Fredlin Agang

From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> on behalf of ICTD Submission
Sent: Monday, May 13, 2024 5:18 PM
To: fredlin.agang@vivant.com.ph
Subject: Re: Vivant Corporation_SEC 17Q_Q1 2024

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at https://secexpress.ph/. For further clarifications, please call (02) 8737-8888.

--- NOTICE TO COMPANIES --

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15.BP-FCLC 20.S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through https://efast.sec.gov.ph/user/login.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at https://efast.sec.gov.ph/user/login :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – https://apps010.sec.gov.ph/

COVER SHEET

1	7	5	2	2	2

S.E.C. Registration Number

P.S.E. Control Number

VIVANT CORPORATION

(Company's Full Name)

9TH FLR. OAKRIDGE IT CENTER 3
OAKRIDGE BUSINESS PARK A.S.
FORTUNA ST MANDAUE CITY, CEBU

(Business Address: No. Street City/Town Province)

Atty. Catherine S. Bringas
Contact Persons

(032) 232-0283, 234-2256 and 234-2285
Telephone Number of the Contact Person

12 31
Month Day
Fiscal Year

SEC FORM 17-Q
1st Quarterly Report 2024

FORM TYPE

06 15
Month Day
Annual Meeting

N/A
Secondary license Type, If Applicable

CFD
Dept. Requiring this Doc.

Amended Articles Number/Section

1,404	1,023,429,809	26,889
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = Pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

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: **March 31, 2024**

2. Commission identification number: **175222** 3. BIR Tax Identification No.: **242-603-734-000**

Vivant Corporation
4. Exact name of issuer as specified in its charter

City of Mandaluyong
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu **6014**
7. Address of issuer's principal office Postal Code

(032) 234-2256; (032) 234-2285
8. Issuer's telephone number, including area code

NA
9. Former name, former address and former fiscal year, if changed since last report

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares at Php 1.00 per share	**Php 1,023,456,698**
Amount of debt outstanding	**Php 9,603,387,878**

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 **Common Stock**

12. Indicate by check mark whether the registrant:

(a) has filed all 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 Company 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.

Please refer to attached financial statements and schedules.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the Company's consolidated financial condition and results of operations for the interim period ended March 31, 2024 compared with the interim period ended March 31, 2023.This report should be read in conjunction with the unaudited consolidated financial statements and the notes thereto.

KEY PERFORMANCE INDICATORS

Management uses the following key performance indicators to evaluate the performance of the Company and its investee companies:

1. **Equity in Net Earnings (or Loss) of Associates.** Equity in net earnings (or loss) of associates is the Company's share in the income or loss of associates, joint ventures or investee companies accounted for under the equity method. It indicates the profitability of the associates and measures their contribution to the profitability of the parent.

2. **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).** EBITDA is calculated by taking operating income and adding back to it the interest, depreciation and amortization expenses. Since EBITDA eliminates the effects of financing and accounting decisions, it can provide a relatively good comparison of the performance of the Company with other players in the industry. It also provides a good measure of the Company's ability to generate cash from operations to cover financial charges and income taxes.

3. **Cash Flow Generated.** Cash flow generated indicates the ability of the Company to generate enough cash for operating, investing and financing activities.

4. **Debt-to-Equity Ratio (DER).** DER gives an indication of the Company's leverage position and is computed by dividing total liabilities with total stockholders' equity.

5. **Current Ratio.** Current ratio is computed by dividing current assets by current liabilities. This indicates the liquidity of the Company in the short term and measures the peso amount of current asset available to cover a peso amount of current liability.

As disclosed in the SEC 17A report for calendar year 2023, the Company, through its three wholly-owned subsidiaries, acquired all of the shareholdings of the joint venture partner in Calamian Islands Power Corporation (CIPC), Delta P, Inc. (Delta P), La Pampanga Energy Corporation (LPEC), Culna Renewable Energy Corporation (CREC) and Isla Norte Power Corporation (Isla Norte). Consequently, the equity stake in these subsidiaries went up to 100% effective June 1, 2023.

As a result of the business combination, the Company's financial statements as of March 31, 2024 account for the full consolidation of the CIPC, Delta P, LPEC and CREC in the consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of cash flows. On the other hand, equity share in the net earnings (losses) of these four investee-companies were taken up in the consolidated statement of comprehensive income as of end-March 2023. Meanwhile, the acquisition of the additional 35% equity stake in Isla Norte did not affect the accounting for this investment, i.e., PFRS 10, Consolidated Financial Statements.

The table below shows the comparative figures of the key performance indicators for the periods ended March 31, 2024 and March 31, 2023.

Key Performance Indicators *Amounts in Php '000, except for ratios*	**YTD March 2024**	**YTD March 2023**	**YE 2023 Audited**
Equity in Net Earnings of Associates and Joint Ventures	349,334	624,973	
EBITDA	488,567	857,887	
Net increase (decrease) in cash and cash equivalents	154,929	(454,556)	
Net cash flows from (used in) operating activities	(451,186)	(164,007)	
Net cash flows from (used in) investing activities	823,946	(110,665)	
Net cash flows from (used in) financing activities	(217,832)	(179,884)	
Debt-to-Equity Ratio (x)	0.48	0.45	0.52
Current Ratio (x)	2.91	1.98	1.80

The Company's share in net earnings of associates and joint ventures as of March 31, 2024 amounted to Php 349.3 million (mn), representing a 44% year-on-year (YoY) decrease from Php 625.0 mn. This was a result of the following:

1. Visayan Electric Company (VECO), the Company's electricity distribution utility, posted Php 270.5 mn in income contribution as of end-March 2024 from Php 370.4 mn as of end-March 2023. The 12% YoY rise in the volume of electricity sold during the quarter in review was not enough to cover for the 13% YoY increase in operating expenses due to non-recurring manpower costs and taxes on real property acquisition.

2. 40%-owned Abovant Holdings, Inc. (AHI) posted Php 54.8 mn in income contribution, which is lower by 50% YoY. This was driven by the decrease in profitability of its associate, Cebu Energy Development Corporation (CEDC). During the quarter in review, CEDC saw a 19% YoY drop in its profits from bilateral contracts. This was on account of the 28% YoY reduction in the volume of energy sold due to a major repair of Unit 3 of the plant facility. Moreover, CEDC's profits from ancillary services dropped by 100% YoY due to the non-renewal of its contract that expired in April 2023. On the other hand, profits from spot market sales significantly improved by 159% YoY on the back of a 39% YoY rise in the volume of energy sold to the Wholesale Electricity Spot Market (WESM).

3. 40%-owned Minergy Power Corporation (MPC) shored in Php 39.5 mn in profits for the quarter in review, 48% lower YoY. MPC saw a 26% YoY decline in gross profit as topline performance dropped by 13% YoY, which was a consequence of the termination of its Power Supply Agreement (PSA) involving Unit 3[1] of its plant facility. Moreover, its operating and maintenance costs rose by 20% YoY.

4. 20%-owned Therma Visayas, Inc. (TVI) recorded a loss contribution of Php 7.5 mn as of end-March 2024, a reverse of the income contribution of Php 46.0 mn as of end-March 2023. This was attributed to the decrease in the volume of energy sold through the WESM (down by 48% YoY) and bilateral contracts (down by 15% YoY). However, the impact was cushioned by TVI's profits from ancillary services through an Ancillary Services Procurement Agreement (ASPA) that started in September 2023 and its participation in the reserves market[2] that started in February 2024.

5. 40%-owned Cebu Private Power Corporation (CPPC) brought in Php 6.5 mn in loss contribution as of end-March 2024 vis-a-vis Php 5.3 mn in income contribution as of end-March 2023. CPPC saw a 98% YoY reduction in the volume of energy sold to the WESM which was partially countered by the recognition of a non-recurring revenue pertaining to the collection of additional compensation for WESM sales in 2023, and a 10% YoY reduction in total generation and operating expenses.

6. 40%-owned Prism Energy, a RES company, posted a net loss contribution of Php 0.1 mn as of end-March 2024 from Php 0.6 mn in net income contribution as of end-March 2023. Prism Energy saw a 100% YoY decline in the volume of energy sold due to the non-renewal of customer contracts.

[1] The PSA of Unit 3 of MPC was among the contracts affected by the Decision issued by the Supreme Court in the case filed by Alyansa Para Sa Bagong Pilipinas against the ERC, DOE, MERALCO and other generation companies (GR No. 227670 (May 3, 2019). As a result of the said Decision and pursuant to an Order issued by the ERC, CEPALCO and MPC were directed to desist from implementing PSA. MPC filed a motion for reconsideration of the said Order which remains pending with the ERC.

[2] On March 25, 2024, the ERC issued an order directing PEMC and IEMOP to 'suspend the implementation of the Section 8 of the PDM Manual on the Billing and Settlement under the promulgated Interim Relief dated 24 August 2023,' and provides that 'the suspension will cover the March 2024 billing period and will remain in effect until otherwise lifted by the Commission. This order resulted to the non-booking of revenues by TVI covering the period February 26, 2024 to March 25, 2024.

7. 100%-owned Delta P and CIPC are fully consolidated starting June 1, 2023. Thus, there are no equity earnings contribution recognized for the quarter in review. This compares to the equity earnings contribution of Php 13.2 mn and Php 3.6 mn from CIPC and Delta P, respectively, as of end-March 2023.

However, the decline in earnings contribution was tempered by the income contribution from 45%-owned Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS), through its 89.6%-owned subsidiary, Puerto Princesa Water Reclamation and Learning Center Inc (PPWRLC), which booked a 494% YoY increase in income contribution to Php 2.2 mn. This was mainly attributed to the impact of the adoption of the concession accounting treatment of its service agreement with the local government of Puerto Princesa starting July 2023. Furthermore, PPWRLC's reduced operating costs contributed to the profit expansion during the quarter in review.

EBITDA as of end-March 2024 was at Php 488.6 mn, 43% lower than Php 857.9 mn as of end-March 2023. This was mainly an outcome of the 61% YoY contraction in operating income, which stemmed from:

1. Management and service fees was 99% lower YoY at Php 0.2 mn as of end-March 2024. This was mainly due to the delay in the execution of a service agreement with an associate. Also, the consolidation of two subsidiaries starting in June 2023 resulted to a change in accounting for the service billings to these entities, i.e., as of end-March 2024, the service billings were eliminated for financial reporting purposes while as of end-March 2023, the service billings were taken up as service fee revenue in the statement of comprehensive income.

2. Engineering service fees went down to Php 2.0 mn as of end-March 2024 from Php 6.8 mn as of end-March 2023. The topline contribution of 60%-owned Watermatic Philippines Corporation (WMP) was 85% lower YoY at Php 0.9 mn, which were generated from service engineering contracts with non-related parties. However, this was mitigated by Corenergy Inc.'s (Corenergy) engineering solutions business, which booked Php 1.1 mn in revenues during the quarter posting a 66% YoY expansion.

3. 44% YoY contraction in equity earnings as income contributions from six associates went down as of end-March 2024, and non-recognition of the equity earnings from Delta P and CIPC resulting from the change in accounting for these investments from associates to subsidiaries starting June 2023.

4. Generation cost rose by 105% YoY to Php 1.3 billion (bn) due to the following:

   Oil-fired Power Plants

   - Take-up of the generation costs of Delta P and CIPC in the amount of Php 453.7 mn and Php 169.3 mn, respectively. This was a result of the acquisition of the 50% equity stake of the joint venture partner in both investee-companies last June 2023.

   - 100%-owned Isla Norte incurred higher generation cost (up by 18% YoY) as it posted a 13% YoY increase in volume of energy sold.

- 100%-owned Meridian Power, Inc. (MPI) recognized generation costs of Php 32.9 mn backed by fresh WESM revenue as of end-March 2024.

- 90%-owned Bukidnon Power Corporation (BPC) saw a 21% YoY increase in generation cost on the back of a 106% YoY rise in the volume of energy sold.

- 90%-owned North Bukidnon Power Corporation (NBPC) incurred higher generation cost (up by 52% YoY), which was mainly driven by significantly higher volume sold (up by 860% YoY).

However, the cost expansion was tempered by the 23% YoY decline in 55.2%-owned 1590 Energy Corporation's (1590 EC) generation cost as a consequence of lower energy sold in the WESM (down by 62% YoY) as of the quarter in review.

Retail Electricity Supply

- Increased customer base and volume sales of Corenergy's RES business (up by 49% YoY) led to higher cost of purchased power (up by 32% YoY).

Solar Rooftop

- 100%-owned Corenergy Solar Solutions Corporation (CSSC) posted a 33% YoY increase in direct costs on account of increased depreciation costs.

- 100%-owned Vivant Solar Corporation (VSC) recorded a 176% YoY rise in its cost of services on the back of the 53% YoY growth in energy sales volume.

- The solar rooftop operations of Corenergy booked higher depreciation expense as of end-March 2024. This was on account of the increased number of operational solar facilities and tools starting in the second quarter of 2023 to service additional customers.

5. Operating expenses rose by 35% YoY.

Meanwhile, the decline in EBITDA was tempered by the following:

1. Sale of power rose to Php 1.5 bn from Php 957.3 mn, which was primarily from the improved revenue contribution of the Company's investments in oil-fired power plants, RES and solar rooftop businesses.

   Oil-fired Power Plants

   - Wholly-owned Delta P brought in a revenue contribution of Php 523.1 mn, which was mainly driven by the 60% YoY increase in the volume of energy sold as of end-March 2024. Prior to June 2023, Delta P was not consolidated and was accounted by the Company through its equity share in net earnings.

- Wholly-owned CIPC posted a revenue contribution of Php 172.7 mn during the quarter in review. Its volume of energy sold was 19% higher YoY. The Company started to consolidate CIPC in its books starting June 2023.

- 100%-owned Isla Norte contributed a revenue of Php 205.6 mn (up by 14% YoY) driven by a 13% YoY increase in the volume of energy sold.

- 100%-owned MPI shored in fresh revenue contribution of Php 35.1 mn coming from its energy sales to the WESM.

- 90%-owned NBPC posted a 5% YoY increase in revenue contribution from dispatched power during the quarter in review.

On the other hand, 55.2%-owned 1590 EC saw a 56% YoY drop in its topline performance during the quarter in review. This was mainly attributed to the 82% YoY decline in the volume of energy sold for ancillary services that resulted from the termination of the contract in March 2023. The 62% YoY contraction in the volume of energy sold to the WESM further contributed to the revenue contraction as of end-March 2024. Moreover, the suspension of the reserves market as ordered by the ERC on March 25, 2024 resulted to the non-booking of revenues by 1590 EC for the period February 26, 2024 to March 25, 2024.

Retail Electricity Supply (RES)

- 100%-owned Corenergy showed higher RES revenue (up by 26% YoY) as of end-March 2024. This was a result of a 49% YoY increase in energy sales backed by an improved customer base.

Solar Rooftop

- 100%-owned CSSC, posted a 6% YoY expansion in its topline performance on account of an improved customer base during the quarter in review.

- 100%-owned VSC contributed Php 1.4 mn in revenue as of end-March 2024 from Php 1.1 mn as of end-March 2023 as energy volume sales grew by 26% YoY.

- The solar rooftop business of 100%-owned Corenergy contributed revenue of Php 2.9 mn, 121% higher YoY. This was mainly attributed to the 74% YoY rise in volume sold on the back of increased number of customers.

2. Interest income increased to Php 37.4 mn from Php 26.7 mn, which was driven by higher interest rates for short-term money market placements.

3. Engineering service fees was lower by 76% YoY to Php 5.7 mn. This was attributed to lower direct costs incurred by WMP (down by 392% YoY) and Corenergy (down by 13% YoY) on on-going third-party service contracts during the quarter in review.

The Company ended the quarter in review with a net increase in cash, before considering the effect of changes in the foreign exchange rates, in the amount of Php 154.9 mn, a reverse of the net cash outflow of Php 454.6 mn as of end-March 2023. Investing activities generated a net cash inflow of Php 823.9 mn, which was tempered by the cash used for operating activities in the amount of Php 451.2 mn and financing activities in the amount of Php 217.8 mn.

Operating activities showed a net cash outflow of Php 451.2 mn as of end-March 2024, 175% higher than the net cash outflow of Php 164.0 mn as of end-March 2023. This was mainly attributed to the 49% YoY drop in operating results before working capital changes, coupled with significant payments of trade and other payables (mainly by 1590 EC for accrued purchased power and fuel liabilities, and Vivant Energy Corporation's (Vivant Energy) payment for a share purchase transaction in 2023 wherein the amount due was accrued as of yearend 2023). The rise in prepayments from higher creditable withholding taxes (CWTs) and input VAT booked by the Company, Vivant Energy, Isla Norte, and Corenergy, and input VAT booked by 100%-owned Isla Mactan-Cordova Corporation (IMCC) from importation and domestic purchase of goods and services related to the development of a seawater desalination facility, and purchase of inventories by six power operating subsidiaries also contributed to the spending during the quarter in review.

The quarter in review ended with a net cash inflow of Php 823.9 mn from investing activities. This was mainly attributed to the dividends received from an associate. The Company, through its subsidiaries, had the following spending during the quarter in review: (1) development costs incurred by IMCC for the construction of a seawater desalination facility; (2) acquisition of real properties by a wholly-owned subsidiary for a future project; and (3) the acquisition of solar panels by Corenergy to service new contracts. Meanwhile, the Company recorded a net cash outflow of Php 110.7 mn as of end-March 2023, which was mainly attributed to the investment in a solar plant facility in Bulacan.

Financing activities as of end-March 2024 showed a net cash outflow of Php 217.8 mn. This was attributed to the principal amortization of the Company's fixed rate corporate note (FRCN), principal amortization of the long-term loans of Delta P, Isla Norte, BPC and NBPC, and payment of the short-term loans of Vivant Energy and 1590 EC. Moreover, payment of advances by a subsidiary to a minority shareholder, and finance lease payments by the Company, WMP, Delta P and CIPC contributed to the use of cash as of end-March 2024. These were tempered by the proceeds from Vivant Energy's long-term loans. On the other hand, the Company's net cash inflow as of end-March 2023 was lower at Php 179.9 mn.

Debt-to-Equity ratio went down to 0.48x as of end-March 2024, vis-à-vis as of end-2023 level of 0.52x. Total equity increased by 1%, which was mainly attributed to the earnings for the quarter in review. Meanwhile, total liabilities went down by 6%, which stemmed from the following:

1. Lower trade and other payables, which were mainly attributed to the payment for the acquisition of shares in subsidiaries, and payment of accrued purchased power and fuel liabilities by 1590 EC;
2. Payment of short-term loans by Vivant Energy and 1590 EC;
3. Payment by a subsidiary to a minority shareholder for working capital advances; and
4. Reduced finance lease liability by the Company, Delta P and WMP for periodic amortization.

The Company's current ratio went up to 2.91x as of the quarter-end in review from end-2023 level of 1.80x. Current assets increased by 2% while current liabilities decreased by 37% brought by the following:

1. Payment of trade and other payables which were accrued as of year-end 2023 (mainly payment to the joint venture partner for the acquisition of shares in subsidiaries, and payment of accrued purchased power and fuel liabilities by 1590 EC);
2. Payment of short-term loans by Vivant Energy and 1590 EC;
3. Principal amortization for the loans of the Company, Delta P, Isla Norte, BPC and NBPC;
4. Payment by a subsidiary to a minority shareholder for working capital advances;
5. Amortization of the finance lease liabilities by the Company, Delta P and WMP.

Material Changes in Line Items of Registrant's Income Statement
(YTD March 2024 vs. YTD March 2023)

As of end-March 2024, the Company's total revenues amounted to Php 1.9 bn, recording a 17% YoY increase from Php 1.6 bn. The topline performance of the Company was attributable to the following:

1. Sale of power rose by 61% YoY to Php 1.5 bn, which was primarily from the improved revenue contribution of the Company's investments in oil-fired power plants, RES and solar rooftop businesses.

   Oil-fired Power Plants

   - Wholly-owned Delta P brought in a revenue contribution of Php 523.1 mn, which was mainly driven by the 60% YoY increase in the volume of energy sold as of end-March 2024. Prior to June 2023, Delta P was not consolidated and was accounted by the Company through its equity share in net earnings.

   - Wholly-owned CIPC posted a revenue contribution of Php 172.7 mn during the quarter in review. Its volume of energy sold was 19% higher YoY. The Company started to consolidate CIPC in its books starting June 2023.

   - 100%-owned Isla Norte contributed a revenue of Php 205.6 mn (up by 14% YoY) driven by a 13% YoY increase in the volume of energy sold.

   - 100%-owned MPI shored in fresh revenue contribution of Php 35.1 mn coming from its energy sales to the WESM.

   - 90%-owned NBPC posted a 5% YoY increase in revenue contribution from dispatched power during the quarter in review.

   On the other hand, 55.2%-owned 1590 EC saw a 56% YoY drop in its topline performance during the quarter in review. This mainly attributed to the 82% YoY decline in the volume of energy sold for ancillary services as a result of the termination of the contract in March 2023. The 62% YoY contraction in the volume of energy sold to the WESM further contributed to the revenue contraction as of end-March 2024. Moreover, the suspension of the reserves market as ordered by the ERC on March 25, 2024 resulted to the non-booking of revenues by 1590 EC for the period February 26, 2024 to March 25, 2024.

Retail Electricity Supply (RES)

- 100%-owned Corenergy showed higher RES revenue (up by 26% YoY) as of end-March 2024. This was a result of a 49% YoY increase in energy sales backed by an improved customer base.

Solar Rooftop

- 100%-owned CSSC, posted a 6% YoY expansion in its topline performance on account of improved customer base during the quarter in review.

- 100%-owned VSC contributed Php 1.4 mn in revenue as of end-March 2024 from Php 1.1 mn as of end-March 2023 as energy volume sales grew by 26% YoY.

- The solar rooftop business of 100%-owned Corenergy contributed revenue of Php 2.9 mn, 121% higher YoY. This was mainly attributed to the 74% YoY rise in volume sold on the back of increased number of customers.

2. Management and service fees was 99% lower YoY at Php 0.2 mn as of end-March 2024. This was mainly due to the delay in the execution of a service agreement with an associate. Also, the consolidation of two subsidiaries starting June 2023 resulted to a change in accounting for the service billings to these entities, i.e., as of end-March 2024, the service billings were eliminated for financial reporting purposes while as of end-March 2023, the service billings were taken up as service fee revenue in the statement of comprehensive income.

3. Engineering service fees went down to Php 2.0 mn as of end-March 2024 from Php 6.8 mn as of end-March 2023. The topline contribution of 60%-owned WMP was 85% lower YoY at Php 0.9 mn, which were generated from service engineering contracts with non-related parties. However, this was mitigated by Corenergy's engineering solutions business, which booked a Php 1.1 mn in revenues during the quarter posting a 66% YoY expansion.

4. The Company's share in net earnings of associates and joint ventures as of end-March 31, 2024 amounted to Php 349.3 mn, representing a 44% YoY decrease from Php 625.0 mn. This was a result of the following:

   - VECO, the Company's electricity distribution utility, posted Php 270.5 mn in income contribution as of end-March 2024 from Php 370.4 mn as of end-March 2023. The 12% YoY rise in the volume of electricity sold during the quarter in review was not enough to cover for the 13% YoY increase in operating expenses due to non-recurring manpower costs and taxes on real property acquisition.

   - 40%-owned AHI posted Php 54.8 mn in income contribution, which is lower by 50% YoY. This was driven by the decrease in profitability of its associate, CEDC. During the quarter in review, CEDC saw a 19% YoY drop in its profits from bilateral contracts. This was on account of the 28% YoY reduction in the volume of energy sold due to a major repair of Unit 3 of the plant facility. Moreover, CEDC's profits from ancillary services dropped by 100% YoY due to the non-renewal of its contract that expired in April 2023. On the other hand, profits from spot market sales significantly improved by 159% YoY on the back of a 39% YoY rise in the volume of energy sold to the WESM.

- 40%-owned MPC shored in Php 39.5 mn in profits for the quarter in review, 48% lower YoY. MPC saw a 26% YoY decline in gross profit as topline performance dropped by 13% YoY, which was a consequence of the termination of its PSA involving Unit 3[3] of its plant facility. Moreover, its operating and maintenance costs rose by 20% YoY.

- 20%-owned TVI recorded a loss contribution of Php 7.5 mn as of end-March 2024, a reverse of the income contribution of Php 46.0 mn as of end-March 2023. This was attributed to the decrease in the volume of energy sold through the WESM (down by 48% YoY) and bilateral contracts (down by 15% YoY). However, the impact was cushioned by TVI's profits from ancillary services through an APSA that started in September 2023 and participation in the reserves market[4] starting in February 2024.

- 40%-owned CPPC brought in Php 6.5 mn in loss contribution as of end-March 2024 vis-a-vis Php 5.3 mn in income contribution as of end-March 2023. CPPC saw a 98% YoY reduction in the volume of energy sold to the WESM which was partially countered by the recognition of a non-recurring revenue pertaining to the collection of additional compensation for WESM sales in 2023, and a 10% YoY reduction in total generation and operating expenses.

- 40%-owned Prism Energy, a RES company, posted a net loss contribution of Php 0.1 mn as of end-March 2024 from Php 0.6 mn in net income contribution as of end-March 2023. Prism Energy saw a 100% YoY decline in the volume of energy sold due to the non-renewal of customer contracts.

- 100%-owned Delta P and CIPC are fully consolidated starting June 1, 2023. Thus, there are no equity earnings contribution recognized for the quarter in review. This compares to the equity earnings contribution of Php 13.2 mn and 3.6 mn from CIPC and Delta P, respectively, as of end-March 2023.

However, the decline in earnings contribution was tempered by the income contribution from 45%-owned FLOWS, through its 89.6%-owned subsidiary, PPWRLC, which booked a 494% YoY increase in income contribution to Php 2.2 mn. This was mainly attributed to the impact of the adoption of the concession accounting treatment of its service agreement with the local government of Puerto Princesa starting July 2023. Furthermore, PPWRLC's reduced operating costs contributed to the profit expansion during the quarter in review.

5. Interest income increased to Php 37.4 mn from Php 26.7 mn, which was driven by higher interest rates for short-term money market placements.

---

[3] The PSA of Unit 3 of MPC was among the contracts affected by the Decision issued by the Supreme Court in the case filed by Alyansa Para Sa Bagong Pilipinas against the ERC, DOE, MERALCO and other generation companies (GR No. 227670 (May 3, 2019). As a result of the said Decision and pursuant to an Order issued by the ERC, CEPALCO and MPC were directed to desist from implementing PSA. MPC filed a motion for reconsideration of the said Order which remains pending with the ERC.

[4] On March 25, 2024, the ERC issued an order directing PEMC and IEMOP to 'suspend the implementation of the Section 8 of the PDM Manual on the Billing and Settlement under the promulgated Interim Relief dated 24 August 2023,' and provides that 'the suspension will cover the March 2024 billing period and will remain in effect until otherwise lifted by the Commission. This order resulted to the non-booking of revenues by TVI covering the period February 26, 2024 to March 25, 2024.

Total cost of services and operating expenses as of end-March 2024 went up by 83% YoY to Php 1.6 bn from Php 891.3 mn.

1. Total cost of services rose by 99% YoY to Php 1.3 bn. This was mainly attributed to the following:

   a) Generation cost rose by 105% YoY to Php 1.3 bn due to the following:

      Oil-fired Power Plants

      - Take-up of the generation costs of Delta P and CIPC in the amount of Php 453.7 mn and Php 169.3 mn, respectively. This was a result of the acquisition of the 50% equity stake of the joint venture partner in both investee-companies last June 2023.

      - 100%-owned Isla Norte incurred higher generation cost (up by 18% YoY) as it posted a 13% YoY increase in volume of energy sold.

      - 100%-owned MPI recognized generation costs of Php 32.9 mn backed by fresh WESM revenue as of end-March 2024

      - 90%-owned BPC saw a 21% YoY increase in generation cost on the back of a 106% YoY rise in the volume of energy sold

      - 90%-owned NBPC incurred higher generation cost (up by 52% YoY), which was mainly driven by significantly higher volume sold (up by 860% YoY).

      However, the cost expansion was tempered by the 23% YoY decline in 55.2%-owned 1590 EC's generation cost as a consequence of lower energy sold in the WESM (down by 62% YoY) as of the quarter in review.

      Retail Electricity Supply

      - Increased customer base and volume sales of Corenergy's RES business (up by 49% YoY) led to higher cost of purchased power (up by 32% YoY).

      Solar Rooftop

      - 100%-owned CSSC posted a 33% YoY increase in direct costs on account of increased depreciation costs.

      - 100%-owned VSC recorded a 176% YoY rise in its cost of services on the back of the 53% YoY growth in energy sales volume.

      - The solar rooftop operations of Corenergy booked higher depreciation expense as of end-March 2024. This was on account of the increased number of operational solar facilities and tools starting in the second quarter of 2023 to service additional customers.

b) Engineering service fees was lower by 76% YoY to Php 5.7 mn. This was attributed to lower direct costs incurred by WMP (down by 392% YoY) and Corenergy (down by 13% YoY) on on-going third-party service contracts during the quarter in review.

2. Salaries and employee benefits went up by 49% YoY to Php 128.9 mn from Php 86.8 mn. Increase in headcount mainly accounted for the cost expansion.

3. Taxes and licenses were higher by 30% YoY to Php 61.2 mn, which was mainly due to a timing difference in the cost recognition. The Company, through a wholly-owned power operating subsidiary, recognized the cost for the current year's real property taxes during the quarter in review. Meanwhile, real property taxes for the year 2023 were incurred and recognized by the said subsidiary in the fourth quarter in 2023. Further, the Company, through Vivant Energy, saw higher local business taxes with the take-up of the said taxes incurred by Delta P and CIPC as a result of the business combination.

4. Outside services significantly grew by 324% to Php 23.3 mn from Php 5.5 mn. This can be attributed to increased costs for third party providers of various services (e.g., manpower sourcing, administrative tasks) incurred by the Company and two wholly owned subsidiaries, marketing services incurred by a subsidiary, and security services and outsourced personnel incurred by two power operating subsidiaries.

5. Depreciation and amortization went up to Php 17.5 mn, 28% higher YoY. This was mainly attributed to fixed assets purchased starting in the second quarter of 2023.

6. Professional fees declined by 22% YoY to Php 16.8 mn. In the same period last year, the Company incurred fees for a consultancy engagement related to a corporate initiative.

7. Travel expenses were higher by 104% YoY to Php 8.1 mn from Php 3.9 mn. This can be mainly attributed to the increased frequency of business travels for meetings with partners and stakeholders, and site visits for project development. Furthermore, fuel expenses for fleet cars went up with the higher number of vehicles and frequency of fieldwork during the quarter in review.

8. Management and director's fees decreased by 38% YoY to Php 4.3 mn from Php 6.8 mn due to lesser number of meetings during the quarter in review.

9. Communication and utilities expenses rose by 28% YoY to Php 3.5 mn from Php 2.7 mn. This was attributed to the increased communication costs and utilities consumption by the Company, and two holding subsidiaries on account of increased headcount. Also, the take-up of the communication and utilities expenses of two subsidiaries resulting from the business combination contributed to the cost expansion during the quarter in review.

10. Representation expenses was posted at Php 1.5 mn, 101% higher YoY. This was mainly due to the increased spending during the quarter in review.

11. Rent and association dues were lower by 22% YoY to Php 1.4 mn. A subsidiary incurred one-off assets rental expense as of end-March 2023. The absence of this non-recurring expense offset the impact of the escalated common use service area fees incurred by the Company for its offices as of end-March 2024.

12. Other operating expenses went up to Php 31.1 mn, posting a 7% increase YoY. This was mainly attributed to higher cost of subscriptions to work management and communication tools, insurance premium, and higher consumption of office supplies due to increase in headcount. The take up of expenses of two subsidiaries furthered the cost expansion.

Vivant booked Php 69.5 mn in other charges as of end-March 2024, recording a decrease of 12% from Php 78.6 mn in other charges booked in the same period last year. The following account for the movement:

1. Other income rose to Php 33.2 mn as of end-March 2024 from Php 5.0 mn as of end-March 2023. This was mainly attributed to the ancillary income recognized by Vivant Energy for a third-party lease arrangement involving certain facilities.

2. Unrealized foreign exchange gain as of end-March 2024 amounted to Php 0.6 mn, a reverse of the unrealized foreign exchange loss of Php 21.6 mn as of end-March 2023. This pertains to the translation of the US Dollar and Euro cash balances of the Company and its subsidiaries.

The decrease in other charges was offset by the following:

1. Finance costs on loans was 65% higher YoY to Php 101.9 mn. Debt servicing of three subsidiaries accounted for the cost expansion, namely:
    a. Vivant Energy's long-term loans drawn in December 2023, and short-term loans drawn in the first and second quarters of 2023, which matured in November 2023 and January 2024.
    b. Take-up of the finance costs of the term loans of Delta P starting June 2023.
    c. Long-term loan drawn by Corenergy, net of the full settlement of its short-term loan in October 2023.

2. Finance costs on finance leases increased by 537% brought by the extension of the Company's lease contract for its satellite office in November 2023.

As of end-March 2024, the Company booked a consolidated provision for income tax of Php 17.0 mn, which was 59% lower than the previous year's Php 41.4 mn. This was mainly due to the lower taxable income of 1590 EC, Corenergy, BPC, and NBPC, which offset the impact of the take-up of the accrued income taxes of Delta P and CIPC starting June 1, 2023[5].

Taking all of the above into account, the Company recorded a total net income of Php 206.2 mn for the period ending March 31, 2024, which was 67% lower than end-March 2023's net income of Php 629.3 mn. Net income attributable to parent amounted to Php 225.2 bn as of end-March 2024 from Php 573.2 mn as of end-March 2023.

[5] This was a result of the acquisition of the 50% equity stake from the joint venture partner, as described above.

Changes in Registrant's Consolidated Resources, Liabilities and Shareholders' Equity
(End-March 2024 vs. Year-end 2023)

The Company's total assets as of end-March 2024 amounted to Php 29.4 bn, which was slightly lower than end-2023's level of Php 29.9 bn. The following are the material movements in the consolidated assets of the Company during the period in review.

1. Cash and cash equivalents increased to Php 4.5 bn as of end-March 2024. This was mainly attributed to the cash generated from investing activities amounting to Php 823.9 mn, a reverse of the spending of Php 627.5 mn as of end-2023. Spending for operating activities amounting to Php 451.2 mn as of end-March 2024 was a reverse of the net cash inflow of Php 202.0 mn as of end-2023. Also, the net cash outflow for financing activities amounted to Php 217.8 mn for the quarter in review, 188% higher than Php 75.7 mn as of end-2023.

2. Inventories increased by 22% to Php 443.9 mn as of end-March 2024. This was mainly attributed to fuel purchases by Delta P, CIPC, 1590 EC, Isla Norte, BPC and NBPC.

3. Investments in and advances to associates decreased to Php 9.9 bn as of the quarter in review. This was attributed to the dividends declared by an associate, which was significantly higher the Company's share in equity earnings of seven associates as of end-March 2024.

4. Right-of-use assets (ROU) decreased by 19% to Php 20.0 mn due to the depreciation for the period.

Total consolidated liabilities amounted to Php 9.6 bn as of end-March 2024, 6% lower than the end-2023 level of Php 10.2 bn. This was mainly attributed to the following:

1. Short-term notes payable declined by 48% from Php 2.0 bn to Php 1.0 bn. This was mainly attributed to principal payments made by Vivant Energy and 1590 EC.

2. Trade and other payables decreased by 25% from Php 1.8 bn to Php 1.4 bn. This was mainly attributed to the payment made to the joint venture partner for the acquisition of shares in subsidiaries by Vivant Energy, and payment of accrued purchased power and fuel liabilities by 1590 EC.

3. Payment by a subsidiary to a minority shareholder for working capital advances;

4. Amortization of the finance lease liabilities by Company, Delta P and WMP.

These were offset by the following:

1. Current and non-current portion of long-term notes payable increased by 15% from Php 5.0 bn as of end-2023 to Php 5.8 bn as of the quarter-end in review. This was mainly attributed to the additional loan drawdown made by Vivant Energy during the quarter in review. This was offset by the loan amortization for the loans of the Company, Delta P, Isla Norte, BPC and NBPC during the quarter in review.

2. Income tax payable rose to Php 37.7 mn from Php 34.7 mn. This was mainly attributed to the accruals for the first quarter's income taxes of BPC, NBPC, CIPC and 1590EC. This was offset by the payment made by Delta P pertaining to the accrued income tax for yearend 2023.

As a result of net income generated, total stockholders' equity increased by 1%, from Php 19.6 bn as of year-end 2023 to Php 19.8 bn as of end-March 2024. Meanwhile, equity attributable to parent was at Php 18.5 bn as of end-March 2024, marginally up by 1% vis-à-vis end-2023's Php 18.3 bn.

Material Changes in the Consolidated Liquidity and Cash Reserves of Registrant
(End-March 2024 vs. End-March 2023)

Cash and cash equivalents rose by 3% YoY, from Php 4.4 bn as of end-March 2023 to Php 4.5 bn as of end-March 2024.

The Company ended the quarter in review with a net increase in cash, before considering the effect of changes in the foreign exchange rates, in the amount of Php 154.9 mn, a reverse of the net cash outflow of Php 454.6 mn as of end-March 2023. Investing activities generated a net cash inflow of Php 823.9 mn, which was tempered by the cash used for operating activities in the amount of Php 451.2 mn and financing activities in the amount of Php 217.8 mn.

Operating activities showed a net cash outflow of Php 451.2 mn as of end-March 2024, 175% higher than the net cash outflow of Php 164.0 mn as of end-March 2023. This was mainly attributed to the 49% YoY drop in operating results before working capital changes, coupled with significant payments of trade and other payables (mainly by 1590 EC for accrued purchased power and fuel liabilities, and Vivant Energy's payment for a share purchase transaction in 2023 wherein the amount due was accrued as of yearend 2023). The rise in prepayments from higher CWTs and input VAT booked by the Company, Vivant Energy, Isla Norte, and Corenergy, and input VAT booked by 100%-owned IMCC from importation and domestic purchase of goods and services related to the development of a seawater desalination facility, and purchase of inventories by six power operating subsidiaries also contributed to the spending during the quarter in review.

The quarter in review ended with a net cash inflow of Php 823.9 mn from investing activities. This was mainly attributed to the dividends received from an associate. The Company, through its subsidiaries, had the following spending during the quarter in review: (1) development costs incurred by IMCC for the construction of a seawater desalination facility; (2) acquisition of real properties by a wholly-owned subsidiary for a future project; and (3) the acquisition of solar panels by Corenergy to service new contracts. Meanwhile, the Company recorded a net cash outflow of Php 110.7 mn as of end-March 2023, which was mainly attributed to the investment in a solar plant facility in Bulacan.

Financing activities as of end-March 2024 showed a net cash outflow of Php 217.8 mn. This was attributed to the principal amortization payment made by the Company for its FRCN, principal amortization payments for the long-term loans of Delta P, Isla Norte, BPC and NBPC, and payment of the short-term loans of Vivant Energy and 1590 EC. Moreover, payment of advances by a subsidiary to a minority shareholder, and finance lease payments by the Company, WMP, Delta P and CIPC contributed to the use of cash as of end-March 2024. These were tempered by the proceeds from Vivant Energy's long-term loans. On the other hand, the Company's net cash inflow as of end-March 2023 was lower at Php 179.9 mn.

Financial Ratios

Debt-to-Equity ratio went down to 0.48x as of end-March 2024, vis-à-vis as of end-2023 level of 0.52x. Total equity increased by 1%, which was mainly attributed to the earnings for the quarter in review. Meanwhile, total liabilities went down by 6%, which stemmed from the following:

1. Lower trade and other payables, which were mainly attributed to the payment for the acquisition of shares in subsidiaries, and payment of accrued purchased power and fuel liabilities by 1590 EC;
2. Payment of short-term loans by Vivant Energy and 1590 EC;
3. Payment by a subsidiary to a minority shareholder for working capital advances; and
4. Reduced finance lease liability by the Company, Delta P and WMP for periodic amortization.

The Company's current ratio went up to 2.91x as of the quarter in review from the year-end 2023 level of 1.80x. Current assets increased by 2% while current liabilities decreased by 37% brought by the following:

1. Payment of trade and other payables which were accrued as of year-end 2023 (mainly payment to the joint venture partner for the acquisition of shares in subsidiaries, and payment of accrued purchased power and fuel liabilities by 1590 EC);
2. Payment of short-term loans by Vivant Energy and 1590 EC;
3. Principal amortization for the loans of the Company, Delta P, Isla Norte, BPC and NBPC;
4. Payment by a subsidiary to a minority shareholder for working capital advances;
5. Amortization of the finance lease liabilities by Company, Delta P and WMP.

Material Events and Uncertainties

- Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated trade terms.

  The Company does not expect any liquidity problems and is not in default of any financial obligations.

- Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

  None.

- Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

The Company does not have any material off-balance sheet transactions, arrangements obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the period in review.

- Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures.

The Company has projects in the pipeline, at varying degrees of development.

POWER GENERATION

These projects are being undertaken through wholly-owned subsidiary, Vivant Energy.

- VMHI is a joint venture that will serve as the project proponent for the development and implementation of a greenfield power plant project, which will involve the construction and operation of a series of run-of-river hydropower facilities in Barangay Kapitan Ramon in Silay City, Negros Occidental. VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a 6 MW power plant facility along the Malogo river. The company has finalized the detailed engineering plans of the facility. Vivant, however, has decided to put the project on hold given the prevailing transmission constraint in the Negros grid, which is expected to be resolved upon the completion of the Cebu-Negros-Panay 230kV backbone project of NGCP. Vivant Energy holds an effective equity stake of 67% in VMHI.

- CREC is the project proponent for the construction and operation of hybrid facilities to supply Culion Island with a guaranteed dependable capacity of 1.96 MW and to supply Linapacan Island with guaranteed dependable capacity of 0.358 MW. The Culion Power Station will have a configuration of 2.42 MW Diesel Genset, 2.80 MWp Solar PV and a battery storage system while the Linapacan Power Station's installed capacity will be composed of 540 kW Diesel Gensets and 325 kWp Solar PV. A Joint Application for the approval of the PSA was filed by CREC and BISELCO with the ERC on July 17, 2017, which is pending resolution. The Company, through Vivant Energy and 100%-owned VREC, has an effective ownership of 100% in CREC.

- Global Energy Development Corporation (GLEDC) is a special purpose vehicle that was set up to undertake the construction and operation of a 2x335 MW coal fired power plant in La Union. In December 2017, Vivant, through wholly-owned subsidiary VIGC, and Global Business Power Corporation signed a Pre-Development Agreement to jointly participate in this project. The Company, through 100%-owned Vivant Integrated Generation Corporation (VIGC), has an effective ownership of 42.5% in GLEDC.

- LPEC is the an on-grid 15MW bunker-fired power plant in Porac, Pampanga. The capacity of the embedded plant will supply the peaking power and ancillary requirements of PELCO II pursuant to the 15-year PSA awarded to Vivant Energy and GPI after a successful conduct of CSP by PELCO II in 2020. The Company, through Vivant Energy, has an effective ownership of 100% in LPEC.

- SIAEC is the project company that will operate a solar power plant facility in San Ildefonso, Bulacan. The facility is undergoing construction with a target capacity of 22 MWp and ancillary facilities. SIAEC is targeting to start commercial operations within the second half of 2024. Vivant Energy has an effective ownership of 100% in SIAEC.

- Lihangin Wind Energy Corporation (LWEC) is the project company that will construct, and operate a 206 MW wind power project in San Isidro, Northern Samar. It is targeting to start commercial operations in 2025. LWEC is a joint venture with Aboitiz Renewables, Inc. (ARI) and Vena Energy.

- The Company, through its subsidiaries' business development Group, continuously looks for opportunities in the power, whether it be via greenfield, brownfield or acquisition. The Company conducts an extensive evaluation process before any proposed project is undertaken. Several factors are assessed and considered, which include but not limited to, the project's land use requirements, access to the grid, fuel supply availability and arrangements, permits and licenses, competitiveness of the plant and presence of potential offtakers. The Company intends to bankroll these projects via a combination of equity (30%) and debt (70%), where debt will be booked at the project company.

WATER INFRASTRUCTURE

These projects are being undertaken through wholly-owned subsidiary, VIHI.

- In August 2020, the SEC approved the incorporation of a 100%-owned subsidiary, through VHHI, that will undertake the proposed seawater desalination project in Cordova, Cebu, and sell bulk water to its intended off-taker, the Metropolitan Cebu Water District ("MCWD"). In June 2021, VHHI was awarded by MCWD with a 25-year Joint Venture Agreement after a successful conduct of a solicited bidding for the Cordova Bulk Water Supply Project. VHHI is building a utility-scale seawater desalination plant that will augment the bulk water supply of MCWD by twenty thousand cubic meters per day of treated and potable water. Development activities for the plant commenced in 2022 and is expected to start commercial operations in 2024.

- Vivant, through wholly-owned subsidiary, VIHI, continues to build the organization with focus on water infrastructure. Water plays a crucial role in sustainable development and it is essential, if not the most essential to all forms of life. The growth horizon of the Company focuses on developing more bulk water supply (utilizing seawater desalination technology) and expanding its waste water treatment and water solutions businesses. As it acquires more years of solid performance in the industry, it will also look into the water distribution space and transport infrastructure business.

● Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.

The overall economic performance of the Philippines is a key factor in the sale of electricity. Thus, the performance of the Company, including its subsidiaries and associates, is affected by the economic state of the country.

Given the uncontracted portion of the Company's attributable generation capacity, any movement in the spot market price of electricity could have a significant impact on the Company's overall financial performance. Spot price of electricity is mostly determined by the supply and demand situation prevailing in the market.

- Any significant elements of income or loss that did not arise from the registrant's continuing operations

  None.

- Any material changes in estimates of amounts reported in prior interim period of the current financial year and interim period of the prior financial year, respectively.

  None.

- Any seasonal aspects that had a material effect on the financial condition or results of operations

  None.

- Any material events subsequent to the end of the interim period that have not been reflected in the financial statements of the interim period

  None

PART II--OTHER INFORMATION

Other than what has been reported, no event has since occurred.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VIVANT CORPORATION

By:

MINUEL CARMELA N. FRANCO
Executive Vice President & Chief Corporate Officer;
Chief Finance Officer

DYAN RAMONA S. OLEGARIO
Assistant Vice President – Accounting

May 13, 2024

VIVANT CORPORATION AND SUBSIDIARIES

Unaudited Consolidated Financial Statements
As of March 31, 2024 (with Comparative Audited Consolidated Figures as of December 31, 2023) and for the Three Months Ended March 31, 2024

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(With Comparative Figures as of December 31, 2023)
(Amounts in Philippine Pesos)

	Notes	**March 31, 2024 (Unaudited)**	December 31, 2023 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	1	**₱4,538,037,518**	₱4,382,540,776
Trade and other receivables	2	**1,583,414,680**	1,647,660,999
Advances to associates, joint ventures and stockholders	2	**162,310,462**	162,204,796
Inventories – at cost		**443,903,273**	364,692,217
Prepayments and other current assets	3	**788,912,706**	778,251,105
Total Current Assets		**7,516,578,639**	7,335,349,893
Noncurrent Assets			
Investments in associates and joint ventures	4	**9,949,267,248**	10,595,855,907
Property, plant and equipment	5	**8,309,680,270**	8,272,544,865
Right-of-use assets		**19,959,977**	24,539,068
Investment properties	6	**1,045,469,800**	1,045,469,800
Deferred income tax assets		**30,471,840**	30,485,788
Other noncurrent assets	7	**2,576,252,475**	2,581,289,629
Total Noncurrent Assets		**21,931,101,610**	22,550,185,057
TOTAL ASSETS		**₱29,447,680,249**	₱29,885,534,950

	Notes	**March 31, 2024 (Unaudited)**	December 31, 2023 (Audited)
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables		**₱1,382,018,401**	₱ 1,842,183,949
Short-term notes payable		**1,026,033,455**	1,963,546,959
Current portion of long-term notes payable		**124,048,923**	210,300,979
Current portion of lease liabilities		**12,979,719**	17,928,869
Advances from related parties		**50**	2,350,050
Income tax payable		**37,710,351**	34,696,280
Total Current Liabilities		**2,582,790,899**	4,071,007,086
Noncurrent Liabilities			
Long-term notes payable - net of current portion		**5,677,252,493**	4,838,054,596
Lease liabilities – net of current portion		**11,989,913**	11,912,090
Pension liability		**192,101,875**	185,506,597
Deferred income tax liabilities		**294,891,446**	296,402,233
Other noncurrent liabilities – net of current portion		**844,361,252**	844,587,453
Total Noncurrent Liabilities		**7,020,596,979**	6,176,462,969
Total Liabilities		**9,603,387,878**	10,247,470,055
Equity Attributable to Equity Holders of the Parent			
Capital stock	8	**1,023,456,698**	1,023,456,698
Additional paid-in capital		**8,339,452**	8,339,452
Other components of equity:			
Share in remeasurement losses on - employee benefits of associates and a joint venture		**(125,169,500)**	(125,169,500)
Remeasurement gain on employee benefits		**(79,876,405)**	(79,876,405)
Unrealized valuation gain on financial assets at fair value through other comprehensive income (FVOCI)		**51,053,039**	51,053,039
Equity reserves		**(30,252,298)**	(30,252,298)
Retained earnings:			
Appropriated for business expansion		**7,354,810,254**	7,354,810,254
Unappropriated		**10,303,534,386**	10,078,329,275
Equity Attributable to Equity Holders of the Parent		**18,505,895,626**	18,280,690,515
Equity Attributable to Non-controlling Interests		**1,338,396,745**	1,357,374,380
Total Equity		**19,844,292,371**	19,638,064,895
TOTAL LIABILITIES AND EQUITY		**₱29,447,680,249**	₱29,885,534,950

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD JANUARY 1 TO MARCH 31, 2024
(With Comparative Figures for the same period in 2023)
(Amounts in Philippine Pesos)

	2024	2023
REVENUE		
Revenue from contracts with customers		
Sale of power	**₱1,536,934,225**	957,297,940
Engineering service income	**2,002,767**	6,815,802
Management and service fees	**150,000**	24,805,000
	1,539,086,992	988,918,742
Equity in net earnings of associates and joint ventures	**349,333,815**	624,973,229
Interest income	**37,359,420**	26,657,638
	1,925,780,227	1,640,549,609
COST OF SERVICES		
Generation costs	**1,329,871,231**	647,663,022
Engineering service fees	**5,687,233**	23,939,257
	1,335,558,464	671,602,279
OPERATING EXPENSES		
Salaries and employee benefits	**128,932,199**	86,797,619
Taxes and licenses	**61,191,766**	47,120,167
Outside services	**23,328,204**	5,508,288
Depreciation and amortization	**17,450,221**	13,638,808
Professional fees	**16,783,081**	21,558,399
Travel	**8,068,472**	3,949,022
Management fees	**4,269,444**	6,843,333
Communication and utilities	**3,508,937**	2,739,401
Representation	**1,455,138**	725,624
Rent and association dues	**1,436,744**	1,837,644
Other operating expenses	**31,106,731**	28,965,963
	297,530,937	219,684,268
INCOME FROM OPERATIONS	**292,690,826**	749,263,062
OTHER INCOME (CHARGES)		
Finance costs on loans	**(101,916,662)**	(61,800,487)
Finance costs on lease liabilities	**(1,332,074)**	(208,990)
Foreign exchange gain (loss) – net	**567,770**	(21,571,354)
Other income - net	**33,223,657**	5,010,197
	(69,457,309)	(78,570,634)
INCOME BEFORE INCOME TAX	**223,233,517**	670,692,428
PROVISION FOR INCOME TAX	**17,006,041**	41,364,982
NET INCOME	**206,227,476**	629,327,446
TOTAL COMPREHENSIVE INCOME	**₱206,227,476**	₱629,327,446
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent	**₱225,205,111**	₱573,201,125
Non-controlling interests	**(18,977,635)**	56,126,321
	₱206,227,476	₱629,327,446
Basic and diluted earnings per share, for net income for the year attributable to equity holders of the Parent (see Note 9)	**₱0.22**	₱0.56

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2024
(With Comparative Figures for the same period in 2023)
(Amounts in Philippine Pesos)

	2024	2023
REVENUE		
Revenue from contracts with customers		
Sale of power	**₱1,536,934,225**	957,297,940
Engineering service income	**2,002,767**	6,815,802
Management and service fees	**150,000**	24,805,000
	1,539,086,992	988,918,742
Equity in net earnings of associates and joint ventures	**349,333,815**	624,973,229
Interest income	**37,359,420**	26,657,638
	1,925,780,227	1,640,549,609
COST OF SERVICES		
Generation costs	**1,329,871,231**	647,663,022
Engineering service fees	**5,687,233**	23,939,257
	1,335,558,464	671,602,279
OPERATING EXPENSES		
Salaries and employee benefits	**128,932,199**	86,797,619
Taxes and licenses	**61,191,766**	47,120,167
Outside services	**23,328,204**	5,508,288
Depreciation and amortization	**17,450,221**	13,638,808
Professional fees	**16,783,081**	21,558,399
Travel	**8,068,472**	3,949,022
Management fees	**4,269,444**	6,843,333
Communication and utilities	**3,508,937**	2,739,401
Representation	**1,455,138**	725,624
Rent and association dues	**1,436,744**	1,837,644
Other operating expenses	**31,106,731**	28,965,963
	297,530,937	219,684,268
INCOME FROM OPERATIONS	**292,690,826**	749,263,062
OTHER INCOME (CHARGES)		
Finance costs on loans	**(101,916,662)**	(61,800,487)
Finance costs on lease liabilities	**(1,332,074)**	(208,990)
Foreign exchange gain (loss) – net	**567,770**	(21,571,354)
Other income - net	**33,223,657**	5,010,197
	(69,457,309)	(78,570,634)
INCOME BEFORE INCOME TAX	**223,233,517**	670,692,428
PROVISION FOR INCOME TAX	**17,006,041**	41,364,982
NET INCOME	**206,227,476**	629,327,446
TOTAL COMPREHENSIVE INCOME	**₱206,227,476**	₱629,327,446
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent	**₱225,205,111**	₱573,201,125
Non-controlling interests	**(18,977,635)**	56,126,321
	₱206,227,476	₱629,327,446
Basic and diluted earnings per share, for net income for the year attributable to equity holders of the Parent (see Note 9)	**₱0.22**	₱0.56

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2024
(With Comparative Figures for the same period in 2023)
(Amounts in Philippine Pesos)

	Capital Stock	Additional Paid-in Capital	Remeasurement Losses on Employee Benefits	Share in Remeasurement Losses on Employee Benefits of Associates and a Joint Venture	Unrealized Valuation Gain on Financial Assets at FVOCI	Equity Reserves	Retained Earnings		Total	Equity Attributable to Non-Controlling Interests	Total Equity
							Appropriated	Unappropriated			
Balances at January 1, 2023	**₱1,023,456,698**	**₱8,339,452**	**(₱79,876,405)**	**(₱125,169,500)**	**₱51,053,039**	**(₱30,252,298)**	**₱7,354,810,254**	**₱10,078,329,275**	**₱18,280,690,515**	**₱1,357,374,380**	**₱19,638,064,895**
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**225,205,111**	**225,205,111**	**(18,977,635)**	**206,227,476**
Balances at March 31, 2024	**₱1,023,456,698**	**₱8,339,452**	**(₱79,876,405)**	**(₱125,169,500)**	**₱51,053,039**	**(₱30,252,298)**	**₱7,354,810,254**	**₱10,303,534,386**	**₱18,505,895,626**	**₱1,338,396,745**	**₱19,844,292,371**
Balances at January 1, 2023	₱1,023,456,698	₱8,339,452	₱7,123,993	(₱94,016,067)	₱26,517,514	(₱25,128,554)	₱6,820,897,482	₱8,727,306,176	₱16,494,496,694	₱1,414,199,094	₱17,908,695,788
Total comprehensive income (loss)	–	–	–	–	–	–	–	573,201,125	573,201,125	56,126,321	629,327,446
Acquisition of a new subsidiary	–	–	–	–	–	–	–	35,179	35,179	–	35,179
Cumulative translation adjustment of a subsidiary	–	–	–	–	–	–	–	117,576	117,576	–	117,576
Balances at March 31, 2023	₱1,023,456,698	₱8,339,452	₱7,123,993	(₱94,016,067)	₱26,517,514	(₱25,128,554)	₱6,820,897,482	₱9,300,660,056	₱17,067,850,574	₱1,470,325,415	₱18,538,175,989

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2024
(With Comparative Figures for the same period in 2022)
(Amounts in Philippine Pesos)

	Notes	**2024**	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱223,233,517**	₱670,692,428
Adjustments for:			
Equity in net earnings of associates and joint ventures		**(349,333,815)**	(624,973,229)
Depreciation and amortization		**162,652,086**	103,613,248
Finance costs on loans		**101,916,662**	61,800,487
Interest income		**(37,359,420)**	(26,657,638)
Pension expense		**5,190,462**	3,929,497
Finance costs on lease liabilities		**1,637,315**	208,990
Unrealized foreign exchange losses (gains)		**(567,770)**	21,571,354
Operating income before working capital changes		**107,369,037**	210,185,137
Decrease (increase) in:			
Trade and other receivables	2	**83,508,287**	(238,970,930)
Inventories		**(79,211,056)**	11,585,013
Prepayments and other current assets	3	**(10,661,601)**	(48,051,880)
Decrease in trade and other payables		**(521,492,111)**	(7,895,364)
Net cash used in operations		**(420,487,444)**	(73,148,024)
Income taxes paid		**(15,774,846)**	(37,725,436)
Interest paid		**(14,923,261)**	(53,133,938)
Net cash flows from (used in) operating activities		**(451,185,551)**	(164,007,398)

	Notes	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates and joint ventures		**995,922,474**	763,687,641
Additions to property, plant, and equipment	5	**(188,254,379)**	(787,300,066)
Interest received		**18,097,451**	30,366,552
Increase in intangible asset		**(1,256,940)**	(189,957)
Increase in other noncurrent assets		**(562,111)**	(117,229,111)
Net cash flows from (used in) investing activities		**823,946,495**	(110,664,941)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Loans		**(1,056,867,663)**	(1,119,717,071)
Lease liabilities		**(6,508,642)**	(4,930,595)
Proceeds from loans		**848,000,000**	848,000,000
Net proceeds (payments) on advances to / from related parties		**(2,455,667)**	96,763,584
Net cash flows from (used in) financing activities		**(217,831,972)**	(179,884,082)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**154,928,972**	(454,556,421)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**567,770**	(21,571,354)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD			
Cash and cash equivalents		**4,382,540,776**	4,893,357,226
Restricted cash		**2,003,880**	2,003,319
		4,895,360,345	4,895,360,545
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
Cash and cash equivalents		**4,538,037,518**	4,417,229,451
Restricted cash		**2,003,880**	2,003,119
		₱4,540,041,398	₱4,419,232,570

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2024

1. Cash and Cash Equivalents

This account consists of:

	March 31, 2024	December 31, 2023
Cash on hand and in banks	**₱676,629,142**	₱898,772,610
Short-term investments	**3,861,408,376**	3,483,768,166
	₱4,538,037,518	₱4,382,540,776

2. Trade and Other Receivables and Advances to Associates, Joint Ventures and Stockholders

This account consists of:

	March 31, 2024	December 31, 2023
Trade receivables	**₱1,465,694,876**	₱1,575,969,109
Advances to officers and employees	**15,415,623**	5,694,516
Accrued interest	**40,207,785**	20,945,817
Accounts receivable	**399,647**	182,598
Others	**98,100,821**	81,273,031
	1,619,818,752	1,684,065,071
Less allowance for impairment loss	**36,404,072**	36,404,072
	₱1,583,414,680	₱1,647,660,999

Advances to associates, joint ventures and stockholders	**₱162,310,462**	₱162,204,796

2.1 Aging of Trade and Other Receivables

	March 31, 2024				December 31, 2023			
	0-30 DAYS	**31-60 DAYS**	**OVER 60 DAYS**	**TOTAL**	0-30 DAYS	31-60 DAYS	OVER 60 DAYS	TOTAL
Trade receivables, advances, and other current receivables	**₱1,140,148,475**	**₱75,721,138**	**₱403,949,139**	**₱1,619,818,752**	₱1,083,971,022	₱92,003,989	₱508,090,060	₱1,684,065,071
Less: Allowance for impairment loss			**36,404,072**	**36,404,072**			36,404,072	36,404,072
	₱1,140,148,475	**₱75,721,138**	**₱367,545,067**	**₱1,583,414,680**	₱1,083,971,022	₱92,003,989	₱471,685,988	₱1,647,660,999

3. Prepayments and Other Current Assets

The composition of this account is shown below:

	March 31, 2024	December 31, 2023
Input VAT - current	**₱471,302,850**	₱431,774,396
Prepaid expenses	**167,821,126**	205,891,052
Creditable withholding taxes - current	**59,723,104**	47,380,505
Advances to suppliers and other parties	**44,233,445**	43,910,119
Security deposit	**32,247,605**	42,421,520
Others	**13,584,576**	6,873,513
	₱788,912,706	₱778,251,105

Input VAT represents the VAT imposed by the Group's suppliers of goods and services as required by Philippine taxation laws and regulations. The non-current portion of these input VAT are presented as part of "Other noncurrent assets" (see Note 7).

Prepaid expenses include payments for the Group's health insurance coverage and for all risks of direct physical loss or damage, including boiler explosion and machinery break down.

Creditable withholding taxes pertain to taxes withheld by the customers on income payments to the companies in the Group from sales of services that can be applied against the companies' income tax liabilities. The non-current portion of these creditable withholding taxes are presented as part of "Other noncurrent assets" (see Note 7).

Advances to suppliers and other parties include down payment for service contractors and advance payments to suppliers for purchases of goods and services for the succeeding period.

"Others" include cash restricted amounting to Php 2.0 mn as of March 31, 2024 and December 31, 2023 for implementing environmental and community projects pursuant to the agreement entered with the Department of Environment and Natural Resources and PGLU and security deposits paid to distribution utilities in connection with distribution wheeling services agreements.

4. Investments in Associates and Joint Ventures

The Company's associates and joint ventures, which are all incorporated in the Philippines, and the corresponding equity ownership as of March 31, 2024 and March 31, 2023 follow:

		Percentage of Ownership	
	Nature of Business	**2024**	2023
Associates:			
Visayan Electric Company, Inc. (VECO)	Power distribution	**34.81**	34.81
Lunar Power Core Inc. (LPCI)	Power generation	**42.50**	42.50
Global Luzon Energy Development Corporation (GLEDC)	Power generation	**42.50**	42.50
Cebu Private Power Corporation (CPPC)	Power generation	**40.00**	40.00
Prism Energy Inc (Prism Energy)	Power generation	**40.00**	40.00
Abovant Holdings Inc. (AHI)	Holding company	**40.00**	40.00
Minergy Power Corporation (MPC)	Power generation	**40.00**	40.00
Therma Visayas Inc. (TVI)	Power generation	**20.00**	20.00

		Percentage of Ownership	
Culna Renewable Energy Corp. (CREC)	Power generation	**-**	35.00
Lihangin Wind Energy Corporation (LWEC)	Power generation	**40.00**	40.00
Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS)	Holding company	**45.00**	45.00
Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC)	Sewage and septage facility	**40.31**	40.31
Joint ventures:			
Calamian Islands Power Corp. (CIPC)	Power generation	**-**	50.00
Delta P, Inc. (DPI)	Power generation	**-**	50.00
La Pampanga Energy Corp. (LPEC)	Power generation	**-**	50.00

The components of the carrying values of investments in associates and joint ventures as of end-March 2024 and end-2023 are as follows:

	March 31, 2024	December 31, 2023
Investment in VECO:		
Acquisition Cost	**₱840,393,111**	₱840,393,111
Accumulated Equity Earnings-net	**153,950,011**	879,402,070
Carrying Value	**994,343,122**	1,719,795,181
Investment in LPCI:		
Acquisition Cost	**114,750,000**	114,750,000
Accumulated Equity Earnings-net	**(722,764)**	(713,322)
Carrying Value	**114,027,236**	114,036,678
Investment in GLEDC:		
Acquisition Cost	**-**	-
Accumulated Equity Earnings-net	**(45,563,670)**	(44,954,575)
Carrying Value	**(45,563,670)**	(44,954,575)
Investment in CPPC:		
Acquisition Cost	**305,119,049**	305,119,049
Accumulated Equity Earnings-net	**(189,357,984)**	(182,809,331)
Carrying Value	**115,761,065**	122,309,718
Investment in Prism Energy:		
Acquisition Cost	**8,432,400**	8,432,400
Accumulated Equity Earnings-net	**26,164,170**	26,277,158
Carrying Value	**34,596,570**	34,709,558
Investment in AHI:		
Acquisition Cost	**976,784,699**	976,784,699
Accumulated Equity Earnings-net	**637,052,512**	582,302,367
Carrying Value	**1,613,837,211**	1,559,087,066
Investment in MPC:		
Acquisition Cost	**2,756,240,000**	2,756,240,000
Accumulated Equity Earnings-net	**874,234,441**	834,739,356
Carrying Value	**3,630,474,441**	3,590,979,356
Investment in TVI:		
Acquisition Cost	**2,155,304,701**	2,155,304,701
Accumulated Equity Earnings-net	**938,141,199**	945,607,638
Carrying Value	**3,093,445,900**	3,100,912,339
Investment in LWEC:		
Acquisition Cost	**₱334,499,690**	83,330,910

	March 31, 2024	December 31, 2023
Additional investment	**-**	251,169,255
Redemption of shares	**-**	(475)
Accumulated Equity Earnings-net	**(15,587,269)**	(12,711,949)
Carrying Value	**318,912,421**	321,787,741
Investment in FLOWS:		
Acquisition Cost	**65,000,000**	65,000,000
Accumulated Equity Earnings-net	**(18,291,330)**	(16,615,009)
Carrying Value	**46,708,670**	48,384,991
Investment in PPWRLC:		
Acquisition Cost	**-**	-
Accumulated Equity Earnings-net	**32,724,282**	28,807,855
Carrying Value	**32,724,282**	28,807,855
Total Carrying Value of Investments	**₱9,949,267,248**	₱10,595,855,907

5. Property, Plant and Equipment

Property, plant and equipment consists of the following major classifications:

	March 31, 2024								
	Land	Plant Machineries and Equipment	Condominium Units, Building and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Tools and Other Assets	Leasehold and Land Improvements	Construction in Progress	Total
Cost									
At January 1	**₱688,780,421**	**₱5,393,728,416**	**₱222,330,442**	**₱129,498,077**	**₱ 118,530,200**	**₱ 335,231,053**	**₱ 94,714,880**	**₱ 2,638,666,130**	**₱9,621,479,619**
Additions	**41,312,634**	**730,639**	**–**	**12,550,515**	**2,294,467**	**582,148**	**–**	**130,783,976**	**188,254,379**
Reclassification	**–**	**5,252,328**	**–**	**–**	**–**	**–**	**–**	**(5,252,328)**	**–**
At March 31	**730,093,055**	**5,399,711,383**	**222,330,442**	**142,048,592**	**120,824,667**	**335,813,201**	**94,714,880**	**2,764,197,778**	**9,809,733,998**
Accumulated Depreciation and Amortization									
At January 1	**–**	**998,061,531**	**58,339,305**	**69,758,166**	**96,140,825**	**56,641,529**	**69,993,398**	**–**	**1,348,934,754**
Depreciation	**–**	**100,545,506**	**14,910,473**	**5,294,190**	**3,003,938**	**7,051,202**	**20,313,665**	**–**	**151,118,974**
At March 31	**–**	**1,098,607,037**	**73,249,778**	**75,052,356**	**99,144,763**	**63,692,731**	**90,307,063**	**–**	**1,500,053,728**
Net Book Value	**₱730,093,055**	**₱4,301,104,346**	**₱149,080,664**	**₱66,996,236**	**₱21,679,904**	**₱272,120,470**	**₱4,407,817**	**₱2,764,197,778**	**₱8,309,680,270**

	December 31, 2023								
	Land	Plant Machineries and Equipment	Condominium Units, Building and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Tools and Other Assets	Leasehold and Land Improvements	Construction in Progress	Total
Cost									
At January 1	₱494,239,355	₱3,924,340,981	₱177,839,711	₱98,667,326	₱108,398,180	₱184,912,042	₱94,500,050	₱1,678,110,000	₱6,761,007,645
Business Combinations	37,908,966	968,203,343	10,573,899	1,881,633	722,502	4,113,553	58,667	1,449,839	1,024,912,402
Additions	156,632,100	455,376,039	32,636,904	33,087,711	9,449,071	54,750,087	156,163	1,097,649,643	1,839,737,718
Reclassification	–	45,808,053	1,279,928	–	–	91,455,371	–	(138,543,352)	–
Disposal	–	–	–	(4,138,593)	(39,553)	–	–	–	(4,178,146)
At December 31	688,780,421	5,393,728,416	222,330,442	129,498,077	118,530,200	335,231,053	94,714,880	2,638,666,130	9,621,479,619
Accumulated Depreciation and Amortization									
At January 1	–	610,754,536	39,182,672	55,571,602	84,287,340	36,435,663	57,220,911	–	883,452,724
Depreciation	–	387,306,995	19,156,633	18,325,157	11,893,038	20,205,866	12,772,487	–	469,660,176
Disposal	–	–	–	(4,138,593)	(39,553)	–	–	–	(4,178,146)
At December 31	–	998,061,531	58,339,305	69,758,166	96,140,825	56,641,529	69,993,398	–	1,348,934,754
Net Book Value	₱688,780,421	₱4,395,666,885	₱163,991,137	₱59,739,911	₱22,389,375	₱278,589,524	₱24,721,482	₱2,638,666,130	₱8,272,544,865

6. Investment Properties

	March 31, 2024	December 31, 2023
Land		
Cost	**₱1,018,548,067**	₱1,018,548,067
Condominium Units		
Cost	**26,921,733**	26,921,733
Total Investment Properties	**₱1,045,469,800**	₱1,045,469,800

Some of the Company's investment properties are leased out to outside parties to earn rental income, for a lease period of three years. Total rental income amounting to Php 0.5 mn and Php 0.4 mn as of end-March 2024 and end-March 2023, respectively, were recorded as part of "Other income" in the consolidated statements of comprehensive income.

In 2023, an appraisal was performed on the Company's investment properties which resulted to an increase in the fair value amounting to Php 121.4 mn.

Direct costs pertain to real property taxes amounting to Php 1.2 mn and Php 1.1 mn as of end- March 2024 and 2023, respectively, are included under "Taxes and licenses" account in the consolidated statements of comprehensive income.

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct, or develop investment properties.

7. Other Noncurrent Assets

The details of this account are shown below:

	March 31, 2024	December 31, 2023
Advances to suppliers and other parties	**₱1,148,652,911**	₱1,226,593,466
Financial assets at FVOCI	**426,600,000**	426,600,000
Creditable withholding taxes - noncurrent	**398,288,916**	401,840,334
Input VAT - noncurrent	**271,207,257**	189,414,330
Customer contracts	**173,137,871**	178,462,314
Goodwill	**142,030,596**	142,030,596
Software cost – net	**528,105**	639,585
Pension asset	**474,348**	376,533
Others - net of allowance for impairment loss of Php 46.01 mn	**15,332,471**	15,332,471
	2,576,252,475	₱2,581,289,629

8. Capital Stock

The details of the capital stock account are as follows:

	March 31, 2024	December 31, 2023
Authorized Capital Stock – ₱1.00 par value		
Authorized - 2,000,000	**₱2,000,000,000**	₱2,000,000,000
Issued – 1,023,456,698 shares	**1,023,456,698**	1,023,456,698

9. Earnings Per Share (EPS)

The financial information pertinent to the derivation of earnings per share follows:

	March 31, 2024	December 31, 2023
Net income attributable to the shareholders of the Parent company	**₱206,227,476**	₱2,284,209,380
Weighted average number of outstanding common shares	**1,023,456,698**	1,023,456,698
Basic EPS	**₱0.220**	₱2.232

10. OTHER DISCLOSURES

The accompanying financial statements have been prepared in accordance with PFRS.

The principal accounting policies and methods of computation used in the annual financial statements were also followed in the preparation of the interim financial statements.

There are no significant changes in estimates in amounts reported in prior financial years that have a material effect in the current interim period.

There are no material events subsequent to the end of the interim period that has not been reflected in the financial statements for the interim period.

There are no material contingencies, events or transactions that are material to an understanding of the current interim period.

The Company entered into a Notes Facility Agreement (Agreement) to issue Php 3.0 bn in Fixed Rate Corporate Notes (FRCN or the Notes) on January 29, 2014 to fund its equity investments in power generation projects. The FRCN was fully subscribed by a consortium of local banks and was issued in two tranches and has a maturity of seven (7) years from the drawdown date. The Notes are unsecured.

The Notes were payable at 1% based on the principal amount of the notes in the first six (6) years and 94% at maturity on February 3, 2021. The Notes were settled on said date.

On December 4, 2020, the Company signed an Agreement to issue Php 3.0 bn worth of FRCN with tenors of two (2) years and five (5) years. The proceeds from the issuance of the Notes will be used to finance capital expenditures for existing assets and investments in power generation and/or water infrastructure projects and partly to refinance the existing 7-year FRCN which matured in February 2021.

The Company issued an FRCN last January 27, 2021 amounting to Php 3.0 bn to fund its equity investments in power generation and water infrastructure projects. The FRCN was fully subscribed by a consortium of local banks and was issued in two tranches and has a maturity of seven (7) years from the drawdown date. The Notes are unsecured.

The first tranche is for a term of two years and payable on January 27, 2023 while the second tranche is for a term of five years and will mature on January 27, 2026 with principal payment of Php 50.0 mn for the first four years and a balloon payment of Php 1.8 bn on maturity. On January 27, 2023, the first tranche on the loan matured and was settled. As of end-March 2024 Php 50.0 mn of the total principal amount was settled upon maturity.

The Company is not required to disclose segment information in its interim financial statements.

There have been no changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

The Company has no contingent liabilities or contingent assets since the last annual balance sheet date.

Financial Instruments and Financial Risk Management

The Company and its subsidiaries (the "Group") are exposed to a variety of financial risks which resulted from its operating and investing activities. The Group focuses on actively securing its short-to-medium term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

Credit Risk

Credit Risk represents the risk of loss the Group would incur if counterparties fail to perform their contractual obligations. The Group's credit risk arises principally from its receivables.

Generally, the maximum credit risk exposure of financial assets is their carrying amount as shown in the balance sheets. Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount. The Group's receivables are actively monitored to avoid significant concentrations of credit risk. Please refer to the Note 2.1 of the Notes to the interim Financial Statements as of March 31, 2024 or the aging analysis of the Group's receivables.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by management to finance its operations and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained from related party advances and short-term loans, when necessary.

Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the Philippine Peso (PHP), which are United States Dollar (USD) and European Euro (€).

The Group's exposure to foreign currency risk based on amounts is as follows:

	March 31, 2024
Loan Receivables	USD –
Trade Receivables	USD –
Cash	USD 1,545,877
	Euro 636,909
Trade Payables	USD –
	Euro –
Gross Exposure	USD 1,545,877
	Euro 636,909

The average exchange rates for the quarter ended March 31, 2024 are as follows:

US Dollar-Philippine Peso	US$1 = Php 55.96
Euro-Philippine Peso	Eu€1 = Php 60.79

The exchange rates applicable as of March 31, 2024 are the following:

US Dollar-Philippine Peso	US$1 = Php 56.24
Euro-Philippine Peso	Eu€1 = Php 60.97

Sensitivity Analysis

A 10% strengthening of the Philippine Peso against US Dollar and European Euro as of March 31, 2024 would have decreased equity and profit by Php 12.6 mn. A 10% weakening of the Philippine Peso against the US Dollar and European Euro as of March 31, 2024 would have an equal but opposite effect, on the basis that all other variables remain constant.

The Group absorbs the risk and favorable and unfavorable exchange rate movement as they arise.

The Company neither issues nor invests in complex securities, particularly on derivatives.

The Company does not have investments in foreign securities.

The carrying values of cash and cash equivalents, receivables, trade, and other payables approximate their fair values due to short-term maturity of these instruments.

The Company has minimal financial instruments in the form of available for sale shares of stock which are traded in the market. These financial instruments are however not traded actively.