.

As at September 30, 2023 and December 31, 2022, no property and equipment items were pledged as security.

13. Investment Properties

The rollforward analyses of this account follow:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cost		
Balances at beginning of period	₱14,295,711	₱14,496,211
Disposals	—	(200,500)
Reclassification	38,088,880	—
Net book value at end of period	₱52,384,591	₱14,295,711

In 2023, land previously held for sale and presented as part of inventory by EEI Realty was reclassified as investment property after being leased out to the Parent Company. This is treated as a non-cash transaction in the statement of consolidated cash flows.

14. Other Noncurrent Assets

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Loans receivable	₱1,200,000,000	₱1,200,000,000
Creditable withholding taxes	954,935,589	857,168,029
Deferred input VAT	27,104,999	15,185,271
Software	4,670,000	4,670,000
Others	63,186,336	28,597,629
	2,249,896,924	2,105,620,929
Allowance for expected credit loss	(1,637,755)	(1,637,755)
	₱2,248,259,169	₱2,103,983,174

There was no movement in the allowance for expected credit losses for the periods ended September 30, 2023 and December 31, 2022.

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

15. Bank Loans

The Group availed of several unsecured short-term bank loans with a number of local banks. These loans will mature within one year with annual interest rates ranging from 4.63% - 7.50% and 4.63% - 6.50% as at September 30, 2023 and December 31, 2022, respectively.

Movements in this account follow:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at the beginning of period	₱3,400,000,000	₱3,250,000,000
Availment	8,111,408,437	12,462,676,041
Payments	(6,511,408,437)	(12,312,676,041)
Balances at end of period	₱5,000,000,000	₱3,400,000,000

16. Accounts Payable and Other Current Liabilities

This account consists of:

	September 30, 2023 Unaudited	December 31, 2022 Audited
Accounts payable	₱ 3,508,974,165	₱3,692,597,950
Deferred output taxes	456,119,679	429,715,967
Retention payable	383,514,102	417,645,450
Accrued expenses	265,144,478	322,590,471
Withholding taxes and other statutory liabilities	131,567,114	124,353,647
Advances from joint venture partners	32,381,854	32,381,854
Others	144,276,115	125,193,123
	₱4,921,977,507	₱5,144,478,462

Accounts payable are non-interest bearing and generally settled on 30 to 90 day terms. Retention payable pertains to amounts that the Group deducts from its subcontractors' billings and are usually paid within 12 months.

Deferred output taxes pertain to VAT on sale of services on credit. Once collected, the amount will be transferred to output VAT payable.

Accrued expenses mainly consist of accrual for salaries and wages, interest, provisions, accrual for professional fees, outside services, utilities and other expenses that are expected to be settled within one year. Provisions were provided for claims by third parties in the ordinary course of business. As allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only a general description is provided as the disclosure of additional details may prejudice the Group's position and negotiation strategies with respect to these matters.

Other noncurrent liabilities pertain to noncurrent portion of retention payables that are expected to be settled beyond one year from the end of reporting period. As of September 30, 2023 and December 31, 2022, other noncurrent liabilities amounted to ₱121.6 million and ₱128.2 million, respectively.

17. Long-term Debt

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Fixed-rate corporate promissory notes	₱ 3,983,184,627	₱4,607,632,882
Fixed-rate term loan	152,198,926	158,552,929
	4,135,383,553	4,766,185,811
Less current portion	2,211,799,341	3,193,317,241
	₱ 1,923,584,212	₱1,572,868,570

18. Costs of Sales and Services

This account consists of the following balances for the 9-month periods ended September 30:

	2023 (Unaudited)	2022 (Unaudited)
Cost of services	₱ 10,318,002,703	₱9,047,903,302
Cost of sales	296,828,883	200,299,670
	₱ 10,614,831,586	₱9,248,202,972

Cost of Services

	2023 (Unaudited)	2022 (Unaudited)
Personnel expenses	₱ 5,079,479,125	₱4,776,369,298
Materials	2,058,591,466	1,977,010,723
Equipment costs and others	2,156,608,068	2,013,440,948
Power sales	748,260,492	—
Depreciation and amortization	263,729,214	267,969,452
Others	11,334,338	13,112,881
	₱10,318,002,703	₱9,047,903,302

19. Selling and Administrative Expenses

This account consists of the following balances for the 9-month periods ended September 30:

	2023 (Unaudited)	2022 (Unaudited)
Personnel expenses	₱ 474,691,576	₱595,308,796
Taxes and licenses	226,065,779	20,933,198
Depreciation and amortization	126,854,381	129,198,305
Travel and transportation	47,793,939	59,256,256
Professional fees	41,883,385	41,768,621
Repairs and maintenance	39,960,762	64,318,214
Outside services	36,130,037	31,330,881
Utilities	31,546,987	36,634,653
Training	7,781,246	35,165,890
Rent	6,119,503	9,260,841
Supplies	5,803,899	3,305,728
Provision for (recovery of) expected credit loss – net (Notes 6 and 9)	5,459,003	(10,761,970)
Advertising	3,674,083	3,766,075
Donations	3,146,053	1,661,462
Insurance	2,843,543	7,165,531
Food, meals and others	1,812,058	2,504,319
Others	47,026,626	110,284,802
	₱1,108,592,860	₱1,141,101,602

Others pertain to the various administrative expenses that the Group incurs in support of its day-to-day operations including subscriptions, stock listing fees, postage and other charges.

The distribution of depreciation and amortization expense for the 9-month periods ended September 30 follows:

	2023 (Unaudited)	2022 (Unaudited)
Property and equipment (Note 12)	₱ 77,212,517	₱ 72,749,858
Right-of-use asset	49,641,864	56,448,447
	₱ 126,854,381	₱ 129,198,305

20. Income Taxes

The components of tax expense as reported in the consolidated statements of income for the 9-month periods ended September 30 are as follows:

	2023 (Unaudited)	2022 (Unaudited)
Current	₱ 74,066,573	₱ 321,097,198
Deferred	7,133,971	76,070,559
	₱81,200,544	₱397,167,757

Deferred tax assets – net amounted to ₱1.3 billion as at September 30, 2023 and December 31, 2022, respectively.

The Group also recognized deferred tax liability amounting to ₱63.0 million and ₱128.5 million, pertaining to the tax on accumulated fair value gain of unquoted equity investments at FVOCI as of September 30, 2023 and December 31, 2022, respectively.

21. Related Party Transactions

The outstanding balances and transactions with related parties as of September 30, 2023 and December 31, 2022 consist of the following:

(In Thousand Php)		September 30, 2023 (Unaudited)			
Related party	Transaction	Amount / Volume	Outstanding Receivable/ (Payable)	Terms	Conditions
Parent company	Rendering of janitorial services	₱23,637	₱4,124	Non-interest bearing	Unsecured, no impairment
	Purchase of management services	(3,736)	–		
Associate	Rendering of services	–	125,393	Non-interest bearing	Unsecured
	Extension of advances	–	–	Non-interest bearing	Unsecured
	Availment of advances	–	(1,594)	Non-interest bearing	Unsecured
Entities under the common control	Bank deposits	10,498	2,021,345	Interest bearing; 0.15% -0.45% per annum	Unsecured, no impairment
	Revenue from construction services	460,643	163,598	Non-interest bearing	Unsecured
	Revenue from service contract	–	24,659	Non-interest bearing	Unsecured, no impairment
	Rendering of janitorial services	324,009	55,750	Non-interest bearing	Unsecured, no impairment
Other related parties	Lease of property	(54,975)	–	Non-interest bearing	Unsecured
	Availment of advances	–	(3,339)	Non-interest bearing	Unsecured
	Extension of advances	–	421	Non-interest bearing	Unsecured
	Loan	45,000	1,200,000	Interest bearing 5% per annum	Unsecured, no impairment
Due from related parties			₱185,688		
Due to related parties			₱4,933		
Loans receivable			₱1,200,000		

(In Thousand Php)		December 31, 2022 (Audited)			
Related party	Transaction	Amount / Volume	Outstanding Receivable/ (Payable)	Terms	Conditions
Parent company	Rendering of janitorial services	₱22,039	₱8,493	Non-interest bearing	Unsecured, no impairment
	Purchase of management services	(8,186)	(1,746)	Non-interest bearing	Unsecured,
Associate	Rendering of services	—	125,258	Non-interest bearing	Unsecured
	Extension advances	—	(676)	Non-interest bearing	Unsecured
	Extension advances	-	(1,562)	Non-interest bearing	Unsecured
Entities under the common control	Bank deposits	12,887	1,088,213	Interest bearing; 0.15% per annum	Unsecured, no impairment
	Revenue from construction services	225,581	22,432	Non-interest bearing	Unsecured
	Revenue from service contract	—	19,556	-	-
	Extension of advances	—	-	Non-interest bearing	Unsecured, no impairment
	Rendering of janitorial services	381,887	61,635	—	—
	Sale of supplies	2	-	-	-
Other related parties	Lease of property	—	(971)	Non-interest bearing	Unsecured
	Rendering of construction services	—	1,387	Interest bearing, 5% per annum	Unsecured
	Sale of property	22,039	8,493	Interest bearing, 5% per annum	Unsecured
	Extension of advances	(8,186)	(1,746)	Non-interest bearing	Unsecured
	Extension of advances	—	125,258	Non-interest bearing	Unsecured
	Sale of property	343,077	—	Non-interest bearing	Unsecured
	Loan	1,200,000	1200,000	Interest bearing, 5% per annum	Unsecured
	Due from related parties		₱196,097		
Due to related parties			₱2,533		
Loans receivable			₱1,200,000		

- In 2022, the Parent Company was contracted by San Lorenzo Ruiz Investment Holdings and Services, Inc. for the Construction of The Yuchengco Centre with contract price amounting to ₱1,339.3 million. The outstanding receivables amounted to ₱153.5 million and ₱12.3 million as of September 30, 2023 and December 31, 2022, respectively.
- In 2021, the Parent Company was contracted by San Lorenzo Ruiz Investment Holdings and Services, Inc. for the demolition and excavation works of The Yuchengco Centre with contract price amounting to ₱168.8 million.
- EPC was contracted by RCBC Realty Corporation in 2019 for the supply of labor, tools and materials and installation of the additional low voltage switchgear and busway system, and in 2022 for the supply of labor and electrical equipment for Phase 2 Electrical System with contract price amounting to ₱260.4 million and ₱56.6 million, respectively. The outstanding receivables amounted to ₱24.6 million and ₱19.6 million as of September 30, 2023 and December 31, 2022, respectively.
- In 2018, the Parent Company was contracted by Malayan Education Systems, Inc. for the General Construction Works, Excavation, Structural, Civil, Architectural, MEPF

Works and Attendance of Mapua Makati Building with contract price amounting to ₱ 891.0 million. The project is completed as of December 31, 2021. The outstanding receivables amounted to ₱10.1 million as of September 30, 2023 and December 31, 2022.

- e) In January 2007, the Parent Company and EEI-RFI, a trustee of the Parent Company employees retirement fund, entered into operating lease agreements for land and improvements located in Bagumbayan, Quezon City. The lease terms are for one year and renewable every year with 5% increase effective January 1, 2014.
- f) In December 2022, the Parent Company entered into a sale and leaseback transaction with EEI-RFI for parcels of land located in Bauan, Batangas. The related lease is for a term of 5 years, with an annual escalation rate of 5%.
- g) In December 2022, the Parent Company extended a loan to EEI-RFI amounting to ₱1.2 billion payable in 10 annual installments commencing in 2025. The loan bears an annual interest of 5%.

Outstanding balances as at balance sheet date are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. These mainly consist of advances and reimbursement of expenses. The Group has not recognized any impairment on amounts due from related parties for the 9-month period ended September 30, 2023 and the year ended December 31, 2022.

This assessment is undertaken each balance sheet date through a review of the financial position of the related party and the market in which the related party operates.

Identification, review and approval of related party transactions

Material related party transactions (MRPT) refers to any related party transactions, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited financial statements.

All material related party transactions shall be reviewed by the Group's Corporate Governance Committee and approved by the BOD with at least 2/3 votes of BOD, with at least a majority vote of the independent directors. In case that the vote of a majority of the independent directors is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

22. Capital Stock

The Group's capital stock as at September 30, 2023 and December 31, 2022 consists of the following:

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

Common Shares

The Group's common shares were registered with the Securities and Exchange Commission (SEC)

on August 28, 1997. The total number of shares registered with the SEC at that time was 2 billion with an original issue price amounting to ₱1.0 per share. As of September 30, 2023, and December 31, 2022, the Group had 3,115 shareholders on record, respectively.

Preferred shares

On July 15, 2021, the BOD of the Parent Company approved the following:

- a) Offer of up to four billion pesos of preferred shares of EEI, with over-subscription option of up to two billion pesos of preferred shares, at an offer price of up to ₱100 per share.
- b) Amendment in 2nd paragraph of Article 7 of the Articles of Incorporation to reflect that all stockholders shall have no pre-emptive rights with respect to any shares of any other class or series of the present capital or on future or subsequent increases in capital.
- c) Amendment in 4th paragraph of Article 7 of the Articles of Incorporation changing the characteristic of preferred shares of the Company from non-cumulative to cumulative.
- d) Amendment in Article 6 of the Articles of Incorporation increasing the number of board of directors to eleven (11).

The above were approved by the shareholders through written assent on August 26, 2021.

On December 23, 2021, the Group issued and listed in PSE the non-convertible preferred shares generating net proceeds of ₱5.95 billion.

Cumulative dividends in arrears on preferred shares as at September 30, 2023 and December 31, 2022 amounted to ₱7.6 million and ₱8.7 million, respectively.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes as of September 30, 2023 and December 31, 2022.

The Group considers total equity as its capital.

The Group monitors capital using a debt-to-equity ratio, which is total liabilities divided by total equity attributable to equity holders of Parent Company. The Group's policy is to maintain a debt-to-equity ratio lower than 4:1 as at September 30, 2023 and December 31, 2022.

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Current liabilities	12,649,370,909	12,283,319,615
Noncurrent liabilities	2,811,346,777	3,274,030,039
Total liabilities (a)	15,460,717,686	15,557,349,654
Equity attributable to equity holders of Parent Company (b)	12,692,647,170	13,413,521,661
Debt to Equity Ratio (a/b)	1.22:1	1.16:1

23. Retained Earnings

Under the Tax Code of the Philippines, publicly listed companies are allowed to accumulate retained earnings in excess of capital stock and are exempt from improperly accumulated earnings tax (IAET). With the enactment of CREATE law, IAET had been repealed starting taxable year 2021.

The accumulated earnings of subsidiaries, associates and joint ventures which are included in the Group's retained earnings amounting to ₱1.3 billion and ₱2.8 billion as of September 30, 2023 and December 31, 2022, respectively, are not available for dividend declaration. Retained earnings are further restricted for payment of dividends to the extent of cost of treasury shares and deferred tax assets amounting to ₱1,288.1 million and ₱1,311.4 million as of September 30, 2023 and December 31, 2022, respectively.

On August 17, 2023, the Board of Directors declared the quarterly cash dividends to be paid out of the unrestricted retained earnings of the Parent Company to all holders of record of Series A and Series B preferred shares as of September 1, 2023. This was paid on September 23, 2023.

Retained earnings available for dividend declaration amounted to ₱1.7 billion and ₱0.7 billion as of September 30, 2023 and December 31, 2022, respectively.

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

24. Segment Information

For management purposes, the Group is organized into business units based on geographical location, which comprises of two main groupings as follows:

1. Domestic - all transactions and contracts entered in the Philippines
2. Foreign - all transactions and contracts entered outside the Philippines
 - EEI Limited - incorporated in British Virgin Islands
 - Clear Jewel Investments, Ltd. - incorporated in British Virgin Islands
 - Nimaridge Investments, Limited - incorporated in British Virgin Islands
 - EEI Corporation (Guam) - incorporated in the United States of America
 - Al Rushaid Construction Company Limited - incorporated in the Kingdom of Saudi Arabia

Management monitors segment revenue and net income for the purpose of making decisions about resources allocation.

Segment reporting is consistent in all periods presented as there are no changes in the structure of the Group's internal organization that will cause the composition of its reportable segment to change.

(In Thousands of Philippine Peso)	As of September 30, 2023				
	(Unaudited)				
	Domestic	Foreign	Combined	Elimination	Consolidated
Assets					
Current assets	₱ 17,924,476	₱ 14,739,836	₱ 32,664,312	(₱18,283,725)	₱ 14,380,587
Noncurrent assets	15,508,647	4,096,185	19,604,832	(5,826,159)	13,778,673
Total Assets	₱ 33,433,123	₱ 18,836,021	₱ 52,269,144	(₱24,109,884)	₱ 28,159,260
Liabilities					
Current liabilities	₱ 14,712,186	₱ 12,676,435	₱ 27,388,621	(₱14,739,250)	₱ 12,649,371
Noncurrent liabilities	2,853,121	3,208,238	6,061,359	(3,250,012)	2,811,347
Total Liabilities	₱ 17,565,307	₱ 15,884,673	₱ 33,449,980	(₱17,989,262)	₱ 15,460,718

As of September 30, 2023 (Unaudited)					
(In Thousands of Philippine Peso)	Domestic	Foreign	Combined	Elimination	Consolidated
Revenue	₱ 12,324,133	₱ 9,219,179	₱ 21,543,312	(₱9,343,917)	₱ 12,199,395
Direct cost	(10,756,888)	(10,442,718)	(21,199,606)	10,584,774	(10,614,832)
Selling and administrative expense	(1,153,947)	(245,650)	(1,399,597)	290,644	(1,108,953)
Interest expense	(576,020)	(294,211)	(870,231)	276,176	(594,055)
Foreign exchange gain (loss)	49,445	-	49,445	-	49,445
Share in equity in net earnings (losses) of associates and joint ventures	203,323	-	203,323	(604,895)	(401,572)
Interest and other income – net	1,660,913	211,830	1,872,743	(1,613,287)	259,456
Income before tax	1,750,959	(1,551,570)	199,389	(410,505)	(211,116)
Provision for income tax	(79,256)	308,874	229,618	(310,819)	(81,201)
Net income (loss)	₱ 1,671,703	(₱1,242,696)	₱429,007	(₱721,324)	(₱292,317)
ther disclosures:					
Depreciation and amortization	₱ 390,584	₱–	₱ 390,584	₱–	₱ 390,584
Capital expenditure	32,530	–	32,530	–	32,530
Interest income	74,203	–	74,203	(17,315)	56,888
Investments in associates and joint ventures	147,134	2,071,284	2,218,418	–	2,218,418

December 31, 2022 (Audited)					
	Domestic	Foreign	Combined	Elimination	Consolidated
Assets					
Current assets	₱13,823,768	₱12,808,561	₱26,632,329	(₱13,862,919)	₱21,769,410
Noncurrent assets	17,418,598	2,771,520	20,190,118	(3,985,411)	16,204,707
Total Assets	₱31,242,366	₱15,580,081	₱46,822,447	(17,848,330)	₱28,974,117
Liabilities					
Current liabilities	₱13,377,422	₱10,070,427	₱23,447,849	(₱11,164,529)	₱12,283,320
Noncurrent liabilities	3,344,236	2,197,730	5,541,966	(2,267,936)	3,274,030
Total Liabilities	₱16,721,658	₱12,268,157	₱28,989,815	(13,432,465)	₱15,557,350
Revenue	₱14,991,758	₱16,013,263	₱31,005,021	(₱16,352,834)	₱14,652,187
Direct cost	(12,947,612)	(16,772,104)	(29,719,716)	17,049,937	(12,669,779)
Selling and administrative expense	(1,684,929)	(276,474)	(1,961,403)	322,517	(1,638,886)
Interest expense	(415,264)	(177,570)	(592,834)	194,712	(398,122)
Foreign exchange gain	31,583	-	31,583	(11,850)	19,733
Share in equity in net earnings (losses) of associates and joint ventures	281,201	-	281,201	(387,053)	(105,852)
Interest and other income – net	996,117	217,195	1,213,312	(802,474)	410,838
Income before tax	1,252,854	(995,690)	257,164	12,955	270,119
Provision for income tax	(66,286)	196,135	129,849	(199,661)	(69,812)
Net income (loss)	₱1,186,568	(₱799,555)	₱387,013	(186,706)	₱200,037
Other disclosures:					
Depreciation and amortization	₱546,676	₱–	₱546,676	₱–	₱546,676
Capital expenditure	196,669	–	196,669	–	196,669
Interest income	49,643	1	49,644	(14,482)	35,162
Investments in associates and joint ventures	1,848,494	1,341,435	3,189,929	–	3,189,929

25. Earnings (Loss) per Share

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

	September 30, 2023	September 30, 2022
Net income (loss) attributable to equity holders of the Parent Company	(₱294,966,735)	₱ 149,676,929
Dividends on preferred shares, net of tax	(224,288,156)	(224,288,156)
Net income (loss) attributable to common equity holders of the Parent Company	(519,254,891)	(74,611,227)
Weighted average number of common shares	1,036,281,485	1,036,281,485
Earnings (loss) per share - basic/diluted	(₱0.5011)	(₱0.0720)

The exercise price of unexercised stock options is still higher than the average market price during the year making the options anti-dilutive, hence, no diluted earnings (loss) per share is calculated.

The weighted average number of common shares is computed as follows:

	September 30, 2023	September 30, 2022
Number of common shares issued	1,036,401,386	1,036,401,386
Less: treasury shares	119,901	119,901
	1,036,281,485	1,036,281,485

EEI CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED BY REVISED SRC RULE NO. 68 SEPTEMBER 30, 2023

Philippine Securities and Exchange Commission (SEC) issued the Revised Securities Regulation Code Rule No. 68 (Revised SRC Rule No. 68) which consolidates the two separate rules and labeled in the amendment as “Part I” and “Part II”, respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by Revised SRC Rule No. 68, that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets

The following is the detailed schedule of equity in investments at FVOCI as at September 30, 2023:

		Number of Shares	Amount Shown in the Statement of Financial Position	Movement Valuation
Name of Issuing Entities				
Quoted:				
	Sta. Elena Golf Club Inc.	2	₱ 32,000,000	19,000,000
	Philippine Long Distance Telephone Co.	38,867	5,804,460	(650,292)
	Manila Southwood Golf & Country Club	1	4,000,000	1,000,000
	Valle Verde Country Club	2	1,800,000	800,000
	The Orchard Golf and Country Club	1	3,000,000	1,000,000
	Canyon Woods	1	70,000	—
	Royale Tagaytay Country Club	1	90,000	(10,000)
	The Orchard Golf	1	500,000	—
	Sherwoods Hills Golf Club	1	250,000	—
	Fairways & Blue Water Resort Golf	1	250,000	—
	Club Filipino	1	180,000	—
	Forest Hill golf share	1	180,000	—
	Royale North Woods	1	121,856	—
	Eagle Ridge Golf & Country Club	1	60,000	—
Unquoted:				
	Hermosa Ecozone Development Corp (HEDC)	1,000,000	508,507,014	—
	Brightnote Assets Corporation	11,000,000	1,656,327	—
	Tower Club (Philam Properties Corp.)	1	500,000	—
	Architectural Center Club, Inc. (ACCI)	1	32,000	—
	Philippine Contractors Association	10,000	10,000	—
	Philippine Exporters Trading Corp.	5,000	5,000	—
	Pilipino Telephone Company	150	675	—
Related Party:				
	YGC Corporate Services, Inc	13,389	3,305,447	—
	Total	12,067,423	₱562,322,779	₱21,139,708

No dividend income was earned and accrued from the financial assets as of September 2023.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Below is the schedule of advances to employees of the Group with balances above ₱1,000,000 as at September 30, 2023:

Name and designation	Balance at beginning of year	Additions	Collections/ Liquidations	Balance at end of year
Manalad, Janine Ann Bernadette Capistrano*	2,319,394	—	(144,248)	2,175,146
	2,319,394	—	(144,248)	2,175,146

*Salary deduction

Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

The following is the schedule of receivables from related parties, which are eliminated in the consolidated financial statements as at September 30, 2023:

Name and Designation of Debtor	Balance at beginning of year	Additions	Amounts Collected	Balance at end of September 30, 2023
EEI Realty Corp	P 304,451	1,709,302	(1,460,638)	553,115
EEI Power Corp.	280,039	3,806,163	(3,673,885)	412,317
Gulf Asia International Corp.	10,944	1,220,496	(1,096,079)	135,361
GAIC Manpower Services Inc.	45,805	4,968,561	(4,712,943)	301,423
Philrock Construction & Services, Inc.	41,864,355	-	-	41,864,355
Philmark, Inc.	33,704,595	-	-	33,704,595
Shinbayanihan	-	14,561	-	14,561
EEI Business Solutions, Inc.	33,769,906	173,517,550	(133,491,740)	73,795,716
EEI Construction & Marine, Inc.	214,455	5,184,375	(4,278,468)	1,120,362
Learn JP	369,209	3,572,701	-	3,941,910
JPSAI	173,298,054	53,757,217	(14,184,689)	212,870,582
Biotech	9,365,258	830,856	-	10,196,114
EEI Energy	280,557	680,120	(491,711)	468,966
EEI Carga	1,464,561	1,970,264	(775,800)	2,659,025
EEI Limited	404,894	1,343,801,493	-	1,344,206,387
	₱295,377,083	₱ 1,595,033,659	₱ (164,165,953)	₱ 1,726,244,789

There were no amounts written off during the year.

The following is the schedule of payable to related parties, which are eliminated in the interim condensed consolidated financial statements as at September 30, 2023:

Name and Designation of Creditor	Balance at beginning of year	Additions	Amounts Paid	Balance at end of September 30, 2023
EEI Construction & Marine, Inc.	20,757,340	(6,487,942)	(14,222,424)	46,974
EEI Business Solutions, Inc.	4,652,140	65,873,047	(54,787,456)	15,737,731
EEI Subic Corporation	89,079,662	-	-	89,079,662
Gulf Asia International Corp.	191,378	6,835,583	(7,026,961)	-
GAIC Manpower Services Inc.	2,906,252	7,632,028	(10,522,533)	15,747
Bagumbayan Equipment Industrial Products, Inc.	1,643,054	-	-	1,643,054
JPSAI	16,861,330	53,166,729	(50,340,678)	19,687,381
EEI Realty Corp.	48,698,977	22,597,689	(18,979,379)	52,317,287
EEI Carga	1,868,107	366,250	(1,291,518)	942,839
EEI Power Corp	33,898,088	452,661,864	(54,608,189)	431,951,763
	₱220,556,328	₱ 602,645,248	₱ (211,779,138)	₱611,422,438

There were no amounts written off during the year.

Schedule D. Long-term Debt

Below is the schedule of long-term debt of the Group as at September 30, 2023:

Type of Obligation	Amount	Current	Noncurrent	Collateral
Floating-rate corporate promissory notes with effective interest of 6.9000% per annum for three (3) years.	₱ 249,948,210	₱ 249,948,210	₱—	
Floating-rate corporate promissory notes with effective interest of 7.89000% per annum for three (3) years.	249,545,161	249,545,161	—	
Floating-rate corporate promissory notes with effective interest of 7.89000% per annum for three (3) years.	623,006,535	499,453,509	123,553,026	
Floating-rate corporate promissory notes with effective interest of 6.9000% per annum for three (3) years.	1,038,967,277	833,333,333	205,633,944	
Floating-rate corporate promissory notes with effective interest of 6.90000% per annum for three (3) years.	1,821,717,444	331,145,784	1,490,571,660	
BiotechJP				
Yen-denominated five (5) year term loan, with interest of 0.05% per annum.	809,454	—	809,454	No Collateral
Yen-denominated four and half (4.5) year term loan, with interest of 0.98% per annum	5,724,000	—	5,724,000	No Collateral
Yen-denominated four and half (5) year term loan, with interest of 0.30% per annum.	6,765,853	2,186,653	4,579,200	No Collateral
USD-denominated, APR 2020 – NOV 2029, with interest of floating rate plus margin (0.075%)	18,512,325	2,848,050	15,664,275	No Collateral
USD-denominated, MAY 2023 - NOV 2023, with interest of floating rate plus margin (5.159%)	1,941,140	1,941,140		No Collateral
Yen-denominated ten (10) year term loan, with interest of 0.30% per annum	38,160,000	13,356,000	24,804,000	No Collateral
Yen-denominated ten (10) year term loan, with interest of 2.975% per annum	80,286,154	28,041,501	52,244,653	No Collateral
	₱4,135,383,553	₱2,211,799,341	₱1,923,584,212	

Schedule E. Indebtedness to Related Parties (Long Term Loans from Related Companies)

As at September 30, 2023, the Group has no long-term loans from its associates and entities under common control.

Schedule F. Guarantees of Securities of Other Issuers

The Group did not guarantee any securities of other issuing entities by the Group as at September 30, 2023.

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	2,000,000,000	1,036,281,485	35,000,000	573,598,381	—	462,683,104
Preferred Shares	240,000,000	60,000,000	—	—	—	—

EEI CORPORATION**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION****As of September 30, 2023**

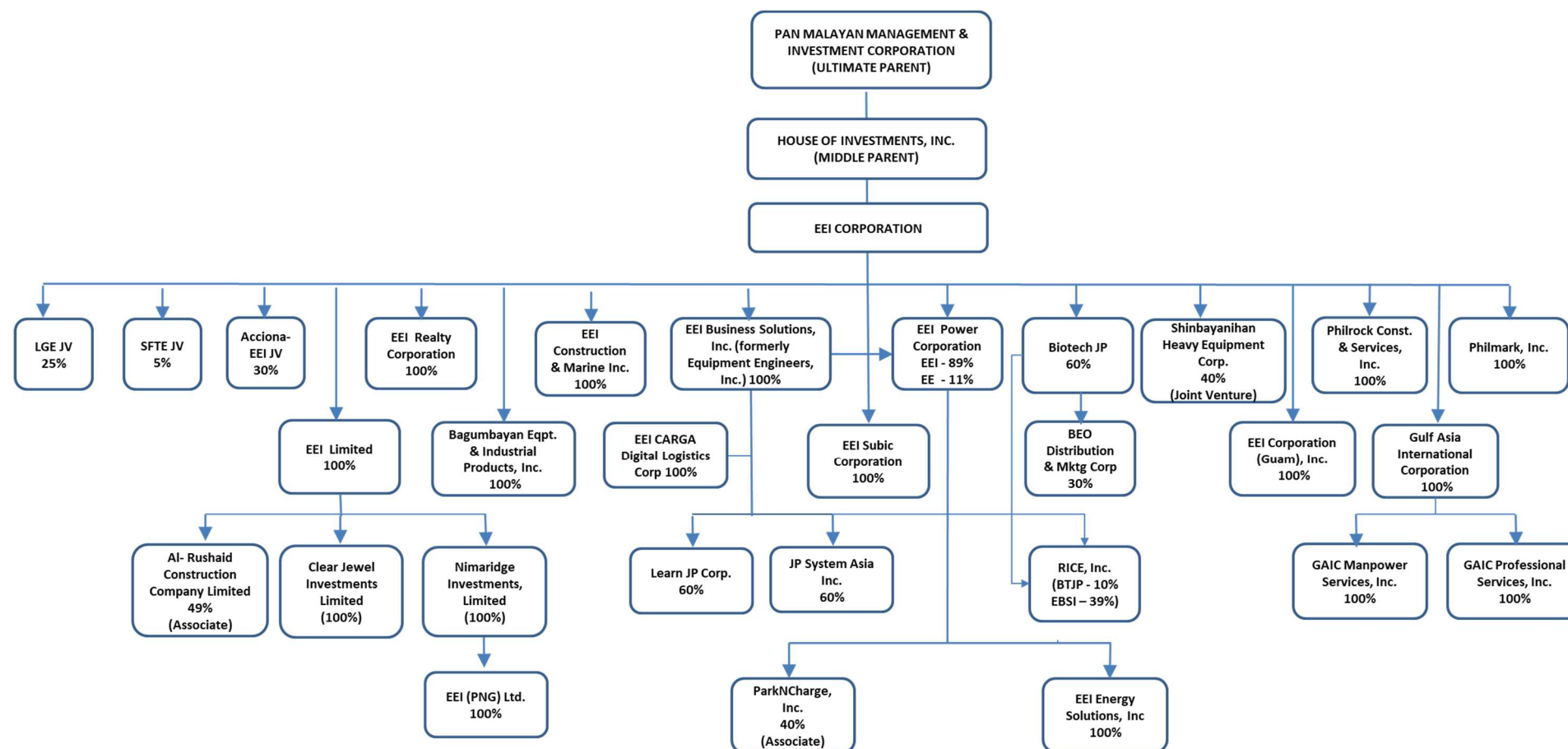
Unappropriated retained earnings, January 1, 2023, as adjusted	₱751,420,945
Add: Net income actually earned/realized during the period	
Add: Net income during the period closed to Retained Earnings	
Equity share in net loss of joint venture – net of tax	
Non-actual losses	
Depreciation on revaluation increment (after tax)	
Adjustment due to deviation from PFRS/GAAP – loss	
Loss on fair value adjustment of investment property (after tax)	
Less: Net income during the period closed to Retained Earnings	1,318,937,494
Equity share in net earnings of joint venture - net of tax	(42,192,669)
Unrealized foreign exchange gain – net	(49,338,436)
Non-actual/ unrealized income net of tax	
Unrealized actuarial gain – net	
Fair value adjustment	
Adjustment due to deviation from PFRS/GAAP gain	
Other unrealized gain or adjustments to the retained earnings as a result of certain transactions accounted under the PFRS	
Movement in deferred tax asset	(10,193,461)
Net income actually incurred during the period	1,217,212,928
Add (Less):	
Dividend declarations during the period	(299,050,875)
Appropriations of retained earnings during the year	–
Reversals of appropriations	–
Effects of prior period adjustments	–
	(299,050,875)
Unappropriated retained earnings available for dividend distribution, September 30, 2023	₱ 1,669,582,998

EEI CORPORATION AND SUBSIDIARIES

MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

Group Structure

Below is a map showing the relationship between and among the Group and its ultimate parent company, subsidiaries, and associates as at September 30, 2023:



EEI CORPORATION AND SUBSIDIARIES**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS****As at September 30, 2023 and December 31, 2022***Financial Soundness Indicator*

Below are the financial ratios that are relevant to the Group as at September 30, 2023 and December 31, 2022 and for the periods then ended.

Ratios	Formula	2023	2022
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.14:1	1.04:1
Solvency ratio	$\frac{\text{Net income plus depreciation}}{\text{Total liabilities}}$	0.01:1	0.05:1
Debt - equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	1.22:1	1.16:1
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	2.22:1	2.16:1
Interest rate coverage ratio	$\frac{\text{EBIT*}}{\text{Interest expense}}$	0.64	1.68:1
Return on assets	$\frac{\text{Net income}}{\text{Average total assets}}$	-1%	1%
Return on equity	$\frac{\text{Net income}}{\text{Average total equity}}$	-2%	1%

EEI CORPORATION AND SUBSIDIARIES**AGING OF TRADE RECEIVABLES****As at September 30, 2023**

(In Thousand Pesos)

	Current	30 Days	60 Days	90 Days	120 Days/ Over	Total
EEI Corporation	1,154,508	505,648	36,912	39,826	588,624	2,325,518
Gulf Asia International Corporation	27,388	13,336	6,948	1,449	21,995	71,116
EEI Construction and Marine, Inc.	461	33,812	19,573	7,553	52,637	114,036
EEI Business Solutions Inc.	34,761	20,911	1,616	1,718	31,730	90,736
EEI Power Corporation	6,845	6,782	47,994	1,871	100,259	163,751
EEI Realty Corporation	4,978	131	85	21	391	5,606
Others	-	4,450	83	5,157	58,956	68,646
Total	1,228,941	585,070	113,211	57,595	854,592	2,839,409