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)

Joan A. Giduquio-Baron

Contact Persons

(032) 232-0283, 234-2256 and 234-2285

Telephone Number of the Contact Person

1 2 | 3 1

Month Day

Fiscal Year

3rd Quarterly Report 2021

SEC FORM 17-Q

FORM TYPE

0 6 | 1 7

Month Day

Annual Meeting

N/A

Secondary license Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

1,412

Total No. of Stockholders

1,023,397,979

Domestic

58,719

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 PHILIPPINES SEC Cebu Extension Office

12 NOV 2021

RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

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: **September 30, 2021**

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 6,993,900,032**

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 September 30, 2021 compared with the interim period ended September 30, 2020. This report should be read in conjunction with the 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, 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.

Year-to-Date (YTD) September 30, 2021 versus YTD September 30, 2020

The table below shows the comparative figures of the key performance indicators for the period in review.

Key Performance Indicators *Amounts in Php '000, except for ratios*	YTD September 2021	YTD September 2020	YE 2020 Audited
Equity in Net Earnings of Associates and Joint Ventures	1,324,171	1,317,491	
EBITDA	2,101,104	1,841,503	
Net increase in cash and cash equivalents	984,058	726,104	
Net cash flows from operating activities	484,084	13,279	
Net cash flows from investing activities	564,465	877,529	
Net cash flows used in financing activities	(64,492)	(164,703)	
Debt-to-Equity Ratio (x)	0.40	0.41	0.38
Current Ratio (x)	5.85	1.46	1.33

The Company's share in net earnings of associates and joint ventures as of end-September 2021 amounted to Php 1.324 bn, representing a marginal year-on-year (YoY) increase from Php 1.317 bn. This was a result of the following:

1. Visayan Electric Company (VECO), the Company's distribution utility, recorded a 5% YoY rise in its bottomline contribution, from Php 569.8 mn to Php 596.3 mn. The drop in interest expense due to lower debt availments and higher non-core income (e.g., pole rentals and surcharges) mainly accounted for VECO's expansion in net earnings during the period in review. The 2% YoY rise in energy sales volume also contributed to the increase in net earnings.

2. 40%-owned Abovant Holdings, Inc. (AHI) posted a 15% YoY increase in its income contribution to Php 249.5 mn from Php 217.0 mn. This was driven by the increase in profitability of its associate, Cebu Energy Development Corporation (CEDC). Higher spot market prices resulted to a 52% YoY growth in energy sales of CEDC at the Wholesale Electricity Spot Market (WESM). The lower maintenance costs and interest expense resulting from principal loan payments further enhanced the company's profitability for the period.

3. 20%-owned Therma Visayas, Inc. (TVI) recorded a positive income contribution of Php 167.8 mn as of end-September 2021. This was a reversal from the net loss contribution of Php 24.7 mn in the same period last year. This was mainly attributed to the 45% YoY rise in volume of energy sold and the spike in spot market prices at the WESM during the period in review. Further to this, TVI saw a 10% YoY rise in volume of energy sold from contracts with Retail

Electricity Supply (RES) customers. Lower operating expenses during the period in review also contributed to the enhanced profitability.

4. 40%-owned Prism Energy, Inc. (Prism Energy), a RES, contributed earnings of Php 16.1 mn, 68% YoY ahead of the Php 9.6 mn in the same period last year. The robust performance can be attributed to the 12% YoY rise in volume of energy sold, enhanced margin per kilowatt hour (kWh) and lower operating expenses as of end-September 2021.

The above improvement in earnings contributions were tempered by the following:

1. 40%-owned Minergy Power Corporation (MPC) brought in contributions of Php 175.0 mn as of end-September 2021, lower by 50% YoY from Php 352.8 mn as of end-September 2020. This can be mainly attributed to the 11% YoY decline in the volume of energy sold. The 19% YoY rise in MPC's operating expenses also contributed to the unfavorable YoY variance.

2. 40%-owned Cebu Private Power Corporation (CPPC) posted an income contribution of Php 101.3 mn as of end-September 2021, a 22% YoY reduction from Php 130.0 mn in the same period last year in spite of better profits from increased sales on its bilateral contract (up by 23%) and revenues from dispatch of excess capacity to the WESM (up by 398%) due to higher spot market rates. The period in review recorded higher operating expenses, which was due to the non-recording of the depreciation on asset revaluation last year. Higher maintenance costs and lower interest income also contributed to the earnings contraction during the period in review.

3. 50%-owned Delta P, Inc. (DPI) recorded a 51% YoY drop in income contribution from Php 39.7 mn to Php 19.4 mn. The rise in operating expenses (up by 29% YoY) mainly accounted for the earnings contraction during the period in review.

4. 50%-owned Calamian Islands Power Corporation (CIPC) saw a 40% YoY reduction in its income contribution from Php 31.8 mn to Php 19.0 mn. This was brought about by the 17% YoY decline in energy sales volume as the COVID-19 pandemic affected overall power demand in the islands. CIPC also incurred costs for the preventive maintenance work done during the first half of 2021.

5. In March 2021, the Company, through wholly owned subsidiary Vivant Renewable Energy Corporation (VREC), acquired an equity stake of 34.85% in Buskowitz Finance, Inc. (BFI), a solar engineering, procurement and construction company. As of end September 30, 2021, BFI contributed a net loss of Php 13.9 mn.

EBITDA for the period rose by 14% YoY to Php 2.1 bn from Php 1.8 bn. This was mainly an outcome of the 17% YoY increase in operating income, which stemmed from:

1. Sale of power significantly grew by 76% YoY. This was mainly attributed to:

    - 67% YoY rise in the total energy sales of 55.2%-owned 1590 Energy Corporation (1590 EC), which was mainly driven by the 85% YoY increase in volume sold at the WESM.

    - 100%-owned Corenergy, Inc. (Corenergy) showed higher RES revenues (up 144% YoY) as of end-September 2021. This strong showing was attributed to the rise in contracted capacity to 17.69MW as of end-September 2021 from 8.15MW as of end-September 2020, which was on the back of additional customers during the period in review.

- 100%-owned Corenergy Solar Solutions Corporation (CSSC)[1], posted a 30% YoY expansion in its volume of energy sales.

- 65%-owned Isla Norte Energy Corporation (INEC) shored in a revenue contribution of Php 27.0 mn from its Interim Power Supply Agreement (IPSA) with Bantayan Electric Cooperative, Inc. (BANELCO).

- 90%-owned Bukidnon Power Corporation (BPC) and North Bukidnon Power Corporation (NBPC) brought in fresh revenue contributions of Php Php 27.9 mn and Php 23.4 mn, respectively, as of end-September 2021. The Company, through wholly owned subsidiaries, Vivant Energy Corporation (VEC) and Amberdust Holdings Corporation (AHC), acquired 90% of the outstanding shares of BPC and NBPC in the second quarter of 2021. Both companies own bunker-diesel power plants that serve two separate franchise areas in Bukidnon.

2. Management and service fees rose by 12% YoY from Php 22.4 mn to Php 25.0 mn driven by the increase in rates.

3. 1% YoY rise in equity earnings resulting from the increase in the income contributions of four associates as of end-September 2021. These are VECO, AHI, TVI, and PRISM.

However, the rise in EBITDA was tempered by the following:

1. Engineering service income went down by 26% YoY. This mainly resulted from the timing of the revenue recognition by 60%-owned Watermatic Philippines, Inc. (WMP) under PFRS 15[2] on customer contracts. This was mitigated by revenues from the engineering service contracts of Corenergy, which significantly rose to Php 16.0 mn as of end-September 2021 from Php 3.2 mn as of end-September 2020 as a result of increased customer base.

2. Interest income decreased by 65% YoY, which was driven by lower rates for short-term investments.

3. 76% YoY increase in total cost of services, which was mainly attributed to the 84% YoY rise in cost of generation. This was on the back of increased dispatch in 1590 EC, higher cost of purchased power in Corenergy, increased operating expenses to service additional customers of CSSC and INEC's costs for operating under an IPSA. The cost of generation incurred by newly acquired BPC and NBPC also contributed to the cost expansion during the period in review.

4. 21% YoY rise in operating expenses.

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[1] The Philippine Securities and Exchange Commission approved the change in corporate name from ET Energy Island Corporation (ETEI) to Corenergy Solar Solutions Corporation (CSSC) on August 26, 2021.

[2] PFRS 15, *Revenue from Contracts with Customers,* provides that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized as control is passed, either over time, or at a point in time.

The Company ended the period in review with a net increase in cash, before considering the effect of changes in the foreign exchange rates, in the amount of Php 984.1 mn. This was higher than the net increase in cash as of end-September 2020 in the amount of Php 726.1 mn. Operating activities posted a significantly higher net cash inflow which makes up 49% of the net increase in cash as of end-September 2021. Reduced spending for financing activities (dropped by 61% YoY) further contributed to the expansion in cash level. The net increase in cash was tempered by the decline in net cash inflows from investing activities (down by 36% YoY) during the period in review.

Operating activities showed a net cash inflow of Php 484.1 mn during the period in review, which mainly stemmed from the timing of payment of trade and other payables and accrued expenses. In the same period last year, settlement of trade and other payables and accrued expenses (mostly in VEC and 1590 EC) and purchase of inventories mainly accounted for the lower net cash inflow of Php 13.3 mn. Cash usage for the period in review was attributed to the higher income tax payments resulting from the improved profitability of 1590 EC, CORE, CSSC and additional income tax payments of newly acquired subsidiaries, BPC and NBPC. This was offset by the lower interest payments made by the Company as of September 2021.

Investing activities generated cash in the amount of Php 564.5 mn vis-à-vis Php 877.5 mn as of end-September 2020. The 36% YoY decline was mainly attributed to the following:

1. Acquisition of equity stakes in BFI (34.85%), BPC (90%) and NBPC (90%);
2. Capital expenditure for the purchase of equipment and power plant construction in 65%-owned INEC, pre-development costs for a desalination facility of 100%-owned Isla Mactan-Cordova Corporation (IMCC) and solar projects of 100%-owned CSSC;
3. Additional equity infusion by wholly-owned VREC in a 35%-owned associate; and
4. Investment of VEC for its 50% equity stake in a 15-megawatt on-grid bunker-fired power plant in Pampanga.

This was offset by dividends received from investee companies (VECO, MPC, CPPC and AHI) and proceeds from the disposal of an associate, and Available-for-sale (AFS) investment by 50.94%-owned Hijos de F. Escano, Inc. (HDFE) during the period in review.

Financing activities as of end-September 2021 showed a net cash outflow of Php 64.5 mn, a 61% YoY reduction from the Php 164.7 mn net cash outflow in the same period last year. Dividends paid by the Company and finance lease payments by the Company and 1590 EC were offset by the net proceeds of the Company's new Fixed Rate Corporate Note (FRCN) issued in January 2021, proceeds from a long-term loan of INEC and infusion from a minority shareholder of INEC during the period in review. Meanwhile, the net cash outflow as of end-September 2020 was on account of the dividend payments to stockholders by the Company and 1590EC.

Debt-to-Equity ratio went up to 0.40x as of end-September 2021 vis-à-vis end-December 2020 level of 0.38x. Total equity increased by 8%, which was attributed to the earnings, net of the dividends declared by the Company, as of the period in review. Meanwhile, total liabilities rose by 12%, which mainly stemmed from the net proceeds from the issuance of the new FRCN and the long-term loan of INEC. The increase in payable for fuel and output VAT and accrued income tax of 1590 EC on the back of improved sales, and the accrued pension of the Company and VEC also contributed to the increase in total liabilities.

The Company's current ratio improved to 5.85x as of end-September 2021 from year-end 2020 level of 1.33x. Current assets posted a growth of 15% (attributed to the 20% rise in cash and cash equivalents, advances by three subsidiaries to a joint venture and two associates), while current liabilities showed a significant decrease of 74% from end-2020 level. The settlement of the Company's FRCN issued in 2014, and the short-term loans of 1590 EC and INEC, coupled with the amortization of finance lease liability-current portion, contributed to the decline in current liabilities as of end-September 2021.

Material Changes in Line Items of Registrant's Income Statement
(YTD September 2021 vs. YTD September 2020)

As of end-September 2021, the Company's total revenues amounted to Php 3.8 bn, recording a 34% YoY increase from Php 2.8 bn in the same period last year.

1. Sale of power went up by 76% YoY, which is attributed to the following:

    - 67% YoY rise in the total energy sales of 55.2%-owned 1590 EC, which was mainly driven by the 85% YoY increase in volume sold at the WESM.

    - 100%-owned Corenergy showed higher RES revenues (up 144% YoY) as of end-September 2021. This strong showing was attributed to the rise in contracted capacity to 17.69MW as of end-September 2021 from 8.15MW as of end-September 2020, which was on the back of additional customers during the period in review.

    - 100%-owned CSSC posted a 30% YoY expansion in its volume of energy sales.

    - 65%-owned INEC shored in a revenue contribution of Php 27.0 mn from its IPSA with BANELCO.

    - 90%-owned BPC and NBPC brought in fresh revenue contribution of Php 27.9 mn and Php 23.4 mn, respectively.

2. Engineering service income dropped to Php 77.9 mn from Php 105.0 mn. This was mainly attributed to the timing of revenue recognition for the engineering service contracts of 60%-owned WMP under PFRS 15. This was mitigated by revenues from the engineering service contracts of Corenergy which significantly rose to Php 16.0 mn as of end-September 2021 from Php 3.2 mn as of end-September 2020 as a result of increased customer base.

3. Management and service fees rose by 12% YoY to Php 25.0 mn. This was due to increase in the rates. The Company and VEC had a combined management fee income of Php 22.4 mn in the same period last year.

4. The Company's share in net earnings of associates and joint ventures as of end-September 2021 amounted to Php 1.324 bn, representing a 1% YoY increase from Php 1.317 bn. This was a result of the following:

    - VECO, the Company's distribution utility, recorded a 5% YoY rise in its bottomline contribution, from Php 569.8 mn to Php 596.3 mn. The drop in interest expense due to lower debt availments and higher non-core income (e.g., pole rentals and surcharges) mainly accounted for VECO's expansion in net earnings during the period in review. The 2% YoY rise in energy sales volume also contributed to the increase in net earnings.

- 40%-owned AHI posted a 15% YoY increase in its income contribution to Php 249.5 mn from Php 217.0 mn. This was driven by the increase in profitability of its associate, CEDC. Higher spot market prices resulted to a 52% YoY growth in energy sales of CEDC at the WESM. The lower maintenance costs and interest expense resulting from principal loan payments further enhanced the company's profitability for the period.

- 20%-owned TVI recorded a positive income contribution of Php 167.8 mn as of end-September 2021. This was a reversal from the net loss contribution of Php 24.7 mn in the same period last year. This was mainly attributed to the 45% YoY rise in volume of energy sales and spike in spot prices at the WESM during the period in review. Further to this, TVI saw a 10% YoY rise in volume of energy sales from contracts with RES customers. Lower operating expenses during the period in review also contributed to the enhanced profitability.

- 40%-owned Prism Energy, a RES, contributed earnings of Php 16.1 mn, 68% YoY ahead of the Php 9.6 mn in the same period last year. The robust performance can be attributed to the 12% YoY rise in volume of energy sold, enhanced margin per kilowatt hour (kWh) and lower operating expenses as of end-September 2021.

The above improvement in earnings contributions were tempered by the following:

- 40%-owned MPC brought in contributions of Php 175.0 mn as of end-September 2021, lower by 50% YoY from Php 352.8 mn as of end-September 2020. This can be mainly attributed to the 11% YoY decline in the volume of energy sold. The 19% YoY rise in MPC's operating expenses also contributed to the unfavorable YoY variance.

- 40%-owned CPPC posted an income contribution of Php 101.3 mn as of end-September 2021, a 22% YoY reduction from Php 130.0 mn in the same period last year in spite of better profits from increased sales on its bilateral contract (up by 23%) and revenues from dispatch of excess capacity to the WESM (up by 398%) due to higher spot market rates. The period in review recorded higher operating expenses, which was due to the non-recording of the depreciation on asset revaluation last year. Higher maintenance costs and lower interest income also contributed to the earnings contraction during the period in review.

- 50%-owned DPI recorded a 51% YoY drop in income contribution from Php 39.7 mn to Php 19.4 mn. The rise in operating expenses (up by 29% YoY) mainly accounted for the earnings contraction during the period in review.

- 50%-owned CIPC saw a 40% YoY reduction in its income contribution from Php 31.8 mn to Php 19.0 mn. This was brought about by the 17% YoY decline in energy sales volume as the COVID-19 pandemic affected overall power demand in the islands. CIPC also incurred costs for the preventive maintenance work done during the first half of 2021.

- On March 24, 2021, the Company, through wholly owned subsidiary VREC, acquired an equity stake of 34.85% in BFI, a solar engineering, procurement and construction company. As of end September 30, 2021, BFI contributed a net loss of Php 13.9 mn.

5. Interest income dropped by 65% YoY to Php 17.2 mn, which mainly resulted from lower interest rates on short-term placements.

Total cost of services and operating expenses as of end-September 2021 expanded by 55% YoY, from Php 1.3 bn to Php 2.0 bn. Said movement can be accounted for by the following:

1. Total cost of services rose by 76% YoY to Php 1.4 bn from Php 782.2 mn. This can be mainly attributed to the 84% YoY increase in generation cost to Php 1.3 bn from Php 698.0 mn, which resulted from the following cost expansion during the period in review:

   (i) Increased fuel cost on the back of the rise in 1590 EC's WESM sales;
   (ii) Higher cost of purchased power incurred by Corenergy as its energy sales volume went up by 140% YoY;
   (iii) 49% YoY rise in CSSC's cost of on account of the technical consultancy contracts and higher depreciation cost on solar panels to service additional customers;
   (iv) INEC's costs for operating under an IPSA; and
   (v) Cost of generation incurred by newly acquired subsidiaries, BPC and NBPC.

   Engineering service fees also went up by 12% YoY to Php 94.3 mn from Php 84.2 mn, which was mainly attributed to:

   (i) Higher technical consultancy fees, direct labor, and other project costs of WMP; and
   (ii) Increased engineering service fees of Corenergy to carry out its growing service contracts with customers.

2. Salaries and employee benefits went up by 17% YoY to Php 236.3 mn from Php 202.4 mn. Increase in headcount and salary rate mainly accounted for the cost expansion.

3. Professional fees surged by 100% YoY to Php 145.0 mn from Php 72.4 mn. This was mainly due to legal fees incurred by three wholly-owned subsidiaries relating to projects.

4. Depreciation and amortization increased by 6% YoY to Php 38.0 mn from Php 35.9 mn. This was attributed to the depreciation of newly purchased fixed assets.

5. Taxes and licenses fell by 40% YoY to Php 30.6 mn from Php 51.0 mn. The decline in prior year gross revenues of the Company, 1590 EC and VEC resulted to lower local business taxes. Further to this, the Company and its subsidiaries incurred additional business taxes due to the change of business address in the same period last year.

6. Outside services was up by 19% YoY to Php 20.0 mn from Php 16.7 mn. Higher technical service fees incurred by 1590 EC and payroll outsourcing services of the Company and five subsidiaries mainly accounted for the increase in cost. Further to this, costs as of the period in review included delayed billings for the Company's Enterprise Resource Planning (ERP) system.

7. Communication and utilities went up by 67% YoY to Php 7.4 mn from Php 4.4 mn. This was mainly due to delayed billings from the Company's internet and communications service providers covering various months of 2020. Higher consumption of utilities as a result of the increased number of employees working on premise also contributed to the increase during the period in review.

8. Travel expenses rose by 29% YoY to Php 7.4 mn from Php 5.8 mn. This can be attributed to the increase in business travel frequency brought about by the loosening of travel and mobility restrictions in the second quarter of 2021.

9. Rent and association dues was higher by 64% YoY at Php 5.0 mn from Php 3.1 mn. This resulted from the escalation of common use service area fees (CUSA) and delayed billings for association dues covering the fourth quarter of 2020.

10. Representation expenses went up by 580% YoY to Php 4.5 mn from Php 0.7 mn. This was mainly due to increase in face-to-face business meetings with partners and project stakeholders.

Vivant booked Php 118.6 mn in other charges as of end-September 2021, recording a 7% decrease from the Php 128.1 mn in other charges booked in the same period last year. The following account for the movement:

1. Finance costs on the Company's FRCN was lower by 13% YoY to Php 109.6 mn from Php 125.6 mn. This reduction is attributed to lower rates for the new FRCN issued in January 2021.

2. Finance costs on lease liabilities dropped by 26% YoY to Php 43.0 mn from Php 57.9 mn, which was a result of the amortization of the finance lease under PFRS 16.

3. Unrealized foreign exchange gain is at Php 5.5 mn as of end-September 2021. This pertains to the translation of US Dollar and Euro cash balances of the Company and four subsidiaries. The depreciation of the Philippine Peso to US Dollar and Euro accounted for the 60% increase from Php 3.4 mn as of end-September 2020.

4. During the period in review, the Company, through its subsidiaries, booked the following one-off gains:

   (i) VEC and 100%-owned VREC booked a net gain of Php 3.7 mn on the sale of their equity stake in an associate.
   (ii) VEC booked a gain of Php 3.6 mn from the dilution of its equity stake (from 100% to 50%) in a company that will undertake a 15-MW on-grid bunker-fired power plant project in Pampanga.
   (iii) 50.94%-owned HDFE recorded a gain on sale of its AFS investments at Php 0.6 mn.

5. Other income went down by 60% YoY from Php 52.0 mn to Php 20.7 mn. Charges for cost reimbursement by a subsidiary to an associate as of end-September 2021 was lower than the proceeds from an insurance claim by a subsidiary within the same period last year.

As of end-September 2021, the Company booked an accrued consolidated provision for income tax of Php 122.0 mn, which was 32% higher than the Php 92.4 mn in accrued consolidated income tax provision as of the same period last year. This was mainly due to the higher earnings of 1590 EC, CORE, and CSSC that was a result of improved performance.

Taking all of the above into account, the Company recorded a total net income of Php 1.6 bn for the period ending September 30, 2021, which is 18% higher than the Php 1.3 bn net income in the same period last year. Net income attributable to parent, net of the share of the minority shareholders of seven subsidiaries, amounted to Php 1.2 bn, up by 7% YoY.

Changes in Registrant's Consolidated Resources, Liabilities and Shareholders' Equity
(End-September 2021 vs. Year-end 2020)

The Company's total assets grew by 9%, from end-2020's level of Php 22.6 bn to Php 24.6 bn. The following are the material movements in the consolidated assets of the Company as of end-September 2021.

1. Cash and cash equivalents expanded by 20% to Php 5.9 bn as of end-September 2021 from Php 4.9 mn as of end-2020. This was mainly attributed to higher net cash generated from operating activities of Php 484.1 mn as of end-September 2021 vis-à-vis end-2020 level of Php 103.3 mn. A significant reduction in the net cash outflows for financing activities to Php 64.5 mn as of end-September 2021 from Php 291.7mn as of end-2020 also contributed to the expansion. Net cash inflows from investing activities amounted to Php 564.5 mn during the period in review, albeit posting a decline from end-2020's Php 651.2 mn.

2. Trade and other receivables went down to Php 761.2 mn as of end-September 2021 from Php 814.1 mn as of end-2020. This was mainly attributed to the receipt of dividends from MPC and CPPC that were declared in 2020. This was tempered by increased trade receivables in 1590 EC as a result of improved topline performance.

3. Advances to associates, joint ventures, and stockholders rose by 31% to Php 331.7 mn. This was on account of the advances made by three subsidiaries to a joint venture and two associates to defray pre-development project expenses.

4. Inventories reduced by 27% to Php 160.6 mn as of end-September 2021 from Php 220.5 mn as of end-2020. Fuel consumption rose proportionately with the increased volume of energy sales by 1590 EC and INEC.

5. Property, plant, and equipment rose by 43% to Php 3.2 bn, which was mainly attributed to the costs incurred for the construction of an oil-fired power plant by INEC. Project costs incurred for the water desalination plant of wholly-owned IMCC and solar projects of CSSC, and the Company's purchase of service vehicles and other assets also contributed to the increase. Moreover, the booking of fixed assets of newly acquired BPC and NBPC contributed to the expansion of this account.

6. Right-of-use assets was lower by 25% at Php 504.4 mn, which was due to the amortization as of end-September 2021.

7. Deferred income tax assets grew by 6% YoY to Php 36.0 mn as a result of the amortization of 1590 EC's finance lease liability under PFRS 16.

8. Other noncurrent assets went up by 16% YoY to Php 1.4 bn, which was mainly attributed to the goodwill recognized for the purchase of 90%-owned BPC and NBPC. Rise in creditable withholding tax (CWT) also contributed to the increase.

Total consolidated liabilities rose by 12% to Php 7.0 bn as of end-September 2021 from end-2020's Php 6.3 bn. This is mainly attributable to the proceeds from the issuance of the new FRCN, net of the full settlement of the old FRCN, and the long-term loan of INEC to fund the construction of a power plant. Other factors include:

1. Trade and other payables were higher by 9% at Php 958.2 mn as of end-September 2021. This was mainly attributed to the fuel billings and output VAT that arose from the improved operations of 1590 EC and unclaimed dividends declared and paid by the Company during the period in review.

2. Income tax payable significantly increased by 55% to Php 57.4 mn, which was attributed to higher taxable earnings of 1590 EC, INEC, 100%-owned Vivant Realty Venture Corporation (VRVC), and taxable earnings from BPC.

3. Pension liability rose by 12% to Php 97.6 mn as accruals for pension expense were booked by the Company and VEC during the period in review.

The growth in liabilities were offset by the following:

1. Short-term notes payable of INEC and 1590 EC were fully paid as of end-September 2021.

2. Current portion of finance lease liabilities decreased by 46% to Php 195.2 mn. This was mainly attributed to the amortization of the finance lease recognized in 1590 EC under PFRS 16.

The Company, through 50.94%-owned HDFE, booked an unrealized valuation gain-other component of equity as a result of the sale of an AFS investment in the amount of Php 2.0 mn during the period in review.

As a result of net income generated during the period in review, total stockholders' equity increased by 8%, from Php 16.3 bn as of year-end 2020 to Php 17.6 bn as of end-September 2021. Meanwhile, equity attributable to parent grew by 6% at Php 16.3 bn as of end-September 2021.

Material Changes in the Consolidated Liquidity and Cash Reserves of Registrant
(End-September 2021 vs. End-September 2020)

Cash and cash equivalents were higher by 14% YoY, from Php 5.1 bn as of end-September 2020 to Php 5.9 bn as of end-September 2021.

The Company ended the period in review with a net increase in cash, before considering the effect of changes in the foreign exchange rates, in the amount of Php 984.1 mn. This was higher than the net increase in cash as of end-September 2020 in the amount of Php 726.1 mn. Operating activities posted a significantly higher net cash inflow which makes up 49% of the net increase in cash as of end-September 2021. Reduced spending for financing activities (dropped by 61% YoY) further contributed to the expansion in cash level. The net increase in cash was tempered by the decline in net cash inflows from investing activities (down by 36% YoY) during the period in review.

Operating activities showed a net cash inflow of Php 484.1 mn during the period in review, which mainly stemmed from the timing of payment of trade and other payables and accrued expenses. In the same period last year, settlement of trade and other payables and accrued expenses (mostly in VEC and 1590 EC) and purchase of inventories mainly accounted for the lower net cash inflow of Php 13.3 mn. Cash usage for the period in review was attributed to the higher income tax payments resulting from the improved profitability of 1590 EC, CORE, CSSC and additional income tax payments of newly acquired subsidiaries, BPC and NBPC. This was offset by the lower interest payments made by the Company as of September 2021.