NOTICE AND AGENDA
OF ANNUAL MEETING OF STOCKHOLDERS

VIVANT CORPORATION
9th Floor, Oakridge IT Center 3,
Oakridge Business Park, A.S. Fortuna Street,
Brgy. Banilad, Mandaue City, Cebu

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting of VIVANT CORPORATION will be held virtually on **May 21, 2026 Thursday at 10:00 in the morning** and will be accessible through this link https://conveneagm.com/ph/vvt2026. (the "VVT Portal").

The Annual Stockholders' Meeting shall have the following Agenda:

1. Call to Order;
2. Proof of Notice and Determination of Quorum;
3. Reading and Approval of Minutes of the Annual Stockholders' Meeting held on June 19, 2025;
4. Annual Report of Officers;
5. Approval of the 2025 Annual Report and Financial Statements;
6. Appointment of External Auditor for 2026;
7. Election of Directors for the year 2026-2027:
   Regular Directors
   Independent Directors
8. Ratification of all Acts and Resolutions of the Board of Directors and Management Adopted for Fiscal Year 2025
9. Other Matters that may properly be brought before the meeting
10. Adjournment

Only stockholders of record at the close of business as of April 15, 2026 are entitled to notice and to vote at this meeting.

Stockholders may attend by registering at the VVT Portal beginning 12:00nn on [• April 21, 2026] until 12:00 noon on May 14, 2026. The meeting will be broadcasted live and stockholders who have successfully registered can participate via remote communication.

Stockholders who have successfully registered through the VVT Portal will receive a confirmation through email of their verified status and may cast votes *in absentia* through the online voting platform, the link of which, as well as the stockholder code to access the said link, will be provided in the confirmation email, or by proxy.

Votes cast until 12:00 noon of May 20, 2026 will be tabulated and presented during the meeting. Stockholders may still vote after the cut-off time, and the final votes received through the VVT Portal after the adjournment of the meeting will be included in the minutes of the meeting.

Stockholders who are unable to attend the virtual meeting are encouraged to vote by downloading and executing a proxy form in favor of a representative, and by following the instructions on the voting instruction form, both of which are found on the Vivant (VVT) Portal and at www.vivant.com.ph. Stockholders may submit the duly accomplished proxy forms through the Vivant Portal or email the same to corporatesecretary@vivant.com.ph and in accordance with the Amended By-Laws of the Company, the hard copy of the proxy form must be submitted for inspection, validation, and recording at least seven (7) days prior to the opening of the Stockholders' Meeting, or on or before 12:00 noon on May 14, 2026 to the Office of the Corporate Secretary at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu.

For any questions regarding the conduct of the Meeting, the Stockholders may submit queries through the VVT Portal or to the Office of the Corporate Secretary at corporatesecretary@vivant.com.ph.

Pursuant to the SEC Notice dated March 11, 2026, a copy of the Notice of the meeting, Definitive Information Statement, minutes of the previous meeting of the stockholders, and other documents related to the meeting shall be distributed to the Stockholders and published in the business section of two (2) newspaper of general circulation, in print and online format. These documents will also be accessible through the Company's website at www.vivant.com.ph and through the PSE edge at https://edge.pse.com.ph.

There will be audio and virtual recording of the Annual Stockholders' Meeting a copy of which shall be made available to a Stockholder upon request.

Makati City, March 31, 2026.

FOR THE BOARD OF DIRECTORS:



MAILA LOURDES G. DE CASTRO
Corporate Secretary

AGENDA
DETAILS AND RATIONALE

1. **Call to Order.** The Chairman of the Board of Directors, Mr. Francis Damasus A. Garcia, will call the meeting to order and preside over the same.

2. **Proof of Notice and Determination of Quorum.** The Corporate Secretary, Atty. Maila Lourdes G. de Castro, will certify that pursuant to SEC Notice dated March 11, 2026, Notice of the meeting was published in the business section of two (2) newspapers of general circulation on [• April 21, 2026] and [•April 22, 2026]. A copy of the Notice of the meeting, together with the Definitive Information Statement, minutes of the previous meeting of the stockholders, and other documents related to the meeting were made accessible through the Company's website at www.vivant.com.ph and the website of PSE Edge at https://edge.pse.com.ph. The Corporate Secretary will also certify, based on the number of shares owned by Stockholders voting *in absentia,* or by proxy, or participating remotely in the meeting, whether quorum exists for the valid transaction of business at the meeting. Finally, the Corporate Secretary will explain the rules for the orderly conduct of the meeting.

3. **Reading and Approval of Minutes of the Annual Stockholders' Meeting held on June 19, 2025.** A copy of the draft Minutes is attached as Exhibit "A". It is also available for examination during office hours at the Office of the Corporate Secretary and for viewing at the website of Vivant Corporation at https://vivant.com.ph/wp-content/uploads/2025/06/VVT-ASM-Minutes-19-June-2025.pdf Stockholders will be asked to approve the draft Minutes and acknowledge the completeness and accuracy thereof. The text of the proposed resolution is as follows:

   > *"**WHEREAS,*** that the Stockholders of Vivant Corporation (the "Corporation") have reviewed the Minutes of the previous Annual Stockholders' Meeting;
   >
   > ***RESOLVED, AS IT IS HEREBY RESOLVED***, that Stockholders of the Corporation approve the Minutes of the Annual Stockholders' meeting held on June 19, 2025."

4. **Annual Report of Officers.** The CEO, Mr. Arlo Angelo G. Sarmiento, the Executive Vice President and Chief Corporate Office, Ms. Minuel Carmela N. Franco, the President, Mr. Emil Andre M. Garcia, and the Executive Vice President for Infrastructure, Atty. Jess Anthony N. Garcia, will present the overview of Vivant Corporation's financial performance in 2025. They will also present the challenges and highlights of 2025, and the outlook for 2026. Finally, they will provide updates on the new policies of the Corporation and regulatory matters.

5. **Approval of the 2025 Annual Report and Financial Statements.** The Audited Financial Statement (the "AFS") of Vivant Corporation for the fiscal year ended December 31, 2025 contained in the Corporation's 2025 Annual Report and Information Statement, will be presented to the Stockholders for approval. The Chairman, CEO, any member of the Audit Committee, or any representative of the Corporation's external auditors, Sycip Gorres Velayo & Co. will respond to questions submitted by any stockholder regarding the Corporation's AFS for the fiscal year ended on December 31, 2025.

6. **Appointment of External Auditors for 2026.** Stockholders will be asked to approve the re-appointment of Sycip Gorres Velayo & Co. as Vivant Corporation's external auditors for 2026. The external auditors will be tasked with the preparation of the annual audited statements. The text of the proposed resolution is as follows:

   > *"**WHEREAS,*** the Stockholders of the Corporation have the right to participate in key corporate governance decisions, such as the right to appoint the External Auditors;
   >
   > ***RESOLVED, AS IT IS HEREBY RESOLVED,*** that the Stockholders of the Corporation appoint SyCip Gorres Velayo & Co. as the External Auditors for 2026."

7. **Election of Directors (including Independent Directors).** For 2026, the candidates for the Board of Directors are the following:

   Regular Directors

   MR. FRANCIS DAMASUS A. GARCIA
   MR. RAMONTITO E. GARCIA
   MR. CHARLES SYLVESTRE A. GARCIA
   MR. EMIL ANDRE M. GARCIA
   MR. ARLO ANGELO G. SARMIENTO
   MR. JOSE MARKO ANTON G. SARMIENTO
   MS. BRIGETTE CECILE N. GARCIA

   Independent Directors

   MR. JOSE CARLITOS G. CRUZ
   MR. ALFREDO S. PANLILIO
   ATTY. LAURENCE R. ROGERO
   MR. GEORGE S. UY-TIOCO, JR.

   The profiles of the candidates to the Board are found on pages 16 to 23 of this Information Statement. For further reference and examination of the Stockholders, a summary of the business and professional experience for the past five (5) years of the candidates are also provided in the Information Statement. Stockholders will be given the opportunity to elect the directors for 2026-2027 individually through the cumulative voting process. Stockholders will be asked to cast their votes in absentia through the online voting portal or by proxy.

8. **Ratification of all Acts and Resolutions of the Board of Directors and Management Adopted for Fiscal Year 2025.** The Stockholders will be asked to ratify and confirm all acts, transactions, and resolutions of the Board of Directors and Management in connection with the performance and operations of the Corporation.

9. **Other Matters that may properly be brought before the meeting.** Stockholders may raise other relevant matters not included as an item in the Agenda. If such matters may be properly taken up in the meeting, Stockholders may be requested to consider the same.

10. **Adjournment.** After all business to be conducted at the Meeting has been considered, the Chairman will declare the Meeting concluded.

PROXY FORM

KNOW ALL MEN BY THESE PRESENTS:

I, the undersigned, a stockholder of VIVANT CORPORATION ("Vivant"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, do hereby name, constitute, and appoint _____ or, in his absence, the Chairman of the meeting, as *attorney-in-fact* and *proxy*, with power of substitution, to represent and vote all shares registered in the name of the undersigned stockholder, at Vivant's **Annual Stockholders' Meeting** on **May 21, 2026** virtually at **10:00 A.M.** and any adjournment/s thereof.

The above-named proxy is to vote as follows:

1. Approval of the Minutes of the 2025 Annual Stockholders' Meeting held last June 19, 2025
   ◯ Yes ◯ No ◯ Abstain
2. Approval of the 2025 Annual Report and Financial Statements
   ◯ Yes ◯ No ◯ Abstain
3. Appointment of External Auditors for 2026
   ◯ Yes ◯ No ◯ Abstain
4. Election of the Members of the Board of Directors for the year 2026-2027. Vote my shares as follows:

Regular Directors

◯ Equally to all seven (7) nominees for non-independent members of the Board of Directors
◯ Abstain for all seven (7) nominees for non-independent members of the Board of Directors
◯ Distribute or cumulate my shares to the nominees, as follows *(indicate the number of shares to be voted for each nominee*)*:

Francis Damasus A. Garcia	_____ Yes	_____ Abstain
Ramontito E. Garcia	_____ Yes	_____ Abstain
Charles Sylvestre A. Garcia	_____ Yes	_____ Abstain
Emil Andre M. Garcia	_____ Yes	_____ Abstain
Arlo Angelo G. Sarmiento	_____ Yes	_____ Abstain
Jose Marko Anton G. Sarmiento	_____ Yes	_____ Abstain
Brigette Cecile N. Garcia	_____ Yes	_____ Abstain

**Total votes cast should not exceed the number of shares in your name multiplied by the number of board seats (7) for non-independent directors.*

Independent Directors

◯ Equally to all four (4) nominees for independent members of the Board of Directors
◯ Abstain for all four (4) nominees for independent members of the Board of Directors
◯ Distribute or cumulate my shares to the nominees, as follows *(indicate the number of shares to be voted for each nominee*)*:

Jose Carlitos G. Cruz	_____ Yes	_____ Abstain
Alfredo S. Panlilio	_____ Yes	_____ Abstain
Laurence R. Rogero	_____ Yes	_____ Abstain
George S. Uy-Tioco, Jr.	_____ Yes	_____ Abstain

**Total votes cast should not exceed the number of shares in your name multiplied by the number of board seats (4) for independent directors.*

5. Ratification of the acts, resolutions, and proceedings of the Board of Directors, Corporate Officers and Management for fiscal year 2025

◯ Yes ◯ No ◯ Abstain

6. Any issue/question that may arise related to any item in the Agenda of the meeting

◯ Yes ◯ No ◯ Abstain

This proxy should be received by the Corporate Secretary or Assistant Corporate Secretary on or before 12:00 noon on May 14, 2026. This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by management or the Board of Directors.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

_____	_____
Printed Name and Signature of Stockholder	No. of Shares Held
_____	_____
Printed Name and Signature of Authorized Representative of Stockholder	Date

Securities & Exchange Commission
SEC Form 20-IS

Information Statement Pursuant to Section 20
of the Securities Regulation Code

1. Check the appropriate box:

Preliminary Information Statement:	(√)
Definitive Information Statement:	( )

2.	Name of Registrant as specified in its charter:	**VIVANT CORPORATION**
3.	Province, country or other jurisdiction of Incorporation or organization:	**Cebu, Philippines**
4.	SEC Registration Number:	**175222**
5.	BIR Tax Identification Code:	**242-603-734-000**
6.	Address of Principal Office:	**9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu 6014**
7.	Registrant's Telephone Number, including area code:	**+63 32 234-2256** **+63 32 234-2285**
8.	Date, Time, and Place of meeting of the security holders	
	Date:	**May 21, 2026 Thursday**
	Time:	**10:00 A.M.**
	Place:	**Virtually from the 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu and broadcasted via livestreaming accessible at www.vivant.com.ph**
9.	Approximate date on which the Information Statement is first to be sent or given to security holders:	**April 21, 2026**

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA:

Authorized Capital Stock: **Php 2,000,000,000.00**

Title of Each Class	Par Value	No. of Shares	Authorized Capital Stock
Common	Php 1.00	2,000,000,000	Php 2,000,000,000.00

No. of Shares Outstanding as of February 28, 2026 **1,023,456,698**

11. Are any or all of the Registrant's securities listed in a Stock Exchange? Yes (√) No ( )

The common stock of Vivant is listed at the Philippine Stock Exchange.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

Date	:	**May 21, 2026 (Thursday)**
Time	:	**10:00 A.M.**
Place	:	**Virtually from the 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu and broadcasted via livestreaming accessible at www.vivant.com.ph** **The Chairman of the Board shall call the meeting to order and preside over the stockholders' meeting in Mandaue City**
Name, Complete, Address and Contact Numbers of Registrant:		**VIVANT CORPORATION** **9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu 6014** **+63 32 234-2256** **+63 32 234-2285**
Approximate date when the Information Statement is first to be sent or given to security holders:		**April 21, 2026**

Item 2. Dissenters' Right of Appraisal.

There are no matters or proposed actions included in the Agenda of the Meeting that may give rise to a possible exercise by stockholders of their appraisal rights. Generally, however, the stockholders of Vivant Corporation (hereinafter referred to as "Vivant" or the "Company" or the "Registrant") have the right of appraisal in the following instances: (a) in case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code; (c) in case of merger or consolidation; and (d) investment of corporate funds in another corporation or business or for any purpose other than the primary purpose for which it was organized (Sections 41 and 80 of the Revised Corporation Code).

With respect to any matter to be acted upon at meetings of stockholders of Vivant which may give rise to the right of appraisal, in order that a dissenting stockholder may exercise his appraisal right, such dissenting stockholder shall, within thirty (30) days after the date of the stockholders' meeting at which such stockholder voted against a corporate action, make a written demand on Vivant for the value of his shares. The procedure to be followed in exercising the appraisal right shall be in accordance with Sections 80 to 85 of Republic Act No. 11232 or the Revised Corporation Code.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, where appraisal rights are applicable, by making a written demand on Vivant within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares; provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, Vivant shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and Vivant cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one (1) of whom shall be named by the stockholder, another by Vivant and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by Vivant within thirty (30) days after such award is made; *provided*, that no payment shall be made to any dissenting stockholder unless Vivant has unrestricted retained earnings in its books to cover such payment; *provided*, further, that upon payment by Vivant of the agreed or awarded price, the stockholder shall forthwith transfer his shares to Vivant.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

(a) None of the directors or officers of Vivant at any time since the beginning of the last fiscal year, or nominee for election as director of Vivant, or any associate of any of the foregoing persons, have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the stockholders' meeting, other than the election of the members of the Board of Directors.

(b) No director has informed Vivant in writing that he intends to oppose any action to be taken by Vivant at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Class of Voting Shares as of February 28, 2026:

Class of Voting Shares	No. of Shares Entitled to Vote	
	Filipino	Foreign
Common	1,023,440,262	16,436
TOTAL	1,023,456,698	

Every stockholder shall be entitled to one (1) vote for each share of stock held as of the established record date.

(b) Record Date

All stockholders of record as of April 15, 2026 are entitled to receive notice of and to vote at Vivant's Annual Stockholders' Meeting.

(c) Election of Directors and Cumulative Voting Rights

With respect to the election of directors, a stockholder may vote such number of shares for as many persons as there are directors to be elected in each list. He may also cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected, or distribute the shares on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by the stockholder shall not exceed the total number of shares owned by him as shown in the books of Vivant, multiplied by the number of directors to be elected in each list.

Section 7, Article II of the Amended By-Laws of Vivant provides that voting upon all questions at all meetings of the stockholders shall be by shares of stock and not per capita. Likewise, Section 7 of the same Article states that stockholders may vote at all meetings either in person or by proxy duly given in writing and presented to the Corporate Secretary for inspection, validation, and record at least seven (7) days prior to the opening of said meeting.

As condition precedent to the exercise of the cumulative voting rights, no delinquent stock shall be allowed to vote. No discretional authority to cumulate votes is solicited.

(d) No proxy solicitation is being made.

Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners (more than 5%) as of February 28, 2026

Title of class	Name and address of record owner and relationship with issuer	Name of Beneficial Ownership and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
Common Shares	MAI-I Resources Corporation[1] 375-G Acacia St., Lahug, Cebu City Stockholder	MAI-I Resources Corporation	Filipino	464,831,568	45.42%
Common Shares	JEG Development Corporation[2] 21st Floor, JEG Tower, Archbishop Reyes Ave. Corner Acacia St. Kamputhaw, Cebu City	JEG Development Corporation	Filipino	311,524,642	30.44%
Common Shares	PCD Nominee (Filipino) Participants are stockholders of the Company[3]	Various PCD participants	Filipino	185,730,356	18.15%
Common Shares	All directors (as a group)	All directors	Filipinos	291,742	0.00%

Notes:

1. *Either Mr. Emil Andre M. Garcia or Mr. Charles Sylvestre A. Garcia will vote for the shares of MAI-I Resources Corporation (MRC) in Vivant in accordance with the directive of the MRC Board of Directors.*
2. *Either Mr. Ramontito E. Garcia or Mr. Jose Marko G. Sarmiento, will vote for the shares of JEG Development Corporation (JDC) in Vivant in accordance with the directive of the JDC Board of Directors.*
3. *Each beneficial owner of shares, through a PCD participant, is the beneficial owner of such number of shares he owns in his account with the PCD participant. Vivant has no record relating to the power to decide how the shares held by PCD are to be voted. As advised to the Company, GT Capital Holdings Inc., one the beneficial owners under a PCD participant, owns 8.88% of Vivant Corporation.*

(2) Security Ownership of Management as of February 28, 2026 (Record and Beneficial)

Title of Class	Name of Beneficial Owners and Position	# of Shares and Nature of Ownership		Citizenship	% Own
Common Shares	Francis Damasus A. Garcia Chairman of the Board	Direct	1	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Ramontito E. Garcia Vice Chairman	Direct	48,501	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Arlo Angelo G. Sarmiento Director Chief Executive Officer	Direct	107,100	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Emil Andre M. Garcia Director President	Direct	38,501	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Charles Sylvestre A. Garcia Director	Direct	1	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Jose Marko Anton G. Sarmiento Director	Direct	28,501	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Brigette Cecile N. Garcia Director Sr. AVP – Corporate Planning	Direct	100	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Laurence R. Rogero Lead Independent Director	Direct	100	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Jose Carlitos G. Cruz Independent Director	Direct	100	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Carmelo Maria L. Bautista Independent Director	Direct	100	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Alfredo S. Panlilio Independent Director	Direct	100	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Minuel Carmela N. Franco Treasurer Executive Vice President Chief Corporate Officer Group Chief Finance Officer Chief Risk Officer	Direct	9,400	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Atty. Maila Lourdes G. De Castro Corporate Secretary VP – Legal Data Protection Officer	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Atty. Catherine S. Bringas Assistant Corporate Secretary Sr. AVP – Legal and Compliance Compliance Officer	Direct	9,266	Filipino	0%
		Indirect	0		0%
Common Shares	Atty. Joan A. Giduquio-Baron Assistant Corporate Secretary	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Atty. Jess Anthony N. Garcia Executive Vice President – Infrastructure	Direct	12,200	Filipino	0%
		Indirect	0		0%
Common Shares	Lawrence L. Nubla Sr. VP – Business Development[1]	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Mark D. Habana Vice President	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Shem Jose W. Garcia Vice President	Direct	8,600	Filipino	0%
		Indirect	0		0%

Title of Class	Name of Beneficial Owners and Position	# of Shares and Nature of Ownership		Citizenship	% Own
Common Shares	Erickson B. Omamalin Vice President [2]	Direct	6,700	Filipino	0%
		Indirect	0		0%
Common Shares	Peter C. Buenaseda Chief Human Resource Officer	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Allan A. Cuevas VP – Corporate Communications	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Ronnel Vergel E. De Leon Sr. AVP – Treasury	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Dyan Ramona S. Olegario Sr. AVP – Group Comptroller[3]	Direct	6,141	Filipino	0%
		Indirect	0		0%
Common Shares	Jerome Mario T. Orfano Sr. AVP – Risk and Sustainability[4]	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Carlos F. Bargamento, Jr. AVP – Real Estate	Direct	5,030	Filipino	0%
		Indirect	0		0%
Common Shares	Denise Mae D. Blanco AVP – Human Resources	Direct	7,00	Filipino	0%
		Indirect	0		0%
Common Shares	Nilo M. Arribas, Jr. AVP – Information Technology Chief Information Officer	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Debbie C. Artiaga-Arradaza AVP – Treasury and Operations	Direct	4,300	Filipino	0%
		Indirect	0		0%
Common Shares	Rhesel Joan R. Tompong AVP – Corporate Planning	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Myla D. Lumibao AVP – Internal Audit Chief Audit Executive	Direct	0	Filipino	0%
		Indirect	0		0%
Common Shares	Randwil Dinbo U. Macaranas AVP – Investor Relations	Direct	0	Filipino	0%
		Indirect	0		0%
TOTAL		**Direct**	**291,742**		**0%**
		Indirect	**0**		**0%**

Notes:

1. *Mr. Lawrence L. Nubla was appointed Sr. VP – Business Development on September 8, 2025.*
2. *Mr. Erickson B. Omamalin was appointed Vice President on June 19, 2025.*
3. *Ms. Dyan Ramona S. Olegario was appointed Sr. AVP – Group Comptroller on May 7, 2025.*
4. *Mr. Jerome Mario T. Orfano formally assumed his position Sr. AVP – Risk and Sustainability Group on March 21, 2025*

(3) Voting Trust Holders of 5% or more of Equity

No person holds more than 5% of Vivant's common equity under a voting trust or similar agreement.

(4) Changes in Control

There are no arrangements that had resulted in a change in control of Vivant during the period covered by this report.

Item 5. Directors and Executive Officers

(1) (a) Directors for 2026 - 2027

Below is a list of Vivant's nominee-directors for 2026 - 2027 with their corresponding ages, citizenship, positions, periods of service, and offices held for the past five (5) years. The directors will assume their directorship during Vivant's Annual Stockholders' Meeting in 2026, for a term of one (1) year.

FRANCIS DAMASUS A. GARCIA *67 years old, Filipino* *Years served (end of 2025): 2.5* Director Chairman of the Board of Directors Chairman – Executive Committee Chairman – Finance Committee	Mr. Garcia has served as both a Director and Chairman of the Board, as well as a member of the Executive Committee since June 16, 2023. Currently, he is a Director of Mai-I Resources Corporation and Vivant's wholly-owned subsidiaries, Vivant Energy Corporation and Vivant Infracore Holdings, Inc. Prior to this, he was President and owner of Associated Computer Specialists, Inc. in Washington State for 34 years until 2019.
RAMONTITO E. GARCIA *68 years old, Filipino* *Years served (end of 2025): 22.8* Director Vice Chairman of the Board of Directors Vice Chairman – Executive Committee Member – Related Party Transaction Committee	Mr. Garcia has been a Director and member of the Executive Committee of the Company since December 20, 2002. On June 2023, he assumed the role of the Vice Chairman of both the Vivant Board and Executive Committee. Prior to this, Mr. Garcia served as Chairman and CEO of the Company from April 2020 until his resignation in February 2022. He was also the President of the Company from September 2003 to April 2020. In addition to his role at the Company, Mr. Garcia held several leadership positions at Vivant Energy Corporation. He was Chairman from April 2022 to May 2022, CEO from April 2022 to February 2022, President from May 2012 to May 2014 and Chief Operating Officer from May 2008 to May 2014. Mr. Garcia also served as Chairman of Minergy Power Corporation from 2014 to June 2022 and of Vivant Foundation, Inc. from April 2022 to September 2022. Additionally, he was a Director of Vivant Infracore Holdings Inc., Vivant Hydrocore Holdings Inc. and Vivant Transcore Holdings Inc. from 2019 to 2021, Vivant Malogo Hydropower Inc. from 2012 to 2021, and Isla Mactan-Cordova Corporation from 2020 to 2021. Other positions currently held are as follows: Chairman - JEG Development Corporation; President - JEGVEG Realty, Inc., JDC Tomodachi, Inc. and JDC One Acacia Corporation.

ARLO A. G. SARMIENTO *50 years old, Filipino* *Years served (end of 2025): 8.5* Director Chief Executive Officer Member – Executive Committee	Mr. Sarmiento has been a Director and member of the Executive Committee of the Company since June 15, 2017. He assumed the roles of CEO of the Company and Chairman of the Board and CEO of Vivant Energy Corporation in February 2022. Prior to these, he served as President of the Company from April 2020 to February 2022 and Executive Vice President from 2003 to April 2020. He concurrently holds the following positions: Chairman & CEO of Vivant Energy Corporation; Chairman - Hijos De F. Escano Inc., Vivant Infracore Holdings, Inc., Vivant Hydrocore Holdings, Inc., Vivant Transcore Holdings, Inc., Isla Mactan-Cordova Corporation, Northern Metro Cebu Water Corporation, Bantayan Island Water Solutions Corporation, Isla Busuanga Water Corporation and Western Cebu Water Services Corporation and Watermatic Philippines Corporation (until October 2024); Director and Vice President – Visayan Electric Company, Inc.; Director and Chief Executive Officer - JEG Development Corporation; Director and Treasurer - JEGVEG Realty, Inc.; and Director - Minergy Power Corporation, North BukidnonPower Corporation, and BukidnonPower Corporation. Mr. Sarmiento holds a degree in Bachelor of Arts in Social Sciences from the Ateneo de Manila University.

EMIL ANDRE M. GARCIA *48 years old, Filipino* *Years served (end of 2025): 16.5 years* Director President Member – Executive Committee	Mr. Garcia has been a Director of the Company since June 18, 2009. He assumed the role of President of the Company on February 2022. Prior to this, he served as Vice Chairman of the Board from October 2021 until June 2023. He also held various leadership roles within the Company, including Senior Vice President – Power from July 2020 to February 2022, Vice President for Operations from December 2012 to February 2019 and Assistant Vice President for Corporate Planning and Development of the Company from February 2011 to December 2011. In 2019, Mr. Garcia transitioned to Vivant Energy Corporation, where he served as Executive Vice President and Chief Operation Officer. He returned to to Vivant in 2020. Other positions currently held are as follows: President and COO - Vivant Energy Corporation; Chairman - Visayan Electric Company, Inc., Vivant Foundation Inc., Calamian Islands Power Corporation, Delta P, Inc., 1590 Energy Corp., La Pampanga Energy Corporation, Vivant Solar Corporation, Corenergy Solar Solutions Corporation, Amberdust Holding Corporation, Isla Norte Power Corporation, Vivant Integrated Generation Corporation, Vivant Integrated Diesel Corporation, Vivant Renewable Energy Corporation, Delta P Hybrid Inc., Southern Powercore Holding Corporation, Vivant Geo Power Corporation, San Ildefonso Alternative Energy Corp., San Pablo Renewable Energy Corp., Adequate Power Inc.,Bai Energy Corp., Avant Energy Corporation, Culna Renewables Energy Corp. and Minergy Power Corporation; Vice Chairman - Cebu Private Power Corporation; Director, President and Chief Executive Officer – Vivant-Malogo Hydropower Inc.; Director and Vice Chairman - Global Luzon Energy Development Corporation and Lunar Powercore Inc.; Director and Chief Finance Officer of EMAG Resources and Development Corporation; Director and Vice President - Abovant Holdings, Inc.; and Director - Vivant Infracore Holdings Inc., Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc., Northern Metro Cebu Water Corporation, Isla Mactan-Cordova Corporation, Hijos de F. Escaño, Inc. Cebu Energy Development Corporation, Therma Visayas, Inc., Lihangin Wind Energy Corporation, North BukidnonPower Corporation, and BukidnonPower Corporation. He was also the President of Christ Company in 2009 to 2011. Mr. Garcia graduated from Velez College in 1998 with the degree in Bachelor of Science in Medical Technology.

CHARLES SYLVESTRE A. GARCIA *65 years old, Filipino* *Years served (end of 2025): 21* Director Member – Executive Committee Member – Audit Committee	Mr. Garcia is a Director of the Company and Member of the Company's Executive Committee since September 30, 2004. He currently serves as a member of both the Audit Committee and Risk and Sustainability Committee. From June 2022 to June 2023, he held the position of the Chairman of the Company. Prior to this, Mr. Garcia served as a director of Visayan Electric Company, Inc. from 2007 to 2020 and as Vice Chairman of the Company from June 2021 until October 2021. He also currently holds. The position of Director at Mai-I Resources Corporation.
JOSE MARKO ANTON G. SARMIENTO *47 years old, Filipino* *Years served (end of 2025): 17.5* Director Member – Executive Committee Member – Finance Committee Member – Audit Committee Member – Risk and Sustainability Committee	Mr. Sarmiento has been a Director and Member of the Executive Committee of the Company since 2008. He is currently a Director (since 2005) and President (since 2009) of JEG Development Corporation and of JEG Realty, Inc. Prior to these roles, Mr. Sarmiento was the Treasury Manager at JEG Development Corporation from 2006 to 2010. He held the position of Vice President for Manufacturing at Detalia Aurora, Inc. from 1999 to 2010. Other positions currently held are as follows: Director - Vivant Energy Corporation. Mr. Sarmiento holds a degree in Bachelor of Science in Business Administration from Methodist University in North Carolina, USA. He obtained his Advanced Professional Training in Innovation Management in Product Development from Inwent - Capacity Building International in Bonn, Germany in 2004.
BRIGETTE CECILE N. GARCIA *38 years old, Filipino* *Years served (end of 2025): 3.5* Director Member – Executive Committee Senior Assistant Vice President – Corporate Planning	Ms. Garcia has served as Director and Member of the Executive Committee since June 16, 2022. In November 2020, she assumed the role of Senior Assistant Vice President for Corporate Planning at the Company. Prior to this, she held the position of Assistant Vice President for Corporate Planning from February 2018 to October 2020, and served as the Corporate Planning Senior Manager from 2016 to 2018. She concurrently holds the following positions: Director - Southern Grove Properties and Development Corporation; Vivant Corporate Center, Inc., Vivant Realty Ventures Corporation, Vivant Hydrocore Holdings Inc. Vivant Transcore Holdings Inc., Northern Metro Cebu Water Corporation and Isla Mactan- Cordova Corporation. Before joining Vivant, she worked for a year as a Management Trainee for Utility Economics at Visayan Electric Company, Inc. and for three (3) years as an Investment Consultant for Family Offices Private Banking at Credit Suisse AG in Singapore. Ms. Garcia graduated from Singapore Management University with a double degree (Summa Cum Laude) in Bachelor of Science in Economics and Bachelor of Business Management in 2009. She was also the school Salutatorian and recipient of the Top Student of the School of Economics Award and the Monetary Authority of Singapore Academic Excellence Award. She obtained a Master's of Science degree in Accounting and Finance from London School of Economics in 2013.

JOSE CARLITOS G. CRUZ *65 years old, Filipino* *Years served (end of 2025): 4.5* Independent Director Chairman – Audit Committee Member – Finance Committee Member – Related Party Transaction Committee Member – Corporate Governance Committee Independent Directorship in other listed companies: SM Prime Holdings, Inc.	Mr. Cruz has served as an Independent Director of the Company since June 17, 2021. Prior to this, he held several leadership positions at Sycip Gorres Velayo & Co., including Chairman and Managing Partner from 2017 to 2019, Vice Chairman and Deputy Managing Partner from 2013 to 2016, Deputy Managing Partner and Head of Assurance from 2010 to 2012, and Head of Assurance from 2007 to 2009. He is currently serving as Independent Director and Chairman of the Audit Committee of Federal Land, Inc., Independent Director and Co-Chairman of Risk and Compliance Committee of Transnational Diversified Ventures, Inc., Independent Director and a member of the Audit and Risk Oversight Committee of MarCoPay Inc., MPIC Beneficial Trust Fund, SM Prime Holdings, Inc., Asialink Finance Corporation, Global Dominion Financing Incorporated, South Asialink Finance Corporation, MCP Finance, Inc., MCP Insurance Management and Agency, Inc.; Independent Director of Cepat Kredit Financing, Inc., Surecycle Financing Corp., Cycle Financing Corp., Wisefund Finance Corp. Global SME Loans, Inc., AFC SME Finance Inc., Cebuana Cycle Financing, Global Cebuana Finance, Inc., Annapolis Financing, Inc. and Forbes Lending Solutions Corporation. He is also currently a Board Trustee of the Makati Business Club and a member of the Management Association of the Philippines, Association of CPAs in Public Practice and the Philippine Institute of Certified Public Accountants; and Co-Chairman of the Philippines-Thailand Business Council. Mr. Cruz completed the Advanced Management Program at the Harvard Business School in Boston in 2007 and Advanced International Program in Oil and Gas Management at the University of Texas at Dallas in 1994. He graduated from the University of Santo Tomas in 1981 with a Bachelor of Science in Commerce degree, Major in Accounting, in 1981, and passed the licensure examination for Certified Public Accountants in 1982.

LAURENCE R. ROGERO *53 years old, Filipino* *Years served (end of 2025): 3 years* Lead Independent Director Chairman – Related Party Transactions Committee Chairman – Risk and Sustainability Committee Member – Audit Committee Member – Corporate Governance Committee	Atty. Rogero was elected as an Independent Director on June 17, 2023. He previously served as an Independent Director of Vivant from June 17, 2021 until his resignation in February 2022. Currently, he is a lecturer in Ateneo de Manila University. He was President (2015-2018) and Director (2015-2021) of MetroPac Water Investments Corporation. Atty. Rogero has a background in infrastructure finance and law, and has advised Philippine and foreign sponsors, lenders, and construction and other project contractors of local and international projects. After working with the Quisumbing Torres, and the Romulo Mabanta Law Offices, he took on various executive and consulting positions. Some highlights of his other work experience include: Vice-President and Head – General Counsel, Strategic Planning and M&A Groups of Mirant Philippines Corporation (now Team Energy Corp.); Consultant – the Asian Development Bank, the World Bank, Cagayan Electric Power and Light Company, Mindanao Energy Systems, and Phoenix Petroleum; President and Director – Metro Iloilo Bulk Water Supply Corporation and Metropac Cagayan de Oro Water Supply Corporation; Vice-President and Director – PT Acuatico Air Indonesia; Commissioner – PT Aetra Air Jakarta (Eastern Jakarta water concessionaire); Director – Acuatico Services Vietnam; General Counsel – Acuatico Pte. Ltd. Singapore; Supervisory Board – VIWASUPCO Vietnam, among others. Atty. Rogero has a Bachelor of Science In Business Economics degree (magna cum laude) from the UP School of Economics. He completed his Bachelor of Laws degree (Academic Excellence Medal) from the UP College of Law, and as vice-chairman of the Philippine Law Journal. He has a Master of Laws (with Distinction) from Georgetown University, attending as a Fulbright Scholar. He has also taken the Global Strategic Leadership Program of the Wharton School of the University of Pennsylvania.

ALFREDO S. PANLILIO *62 years old, Filipino* *Years served (end of 2025): 6 months* Chairman – Corporate Governance Committee Member – Risk and Sustainability Committee Member – Audit Committee Member – Finance Committee Independent Directorship in other listed companies: *Marcventures Holdings, Inc.*	Mr. Panlilio was elected as an Independent Director on June 19, 2025. He currently serves as the Chairman of the Corporate Governance Committee of Vivant Corporation, Member of the Risk and Sustainability Committee, and Audit Committees of Vivant Corporation Respectively. He is also currently serving as an Independent Director in Marcventures Holdings, Inc., Chairman of Maya Bank; Director of PLDT & Smart Communications, Inc., Philippine Veteran's Bank, and MultiSys and Multiplay; and Trustee of the Ateneo Scholarship Foundation, and Kapampangan Development Foundation. With PLDT as a long-time supporter of the Philippines' digital transformation, he is among the founding members under the Digital Infrastructure pillar of the Private Sector Advisory Council (PSAC), established in July 2022. Mr. Panlilio served as the President and CEO of PLDT Inc. from June 2021 and SMART Communications Inc. from August 2019 until his retirement on December 31, 2023. Prior to joining PLDT, he was the SVP and Head of Customer Retail Services and Corporate Communications at MERALCO from September 2010 to June 2019. During his tenure within the MERALCO Group, he held key leadership positions. He served as Chairman of Radius Telecoms, e-Meralco Ventures, Paragon Vertical Corp., Powersource First Bulacan Solar, and Pure Meridian Hydropower Corp. He was also Vice Chairman of Aclara Meters Philippines, and served as Director of CIS Bayad Center, Corporate Information Solutions, Customer Frontline Solutions, Meralco Energy, MRAIL, Meralco Industrial Engineering Services Corp., Comstech Integration Alliance, and MSpectrum. In addition, he was a Trustee of One Meralco Foundation and Meralco Power Academy, and an Associate Board Member of Semiconductor and Electronics Industries in the Philippines, Inc. (SEIPI). An advocate of the value of sports in maintaining a strong republic and international relations, he serves as a Member of the FIBA (Federation Internationale de Basketball) Central Board and as Second VP of the FIBA Asia Board. He is the President of the Samahang Basketbol ng Pilipinas (SBP) and the MVP Sports Foundation. Additionally, he is the First VP of the Philippine Olympic Committee and Chairman of the National Golf Association of the Philippines. He also headed the FIBA Basketball World Cup 2023 Philippine local organizing committee. Bearing testament to his achievements, he was named CEO of the Year by London-based award-giving body Total Telecom at the 2022 Asia Communication Awards. In 2013, he received the CEO Excel Awardee of the International Association of Business Communicators Philippines, and in 2015, he was one of seven finalists in the Rising Star (individual) category of the PLATTS Global Energy Awards held in New York. Throughout his career, he received multiple local and international awards for customer management and business communication excellence. He holds a BSBA (Computer Information Systems) from San Francisco State University and an MBA from J. L. Kellogg School of Management of Northwestern University and the Hongkong University of Science and Technology.

GEORGE S. UY-TIOCO, JR. 54 years old, Filipino	Mr. Uy-Tioco, is being nominated for the first time to serve on the Vivant Board as an Independent Director. He is currently serving as the Senior Vice President for Finance since July 2024, and Chief Financial Officer/ Treasurer since May 2025 for GT Capital Holdings, Inc.. He also currently serves as Director of GT Capital Auto and Mobility Holdings, Inc., Toyota Manila Bay Corporation, Oxfordshire Holdings, Inc., TMB Insurance Agency Corporation, and AXA Philippines Life and General Insurance Corporation. Further he currently serves as the Chief Financial Officer of JBA Philippines, Inc., and Premium Warranty Services Philippines, Inc, and serves as the Corporate Secretary for Toyota Financial Services Philippines Corporation. Prior to foregoing, he was the Head of Corporate Finance for ING Bank NV, Manila Branch and the Head of Mergers and Acquisitions at BPI Capital Corporation, advising Philippine corporations and conglomerates on various strategic acquisitions and divestments. He spent five years in Hong Kong with the Regional Strategy and Business Development for ING Asia/Pacific Ltd., which was the regional headquarters of ING's life insurance business in Asia. Moreover, Mr. Uy-Tioco served in various capacities with American Orient Capital Partners, Mapúa IT Center, Ernst & Young Corporate Finance in New York, RCBC Capital Corporation, and Capital One Equities Corporation. Mr. Uy-Tioco previously served as Director of several private and public corporations, including the predecessor company of Arthaland Corporation. He also served as the Chairperson of the Audit and Risk Committees of Entrego Fulfilment Solutions Inc. and Entrego Express Corporation. Mr. Uy-Tioco holds a Master's degree in Business Administration from the Darden Graduate School of Business of the University of Virginia in the USA and a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University.

Nominees for Election as Directors

The following are nominees for election as Directors for 2026 - 2027:

Regular Directors

1. Francis Damasus A. Garcia;
2. Ramontito E. Garcia;
3. Emil Andre M. Garcia;
4. Arlo Angelo G. Sarmiento;
5. Charles Sylvestre A. Garcia;
6. Jose Marko Anton G. Sarmiento; and
7. Brigette Cecile N. Garcia.

Independent Directors

1. Jose Carlitos G. Cruz;
2. Laurence R. Rogero;
3. Alfredo S. Panlilio; and
4. George S. Uy-Tioco, Jr.

Mr. Alfredo S. Panlilio is the Chairman of the Corporate Governance Committee.

Compliance with SRC Rule 38 (Guidelines on the Nomination and Election of Independent Directors)

The procedure for the nomination and election of the independent directors is in accordance with Rule 38 of the Securities Regulation Code (SRC Rule 38) and the Nomination and Election Policy of the Company. The By-Laws of Vivant have not been amended to incorporate the requirements of SRC Rule 38. The Corporate Governance Committee conducted a nomination of independent directors. It has pre-screened the qualifications of all nominated candidates, resulting in the following final list of candidates with their respective nominating stockholders and all pertinent information, who have been nominated by Messrs. Emil Andre M. Garcia and Arlo Angelo G. Sarmiento. Messrs. Emil Andre M. Garcia and Arlo Angelo G. Sarmiento have no relationship to their nominees.

No nominations for independent director shall be accepted at the floor during the stockholders' meeting at which such nominee is to be elected. However, independent directors shall be elected in the stockholders' meeting during which other members of the Board are to be elected. Mr. Jose Carlitos G. Cruz, Mr. Alfredo S. Panlilio, Atty. Laurence R. Rogero, and Mr. George S. Uy-Tioco, Jr. are the nominees for Independent Directors of Vivant. They are neither officers nor employees of the Company or any of its affiliates, and do not have any relationship with the Company which would interfere with the exercise of independent judgment in carrying out the responsibilities of an independent director. Attached as Exhibits "B-1", "B-2", "B-3", and "B-4" are the sworn Certifications of Qualifications of Mr. Jose Carlitos G. Cruz, Mr. Alfredo S. Panlilio, Atty. Laurence R. Rogero, and Mr. George S. Uy-Tioco, Jr.

To the knowledge and/or information of Vivant, the above-named nominees have not been involved in criminal, bankruptcy, or insolvency investigations or proceedings for the past five (5) years up to the latest date that are material to evaluation.

To the knowledge and/or information of Vivant, said persons have not been convicted by final judgment or any offense punishable by the laws of the Republic of the Philippines or of the laws of any other nation/country, including being subject to any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, domestic, or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities for the past five (5) years up to the latest date.

To the knowledge and/or information of Vivant, said persons have not been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation for the past five (5) years up to the latest date.

The shareholdings of the above-nominees for independent directors of Vivant are merely qualifying shares and, individually or added together, does not exceed five percent (5%) of Vivant's outstanding shares. Vivant does not have any commitment to the nominees with respect to the issuance of the new common shares of Vivant.

Attendance of Directors in Board Meetings in 2025

For the year 2025, Vivant held eight (8) regular meetings of the Board, specifically, on January 28, 2025, March 21, 2025, May 7, 2025, May 23, 2025, June 19, 2025, November 21, 2025, and December 17, 2025. The Board was also convened for sixteen (16) special meetings on the following dates: March 4, 2025, April 4, 2025, April 7, 2025, April 15, 2025, May 9, 2025, May 30, 2025, July 2, 2025, August 12, 2025, September 1, 2025, September 4, 2025, October 2, 2025, October 17, 2025, October 29, 2025, November 13, 2025, November 26, 2025, and December 26, 2025.

The following summarizes the attendance of the Board of Directors (2025-2026) as of December 31, 2025:

Director	Designation	Board Meetings	Annual Stockholders' Meeting
Francis Damasus A. Garcia	Chairman	23	N
Ramontito E. Garcia	Vice Chairman	23	Y
Arlo A. G. Sarmiento	Chief Executive Officer	23	Y
Emil Andre M. Garcia	President	24	Y
Charles Sylvestre A. Garcia	Director	24	Y
Jose Marko Anton G. Sarmiento	Director	24	N
Brigette Cecile N. Garcia	Director	24	Y
Laurence R. Rogero	Lead Independent Director	24	Y
Jose Carlitos G. Cruz	Independent Director	24	Y
Carmelo Maria L. Bautista	Independent Director	23	Y
Jose M. Layug, Jr.[1]	Independent Director	10	N
Alfredo S. Panlilio[2]	Independent Director	13	Y

Notes:

1. *Atty. Jose M. Layug's attendance is reckoned from January 1, 2025 to the expiry of his term on June 19, 2025.*
2. *Mr. Alfredo S. Panlilio's attendance is reckoned from June. 19, 2025 to December 31, 2025*

Attendance of Directors in Board Committee Meetings in 2025

Executive Committee

For the year 2025, Vivant held twelve (12) regular meetings of the Executive Committee.

Members	Designation	Meetings Attended
Francis Damasus A. Garcia	Chairman	12 of 12
Ramontito E. Garcia	Vice Chairman	11 of 12
Arlo Angelo G. Sarmiento	Member	10 of 12
Emil Andre M. Garcia	Member	11 of 12
Charles Sylvestre A. Garcia	Member	12 of 12
Jose Marko Anton G. Sarmiento	Member	10 of 12
Brigette Cecile N. Garcia	Member	11 of 12

Audit Committee

For the year 2025, Vivant held four (4) regular meetings of the Audit Committee.

Members	Designation	Meetings Attended
Jose Carlitos G. Cruz	Chairman – *Independent Director*	4 of 4
Laurence R. Rogero	Member- *Lead Independent Director*	4 of 4
Jose M. Layug, Jr.[1]	Member- *Independent Director*	2 of 4
Charles Sylvestre A. Garcia	Member	4 of 4
Jose Marko Anton G. Sarmiento	Member	3 of 4
Alfredo S. Panlilio[2]	Member – *Independent Director*	2 of 4

Notes:

1. *Atty. Jose M. Layug's term as Director expired on June 19, 2025.*
2. *Mr. Alfredo S. Panlilio was appointed as an Independent Director and Member of the Audit Committee on June 19, 2025.*

Finance Committee

For the year 2025, Vivant held five (5) regular meetings of the Finance Committee, one (1) special meeting, and one (1) joint meeting with the other committees.

Members	Designation	Meetings Attended
Francis Damasus A. Garcia[1]	Chairman	6 of 7
Laurence R. Rogero[2]	Chairman – *Lead Independent Director*	5 of 7
Jose Carlitos G. Cruz	Member - *Independent Director*	7 of 7
Carmelo Maria L. Bautista	Member - *Independent Director*	7 of 7
Jose Marko Anton G. Sarmiento	Member	7 of 7
Alfredo S. Panlilio[3]	Member - *Independent Director*	2 of 7

Notes:

1. *Appointed as Chairman on June 19, 2025.*
2. *Atty. Laurence R. Rogero served as the Chairman of the Finance Committee from June 20, 2024, to June 19, 2025.*
3. *Appointed as Member on June 19, 2025.*

Corporate Governance Committee

For the year 2025, Vivant held two (2) regular meetings of the Corporate Governance Committee.

Members	Designation	Meetings Attended
Alfredo S. Panlilio[1]	Chairman – Independent Director	1 of 2
Jose M. Layug, Jr.[2]	Chairman – *Independent Director*	1 of 2
Jose Carlitos G. Cruz	Member – *Independent Director*	2 of 2
Laurence R. Rogero	Member – *Lead Independent Director*	2 of 2

Notes:

1. *Appointed as Chairman on June 19, 2025;*
2. *Atty. Jose M. Layug's term as Independent Director expired on June 19, 2025.*

Risk and Sustainability Committee

For the year 2025, Vivant held four (4) regular meetings of the Board Risk and Sustainability Committee, one (1) special meeting and two (2) joint meetings with other committees.

Members	Designation	Meetings Attended
Laurence R. Rogero	Chairman – *Independent Director*	7 of 7
Jose M. Layug, Jr. [1]	Member – *Independent Director*	5 of 7
Jose Marko Anton G. Sarmiento	Member	6 of 7
Alfredo S. Panilio[2]	Member - *Independent Director*	1 of 7

Note:

1. *Atty. Jose M. Layug's term as Independent Director expired on June 19, 2025.*
2. *Appointed as Member on June 19, 2025.*

Related Party Transaction Committee

For the year 2025, Vivant held one (1) meeting of the Related Party Transaction Committee.

Members	Designation	Meetings Attended
Laurence R. Rogero[1]	Chairman – *Independent Director*	0 of 1
Jose M. Layug, Jr.[2]	Chairman – *Independent Director*	1 of 1
Jose Carlitos G. Cruz	Member – *Independent Director*	1 of 1
Ramontito E. Garcia	Member	1 of 1

Notes:

1. *Appointed as Chairman of the Related Party Transactions Committee of Vivant Corporation on June 19, 2025.*
2. *Atty. Jose M. Layug's term as Director expired on June 19, 2025.*

(1) (b) Officers for 2026 - 2027

Below is a list of Vivant officers for 2026 - 2027 with their corresponding positions and offices held for the past five (5) years. Unless otherwise indicated hereunder, the Board Officers will assume their positions during Vivant's annual organizational meeting in 2026 for a term of one (1) year.

FRANCIS DAMASUS A. GARCIA *67 years old, Filipino* Director Chairman of the Board of Directors Chairman – Executive Committee Chairman – Finance Committee	Mr. Garcia has served as both a Director and Chairman of the Board, as well as a member of the Executive Committee since June 16, 2023. Currently, he is a Director of Mai-I Resources Corporation and Vivant's wholly-owned subsidiaries, Vivant Energy Corporation and Vivant Infracore Holdings, Inc. Prior to this, he was President and owner of Associated Computer Specialists, Inc. in Washington State for 34 years until 2019.
RAMONTITO E. GARCIA *68 years old, Filipino* Director Vice Chairman of the Board of Directors Vice Chairman – Executive Committee Member – Related Party Transaction Committee	Mr. Garcia has been a Director and member of the Executive Committee of the Company since December 20, 2002. On June 2023, he assumed the role of the Vice Chairman of both the Vivant Board and Executive Committee. Prior to this, Mr. Garcia served as Chairman and CEO of the Company from April 2020 until his resignation in February 2022. He was also the President of the Company from September 2003 to April 2020. In addition to his role at the Company, Mr. Garcia held several leadership positions at Vivant Energy Corporation, he was the Chairman from April 2022 to May 2022, CEO from April 2022 to February 2022, President from May 2012 to May 2014 and Chief Operating Officer from May 2008 to May 2014. Mr. Garcia also served as Chairman of Minergy Power Corporation from 2014 to June 2022 and of Vivant Foundation, Inc. from April 2022 to September 2022. Additionally, he was a Director of Vivant Infracore Holdings Inc., Vivant Hydrocore Holdings Inc. and Vivant Transcore Holdings Inc. from 2019 to 2021, Vivant Malogo Hydropower Inc. from 2012 to 2021, and Isla Mactan-Cordova Corporation from 2020 to 2021. Other positions currently held are as follows: Chairman – JEG Development Corporation; President – JEGVEG Realty, Inc., JDC Tomodachi, Inc. and JDC One Acacia Corporation.

ARLO A. G. SARMIENTO *50 years old, Filipino* Director Chief Executive Officer Member – Executive Committee	Mr. Sarmiento has been a Director and member of the Executive Committee of the Company since June 15, 2017. He assumed the roles of CEO of the Company, and Chairman of the Board and CEO of Vivant Energy Corporation in February 7, 2022. Prior to these, he served as President of the Company from April 2020 to February 2022 and Executive Vice President from 2003 to April 2020. He concurrently holds the following positions: Chairman & CEO of Vivant Energy Corporation; Chairman - Hijos De F. Escano Inc., Vivant Infracore Holdings, Inc., Vivant Hydrocore Holdings, Inc., Vivant Transcore Holdings, Inc., Isla Mactan-Cordova Corporation, Northern Metro Cebu Water Corporation Bantayan Island Water Solutions Corporation, Isla Busuanga Water Corporation and Western Cebu Water Services Corporation and Watermatic Philippines Corporation (until October 2024); Director and Vice President – Visayan Electric Company, Inc.; Director and Chief Executive Officer - JEG Development Corporation; Director and Treasurer - JEGVEG Realty, Inc.; and Director - Minergy Power Corporation, La Pampanga Energy Corp., North BukidnonPower Corporation, and BukidnonPower Corporation. Mr. Sarmiento holds a degree in Bachelor of Arts in Social Sciences from the Ateneo de Manila University.

EMIL ANDRE M. GARCIA *48 years old, Filipino* Director President Member – Executive Committee	Mr. Garcia has been a Director of the Company since June 18, 2009. He assumed the role of President of the Company in February 2022. He served as Vice Chairman of the Board from October 2021 until June 2023. He also held various leadership roles within the Company, including Senior Vice President – Power from July 2020 to February 2022, Vice President for Operations from December 2012 to February 2019 and Assistant Vice President for Corporate Planning and Development of the Company from February 2011 to December 2011. In 2019, Mr. Garcia moved to Vivant Energy Corporation, where he served as its Executive Vice President and Chief Operation Officer. He returned to Vivant in 2020. Other positions currently held are as follows: President and COO - Vivant Energy Corporation; Chairman - Visayan Electric Company, Inc., Vivant Foundation Inc., Calamian Islands Power Corporation, Delta P, Inc., 1590 Energy Corp., La Pampanga Energy Corporation, Vivant Solar Corporation, Corenergy Solar Solutions Corporation, Amberdust Holding Corporation, Isla Norte Power Corporation, Vivant Integrated Generation Corporation, Vivant Integrated Diesel Corporation, Vivant Renewable Energy Corporation, Delta P Hybrid Inc., Southern Powercore Holding Corporation, Vivant Geo Power Corporation, San Ildefonso Alternative Energy Corp., San Pablo Renewable Energy Corp., Adequate Power Inc.,Bai Energy Corp., Avant Energy Corporation, Culna Renewables Energy Corp. and Minergy Power Corporation; Vice Chairman - Cebu Private Power Corporation; Director, President and Chief Executive Officer – Vivant-Malogo Hydropower Inc.; Director and Vice Chairman - Global Luzon Energy Development Corporation and Lunar Powercore Inc.; Director and Chief Finance Officer of EMAG Resources and Development Corporation; Director and Vice President - Abovant Holdings, Inc.; and Director - Vivant Infracore Holdings Inc., Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc., Northern Metro Cebu Water Corporation, Isla Mactan-Cordova Corporation, Hijos de F. Escaño, Inc. Cebu Energy Development Corporation, Therma Visayas, Inc., Lihangin Wind Energy Corporation, North BukidnonPower Corporation, and BukidnonPower Corporation. He was also the President of Christ Company in 2009 to 2011. Mr. Garcia graduated from Velez College in 1998 with the degree in Bachelor of Science in Medical Technology.

MINUEL CARMELA N. FRANCO *54 years old, Filipino* Treasurer Executive Vice President Chief Corporate Officer Group Chief Finance Officer Chief Risk Officer	Ms. Franco has served as the Executive Vice President & Chief Corporate Officer since June 2022, while concurrently holding the roles of Treasurer, Group Chief Finance Officer and Chief Risk Officer of the Company. Prior to this, she was the Senior Vice President for Corporate and Shared Services from 2019 to 2022, and the Vice President for Finance from 2013 to 2018. Ms. Franco also currently holds the following positions: Chairman, President and CEO – Southern Grove Properties and Development Corporation, Vivant Corporate Center, Inc., and Vivant Realty Ventures Corporation; Treasurer – Vivant Energy Corporation; Director - Southern Powercore Holding Corporation, Vivant Geo Power Corporation, Isla Mactan-Cordova Corporation, Northern Metro Cebu Water Corporation, Amberdust Holding Corporation, Vivant Integrated Diesel Corporation, Vivant Renewable Energy Corporation, Corenergy Inc., Vivant Integrated Generation Corporation and Delta P Hybrid Inc., San Pablo Renewable Energy Corporation, San Ildefonso Alternative Energy Corp., South Cebu Energy Corporation, Spark Grid Corporation, SolEnergy Generation Corporation, Adequate Power Inc., Bai Energy Corporation, and Avant Energy Corporation; Treasurer & Chief Finance Officer - Vivant Infracore Holdings Inc.; Director and Treasurer & Chief Finance Officer – Vivant Hydrocore Holdings Inc., and Vivant Transcore Holdings Inc., Bantayan Island Water Solutions Corporation, Isla Busuanga Water Corporation, and Western Cebu Water Services Corporation; Board of Trustee and Treasurer – Vivant Foundation, Inc.; Treasurer and CFO -– Faith Lived Out Visions 2 Ventures Holdings, Inc., Puerto Princesa Water Reclamation and Learning Center Inc. and Lunar Power Core Inc.; and Treasurer -– Culna Renewable Energy Corp. Past positions held were as follows: Trader, Associate and Credit Analyst at Multinational Investment Bancorporation and Capital One Equities Corporation from 1992 to 1994; Investment Analyst at Kim Eng Securities Inc. and ING Barings (Phils.), Inc. from 1994 to 1997; Investment Officer at Standard Chartered Bank's Investment Services Group from 1998 to 2000; Project Analyst at Newgate Management, Inc. from 2000 to August 2002, Investor Relations Officer and Senior Project Analyst (Corporate Planning Group) at San Miguel Corporation from September 2002 to June 2007; Head of Investor Relations at Aboitiz Equity Ventures, Inc. and Aboitiz Power Corporation from July 2007 to December 2012. Ms. Franco holds a degree in Bachelor of Science in Business Economics (Cum Laude) from the University of the Philippines.

MAILA LOURDES G. DE CASTRO *50 years old, Filipino* Corporate Secretary VP – Legal Data Protection Officer	Atty. De Castro has been the Vice President for Legal of the Company since February 2023. In June 2024, she was appointed as Corporate Secretary and Data Protection Officer. Previously, she held the position of Assistant Corporate Secretary and Compliance Officer. Ms. de Castro also currently holds the following positions: Corporate Secretary – Vivant Infracore Holdings Inc., Vivant Transcore Holdings Inc., Vivant Hydrocore Holdings Inc, Northern Metro Cebu Water Corporation, Isla Mactan-Cordova Corporation, Bantayan Island Water Solutions Corporation, Isla Busuanga Water Corporation and Western Cebu Water Services Corporation. Before joining Vivant, she was the Vice President and Head of Legal for Marcventures Holdings,Inc. and its Subsidiaries and Affiliates, with oversight functions over IT and Human Resources, and likewise served as Co-Compliance and Data Privacy Officer, from August 2019 to January 2023. She held similar positions in BrightKindle Resources and Investments, Inc. during the same period and was Corporate Secretary for Prime Media, Inc. from August 2019 to December 2021. She started her legal and corporate career as Legal Associate and Special Projects Counsel at Belo Gozon Elma Parel Law Offices, with secondment to GMA Network, Inc. and Subsidiaries reporting directly to the President, Chief Executive Officer, and the Board. After 6 years with the company, she fulfilled the roles of Corporate Counsel and Vice President/Head of Legal and Corporate Planning of UNITEL Productions, Inc. and Subsidiaries for 7 years. She then acted as an independent consultant for various companies in the Content, Entertainment, and Technology sectors while concurrently heading the Rules Change Committee of the Philippine Electricity Market Corporation (PEMC) for the Wholesale Electricity Spot Market, as its Chairperson until the end of her term in the 3rd quarter of 2021. She was subsequently appointed as Chairperson for the PEMC Audit Committee up until her joining the Vivant Group. Atty. de Castro earned her Master's Degree in Business Administration from the Asian Institute of Management (AIM) in 2006 and her Juris Doctor from the Ateneo de Manila School of Law in 2000 and was admitted to the Integrated Bar of the Philippine in year 2001. She completed her Bachelor of Arts in Mass Communications Major in Film and Audio-Visual Communications from the University of the Philippines in 1996.

CATHERINE S. BRINGAS *42 years old, Filipino* Assistant Corporate Secretary SAVP – Legal and Compliance Compliance Officer	Atty. Bringas has been the Senior Assistant Vice President for Legal and Compliance since April 2022. In June 2024, she was appointed as Assistant Corporate Secretary and Compliance Officer. Previously, she held the positions of Corporate Secretary and Data Protection Officer of the Company. Prior to this, she also served as Assistant Corporate Secretary from June 2022 to June 2023, Assistant Vice President for Legal from January 2017 to April 2022 and Legal Senior Manager of the Company from January 2013 to December 2016. Concurrently, Atty. Bringas holds the following positions: Director and Corporate Secretary - Southern Grove Properties and Development Corporation, Vivant Realty Ventures Corporation and Vivant Corporate Center Inc.; Corporate Secretary - Vivant Energy Corporation, Amberdust Holding Corporation, Corenergy Solar Solutions Corporation, Corenergy Inc., 1590 Energy Corp., Calamian Islands Power Corp., Delta P, Inc., Delta P Hybrid Inc., Isla Norte Energy Corporation, La Pampanga Energy Corporation, Southern Powercore Holding Corp., , Vivant Solar Corporation, Vivant Integrated Diesel Corporation, Vivant Integrated Generation Corporation, Vivant-Malogo Hydropower, Inc., Vivant Renewable Energy Corporation, Minergy Power Corporation, BukidnonPower Corporation, North BukidnonPower Corporation, San Ildefonso Alternative Energy Corp., Isla Mactan-Cordova Corporation, Northern Metro Cebu Water Corporation, Visayan Electric Company, Inc., San Pablo Renewable Energy Corporation, San Ildefonso Alternative Energy Corp., South Cebu Energy Corporation, Spark Grid Corporation, SolEnergy Generation Corporation, Adequate Power Inc., Bai Energy Corporation, and Avant Energy Corporation; and Assistant Corporate Secretary - Abovant Holdings, Inc., and Hijos de F. Escaño, Inc.. Prior to joining Vivant, Ms. Bringas worked at the Power Sector Assets and Liabilities Management Corporation as a Corporate Attorney under the Office of the President and CEO. She holds a degree in Legal Management from De La Salle University and obtained her Juris Doctor from the Ateneo de Manila University School of Law in 2008. She has been a member of the Philippine Bar since 2009.

JOAN A. GIDUQUIO-BARON *55 years old, Filipino* Assistant Corporate Secretary	Atty. Baron was appointed as the Assistant Corporate Secretary of the Company in June 2023. Prior to this, she held the position of Corporate Secretary from June 2022 to June 2023 and Assistant Corporate Secretary from 2003 to 2022. Ms. Baron also holds the following positions: Corporate Secretary of Visayan Electric Company, Inc.; Director and Assistant Corporate Secretary - Southern Grove Properties and Development Corporation, Vivant Corporate Center Inc. and Vivant Realty Ventures Corporation; Assistant Corporate Secretary of Vivant Foundation Inc., Abovant Holdings, Inc., Amberdust Holding Corporation, Corenergy, Inc., Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc., Northern Metro Cebu Water Corporation, Isla Mactan-Cordova Corporation, Isla Busuanga Water Corporation, Western Cebu Water Services Corporation, Bantayan Island Water Solutions Corporation, South Cebu Energy Corporation, Spark Grid Corporation, Solenergy Generation Corporation, San Pablo Renewable Energy Corp., La Pampanga Energy Corp., Adequate Power Inc., Bai Energy Corporation, Avant Energy Corporation; Corporate Secretary - JEG Realty, Inc., JEG Development Corporation, JDC Tomodachi, Inc. and Watermatic Philippines Corporation. She obtained her Juris Doctor from the Ateneo de Manila University School of Law in 1996 and her Master in Management degree from the Asian Institute of Management in 2001. Ms. Baron has been a member of the Philippine Bar since 1997 and a Director of the Alumni Association of the Asian Institute of Management-Cebu Chapter. She is a Partner at J.P. Garcia and Associates. Prior to this, she was an Associate Attorney at Puno and Puno Law Offices from 1997 until 2001.
JESS ANTHONY N. GARCIA *53 years old, Filipino* Executive Vice President – Infrastructure	Atty. Garcia has been the Senior Vice President - Infrastructure since 2019. Prior to this, he was the Corporate Secretary of the Company from 2003 to 2022 and help the position of Vice President for Legal from 2015 to 2018. Atty. Garcia concurrently holds the following positions: Corporate Secretary – Vivant Foundation, Inc. and SunStar Publishing, Inc.; Director, President and Chief Executive Officer – Watermatic Philippines Corporation (until October 2024), Vivant Infracore Holdings, Inc.Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc., Isla Mactan-Cordova Corporation, and Northern Metro Cebu Water Corporation. He obtained his Juris Doctor degree from the Ateneo de Manila University School of Law and has been a member of the California Bar since 2002 and of the Philippine Bar since 1998.

LAWRENCE ANTHONY L. NUBLA 55 *years old, Filipino* Senior Vice President – Business Development	Mr. Nubla assumed his position as Senior Vice President – Business Development on September 8, 2025. Mr. Nubla has over twenty-four (24) years of professional experience in the development, financing, and execution of power projects in the Philippines. His areas of expertise include project feasibility, business development, project financing, stakeholder engagement, contract negotiations, and regulatory compliance. He previously served as Vice President and Head of Project Development at TeaM Energy Corporation, a joint venture of Marubeni Corporation and JERA Co. Inc., where he was responsible for evaluating investment opportunities in coal, gas, hydro, diesel, and solar projects. From 2003 to 2014, he was Senior Manager of the Business Development & Commercial Affairs Department at TeaM Energy. From 2000 to 2003, he was Manager for Energy Supply Business, where he secured offtake agreements with utilities, cooperatives, and industrial customers. Mr. Nubla started his career in banking, serving from 1997 to 2000 as Assistant Manager in the Corporate Banking Department of the Bank of the Philippine Islands (formerly Far East Bank & Trust Company), where he originated and managed corporate accounts, conducted credit evaluations for top corporations, and handled restructuring of past-due accounts. He has also undertaken consultancy roles, including Adviser to the President of Central Azucarera de San Antonio (2007–2012), where he secured permits and negotiated offtake contracts for a biomass cogeneration plant, and as a Researcher for Hambrecht & Quist Philippines (1996), where he analyzed policy frameworks and funding opportunities for local infrastructure projects. Mr. Nubla holds a Master of Business Administration degree from the Asian Institute of Management (1997) and a Bachelor of Science degree in Marketing Management from De La Salle University (1990), where he was a Dean's Lister.

PETER C. BUENASEDA *59 years old, Filipino* Chief Human Resource Officer	Mr. Buenaseda assumed the position of Chief Human Resource Officer in February 2024. He is a multi-awarded HR and general management executive with a professional career spanning more than 30 years with global companies across the technology, knowledge processing, telecoms, semiconductor, and banking industries. He was formerly the CHRO of AC Energy and the Chief Operating Officer of TDS Global Solutions. For more than a decade that he was with Thomson Reuters Manila as Head of HR and later on as Country Head, he demonstrated visionary, strategic, hands-on, and inspirational leadership growing and transforming the organization into an employer of choice, quality and innovation role model, diversity champion and thought leader in the industry with best in class HR and talent development practices. He has also served as Country Manager and HR Manager of global companies such as Philips, Motorola, and ABN AMRO. He completed his Bachelor of Arts degree majoring in Behavioral Science at the University of Santo Tomas and his Master in Business Management degree at the Asian Institute of Management. He is taking up courses leading to a Certificate in Human Resources Management at UCLA and has completed the Dave Ulrich Academy Program of the RBL Group, the Human Resources Executive Program of the University of Michigan, the Thomson Reuters-INSEAD Asia Leadership Program, and the Six Sigma Black Belt Training of Motorola University. In 2016, he was named the People Manager of the Year by the People Management Association of the Philippines, and the following year, Thomson Reuters was recognized as the Employer of the Year also by PMAP. He was conferred the highest status of Diplomate in People Management (DPM) in the Philippine Society of Fellows of the People Management Association of the Philippines in 2019. During his stint at Thomson Reuters, he received more than 10 awards for himself and on behalf of the Company for its employer brand, talent and development initiatives, quality and innovation program, and business excellence. He is a Certified Senior Professional of the Society for Human Resources Management (SHRM-SCP), a Graduate Fellow of the Institute of Corporate Directors, and a Certified Executive Coach of the People Management Association of the Philippines and Door International. He was formerly a Board Trustee of the Global In-House Center Council of the Philippines (GICC) and Chairman of its HR Committee. He was a Founding member and Past President of the Nagcarlan “Ana Kalang” Jaycees and a delegate to the Ship for Southeast Asian Youth Program.

MARK D. HABANA *49 years old, Filipino* Vice President	Mr. Habana assumed the position of Vice President of Vivant in March 2021. He initially joined Vivant on April 17, 2017, as the Vice President for Commercial Affairs of Vivant. In 2019, Mr. Habana transitioned to Vivant Energy Corporation where he served as VP – Subsidiary Operations and Chief Risk Officer, before returning to Vivant in 2021. He currently holds the following positions: VP – Operations and Portfolio Management and Chief Risk Officer; Director, President and CEO - 1590 Energy Corporation, Inc., Southern Powercore Holding Corp., La Pampanga Energy Corp., Vivant Integrated Diesel Inc., Vivant Integrated Generation Corporation, Delta P Hybrid, Inc., Amberdust Holding Corp., Vivant Renewable Energy Corporation Meridian Power Inc., San Pablo Renewable Energy Corporation, San Ildefonso Alternative Energy Corp., South Cebu Energy Corporation, Spark Grid Corporation, Adequate Power Inc., Bai Energy Corporation, Avant Energy Corporation; Director - Corenergy Solar Solutions Corp., Vivant Solar Corporation, Minergy Power Corporation, Vivant Malogo Hydropower Inc., Calamian Islands Power Corp., Delta P Inc., Isla Norte Power Corporation and Solenergy Generation Corporation; Director and President of BukidnonPower Corporation and North BukidnonPower Corporation; and Director and Vice President – Cebu Private Power Corporation. Before joining the Company, he was AVP at Energy Development Corporation (EDC) since May 2014. He ran Operations of the BacMan Geothermal Business Unit and led EDC's Technology Innovation efforts. Prior to this, he was in the oil & gas industry from March 2007 to April 2014 as Manager of Business Development for Occidental Petroleum and Venoco Inc.; both in Denver, Colorado. From September 2002 to March 2007, he took on risk management and deal structuring roles at energy trading firms: Sempra Energy Solutions in California and Constellation Energy in Maryland. He graduated from the University of the Philippines with a Bachelor of Science degree in Mechanical Engineering (Cum Laude). In June 2002, Mr. Habana earned his Master of Science in Petroleum Engineering from Stanford University in California, and, in January 2009, he completed the Executive Management Program from the Harvard Business School in Massachusetts.

ERICKSON B. OMAMALIN *41 years old, Filipino* *Vice President*	Mr. Omamalin assumed the position of Vice President of Vivant on June 19, 2025. He also serves as Vice President – Off-Grid Solutions in Vivant Energy Corporation from June 19, 2025 up to present. Prior to this, he served as Senior Manager – Business Development from 2017-2019; AVP – Business Development from 2019-2021; SAVP for Business Development from 2021-2024; Other positions currently held are as follows: President/CEO – Calamian Islands Power Corp., Delta P, Inc., Isla Norte Power Corporation, Culna Renewable Energy Corp., Delta P Hybrid Inc., Isla Ada energy Corporation and Solenergy Generation Corporation; Board of Director – La Pampanga Energy Corporation. Mr. Omamalin graduated from University of San Jose – Recoletos in 2005 with a degree in Bachelor of Science in Accountancy. He obtained his master's in business administration from Ateneo Graduate School of Business in 2020..
SHEM JOSE W. GARCIA *45 years old, Filipino* Vice President	Mr. Garcia assumed the position of Vice President in January 2024. Prior to this, he was the Senior Assistant Vice President for Corporate Communications from April 2021 to December 2023, and Assistant Vice President for Corporate Communications from February 2018 to April 2021. He also serves as the Executive Director of the Vivant Foundation, Inc. He previously served as a Director of Vivant Corporation from 2005-2008. He joined as a full-time employee of Vivant as the Senior Manager for Corporate Social Responsibility in 2014. He currently holds the following position: Director - Southern Grove Properties and Development Corp., Vivant Corporate Center Inc., and Vivant Realty Ventures Corp.; Board of Trustee and President and Chief Executive Officer – Vivant Foundation Inc. He has a Bachelor's Degree with Honors from the London College of Communications, University of the Arts London. He previously served as the Business Development Officer for JEG Development Corporation, where he currently serves in the Board of Advisors. He also serves as the President of the Board of Trustees for the Dominus Pascit Me Foundation and Corporate Secretary for Mon Y Liza Holdings.

ALLAN A. CUEVAS *49 years old, Filipino* VP – Corporate Communications	Mr. Cuevas assumed the position of Vice President for Corporate Communications in January 2024. He is a senior communications practitioner with close to 25 years of experience in public relations, communications management and marketing. He was previously connected with Optum, a US-based information and technology-enabled health services company and a subsidiary of UnitedHealth Group. As its Director for Corporate Communications he managed internal communications, leadership visibility and employee interactions for its Philippines, Puerto Rico and Colombia operations. Prior to Optum, he was Head and Manager of Corporate Communications at Australia and New Zealand Banking Group Limited (ANZ Bank) from 2017-2022, assigned in the Manila Capability Center. Mr. Cuevas also served as Lead of External Affairs and Communications at UnitedHealth Group from 2013 to 2017. Prior to this role, he was the Marketing and Communications Assistant Vice President and Senior Associate of JPMorgan Chase and Co. under its global service center in the Philippines from 2010 to 2013. Mr. Cuevas joined the business process management industry in 2008 as Head and Senior Manager for Corporate Communications of Canadian outsourcing company TELUS International. He started his career in the corporate world when he joined the Ayala-owned telecommunications company Globe Telecom in 1999. Mr. Cuevas stayed with Globe for a decade managing public relations, media affairs, publications, events, crisis and issues management, corporate and product marketing, external affairs, employee engagement and sustainability/corporate social responsibility. In the later part of his stint at Globe, he moved to its subsidiary Innove Communications to lead its communications and external affairs group. Mr. Cuevas graduated cum laude with a degree in Mass Communications from the Pamantasan ng Lungsod ng Maynila. He earned some post-graduate units in Communication Management from the Asian Institute of Journalism and Communications (AIJC) and is a member of the International Association of Business Communicators – Philippines (IABC).

BRIGETTE CECILE N. GARCIA *38 years old, Filipino* Director Member – Executive Committee Sr. AVP – Corporate Planning	Ms. Garcia has served as Director and member of the Executive Committee since June 2022. In November 2020, she assumed the role of Senior Assistant Vice President for Corporate Planning at the Company. Prior to this, she held the position of Assistant Vice President for Corporate Planning from February 2018 to October 2020, and served as the Corporate Planning Senior Manager of the Company from 2016 to 2017. She concurrently holds the following positions: Director – Southern Grove Properties and Development Corporation; Vivant Corporate Center, Inc., Vivant Realty Ventures Corporation, Vivant Hydrocore Holdings Inc. and Vivant Transcore Holdings, Inc., Northern Metro Cebu Water Corporation and Isla Mactan-Cordova Corporation. Before joining Vivant, she worked for a year as a Management Trainee for Utility Economics at Visayan Electric Company, Inc. and for three (3) years as an Investment Consultant for Family Offices Private Banking at Credit Suisse AG in Singapore. Ms. Garcia graduated from Singapore Management University with a double degree (Summa Cum Laude) in Bachelor of Science in Economics and Bachelor of Business Management in 2009. She was also the school Salutatorian and recipient of the Top Student of the School of Economics Award and the Monetary Authority of Singapore Academic Excellence Award. She obtained a Master's of Science degree in Accounting and Finance from London School of Economics in 2013.
DYAN RAMONA S. OLEGARIO *41 years old, Filipino* SAVP – Group Comptroller	Ms. Olegario assumed the position of Senior Assistant Vice President – Group Comptroller on May 7, 2025. Prior to this, Ms. Olegario has served as the Assistant Vice President for Accounting since April 2020. She was the Accounting Senior Manager of the Company from October 2013 to 2020 and Treasury Manager from March to October 2013. She concurrently holds the following positions: Treasurer and CFO of Southern Grove Properties and Development Corp., Vivant Corporate Center Inc., and Vivant Realty Ventures Corp. Prior to joining Vivant, Ms. Olegario held the following positions: Business Development Manager in 2012 at Aboitizland Inc., Accounting Head at Taft Property Ventures Development Corporation from 2010 to 2012 and Senior Associate for Tax Services at SGV & Co from 2007 to 2010. Ms. Olegario is a Certified Public Accountant. She holds a degree in Bachelor of Science in Accountancy (Magna Cum Laude and recipient of the Most Outstanding Graduate Award) from the University of San Jose-Recoletos in 2005. In 2016, Ms. Olegario earned a certificate in Management Program from the Asian Institute of Management.

RONNEL VERGEL E. DE LEON *39 years old, Filipino* SAVP – Treasury	Mr. De Leon assumed the position of Sr. Assistant Vice President for Treasury in May 2023. Prior to this, he served as the Assistant Vice President for Treasury from February 2020 to February 2023. He concurrently holds the following positions: Treasurer and CFO of Corenergy Inc.. Before joining Vivant, Mr. De Leon was with Manila Water Company, Inc.'s Treasury Department from October 2011 to January 2020, where he held the Treasury Head position for two (2) years. Prior to this, he worked as Research Associate and Management Trainee at the Philippine Dealing System from 2007 to 2009. Mr. De Leon obtained his bachelor's degree in Economics (Magna Cum Laude) from the University of the Philippines-Diliman in 2007 under the Philippine Geothermal Inc scholarship for UP students. In 2011, he earned his master's degree in European Finance and Banking from the University of Warsaw in Poland under the European Commission's Erasmus Mundus scholarship. Mr. De Leon is a Certified Treasury Professional by the Ateneo-BAP Institute of Banking.
JEROME MARIO T. ORFANO *41 years old, Filipino* SAVP – Risk and Sustainability Group	Mr. Orfano formally assumed his position as SAVP – Risk and Sustainability Group on March 21, 2025. Mr. Orfano started his career in 2007 with Philippine Dealing System Group as Risk Officer. In 2012, Mr. Orfano then joined Manila Water Company, Inc. and held various leadership roles in ERM until he joined Megawide Construction Corporation in 2019 as Chief Risk Officer. Mr. Orfano then joined AP Renewables Inc. as Operational Risk Manager and covered the enterprise-wide functions on Risk Management, Insurance Management, Business Continuity, and Data Privacy. Prior to joining Vivant Corporation, Mr. Orfano was the Vice President and Head of Enterprise Risk Management in Converge ICT Solutions Inc., overseeing Risk Management, Insurance Management, Business Continuity, and Revenue Assurance functions. He graduated from the University of the Philippines with a Bachelor of Science degree in Economics (Cum Laude). In April 2007, Mr. Orfano earned his Master of Arts in Economics from University of the Philippines, and, in July 2024, he completed the Executive Master in Disaster Risk and Crisis Management from the Asian Institute of Management (With Distinction).

CARLOS F. BARGAMENTO, JR. *44 years old, Filipino* AVP – Real Estate	Mr. Bargamento assumed the position of AVP – Real Estate in June 2024. Prior to this, he served as Assistant Vice President for Internal Audit from April 2020 to June 2024 . In June 2022, he was appointed as the Chief Audit Executive of the Company, a role he held until June 2023. Before this, he was the Internal Audit Senior Manager from 2013 to 2020. He joined the Company in 2004 as an Accounting Assistant and was promoted to Finance Manager in 2008. He concurrently holds the following positions: Director and President – Hijos de F. Escaño, Inc.;, Inc. Mr. Bargamento obtained his degree in Bachelor of Science in Accountancy (Cum Laude) and Bachelor of Laws in University of San Jose-Recoletos. He is a Certified Public Accountant and also holds certification as a Certified Forensic Accountant (CrFA) and a Certified Internal Control Auditor (CICA).
DENISE MAE B. BLANCO *47 years old, Filipino* AVP – Human Resources	Ms. Blanco has been the Assistant Vice President for Human Resources since April 2021. Prior to this, she served as HR Senior Manager of the Company from September 2015 to April 2021. Before joining Vivant, Ms. Blanco held the following positions: Senior HR Business Partner at Convergys Singapore Holding, Inc. – ROHQ from 2011 to 2015, HR Manager at Convergys Philippines Services from 2009 to 2011, and various Human Resources roles at Convergys Philippines Services from 2006 to 2009. Ms. Blanco is a Certified Associate Fellow in People Management (AFPM) by the People Society of Fellows, People Managers Association of the Philippines (PMAP) – National, Certified Leadership Development & Succession Strategist by the Human Capital Institute, Board of Director of St. Theresa's College Alumni Association, former Vice-Chair for Membership & Retention Committee PMAP Cebu Chapter, The Outstanding Cebuano Youth Leaders (TOCYL) Awardee of 1998 given by the Cebu City Youth Development Commission. She holds a degree in Bachelor of Arts in Psychology (recipient of the Campus Leadership Award) from St. Theresa's College in 1999, and a Juris Doctor degree from the University of San Carlos in 2004.

DEBBIE ARTIAGA-ARRADAZA *53 years old, Filipino* AVP – Treasury Operations	Ms. Artiaga-Arradaza assumed the position of AVP for Treasury Operations in May 2023. Prior to this, she served as Sr. Manager for Treasury from 2019 to May 2023 and as Manager for Treasury Operations when she first joined the Company in 2015. Before joining Vivant, she worked with the banking industry for 17 years and held various positions in the bank. She worked as a Relationship Manager from 2008 to 2015 and a Treasury Trader from 2006-2008. Prior to working in the Treasury Department, she was a Loan Officer, handling Remedial Loans in a universal bank, from 2001-2006. While working in the bank, she also held a part-time teaching position in the University of San Carlos – Business Administration Dept. from 2000-2006. Ms. Artiaga-Arradaza finished her Bachelor's Degree in Business Management from the University of the Philippines – Cebu Campus. She earned her MBA from Ateneo Graduate School of Business in Rockwell, Makati City in the year 2000. She is a Certified Treasury Professional by the Ateneo-BAP Institute of Banking.
NILO M. ARRIBAS, JR. *54 years old, Filipino* AVP – Information Technology Chief Information Officer	Mr. Arribas assumed the position of Assistant Vice President for Information Technology in June 2022. In June 2023, he was appointed as the Chief Information Officer of the Company. Before joining Vivant, he was an independent consultant providing professional services in information technology and management from 2020 to 2022. Prior to this, he was in the real estate industry from 2014 to 2019 as Director for IT shared services of Oakridge Realty Development Corporation catering to corporate headquarters, real estate, subsidiaries in printing, events and food businesses. He assumed an additional role as Director for Operations with responsibilities over the Oakridge Business Park, property management of industrial facilities and construction of technology enabled mixed-use buildings from 2016 to 2019. Mr. Arribas was an information technology and management consultant from 2008 to 2014 providing services to clients in manufacturing, business process outsourcing, insurance, services, and education industries including non-profit organizations. He also held the position of Information Asset Manager at a US-based Publishing and Print-on-Demand company, Xlibris, for 3 years. From 1999 to 2004, he was Assistant Director of the Management Information Systems (MIS) office,a tertiary educational institution, Lyceum of the Philippines in Manila. Earlier in his career, from 1995 to 1999, he was systems administrator and technical specialist of the Naval Intelligence, a Division of the Philippine Navy. He graduated from De La Salle University – College of Saint Benilde in 1999 with a Bachelor of Science in Commerce major in Business Management (Dean's List). In 2000, he completed a Network and Internet Systems Development Course in the Center of the International Cooperation for Computerization (CICC) in Tokyo, Japan as a scholar of Hitachi, Ltd. and the Ministry of International Trade and Industry of Japan. Mr. Arribas completed the IT Project Management under the Executive Development Program of the Asian Institute of Management in 2003.

RHESEL R. TOMPONG *38 years old, Filipino* AVP – Corporate Planning	Ms. Tompong assumed the position of AVP for Corporate Planning in May 2023. Prior to this, she served as Corporate Planning Senior Manager from March 2020 to May 2023. Before joining Vivant, Ms. Tompong held the following positions in the Aboitiz Group: Microfinance Financial Controller at City Savings Bank in 2019, Supervisor for Accounting, Tax and Regulatory Compliance at Aboitiz Power Corporation from 2014 to 2019, Senior Specialist in SN Aboitiz Power in 2013 and Senior Internal Auditor from 2009 to 2012 at Aboitiz Equity Ventures Inc. Ms. Tompong is a Certified Public Accountant, Certified Internal Auditor and Certified Tax Technician. She graduated Magna Cum Laude from the University of San Carlos with a Bachelor of Science degree in Accountancy. In 2017, she earned her Master of Internal Audit from the same university.
MYLA D. LUMIBAO *50 years old, Filipino* AVP – Internal Audit Chief Audit Executive	Ms. Lumibao assumed the position of AVP for Internal Audit in November 2023. Prior to joining Vivant, Ms. Lumibao was the Internal Audit Head in CIS Bayad, Inc. from January to June 2023 and in D.M. Consunji, Inc. from 2021 to 2023. She was previously connected with the Aboitiz Group where she assumed various roles in the Internal Audit function and Finance. She was the Internal Audit Manager in Aboitiz Equity Ventures, Inc. from 2013 to 2021 and Aboitiz Transport System Corporation from 1998 and 2012. She also had a stint as the Finance Manager in Aboitiz Logistics, Inc. from 2005 to 2007. She is a Certified Internal Auditor and a Certified Public Accountant. She holds a degree in Bachelor of Science in Accountancy from De La Salle University.
RANDWIL DINBO U. MACARANAS *39 years old, Filipino* AVP – Investor Relations	Mr. Macaranas assumed the position of AVP – Investor Relations in September 2, 2024. Prior to joining the Company, he already had nearly a decade of experience in leading investor relations initiatives of energy companies. He was AVP for Investor Relations in Citicore Renewable Energy Corporation from January to May 2024; and Head of Investor Relations in Manila Electric Company (MERALCO) from February 2021 to January 2024, after being Finance Analyst specializing in Investor Relations from May 2010 to December 2015. From 2016 to 2020, he also headed Market Planning, Business Development, and Research in other companies, namely Rustan Coffee Corporation, Magsaysay Group of Companies, and Colliers International Philippines. At present, he is also Chairperson and member of the Board of Trustees of Christian Mission Service Philippines, Inc., an NGO focused on helping underprivileged Filipino children. He holds an AB Management Economics degree from the Ateneo de Manila University and a Post-Graduate Certificate in Development Management from the Asian Institute of Management.

Period in which the Directors and Executive Officers Should Serve

The directors and executive officers should serve for a period of one (1) year.

Term of Office of a Director

Pursuant to Vivant's Amended By-laws, the directors are elected at each annual stockholder's meeting by stockholders entitled to vote. Each director holds office until the next annual election for a term of one (1) year and until his successor is duly elected unless he resigns, dies, or is removed prior to such election.

Any vacancy in the Board of Directors other than by removal or expiration of term may be filled by a majority vote of the remaining members thereof at a meeting called for that purpose, if they still constitute a quorum. The director so chosen shall serve for the unexpired term of his predecessor in office.

(2) Significant Employees

The Company considers its entire work force as significant employees. Everyone is expected to work together as a team to achieve the Company's goals and objectives.

(3) Family Relationships

Messrs. Charles Sylvestre A. Garcia and Francis Damasus A. Garcia are brothers, or related within the second civil degree of consanguinity.

Mr. Ramontito E. Garcia is related within the fourth civil degree of consanguinity (cousin) to Messrs. Charles Sylvestre A. Garcia and Francis Damasus A. Garcia.

Mr. Emil Andre M. Garcia is related within the third civil degree of consanguinity to Messrs. Charles Sylvestre A. Garcia, Francis Damasus A. Garcia; and related within the fourth civil degree of consanguinity (cousin) to Ms. Brigette Cecile N. Garcia. He is also related within the fifth civil degree of consanguinity to Mr. Ramontito E. Garcia; and related within the sixth civil degree of consanguinity to Mr. Arlo Angelo G. Sarmiento, Jose Marko Anton G. Sarmiento and Mr. Shem Jose W. Garcia.

Mr. Arlo Angelo G. Sarmiento is related within the third civil degree of consanguinity (nephew) to Mr. Ramontito E. Garcia. He is also related within the fifth civil degree of consanguinity to Messrs. Charles Sylvestre A. Garcia and Francis Damasus A. Garcia. He is also related within the fourth civil degree of consanguinity to Mr. Shem Jose W. Garcia; and related within the sixth civil degree of consanguinity to Mr. Emil Andre M. Garcia and Ms. Brigette Cecile N. Garcia.

Mr. Jose Marko Anton G. Sarmiento is the brother of Mr. Arlo A. G. Sarmiento; thus, they are related within the second civil degree of consanguinity. He is related within the third civil degree of consanguinity (nephew) to Mr. Ramontito E. Garcia and is related within the fourth civil degree of consanguinity to Mr. Shem Jose W. Garcia. He is also related within the fifth civil degree of consanguinity to Mssrs. Charles Sylvestre A. Garcia and Francis Damasus A. Garcia. He is also related within the sixth civil degree of consanguinity to Mr. Emil Andre M. Garcia and Ms. Brigette Cecile N. Garcia.

Mr. Shem Jose W. Garcia is the son of Mr. Ramontito E. Garcia and is related within the fourth civil degree of consanguinity (cousin) to Messrs. Arlo Angelo G. Sarmiento and Jose Marko Anton G. Sarmiento. He is also related within the fifth civil degree of consanguinity to Messrs. Charles Sylvestre A. Garcia and Francis Damasus A. Garcia; and related within the sixth civil degree of consanguinity to Mr. Emil Andre M. Garcia and to Ms. Brigette Cecile N. Garcia.

Ms. Brigette Cecile N. Garcia is related within the third civil degree of consanguinity (niece) to Messrs. Charles Sylvestre A. Garcia, and Francis Damasus A. Garcia; and is related within the fourth civil degree of consanguinity (cousin) to Mr. Emil Andre M. Garcia. She is also related within the sixth civil degree of consanguinity to Messrs. Arlo Angelo G. Sarmiento, Jose Marko Anton G. Sarmiento, and Shem Jose W. Garcia

Other than the foregoing, there are no other family relationships (of consanguinity or affinity) known to Vivant.

(4) Involvement in Certain Legal Proceedings

To the knowledge and/or information of Vivant, none of its nominees for election as directors, its present members of the Board of Directors or its executive officers, is presently or during the last five (5) years, been involved in any legal proceeding or bankruptcy petition, or has been convicted by final judgment, or being subject to any order, judgment, or decree, or violated the securities or commodities law in any court or government agency in the Philippines or elsewhere for the past five (5) years and the preceding years until February 28, 2026 which would put to question their ability and integrity to serve Vivant and its stockholders.

To the knowledge and/or information of Vivant, the above-said persons have not been convicted by final judgment of any offense punishable by the laws of the Republic of the Philippines or by the laws of any other nation or country.

To the knowledge and/or information of Vivant, the said persons have not been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign Exchange, or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation for the preceding years until February 28, 2026

(5) Certain Relationships and Related Transactions

During the last two (2) years there was no transaction with or involving the Company or any of its subsidiaries in which a director, executive officer, or stockholder owns ten percent (10%) or more of total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

In the normal course of business, Vivant transacts with companies who are considered related parties under PAS 24, *Related Party Disclosures*. As parent company, Vivant provides two (2) types of professional services: (1) strategic and technical and (2) corporate shared services. These transactions were made at an arm's length basis. Third party rates are used as reference and benchmark to ensure competitive pricing and consistency to current industry standards.

Functions covered would include corporate finance, legal, human resources, and information technology, among others. These services are rendered by Vivant to allow efficient transfer of business and technical expertise, thus improving cost efficiencies and synergies. Vivant houses a pool of highly qualified professionals with business expertise relating to the business of the Vivant Group. Service Level Agreements are in place to ensure the quality of service and competitive pricing.

Aside from the abovementioned, below are other services provided to and/or transactions entered into by Vivant with related parties in 2025.

- Vivant, on behalf of a subsidiary, applied for the issuance of a domestic stand-by letter of credit (SBLC) to comply with the bid security requirement of a water distribution utility.

- Vivant, on behalf of a subsidiary, applied for the issuance of a domestic SBLC to comply with the performance security requirement relating to a joint venture project.

- Vivant has an outstanding lease agreement with a certain subsidiary involving rental of its commercial office space.

- Vivant has outstanding advances to a subsidiary for the development of a seawater desalination facility.

(6) Resignation or Refusal to Stand for Re-election by Members of the Board of Directors

No director has resigned or declined to stand for re-election to the board of directors because of a disagreement with Vivant on any matter relating to the Registrant's operations, policies, or practices.

Item 6. Compensation of Directors and Executive Officers

(1) Summary of Compensation of Executive Officers

Information as to the aggregate compensation paid or accrued to Vivant's Chief Executive Officer and other highly compensated executive officers, as well as other officers and directors during the last two (2) completed fiscal years and the ensuing fiscal year, is as follows:

Name and Principal Position	Year	Salary	Bonus	Other Compensation
Top Five Highly Compensated Executives 1. Arlo A.G. Sarmiento – Chief Executive Officer 2. Emil Andre M. Garcia – Vice Chairman and President 3. Minuel Carmela N. Franco – Treasurer, Executive Vice President, Chief Corporate Officer, Group Chief Finance Officer, Chief Risk Officer, Compliance Officer 4. Jess Anthony N. Garcia – Executive Vice President - Infrastructure, Chief Information Officer 5. Mark D. Habana – Vice President				
All above-named officers as a group	2026 (est.)	58.9mn	33.7mn	-
	2025	Php 51.7 mn	Php 44.70	-
	2024	Php 47.8 mn	Php 28.8 mn	-
	2023	Php 61.9 mn	Php29.1 mn	-
All other directors and officers as a group unnamed	2026 (est.)	55.1mn	22.9mn	-
	2025	Php 42.89 mn	Php 11.73 mn	Php 4.8 mn
	2024	Php 38.3 mn	Php 9.6 mn	Php 4.9 mn
	2023	Php33.0 mn	Php 10.0 mn	Php 4.9 mn

(2) Compensation of Directors

(i) Standard Arrangements

Only non-executive Directors and Independent Directors are eligible to receive a per diem for every meeting and Learning and Development session conducted by the Company. The current remuneration scheme involves a fixed meeting fee. Any special or follow-up meeting will use the same rate, but adjusted accordingly based on the duration of the session. Upon review of the remuneration of directors of comparable companies, the Board's per diem was updated in June 2022 and reissued without changes in January 2026 as part of Vivant's regular documentation practices at the start of a fiscal year.

Type of Meeting	Directors	Chairman of the Board or Committee
Board Meeting	Php 100,000.00	Php 150,000.00
Committee Meeting	Php 50,000.00	Php 75,000.00
Learning and Development Activities[1]	Php 50,000.00	Php 75,000.00
Strategic Planning Sessions	Php 100,000.00	Php 150,000.00

Note:

1. *In-house trainings, workshops, on-board activities, Corporate Governance seminars, study tours.*

(ii) Other Arrangements

Other than honoraria for meetings attended, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director, including any additional amounts payable for committee participation or special assignments for the last completed fiscal year and the ensuing year.

There are no arrangements, including consulting contracts, pursuant to which any director of the registrant was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided by such director.

(3) Employment Contracts, Termination of Employment, and Change-in-Control Arrangements

In compliance with applicable labor laws and regulations, Vivant has employment contracts with its officers which state their specific job functionalities. The salaries and bonuses of the named officers and other directors and officers as a group are included in the compensation table above.

Vivant has no existing compensatory plan or arrangement with any of its executives in case of resignation or any other termination of an officer's employment with the Company or its subsidiaries or from a change in the management control of the Company, or a change in an executive officer's responsibilities following a change in control.

(4) Warrants and Options Outstanding

There are no outstanding warrants or options held by the named executive officers, and all officers and directors as a group, as identified in Item 6 (1). Moreover, at no time during the last completed fiscal year did Vivant adjust or amend the exercise price of stock warrants or options previously awarded to the aforementioned officers and directors.

Item 7. Independent Public Accountants

For the fiscal year 2025, the auditing firm of Sycip Gorres Velayo & Co. (SGV) was the Independent Public Accountant of Vivant. Ms. Margem Amor-Tagalog is the audit partner of Vivant for 2025 and the recommended partner-in-charge. SGV rendered the same services for Vivant during fiscal years 2024, 2023, 2022, 2021 and 2020, where Ms. Margem Amor-Tagalog was designated as the partner-in-charge, and in 2019, where Ms. Ma. Genalin Q. Arevalo was designated as the partner-in-charge. The Corporation is in compliance with SEC Memorandum Circular No. 08-03 (Rotation of External Auditors) in relation to paragraph 3 (b)(ix) of Rule 68 of the Implementing Rules and Regulations of the Securities Regulation Code, and the two (2)-year cooling-off period was observed in the re-engagement of the same signing partner or individual auditor.

Representatives of SGV will be present during the Annual Stockholders' Meeting and will be given the opportunity to make a statement if they so desire. They are also expected to respond to appropriate questions if needed.

There was no event in the past three (3) fiscal years where Vivant and SGV, or the handling partner, had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

Vivant's management has decided on the required non-audit engagements with SGV and thereafter conducted a review of non-audit fees and scope of work in relation to their significance to the Company's overall professional expenses. None of the non-audit engagements during the past three (3) fiscal years covered recording financial transactions and preparing financial statements for management. Vivant's management also informed and secure pre-concurrence from the Audit Committee for these non-audit engagements.

Vivant's Audit Committee is responsible for the review and evaluation of the performance of the external auditors, and for recommending to the Board the appointment of external auditors. The Audit Committee performs oversight functions over Vivant's internal and external auditors and approves their engagement, scope of work, and fees during Audit committee meetings. It ensures that the internal and external auditors maintain independence and work independently of each other, and are given unrestricted access to all records to enable them to perform their audit functions. The Audit Committee is informed by management of the required non-audit engagements and its approval is secured prior to entering into agreements with SGV. It does not allow any non-audit engagements that will conflict its duties as an external auditor or may pose threat to their independence.

After evaluating and finding the performance of SGV in 2024 satisfactory, the Audit Committee, in its meeting on March 10, 2025 resolved to recommend to the Board of Directors of Vivant the re-appointment of SGV as the Independent Public Accountant of Vivant for 2025.

At its regular meeting held on March 26, 2026, the Board of Directors of Vivant considered the recommendation of the Audit Committee to appoint SGV as Vivant's external auditors for 2026. After due deliberation, and upon motion duly made and seconded, the Board of Directors approved the endorsement of SGV's appointment to the shareholders for their confirmation.

The Board Audit Committee is composed of: Jose Carlitos G. Cruz (Independent Director) as Chairman, and Messrs. Charles A. Garcia, Jose Marko Anton G. Sarmiento, Mr. Alfredo S. Panlilio (Independent Director), and Atty. Laurence R. Rogero (Lead – Independent Director) as members.

External Audit Fees and Services

The table below sets forth the aggregate fees billed to the Company and its subsidiaries for professional services rendered by SGV in fiscal year 2025 and 2024.

Fee Type	2025 (in Php)	2024 (in Php)
Audit Fees	3,168,090.00	2,698,795.00
Tax Fees[1]	2,007,750.00	3,835,000.00
Risk Advisory Fees	1,750,000.00	-
Transfer Pricing Study	-	25,500.00
All Other Fees[2]	2,233,580.00	91,400.00
Total	9,159,420.00	6,650,695.00

Notes:

1. *Tax consultancy services, including assistance in a merger transaction, BIR audit, and BOI registration.*
2. *Public seminars on tax and accounting matters, related to the abovementioned services.*

Both management and the Audit Committee evaluated the audit fee of SGV. This was recommended to and approved by the Board of Directors. The Audit Committee also reviewed the extent and nature of these audit and non-audit services to ensure that the independence of the external auditor is preserved. None of the non-audit engagements during the past three (3) fiscal years covered recording financial transactions and preparing financial statements for management. The Audit Committee does not allow any non-audit engagements that will conflict its duties as an external auditor or may pose threat to their independence.

The Audit Committee also performs an oversight function on internal audit to ensure that a system of internal controls and an audit process are in place, and that the internal auditors perform independently from SGV, the external auditor.

Item 8. Compensation Plans

There is no action to be taken by Vivant at the Annual Stockholders' Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There is no action to be taken with respect to the authorization or issuance of any security.

Item 10. Modification or Exchange of Securities

There is no action to be taken with respect to the modification of any class of securities of the Registrant, or the issuance or authorization for issuance of one class of securities of the Registrant in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

There is no action to be taken with respect to the authorization or issuance of any security, or with respect to the modification of any class of securities of the Registrant, or the issuance or authorization for issuance of one class of securities of the Registrant in exchange for outstanding securities of another class.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken with respect to any transaction involving any merger, consolidation, acquisition, sale, or transfer of all or any substantial part of the assets, or liquidation or dissolution of Vivant.

Item 13. Acquisition or Disposition of Property

No action to be taken during the Annual Stockholders' Meeting with respect to any acquisition or disposition of any property of material significance.

Item 14. Restatement of Accounts

Restatements of the financial statements as at and for the years ended December 31, 2023 is discussed in Notes 3 and 13 of the audited consolidated financial statements as at and for the year ended December 31, 2024 as a comparative period.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The following matters are to be submitted for approval at the Annual Stockholders' Meeting:

(1) Approval of the Minutes of the June 19, 2025 Annual Meeting of Stockholders

A copy of the Minutes of the June 19, 2025 Annual Stockholders Meeting is attached as Exhibit "A". The following is a summary of the items in the Agenda on which action was taken during the 2025 Annual Stockholders' Meeting:

I. Reading and Approval of Minutes of the Annual Stockholders' Meeting held on June 20, 2024
II. Annual Report of Officers
III. Appointment of External Auditor for 2025
IV. 2024 Annual Report and Financial Statements
V. Election of Directors for the year 2025-2026

- Regular Directors:

  Francis Damasus A. Garcia
  Ramontito E. Garcia
  Arlo Angelo G. Sarmiento
  Jose Marko Anton G. Sarmiento
  Charles Sylvestre A. Garcia
  Emil Andre M. Garcia
  Brigette Cecile N. Garcia

- Independent Directors

  Carmelo Maria L. Bautista
  Jose Carlitos G. Cruz
  Atty. Laurence R. Rogero
  Alfredo S. Panlilio

VI. Ratification of all Acts and Resolutions of the Board of Directors and Management Adopted for Fiscal Year 2024
VII. Amendment of the Articles of Incorporation and By-laws

For item VI, the Shareholders approved, ratified, and confirmed, the corporate acts, resolutions, business judgments, and management proceedings entered into or done by the Board of Directors, Corporate Officers, and Management of the Corporation in 2024, including all acts up to June 19, 2025.

The results of the foregoing meeting were timely disclosed to the PSE and SEC in SEC Form 17-C report.

(2) 2025 Annual Report and Financial Statements

Item 16. Matters Not Required to be Submitted

There is no action to be taken with respect to any matter that is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, By-laws or Other Documents

Not applicable.

Item 18. Other Proposed Actions

The following matters are to be submitted for approval at the Annual Stockholders' Meeting:

(1) Election of Directors, including the Independent Directors, for the year 2026-2027

(2) Appointment of External Auditor for 2026

(3) Ratification of All Acts and Resolutions of the Board of Directors and Management Adopted for Fiscal Year 2025, beginning June 19, 2025 until May 21, 2026.

The matters acted upon or approved by the Board of Directors, its Committees, and Management include the following:

(i) election of the Chairman and Vice Chairman of the Board, as well as the other Board Officers, including the Lead Independent Director;
(ii) confirmation of the Corporate Officers;
(iii) appointment of the Committee Members;
(iv) declaration of cash dividends;
(v) 2026 consolidated and parent company budgets;
(vi) key initiatives, investments, partnerships, divestments and material contracts and agreements

For the 2026 Annual Stockholders' Meeting, a proposal for SGV to act as the external auditor of Vivant will be presented by the Board of Directors. Ms. Margem Amor-Tagalog will be the recommended partner-in-charge.

Item 19. Voting Procedures

Pursuant to the Revised Corporation Code, every stockholder entitled to vote shall have the right to vote in person, *in absentia* through the online voting portal, or by proxy the number of shares of stock standing, as of the record date, in his own name in the stock and transfer book of Vivant.

For voting *in absentia*, stockholders who successfully registered will receive a confirmation through email of their verified status and may cast votes *in absentia* through the Vivant Portal, the link of which as well as the stockholder code to access the said link will be provided in the confirmation email.

Approval and Ratification

The approvals to be obtained, as aforementioned, will require the affirmative vote by stockholders representing at least a majority of Vivant's outstanding common stock voting *in absentia* or by proxy. Abstentions, with respect to any matter, are treated as shares present and represented and entitled to vote for the purpose of determining whether the stockholders have approved that matter; thus, abstentions have the same effect as negative votes. Shares as to which proxy authority has not been presented are not deemed to be present or represented for purposes of determining whether stockholder approval of that matter has been obtained.

Voting shall be *in absentia* or by proxy and the Corporate Secretary, Atty. Maila Lourdes G. De Castro, and the Assistant Corporate Secretaries, Atty. Joan A. Giduquio-Baron and Atty. Catherine S. Bringas, shall validate the votes cast.

Voting for Directors

In the election of directors, the top seven (7) nominees for non-independent directors and the top four (4) nominees for independent directors with the greatest number of votes shall be declared elected. If the number of nominees does not exceed the number of directors to be elected, all votes received *in absentia* or by proxy shall be cast in favor of the nominees.
In the election of directors, the stockholder may choose to do any of the following:

(i) Vote such number of shares for as many person(s) as there are directors to be elected;
(ii) Cumulate such shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares; or
(iii) Distribute his shares on the same principle as option (ii) among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

The method of counting the votes shall be in accordance with the general provisions of the Revised Corporation Code of the Philippines. The counting of votes shall be done by representatives of the Office of the Corporate Secretary, who shall serve as members of the Election Committee.

Other than the nominees' election as directors, no director, executive officer, nominee, or associate of the nominees has any substantial interest, direct or indirect by security holdings or otherwise, in any way of the matters to be taken up during the meeting. Vivant has not received any information that an officer, director, or stockholder intends to oppose any action to be taken at the Annual Stockholders' Meeting.

This Information Statement in SEC Form 20-IS is given free of charge to the stockholders prior to the Annual Stockholders' Meeting of the Company. Vivant stockholders may likewise request for a copy of the Annual Report in SEC Form 17-A which will be given free of charge upon written request. Please write to:

Office of the Corporate Secretary
9th Floor, Oakridge IT Center 3,
Oakridge Business Park, A.S. Fortuna Street,
Brgy. Banilad, Mandaue City, Cebu

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete, and correct. This report is signed at Makati City on March 31, 2026.

VIVANT CORPORATION
Issuer

By:



MAILA LOURDES G. DE CASTRO
Corporate Secretary

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

1. Business Development

Vivant Corporation (Vivant or the Company) is a publicly listed holding company that, through its subsidiaries and affiliates, has interests in various companies engaged in the electric power generation (renewable and non-renewable energy), electric power distribution, retail electricity business and water infrastructure. The Garcia-Escaño family of Cebu (the Family) collectively owns approximately 76% of Vivant's outstanding capital stock as of December 31, 2023.

Vivant's history can be traced back to Viuda y Hijos de F. Escaño Incorporada, the successor of the enterprise founded by Don Fernando Escaño in 1879, which later became known as Hijos de F. Escaño Inc. (HDFE). The entry into the power industry dates back to the early 1900s when the Family diversified its business interests (mainly shipping and trade) to include electricity power distribution when it took over the operations of the Visayan Electric Company, Inc. (VECO). VECO was the power distribution utility serving the electricity requirements of the City of Cebu and its surrounding municipalities.

The Second World War caused significant damage to the infrastructure of VECO. It was during the close of the war in 1945 that initiatives of VECO, in collaboration with the US Army, allowed the resumption of its operations to its pre-war levels. The VECO's workforce expanded, while investments in new machineries and equipment poured in. Currently, VECO stands as the second largest privately-owned electric power distribution utility in the Philippines in terms of annual gigawatt-hour (GWh) sales. As of end-2025, Vivant has an effective equity interest of approximately 35% in VECO.

In 2002, the Family acquired 99% of Philstar.com, a company listed in the Philippine Stock Exchange (PSE). Subsequently, the Family's holdings in HDFE and VECO were infused into this company which was eventually renamed Vivant Corporation.

Starting in 2007, Vivant, through its subsidiaries and affiliates, started its foray into the power generation sector with equity investments in the following generation companies:

- Cebu Private Power Corporation (CPPC), owner and operator of a 70 megawatts (MW) diesel-fired power plant located in the island of Cebu;
- Delta P, Inc. (DPI), owner and operator of a 16 MW diesel-fired power plant in Palawan; and
- Cebu Energy Development Corporation (CEDC), owner and operator of a 246 MW coal-fired power plant in Toledo City, Cebu.

The Company likewise participated in the government's privatization efforts conducted by the Power Sector Assets and Liabilities Management (PSALM):

- Acquisition of the 0.8 MW Amlan Hydroelectric Power Plant in Negros Island in 2009; and
- Appointment as the Independent Power Producer (IPP) Administrator of the 70 MW Bakun Hydroelectric Power Plant in Alilem, Ilocos Sur in 2009.

In 2010, Vivant, through one of its subsidiaries, 1590 Energy Corp. (1590 EC) entered into an agreement with the Provincial Government of La Union (PGLU) for the management and operation of the 225 MW Bauang Diesel-fired Power Plant (BBPP).

In December 2012, COREnergy Inc. (COREnergy), through wholly-owned subsidiary Vivant Energy Corporation (Vivant Energy), was incorporated as the Retail Electricity Supplier (RES) company of Vivant.

In April 2013, the Company, through one of its associates, broke ground for the construction of the 8 MW bunker-fired power plant in the municipality of Coron and a 750 kW diesel-fired power plant in the municipality of Busuanga. Both plants commenced commercial operations in the last quarter of 2014 and have since been supplying power requirements of the local distribution utility via a Power Supply Agreement (PSA).

In November 2013, Vivant, through wholly-owned subsidiary Vivant Energy, participated in the public bidding process conducted by PSALM for the selection and appointment of the IPP Administrator for the Strips of Energy of the Unified Leyte Geothermal Power Plants (ULGPP) located at Tongonan, Leyte. On January 29, 2014, PSALM declared and selected Vivant Energy as the Winning Bidder for Seventeen (17) Strips of Energy of the ULGPP enabling Vivant Energy to sell 17 MW of geothermal power from ULGPP beginning January 1, 2015. In October 2019, the Administration Agreement for the Selection and Appointment of IPP Administrators for the Strips of Energy of the ULGPP between Vivant Energy and PSALM was terminated.

In January 2014, Vivant signed a Notes Facility Agreement (NFA) to issue Php 3 billion (bn) in Fixed Rate Corporate Notes (FRCN). The offering was fully subscribed by a consortium of local banks. The proceeds, issued in 2 tranches, were earmarked to partly fund the Company's and its subsidiaries' capital projects.

In February 2014, a Memorandum of Understanding was executed by wholly-owned subsidiary Vivant Integrated Generation Corporation (VIGC) and Mindanao Energy Systems, Inc. (Minergy) that involved the possible equity investments by VIGC in Minergy's future power generation projects. Subsequent to this, a Subscription Agreement between VIGC and Minergy Coal Corporation (MCC) was executed, allowing VIGC to subscribe to 40% of all issued capital and shares of MCC. MCC, the project company established by Minergy, was tasked to build, own and operate a 3x55 MW coal-fired power plant in Balingasag, Misamis Oriental, with construction commencing in the first quarter of 2014. In 2015, MCC changed its corporate name to Minergy Power Corporation (MPC). By September 2017, the power generation facility started to feed into the franchise area of Cagayan de Oro Electric Power and Light Corporation (CEPALCO), which covers the City of Cagayan de Oro and adjoining towns. In 2023, MPC was among those affected by the Decision issued by the Supreme Court in the case filed by Alyansa Para Sa Bagong Pilipinas against the ERC, DOE, Manila Electric Company (MERALCO) and other generation companies[1] (Alyansa Case).

On August 27, 2014, a Shareholders' Agreement between VIGC and Therma Power, Inc. (TPI) was signed. This agreement involved the investment by VIGC in Therma Visayas, Inc. (TVI), the project proponent for the construction and operation of a 2x170 MW coal-fired power generation facility in Toledo City, Cebu. As part of the agreement, VIGC acquired a 20% equity stake in TVI. Construction began in the first quarter of 2015, with commercial operations for Unit 1 and Unit 2 commencing within the first half of 2019. Expansion for Unit 3, an additional 1 x 150MW (net) coal-fired power generation facility located within the premises of the existing units commenced construction in the third quarter of 2025.

In December 2015, following the successful conduct of a Competitive Selection Process (CSP) by the Palawan Electric Cooperative (PALECO), DPI was declared as the winning proponent and awarded a 15–year PSA for a 26.65 MW Gross Dependable Capacity. As a result, DPI embarked on an expansion program in 2016 to construct a 31.36 MW diesel-fired power plant. The power plant facility started to feed into the PALECO service area in the second quarter of 2017. The 15-year PSA was among the contracts affected by the Decision issued by the Supreme Court in the Alyansa Case and was terminated in October 2023. To address the power supply deficit as a result of the termination, PALECO and DPI signed a one-year Emergency Power Supply Agreement (EPSA) for the 26.65MW Gross Dependable Capacity. Consequently, DPI participated in the CSP conducted by PALECO and was eventually awarded with a new fifteen-year PSA for a 40MW Contracted Capacity baseload supply in September 2024.

[1] GR No. 227670 (May 3, 2019).

In September 2016, COREnergy obtained its 5-year RES license from the Energy Regulatory Commission (ERC) and commenced supplying retail customers in Luzon starting in 2018. COREnergy subsequently secured a renewal of its 5-year RES license in September 2021.

In January 2017, 1590 EC entered into a 5-year Ancillary Service Procurement Agreement (ASPA) with the National Grid Corporation of the Philippines (NGCP). This involved the provision of Dispatchable Reserve on a non-firm basis, with the ASPA becoming effective in May 2017, after receiving Provisional Approval from the ERC.

In May 2017, Vivant entered into a joint venture with ET Energy Pilipinas Holding Corporation (ET-Pilipinas) to explore opportunities in the solar rooftop space. Through its wholly-owned subsidiaries, Vivant Energy and Vivant Renewables Energy Corporation (VREC), the Company initially held a 60% ownership stake in the joint venture company, Vivant Solar Corporation (Vivant Solar). In November 2019, Vivant Energy and VREC bought out ET-Pilipinas, making Vivant Solar a wholly-owned subsidiary of Vivant.

Also in May 2017, a Commencement/Stay Order was issued by the Cebu City Regional Trial Court (RTC) Branch 11 in favor of 48%-owned Vivant-Sta. Clara Northern Renewables Generation Corporation (NR) pursuant to a Petition for Corporate Rehabilitation. NR was the IPP Administrator of the 70MW capacity of the Bakun Hydroelectric Power Plant. In October 2018, North Renewable Energy Corporation acquired all of Vivant Energy's and VREC's shareholdings in NR.

In December 2017, Vivant, through wholly-owned subsidiary VIGC, and Global Business Power Corporation (GBPC) signed a Pre-Development Agreement to jointly participate in a project involving the construction and operation of a 2x335 MW power plant in La Union. This project will be undertaken through Global Luzon Energy Development Corporation (GLEDC) , a special purpose vehicle in which Vivant has an effective ownership of 42.5%.

Additionally, in December 2017, Vivant Energy and ICS Renewables Holdings, Inc. (ICS Renewables) executed a Deed of Sale with Assignment of Subscription Rights, which effectively transferred Vivant's ownership in Amlan Hydroelectric Power Corporation to ICS Renewables by year-end. Another Deed of Sale with Assignment of Subscription Rights was executed by Vivant Energy and ICS Renewables, which resulted in the transfer of ICS Renewables' shares in 1590 EC to Vivant Energy. As of year-end 2017, Vivant Energy increased its equity stake in 1590 EC from 52.7% to 55.2%.

In May 2018, Sabang Renewable Energy Corporation (SREC) broke ground for the construction of a hybrid power generation facility in Bgy. Cabayugan, an unelectrified area in Puerto Princesa. The project consists of a 1.4 MW solar power generation plant, a 2.3 MWh storage facility and a 1.28 MW diesel-fired power generation unit. SREC was set to be the first to operate a smart hybrid power plant facility in an off-grid area. In addition to power generation, SREC was also be responsible for distributing the electricity produced by the power plant to its consumers through its 14 km line under a Qualified Third-Party (QTP) Subsidy and Service Agreement with the National Power Corporation (NPC) and the Department of Energy (DOE). In November 2021, the Company sold its 30% equity in SREC to Maharlika Clean Power Holding Corp.

In June 2018, Vivant Solar acquired the shares of ET-Pilipinas in COREnergy Solar Solution Corp. (CSSC), the special purpose vehicle where Vivant's rooftop solar projects are currently housed. In November 2019, CSSC declared commerciality for a 1.35MWp Solar Photovoltaic Plant in Mandaue City, Cebu. In the same month, Vivant Energy and VREC bought out ET-Pilipinas, making CSSC a wholly-owned subsidiary of Vivant.

In December 2018, the Company established Vivant Infracore Holdings Inc (VIHI), a holding company created to house Vivant's business interests across different sectors in infrastructure.

In May 2019, Vivant Hydrocore Holdings Inc. (VHHI) was incorporated as Vivant's water-industry arm, with plans to invest in and manage a diversified water portfolio in the areas of bulk water supply, wastewater treatment and water distribution.

In June 2019, Vivant, through wholly-owned subsidiary VHHI, entered into an agreement with an Israeli firm Watermatic International Ltd. (WMI) to establish a joint venture company Watermatic Philippines Corporation (WMP). This was part of Vivant's strategy to diversify its investment portfolio to include infrastructure. WMP was envisioned to engage in the design, supply, installation, commissioning, operation, and maintenance of water treatment and waste water treatment plants. Initially, Vivant held 50% equity stake in WMP. However, in November 2019, Vivant increased its stake in WMP to 60% through additional subscription of shares. In order to strategically focus on further intensifying its growth initiatives across other segments of the water infrastructure sector, VHHI decided to divest its stake in WMP in favor of WMI in October 2024.

In November 2019, the Bantayan Island Electric Cooperative, Inc. (BANELCO) concluded a successful CSP by awarding a 15-year contract to supply 15 MW of the island's energy requirements to the joint venture between Vivant Integrated Diesel Corporation (VIDC), a wholly-owned subsidiary of Vivant Energy, and Gigawatt Power Inc. (GPI). In February 2020, the contract was formalized with the signing of the PSA between INEC and BANELCO. Vivant owns 65% equity in INEC through wholly-owned subsidiaries. Pending the approval of INEC's PSA application, the ERC issued a directive to BANELCO to "source out power from any supplier which it deems fit, to ensure the continuous and unhampered supply of power within its franchise area". Consequently, in November 2021, INEC and BANELCO signed a 90-day Power Supply Agreement. Upon the incorporation of the Special Purpose Vehicle (SPV), Isla Norte Power Corporation (Isla Norte), the PSA with BANELCO was assigned to Isla Norte. On May 5, 2022 the ERC issued a provisional authority in favor of Isla Norte to implement the PSA. The provisional authority became effective upon the expiration of the IPSA. The new 23.3 MW power plant started commercial operations on May 6, 2022.

In February 2020, VHHI acquired a 45% equity stake in Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS), which owns the Puerto Princesa Water Reclamation and Learning Center Inc (PPWRLC) in partnership with the Puerto Princesa City Government. The acquisition resulted in VHHI ultimately owning 40% in PPWRLC. PPWRLC is the owner and operator of a wastewater treatment facility aimed at rehabilitating the Puerto Princesa Bay.

On November 27, 2020, Pampanga II Electric Cooperative Inc. (PELCO II) awarded a 15-Year PSA for the Supply of 15 MW Peaking Requirement through a Build-Own-Operate Scheme to a consortium consisting of Vivant Energy and GPI. This award followed a successful CSP that was conducted by PELCO II's Third-Party Bids and Awards Committee of. The consortium subsequently invested in La Pampanga Energy Corporation (LPEC) to fulfill the rights and obligations stipulated in the PSA. The PSA was signed between LPEC and PELCO II on June 10, 2021, and is currently awaiting approval by the ERC. Pre-development activities are underway, with plans to commence construction of the power plant by the last quarter of 2028.

In December 2020, Vivant signed an NFA to issue Php3 bn in FRCN with tenors of 2 years and 5 years. The offering was fully subscribed by a consortium of local banks. Proceeds from the issuance was targeted to be utilized to finance capital expenditures for existing assets, as well as investments in power generation and/or water infrastructure projects. A portion of the proceeds was used to refinance the then existing 7-year FRCN that matured in February 2021. As of December 31, 2023, the outstanding Notes amounted to Php1.9 bn, following a Php50 mn token amortization paid in January 2022 and a Php1.05 bn principal repayment made in January 2023.

In February 2021, Vivant Energy, together with Amberdust Holdings Corp. (AHC) signed a Share Sale Purchase Agreement to acquire 90% of the outstanding shares of Bukidnon Power Corp. (BPC) and Northern Bukidnon Power Corp. (NBPC) from their existing shareholders. BPC owns 2 diesel-fired power plants with a total installed capacity of 7.3 MW, contracted to supply the energy requirements of First Bukidnon Electric Cooperative, Inc. (FIBECO). NBPC, on the other hand, operates a diesel-fired power plant with an installed capacity of 6.56 MW, which is contracted to meet the peaking requirements of Bukidnon Second Electric Cooperative, Inc. (BUSECO).

In March 2021, VREC signed a Shareholders' Agreement to acquire up to 34.85% of the total equity in Buskowitz Finance Inc. (BFI). In 2022, BFI changed its name to Buskowitz Energy Inc. (BEI). BEI is a solar engineering, procurement and construction company and is considered as one of the biggest players in the rooftop solar installation market in the Philippines. However, in November of 2024, VREC executed a Deed of Absolute Sale with BEI for all of its 34.85% share effectively divesting VREC's holdings in BEI.

In June 2021, VHHI was awarded a 25-year Joint Venture Agreement by the Metropolitan Cebu Water District (MCWD) after a successful conduct of a solicited bidding for the Cordova Bulk Water Supply Project. VHHI will develop a utility-scale seawater desalination plant to augment MCWD's bulk water supply, providing an additional 20,000 cubic meters per day of treated and potable water. The Joint Venture Agreement was subsequently signed in April 2025 while the plant is in the final stages of testing and commissioning as of end-2025.

On April 1, 2022, 1590 EC submitted its bid proposal to the PGLU during its Public Auction Sale for the power plant. Following the evaluation and verification of 1590 EC's bid proposal, and after the full payment of the purchase price based on the winning bid proposal, a Deed of Transfer and Conveyance was executed between 1590 EC and PGLU on April 19, 2022 transferring ownership of the BDPP and the land on which it is located.

In February 2023, Vivant Energy, through wholly-owned subsidiary San Ildefonso Alternative Energy Corp. (SIAEC), acquired a 22MW peak solar project in San Ildefonso, Bulacan. As of December 31, 2025, the project is 97% complete and is expected to begin commercial operations by the 1st half of 2026.

In June 2023, Vivant Energy commenced the acquisition of all the shares held by partner Gigawatt Power Inc. (GPI) in companies that own power plants, primarily in off-grid areas. GPI holds 50% in DPI, CIPC, LPEC and Culna Renewable Energy Corporation (CREC), as well as a 35% stake in Isla Norte. With the acquisition completed, Vivant Energy's investment in Small Power Utilities Group (SPUG) increased to 63.3 MW in attributable installed capacity from 35.2 MW.

In September 2023, Vivant Energy, together with Vena Energy welcomed AboitizPower Corporation (AP), through its subsidiary Aboitiz Renewables Inc., into a partnership that will develop, construct and operate a 206 MW wind power plant in Samar. The project is currently under construction and is expected to be operational in 2028.

Similar with MPC, in October 2023, pursuant to an Order issued by the ERC, PALECO and DPI were directed to desist from implementing the PSA executed in 2015.

In December 2023, wholly-owned subsidiary Vivant Energy entered into 2 bilateral Term Loan Facility Agreements, totaling up to P6.25 bn. As of end-2025, the outstanding loan balance amounts to Php1.55 bn. These term loans are unsecured and will mature in December 2028.
In October 2024, VHHI divested its 60% stake in WMP, allowing the company to refine its strategic direction and intensify growth initiatives in other areas of the water infrastructure sector. This decision is in line with Vivant's broader objective of optimizing its investment portfolio and prioritizing high-impact opportunities within the industry. In November of 2024, VREC entered into a Deed of Absolute

Sale with BEI, pursuant to which VREC transferred and conveyed all of its 34.85% shareholding in BEI, thereby effectively divesting VREC's interest in BEI.

In August 2025, Vivant Energy participated in a competitive selection process conducted by PROSIELCO and was awarded a total of 11 MW dependable capacity. The PSA was signed in December 2025 and the capacity will come from a diesel power plant to be located at Barangay Bogo, Maria and will supply power to six municipalities of Siquijor.

In September 2025, Vivant Energy entered into a Share Purchase and Investment Agreement and Shareholders Agreement with Tigon Power Corporation for its investment Sabang Solar Renewable Energy Corporation (SSREC). In October 2025, the Parties declared transaction close where Vivant Energy effectively gained control of 40% equity share in SSREC. SSREC is the developer and operator of the 53.14MWp Solar Project in Brgy. Gugo, Samal, Bataan which declared commercial operations of its first 49.19MWp capacity in July 2025.

In November 2025, Vivant Corporation entered into a Php 3.0 bn Term Loan Agreement to finance general corporate requirements including maturing debt obligations. The loan carries a tenor of three (3) years from the date of initial loan drawdown.

In January 2026, a wholly owned subsidiary of Vivant Energy, Isla Este Renewables Corporation (IERC), secured the Certificate of Award from the Department of Energy for winning the Fourth Round of Green Energy Auction Program (GEA-4) for its 17.5 MWac Bohol Solar Power Project in Ubay, Bohol. IERC will be entitled to the Green Energy Tariff for a period of twenty (20) years, starting from its target commercial operations date in December 2028.

2. Business of Issuer

Through its equity interests in its subsidiaries and associates, Vivant is in the business of electric power generation, electric power distribution, retail electricity supply and water infrastructure in the Philippines. (Please see Exhibit "C" for Vivant's Corporate Structure).

POWER GENERATION

As of end-2025, Vivant Energy holds all of Vivant's interests in the electric power generation business. To date, the Company has built a portfolio comprised of conventional power generation plants with total attributable capacity of approximately 451 MW. As of December 31, 2025, approximately 69% of Vivant's net income from business segments was accounted for by its power generation business.

The table below summarizes the operating results of the generation companies as of December 31, 2025:

Generation Companies	Energy Sold[1] (in GWh)			Revenue[2] (in Php million)		
	2023	**2024**	**2025**	**2023**	**2024**	**2025**
COAL						
CEDC[3]	1,743.1	1,496.0	1,378.4	12,165.2	10,258.5	9,872.1
MPC[4]	714.4	820.5	728.6	6,695.4	6,353.8	5,863.0
TVI	2,467.8	2,259.4	1,965.1	15,294.8	14,376.9	12,169.6
DIESEL						
1590 EC	97.3	84.0	17.4	1,877.1	2,891.5	2,415.4
CPPC[5]	31.5	0.2	0.0	660.3	12.4	0.0
MPI	0.0	44.3	63.6	0.8	1,170.9	1,699.7
Delta P	117.0	154.9	153.6	1,657.3	2,157.92	2,190.4
CIPC	41.4	47.4	49.2	730.5	711.2	798.6
Isla Norte	57.5	66.4	66.9	819.5	909.6	971.6
BPC/NBPC	0.3	2.4	3.5	158.4	164.9	197.8
SOLAR						
SSREC[6]			14.6			62.5

Notes:

1. *Figures are at 100%.*
2. *Figures are at 100%.*
3. *Includes billed minimum contracted energy.*
4. *MPC's PSA with CEPALCO and DPI's PSA with PALECO were among the contracts affected by the decision issued by the Supreme Court in the case filed by Alyansa Para sa Bagong Pilipinas against ERC, DOE and MERALCO. As result of the decision and pursuant to an order issued by the ERC, MPC and CEPALCO, and DPI and PALECO were directed to desist from implementing their respective PSAs.*
5. *On August 18, 2023, CPPC's Built-Operate-Transfer contract was concluded with the transfer of assets to VECO.*
6. *Vivant Energy and SSREC entered into a share purchase agreement in September 2025, where Vivant Energy acquired a 40% equity ownership over SSREC.*

Cebu Private Power Corporation (CPPC)

Incorporated on July 13, 1994, CPPC owns and operates one of the largest diesel power plants in the island of Cebu – the 10 Caterpillar-MAK-powered 70 MW Bunker C-fired power plant situated on a 1.8-hectare site in the old VECO compound at Brgy. Ermita, Cebu City.

Commissioned in 1998, the CPPC plant was constructed pursuant to a build-operate-transfer (BOT) contract to supply 62 MW of power to VECO.

On April 20, 2007, Vivant acquired from East Asia Utilities Corporation 40% of the outstanding common shares of CPPC. The remaining 60% of the outstanding common shares was acquired by AP.

In December 2010, CPPC started selling its excess capacity to the Wholesale Electricity Spot Market (WESM). In July 2013, CPPC and VECO filed an application for a new 10-year PSA with the ERC. Upon

approval and implementation, the new agreement will redound to a slightly lower electricity rate for VECO. In August 2021, the CPPC PSA with VECO was terminated.

In August 2023, CPPC's BOT contract was concluded with the transfer of assets upon the expiration of the contract term.

Delta P, Inc. (DPI)

Established in 1997, DPI is an independent power producer in Palawan operating a 16 MW bunker-fired power plant with 4 units of 4 MW generator sets. In March 2007, GPI acquired the 100% interest of Wärtsilä Technology Oy Ab in DPI. In June 2007, GPI divested and sold a 20% equity stake in DPI to Vivant. Through wholly-owned subsidiary Vivant Energy, Vivant's equity stake increased to 35% in October 2007 through an additional share acquisition from GPI.

The power plant facility of DPI is located on a 25,981 sq.m. parcel of land leased from the City Government of Puerto Princesa at Kilometer 13, North National Highway, Barangay Santa Lourdes, Puerto Princesa, Palawan. Commercial operations started in May 1997 by virtue of a Lease Agreement with NPC, which expired in April 2009. The power generated by the plant served a portion of the electricity requirements of PALECO.

On February 6, 2009, DPI and PALECO signed a PSA for DPI to directly supply PALECO'S power requirements for the next 10 years. DPI and PALECO filed a joint petition with the ERC for the approval of the PSA, which the latter granted on November 9, 2009.

In May 2015, a Share Purchase Agreement was executed between Vivant Energy and GPI, which resulted to a 50:50 equity ownership between the companies.

In December 2015, after the successful conduct of a CSP by PALECO, DPI was declared as the winning proponent and awardee of the 15–year PSA for a 26.65 MW Gross Dependable Capacity. Consequently, DPI embarked on an expansion program in 2016 involving the construction of a 31.36 MW diesel-fired power plant. In April 2016, DPI and PALECO filed a Joint Application with the ERC for the approval of the PSA. A public hearing was held on February 17, 2017. The power plant facility started to feed into the PALECO service area in the second quarter of 2017.

On February 6, 2019, a fire broke out in the old power plant of DPI which damaged 1 (out of 4) of the engines and the surrounding areas of the older facility. After the rehabilitation was completed, 2 engines went back online within 17 days from the incident, and the 3rd engine was running by April 2019.

After successfully supplying PALECO's power requirements for the past 10 years, the PSA of the old plant expired in April 2020. In 2022, DPI commenced the decommissioning of the old plant. The generating units were completely decommissioned in the same year, while the removal of its auxiliaries excluding the fuel tanks and smoke stacks, were completed in June of 2023. Decommissioning of the fuel tanks are pending proper disposal of remaining fuel in the tanks, while decommissioning of the smokestack is still ongoing.

In June 2023, Vivant Energy entered into an agreement with GPI for the acquisition of the latter's shares in DPI, subject to the completion of the conditions precedent.

The PSA of the new plant with PALECO 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[2]. As a result of the said Decision and pursuant to an Order issued by

[2] GR No. 227670 (May 3, 2019).

the ERC on April 2023, PALECO and DPI were directed to desist from implementing the PSA, with the same being terminated in October 2023.DPI filed a motion for reconsideration of the said Order which remains pending with the ERC.

As a result of the termination of the PSA, DPI signed a 1-year Emergency Power Supply Agreement (EPSA) which PALECO procured to address the power supply deficit in its franchise area. The EPSA was implemented in October 2023 and is pending approval with the ERC. Subsequently, DPI participated in a CSP initiated by PALECO and was awarded a new 15-year PSA for a 40 MW baseload supply. The contract was signed in November 2024. In light of this development, DPI has commenced an ongoing expansion program which will ultimately increase its total installed capacity to 45 MW.

Abovant Holdings, Inc. (AHI) and Cebu Energy Development Corporation (CEDC)

AHI was established in 2007 as a joint venture between Vivant and AP. The company's main purpose was to invest in a new power plant to be built in Barangay Daanlungsod, Toledo City, Cebu. AHI is 40% owned by Vivant (currently through wholly-owned VIGC) and 60% owned by AP (currently through wholly-owned TPI).

AHI and Global Formosa Holdings, Inc. (Global Formosa), a joint venture between GBPC then of the Metrobank Group and Formosa Heavy Industries, Inc., formed CEDC in December 2008 to build, own and operate a $450 mn 3 x 82 MW coal-fired power plant located in Toledo, Cebu utilizing the latest Circulating Fluidized Bed technology. Commercial operations commenced in 2011. With AHI's 44% stake in CEDC (Global Formosa owns the remaining 56%), Vivant's effective interest in CEDC is at 17.6%.

In October 2009, CEDC signed an Energy Power Purchase Agreement (EPPA) with VECO for the supply of 105 MW of electricity for 25 years. The application for approval was filed with the ERC in the same year and was approved in February 2010. To date, CEDC has signed other EPPAs with electric cooperatives and distribution utilities in Cebu and Bohol. The company's EPPAs will provide contracted minimum energy offtake with fuel cost as a pass-through.

In April and June 2023, CEDC's 30MW EPPA with Mactan Economic Zone and its 30MW firm ASPA contract with NGCP respectively concluded. With the freed-up capacity, CEDC was able to participate in the Reserves Market, which commenced in March of 2024, under the Contingency Reserve category.

1590 Energy Corporation (1590 EC)

In March 2010, a Memorandum of Agreement (MOA) was entered into between the PGLU, Vivant Energy and GPI wherein the parties agreed to enter into a Sale and Purchase Agreement (SPA) giving Vivant Energy and GPI exclusive right to purchase the BDPP owned by the PGLU until July 25, 2010.

On July 22, 2010, the MOA was amended granting Vivant Energy and GPI the right to an interim management and operation of the BDPP and an extension of the SPA for 6 months or until January 26, 2011. Hence, Vivant Energy and GPI incorporated 1590 EC in July 2010 to undertake all the rights, interests and obligations under the Interim Agreement. On September 10, 2010, Vivant Energy and GPI with the conformity of PGLU transferred all their rights, interests and obligations under the Interim Agreement to 1590 EC.

In December 2010, 1590 EC formally signified its intent to purchase the diesel power plant, thus, a Contract to Sell (CTS) was executed between 1590 EC and the PGLU, the closing of which was subject to certain conditions. In May 2012, a Mutual Rescission Agreement (MRA) was entered into by 1590 EC and the PGLU, thus terminating the CTS. Simultaneously, a MOA was executed by both parties giving 1590 EC the right to preserve, maintain and operate, including the right to use and sell the power generated by the BDPP for a period of one year. In 2013, 1590 EC and the PGLU entered into an

agreement to extend the term of the MOA up to end-2015. In February 2015, the parties executed a Second Amendment to the MOA extending the term of the MOA up to end-2018.

In January 2017, 1590 EC signed a 5-year ASPA with NGCP. This involved the provision of Dispatchable Reserve on a non-firm basis. Effectivity of the contract will be upon receipt of a Provisional Approval by the ERC, which was obtained in May 2017.

In December 2017, Vivant Energy and ICS Renewables executed a Deed of Sale with Assignment of Subscription Rights, which effectively transferred ICS Renewables' shares in 1590 EC to Vivant Energy. As of year-end 2017, Vivant Energy increased its equity stake in 1590 EC from 52.7% to 55.2%.

In January 2018, through a bidding conducted by the PGLU, 1590EC was awarded the right to operate and maintain the BDPP through a 5-year lease, which commenced in January 2019.

On April 1, 2022, 1590 EC submitted its bid proposal to PGLU during its Public Auction Sale for the BDPP. On April 19, 2022, after evaluation and verification of the bid proposal of 1590 EC and payment in full of the purchase price in the winning bid proposal, a Deed of Transfer and Conveyance was executed between 1590 EC and PGLU over the BDPP and the land where it is located. Thereafter, 1590EC took control over the land and power assets of the BDPP, as well as the operations and generation output of the plant.

In March 2024, the Reserves Market became operational, providing 1590 EC with the opportunity to bid its uncontracted capacity in the Dispatchable Reserves category.

Vivant-Malogo Hydropower, Inc. (VMHI)

VMHI was incorporated in June 2012 as the project company to implement a greenfield power plant project, which will involve the construction and operation of a series of run-of-river hydropower facility in Barangay Kapitan Ramon in Silay City, located in the north-western section of the Negros Island. 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, but was put on hold given the prevailing transmission constraint in the Negros grid in 2026. With the completion of the Cebu-Negros-Panay 230kV backbone project of NGCP in 2024, VMHI has resumed development of Phase 1 and has recently secured an approved revised work plan from the DOE.

Vivant Energy holds an effective equity stake of 67% in VMHI.

Calamian Islands Power Corporation (CIPC)

CIPC was established in October 2010 as the project company to undertake the construction and operation of the 8 MW bunker- and 750 kW diesel-fired power plants in the municipalities of Coron and Busuanga, respectively. Vivant Energy has an equity stake of 50% in CIPC.

In August 2011, CIPC entered into a 15-year PSA with Busuanga Island Electric Cooperative covering the total capacity of the project. CIPC broke ground in April 2013. The Busuanga power station started feeding into the island's grid in the fourth quarter of 2013, while the Coron power station commenced power generation in August 2014.

In May 2023, CIPC and BISELCO entered into a 1-year Emergency Power Supply Agreement ("EPSA") for 1 MW which commenced implementation in the same month. This is to meet the growing power demand in the PALECO franchise area. The EPSA is pending approval of the ERC.

After the expiration of the 1st EPSA, CIPC entered into another 1-year EPSA with BISELCO to supply the municipalities of Coron and Busuanga with an additional 4 MW capacity in July 2024. Upon the expiration of the 2nd EPSA, CIPC entered into a 3rd EPSA with BISELCO in July 2024 with a term of one year. This is to augment the power supply of BISELCO while the electric cooperative is conducting a CSP for a long-term solution.

In August 2024, CIPC participated in a CSP initiated by BISELCO and was awarded a new 15-year PSA for a 24 MW Guaranteed Dependable Capacity baseload supply. The contract was signed on March 2025. Due to this recent development, CIPC will embark on an expansion program which will ultimately translate to a 34 MW total installed capacity.

As of year-end 2025, CIPC is a fully owned subsidiary of Vivant Energy.

Minergy Power Corporation (MPC)

MPC, formerly known as MCC, is the project company that was set up by Minergy to build, own and operate a 3x55 MW coal-fired power plant in Balingasag, Misamis Oriental. In May 2014, a Subscription Agreement between VIGC and MCC was executed which allows VIGC to subscribe to 40% of all issued capital and shares of MPC.

Construction commenced in the first quarter of 2014. The plant started to feed into the franchise area of CEPALCO, which covers the City of Cagayan de Oro and adjoining towns, in September 2017.

The PSA of Unit 3 of MPC was among the contracts affected by the Decision issued by the Supreme Court in the Alyansa case[3]. 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 in June 2023. Pending the resolution of the motion for reconsideration of the said Order filed by MPC with the ERC, the Unit 3 capacity will be offered in the WESM and retail electricity suppliers.

Therma Visayas, Inc. (TVI)

TVI is the project company that owns and operates the 2x170 MW coal-fired power plant in Barangay Bato, Toledo City, Cebu. The project is intended to address the increasing power demand of the Visayas grid. The plant design includes provisions for the addition of a third generating unit.

In May 2014, TVI signed an Engineering, Procurement, and Construction (EPC) contract with Hyundai Engineering Co., Ltd. and Galing Power Energy Co., Inc.

An agreement was executed in August 2014 between VIGC and TPI, which allowed VIGC to acquire a 20% equity stake in TVI. TPI, a wholly-owned subsidiary of AP, is the parent company of TVI. Currently, the effective ownership of the Company in TVI is 18% through VEC and 2% through VIGC.

Commercial operations for Unit 1 commenced in April 2019 and Unit 2 commenced commercial operations in August 2019.

In December 2024, TVI signed an EPC contract with China Energy Engineering Group NEPC Co., Ltd. and NEPC Power Construction Corporation for the expansion of the third unit. Construction is currently ongoing and is scheduled for completion in 2028.

[3] GR No. 227670 (May 3, 2019).

Culna Renewable Energy Corporation (CREC)

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 Busuanga Island Electric Cooperative, Inc. (BISELCO) with the ERC on July 17, 2017, which is pending resolution. The Company initially held a 50% effective ownership in CREC after acquiring a portion of the shares of WEnergy Global PTE, LTD.

In June 2023, Vivant Energy entered into an agreement with GPI for the acquisition of the latter's shares in the company. As of year-end 2025, all conditions precedent have been completed, and CREC is a wholly-owned subsidiary of Vivant Energy.

Isla Norte Energy Corporation (INEC)

INEC is the project company that was set up to develop and operate a 23 MW bunker-fired power plant in the island of Bantayan.

In February 2020, INEC entered into a 15-year PSA with BANELCO for the entire capacity of the plant. A Joint Application for the approval of the PSA was filed by INEC and BANELCO with the ERC on October 12, 2020. The power station is composed of 2 x 7.496 MW diesel engines and 3 x 2.773 MW diesel engines.

Pending the commercial operations of the power station, in April 2020, BANELCO signed an Interim Power Supply Agreement with INEC to augment the power requirements of the island of Bantayan with a total capacity of 3 MW.

The ERC gave its provisional authority for the applied PSA effective May 6, 2022.

Isla Norte Power Corporation (Isla Norte)

Isla Norte is the new special purpose vehicle (SPV) formed by VIDC and GPI to be the intended assignee of the PSA with BANELCO. On December 29, 2022, the Articles of Merger of INEC and Isla Norte were approved by the Securities and Exchange Commission (SEC), with Isla Norte as the surviving entity that will own the assets and liabilities of INEC, including the PSA with BANELCO.

In June 2023, Vivant Energy entered into an agreement with GPI for the acquisition of the latter's shares in the company. As of year-end 2025, all conditions precedent have been completed, and Isla Norte is a wholly-owned subsidiary of Vivant Energy.

Vivant Energy Corporation

In August 2025, Vivant Energy participated in a competitive selection process conducted by PROSIELCO and was awarded a total of 11 MW dependable capacity. The corresponding PSA was signed in December 2025, will deliver power from a diesel power plant in Barangay Bogo, Maria to six municipalities of Siquijor. This project aligns with the national government's initiative under the President to strengthen electricity supply in the province, directly addressing longstanding power challenges in PROSIELCO's franchise area and enhancing reliability for local communities.

La Pampanga Energy Corporation (La Pampanga)

La Pampanga is the first on-grid joint-venture between Vivant Energy and GPI to construct and operate an embedded 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. Construction of the power plant is targeted to commence by the last quarter of 2027.

In June 2023, Vivant Energy entered into an agreement with GPI for the acquisition of the latter's shares in the company. As of year-end 2025, all conditions precedent have been completed, and La Pampanga is a wholly-owned subsidiary of Vivant Energy.

Bukidnon Power Corporation (BPC)

BPC is the project company that owns and operates a 2 x 2.4 MW fuel-fired power plant in Pangantucan, Bukidnon and a 2.5 MW fuel-fired power plant in San Fernando, Bukidnon, which are currently contracted to supply the energy requirements of FIBECO.

North BukidnonPower Corporation (NBPC)

NBPC is the project company that owns and operates a 2 x 3.1 MW fuel-fired power plant in Lantapan, Bukidnon. NBPC supplies 5MW of the peaking power requirement in the franchise area of BUSECO.

With the WESM Mindanao operational, NBPC is a WESM-registered participant and fully compliant with the requirements to participate in the Mindanao spot market.

Meridian Power Inc. (MPI)

MPI is the project company that owns a 70 MW Bunker C-fired power plant in Cebu City. It is currently contracted for ancillary power supply with NGCP. To optimize its operations, MPI also offers part of its capacity to the WESM and the Reserve Market.

Future Projects

The Way Forward

Vivant remains steadfast in its mission to bring excellence to industries that improve everyday living with a strategic focus on both energy and water. Amid an increasingly competitive business environment, the Company is driven not only to sustain strong economic performance but, most importantly, to create meaningful and lasting impact for the stakeholders it serves.

To fulfill this commitment, Vivant continues to strengthen its agility in responding to industry shifts, foster a culture of continuous innovation, streamline internal operations, and remain attentive to the changing needs of its stakeholders.

As it advances toward its 2040 vision of becoming a major conglomerate in the country, the Company continues to refine its strategies across targeted markets within the energy and water value chain. In recent years, it has established key strategic growth pillars and developed corresponding roadmaps that provide direction and discipline, ensuring that initiatives remain aligned with and supportive of its long-term objectives.

Recognizing that strategy is an evolving process, the Company conducts a formal review of its strategic growth pillars and roadmaps at least once a year. Insights from performance reviews and lookback sessions, together with lessons learned from ongoing execution, guide the implementation of course corrections as needed. Targets and strategic priorities are refined to ensure that the Company's overall strategy remains relevant, adaptive, and effective.

Energy

Aligned with its commitment to sustainability, the Company is focused on delivering reliable and sustainable energy through a diversified mix of renewable and conventional technologies.

Through its wholly owned power subsidiary, Vivant Energy, the Company is looking at its "30 by 30" goal, targeting at least 1,000 MW of installed capacity by 2030, with renewable energy accounting for 30% of its total generation.

Renewable energy will be the primary focus of the Company's future project pipeline, while it maintains its conventional energy to play a role in meeting the nation's immediate and critical energy requirements.

The Company continues to enhance its capabilities across on-grid and off-grid markets, exploring the integration of renewable technologies with existing thermal capacities, studying battery storage solutions, and expanding infrastructure to serve power-critical areas.

With the recent lowering of contestability thresholds in retail electricity markets, the Company is also preparing to offer greater retail electricity solutions. This involves enhancing workforce capabilities and systems not only to grow customer base but above all, to improve customer experience and service quality.

ELECTRIC POWER DISTRIBUTION

In addition to investments in the power generation sector, the Company has investments in VECO, the second largest privately-owned distribution utility in the Philippines in terms of customers and annual GWh sales. As of end-2025, Vivant has a beneficial ownership in VECO of approximately 35%.

Visayan Electric Company, Inc. (VECO)

VECO, through its predecessor, has been in the distribution business since the early 1900s. It is an electric distribution utility engaged in the conveyance, distribution and sale of electric power pursuant to its legislative franchise, Republic Act No. 9339, and serves the electrical needs of four cities (Cebu, Mandaue, Talisay and Naga), and four municipalities (Consolacion, Liloan, Minglanilla, and San Fernando), all located in the Province of Cebu. Its franchise was granted by the Congress of the Philippines and is due to expire in 2030. VECO's service coverage is about 672 square kilometers serving 523,484 customers with a peak demand of 693 MW and electricity sales of 4,033 GWh in 2025.

The table below summarizes the key operating statistics of VECO for 2024 and the past 2 years.

	Electricity Sold (MWh)	Peak Demand (MW)	# of Customers
2023	3,548,720	615	384,428
2024	3,933,149	678	513,491
2025	4,033,096	693	523,484

VECO is among the distribution utilities included in the third group (Group C) of private utilities to shift to Performance Based Regulation (PBR). The ERC issued in May 2010 its final determination on VECO's application for approval of its annual revenue requirements and performance incentive scheme under the PBR for the regulatory period July 1, 2010 to June 30, 2014.

VECO was scheduled to undergo the PBR reset process in the first quarter of 2014. However, the company was not able to do so given that the ERC has since put on hold all PBR reset processes. As such, VECO has continued to apply the rates approved for the last year of the first regulatory period until such time it is able to undergo the ERC-mandated reset process.

The ERC has started another round of reset process and the Regulatory Period for Group C will be from July 1, 2025 to June 30, 2029. However, this might also be delayed by 1 year because of the delay in the reset process of Groups A and B.

RETAIL ELECTRICITY

With the thrust of providing sustainable solutions to meet the changing needs of its customers, the Company, through wholly-owned subsidiary Vivant Energy, expanded its retail electricity business to include three lines of businesses. These are Retail Electricity Supply, Solar Rooftop and Engineering Services.

Retail Electricity Supply

One of the objectives of the Republic Act No. 9136 otherwise known as the "Electric Power Industry Reform Act of 2001" (EPIRA) is to ensure the competitive supply of electricity at the retail level. With the implementation of the Retail Competition and Open Access (RCOA), large-scale customers will be allowed to source electricity from RES licensed by the ERC. As of December 2021, regulations have allowed electricity consumers with an average peak demand of 500kW and up and was later reduced to 100kW starting June 26, 2026, and as identified by the ERC, to join the competitive market. . In the last quarter of 2025, ERC through an Resolution No. 22 Series of 2025, resolved that the contestability threshold will be decreased to 100kW by June 26, 2026.

Vivant has prepared its organization for the RCOA with the establishment of 2 RES companies.

Prism Energy, Inc. (Prism Energy)

Prism Energy was incorporated in March 2009, as a joint venture between Vivant (40%) and AP (60%). The company obtained its five-year RES license in May 2012 which it subsequently renewed and it set to expire in November 2023. Prism Energy is seen to service the requirements of the contestable customers in the Visayas region.

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As of year-end 2025, Prism Energy is in the process of winding down. It is expected that the company will be liquidated in 2026.

COREnergy, Inc. (COREnergy)

COREnergy was incorporated in December 2012 as a wholly-owned subsidiary of Vivant, under Vivant Energy. The company successfully obtained a 5-year renewal of its RES license in September 2021 and is focused on contracting with contestable customers in Luzon and Visayas regions.

As of year-end 2025, COREnergy served 46 customers during the year with a total average consumption of 25,245,102 kWh per month. The total electricity delivered to its customer base amounted to 302,941,229 kWh in 2025.

Solar Rooftop

Vivant Energy, through its subsidiary, started to offer customizable rooftop solar energy solutions, mostly to commercial and industrial customers.

Vivant Solar Corporation[4] (Vivant Solar)

As part of its venture into the retail business, Vivant, through wholly owned subsidiaries Vivant Energy and VREC, entered into a joint venture with ET-Pilipinas to construct and operate solar rooftop generation facilities. On March 22, 2018, Vivant Solar was incorporated, with Vivant having a 60% equity stake. In November 2019, Vivant Energy and VREC acquired ET-Pilipinas' stake, making Vivant Solar a wholly-owned subsidiary of Vivant.

As of December 2025, COREnergy Solar Solutions Corporation (CSSC), Vivant Solar's wholly owned special purpose vehicle, completed a total of 2.88 MW solar rooftop facilities for industrial customers in Visayas and 2.56 MW solar rooftop facilities in Luzon.

CSSC has added 11 more projects in different parts of Luzon and the Visayas, with a total additional capacity of around 3.12 MW. Three of these projects have already obtained Certificates of Compliance (COC) from the ERC, while the remaining projects are under ongoing application. Overall, CSSC now has 12 projects with a combined capacity of approximately 4.4 MW in total.

COREnergy, Inc. (COREnergy)

In October 2023, COREnergy entered into an Omnibus Loan and Security Agreement for a term loan of up to P350 mn. An initial drawdown amounting to P131.35 mn was made in the same month, followed by an additional drawdown of Php 44.53Mn in April 2024. The loan, secured by the Company's shares, assignment of project documents and assignment of insurance proceeds, is set to mature in October 2033.

As of December 2025, COREnergy[5] completed a total of 1.77 MW solar rooftop facilities for industrial customers in Luzon, 1.01 MW solar rooftop facilities for industrial customers in Visayas and 1.23 MW solar rooftop facilities in Mindanao. 1.25 MW of solar rooftop facilities for commercial and industrial customers all over the country are currently under construction.

[4] On November 9, 2020, the Securities and Exchange Commission issued a Certificate of Filing of Amended Articles of Incorporation approving the change of name of the corporation from ET-Vivant Solar Corporation to Vivant Solar Corporation.
[5] On November 18, 2020, the Securities and Exchange Commission issued a Certificate of Filing of Amended Articles of Incorporation approving the amendment of the secondary purpose of the corporation to include construction and operation of solar rooftop generation facilities.

Buskowitz Energy Inc. (BEI)[6]

BEI was incorporated on December 10, 2015. to engage in the sale, financing and engineering, procurement and construction (EPC) of rooftop-type solar power systems and is considered as one of the biggest players in the country's rooftop solar installation market.

In March 2021, a Shareholders' Agreement was signed by VREC which will result to its acquisition of up to 34.85% of the total equity in Buskowitz Finance Inc.

As of December 2023, BFI completed a total of 9.2 MW for its Build-Operate-Lease-Transfer (BOLT) solar projects for commercial and industrial customers.

In November 2024, VREC executed a Deed of Absolute Sale with BEI, whereby VREC transferred and conveyed its entire 34.85% shareholding in BEI, thereby effectively relinquishing its interest in the company.

Engineering Solutions

COREnergy

In May 2019, COREnergy added to its primary purpose the provision of engineering solutions as an ancillary service to both RES and Solar Rooftop customers.

VIHI

With the increasing demand and relevance for reliable and integrated engineering solutions across the Energy and Water sectors, the Group transferred engineering solutions to VIHI, its infrastructure arm, in February 2025. The Group expanded its scope of services to cover engineering support across the project lifecycle, including project development, project implementation, operations and maintenance support, and related engineering services to cater and effectively respond to the evolving needs of our customers and stakeholders

WATER INFRASTRUCTURE

Vivant continues to grow beyond the power business as it supports industries that improve everyday living. Through its wholly owned subsidiary VHHI, Vivant is on the look-out for opportunities in water infrastructure which relates to the provision of water and wastewater engineering and technological solutions bulk water supply, water distribution and wastewater treatment services.

Wastewater Treatment

Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS) and Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWLRC)

FLOWS was formed by its original owners to own PPWRLC in partnership with the Puerto Princesa City Government. In February 2020, VHHI acquired a 45% equity stake in FLOWS, which resulted in VHHI ultimately owning 40% in PPWRLC. On March 3, 2026, VHHI, acquired an additional 45% equity stake, increasing its ownership in FLOWS to 90%.

[6] In August 2022, Buskowitz Finance Inc. changed its name to Buskowitz Energy Inc.

PPWRLC is the owner and operator of a wastewater treatment facility to rehabilitate the Puerto Princesa Bay. It is the Joint Venture Company between the Private Sector Proponent, FLOWS, and the Local Government of Puerto Princesa City.

The facility is located at the City Baywalk in Barangay Matahimik where current outfalls directly discharge untreated sewage into the bay. In addition to treating wastewater to support the rehabilitation of Puerto Princes Bay, the project also aims to produce treated wastewater for reuse, therefore, helping address the City's water supply requirements. In addition, it serves the City's septage desludging requirements, further enhancing its role in strengthening environmental sustainability.

In January 2020, the project broke ground. Construction was suspended in March 2020 as a result of the restrictions brought about by the pandemic. In October 2020, civil works resumed with a catch-up plan to address the delay. After successful testing and commissioning, the facility started commercial operations in March 2022. The facility has a capacity of treating 2,000 cubic meters per day of sewage and 70 cubic meters per day of septage.

Bulk Water Treatment

Isla Mactan-Cordova Corporation

To alleviate the increasing water supply-demand gap in the Metropolitan Cebu, VHHI has partnered with the Local Government of the Municipality of Cordova (Cordova LGU) through a contractual Joint Venture for the development, construction and operations of a seawater reverse osmosis desalination plant to treat and produce potable water.

Under the Joint Venture Agreement between VHHI and the Cordova LGU, the former will incorporate and register with the Securities and Exchange Commission (SEC) a SPV which will undertake and implement the proposed seawater desalination project in Cordova, Cebu and sell bulk water to its intended offtaker, the MCWD. The SPV, Isla Mactan Cordova Corporation (IMCC), was incorporated with the SEC on August 14, 2020.

In June 2021, VHHI was awarded a 25-year Joint Venture Agreement by MCWD following a successful solicited bidding process for the Cordova Bulk Water Supply Project. The project is for the development a utility-scale seawater desalination plant that will augment the bulk water supply of MCWD by 20,000 cubic meters per day of treated and potable water. The Joint Venture Agreement was subsequently signed in April 2025. Development activities for the plant commenced in 2022 and are in the final stages of testing and commissioning as of end-2025.

The plant is located in Barangays Buagsong and Catarman, Cordova, Cebu.

Future Projects

The country's water challenges, combined with limited available water resources, continue to shape the objectives of Vivant's water business arm, Vivant Infracore. In line with sustainability, the Company is committed to providing a stable and reliable water supply, making a meaningful difference in the lives of the communities it serves.

In 2025, the Company reached a significant milestone when it completed the construction of its desalination plant, IMCC.

Looking ahead, the Company aims to expand its footprint in the water sector by pursuing opportunities across the full water value chain, including bulk water supply, distribution, and wastewater treatment.

These initiatives will not only strengthen the Company's track record but, most importantly, deliver tangible solutions that improve access to water and support a more sustainable future for the country.

(ii) Sales

The table below sets forth comparative figures for revenue, profitability and assets.

(in Php mn)	2023[1]	2024	2025
Gross Income	8,264.8	12,201.7	12,409.4
Operating Income	2,724.9	3,277.4	3,528.8
Total Assets	30,038.4	31,966.6	35,272.1

Note:

1. *In the SEC 17A for FY 2023, the 2023 figures were reported at Php 8.275.8 mn, Php 2,761.1 mn and 29.885.5 mn for its gross income, operating income and total assets, respectively. The financial statements as of and for the year ended December 31, 2023 were restated to account for the finalization of the purchase price allocation for the acquisition of additional equity shareholdings in Delta P and CIPC. The restatement is in compliance to the Philippine Financial Reporting Standards (PFRS) 3, Business Combination.*

The operations of Vivant, its subsidiaries and associates are based only in the Philippines.

Revenue contribution by business grouping is as follows:

	2023[1]		2024		2025	
	Php mn	%-tot	Php mn	%-tot	Php mn	%-tot
Power Generation	5,962.5	72	9,284.5	76	9,285.5	75
Power Distribution	1,003.7	12	1,226.9	10	1,072.4	9
Retail Electricity	1,157.5	14	1,496.7	12	1,543.1	12
Water Infrastructure	18.1	0	21.0	0	329.8	3
Others	123.0	2	172.6	2	178.6	1
Total	8,264.8	100	12,201.7	100	12,409.4	100

Note:

1. *In the SEC 17A for FY 2023, the revenue contribution from power generation amounted to Php 5,973.4 mn. The financial statements as of and for the year ended December 31, 2023, was restated to account for the finalization of the purchase price allocation for the acquisition of two subsidiaries in 2023, in compliance to the Philippine Financial Reporting Standards (PFRS) 3, Business Combination. It resulted in ~~a~~ higher depreciation and amortization expense at the Consolidated Statement of Comprehensive Income due to the fair value adjustment to Property, Plant and Equipment, and the recognition of intangible assets representing the acquirees' power supply agreements with customer electric cooperatives.*

(iii) Distribution Methods of Products and Services

Power Generation

The generation companies sell their electricity either through the WESM or through bilateral PSAs with the DOE under its Green Energy Auction (GEA) programs, private distribution utilities, cooperatives, RES and other large end-users.

Most of the generation companies have transmission service agreements with the NGCP for the transmission of electricity to the designated delivery points of their customers. Some have built their own transmission lines to directly connect to their customers.

Electric Power Distribution

The distribution company has an exclusive distribution franchise in the area where it operates. It has its own distribution network consisting of an extensive network of predominantly overhead lines and substations. An agreement with NGCP is likewise entered into to facilitate the use of NGCP's transmission facilities to receive power from its IPPs, NPC and/or PSALM for distribution to its respective customers.

Retail Electricity

Retail Electricity Supply

The RES companies entered into supply contracts with its existing customers. As of year-end, COREnergy served 46 customers during the year with a total average consumption of 25,245,102 kWh per month. The total electricity delivered to its customer base amounted to 302,941,229 kWh in 2025.

Solar Rooftop

Vivant Solar, CSSC and COREnergy entered into contracts with various industrial and commercial customers in Luzon, Visayas and Mindanao for the construction and installation of rooftop solar facilities and supply of solar power.

Engineering Solutions

COREnergy entered into services contracts with customers to provide tailored engineering solutions for the individual facilities of the customers.

In February 2025, the Group transferred engineering solutions to VIHI. VIHI entered into service contracts with customers for the provision of engineering solutions covering an expanded scope of services, including project development, project implementation, operations and maintenance support, and related engineering services offering a complete and comprehensive coverage of technical engineering expertise.

Water Infrastructure

Wastewater Treatment

The National Program on Sewerage and Septage Management is founded under Republic Act No. 9275, otherwise known as the "Philippine Clean Water Act of 2004". Under the said law, water districts were required to provide sewerage or septage management services and LGUs were mandated to share with the local water utilities the responsibility in the management and improvement of water quality within their territorial jurisdictions.

LGUs such as the City of Puerto Princesa in the Province of Palawan have established ordinances on proper sewage and septage management system in their jurisdictions with user fees and funding provisions.

Through the Joint Venture and Service Agreement with the City of Puerto Princesa, PPWRLC will help rehabilitate the Puerto Princesa Bay from wastewater contamination. At the same time, it will provide septage services to the residents of Puerto Princesa City in partnership with the Puerto Princesa City Water District. It will also have a learning center as a venue for environmental advocacy and education on wastewater treatment process.

Bulk Water Treatment

Public-Private Partnership (PPP) initiatives have been implemented by the local government units and water districts through various PPP modalities and legal framework such as joint venture to ensure the availability of safe water for consumers and meet future demand requirements.

To address Metropolitan Cebu's water supply needs, VHHI has partnered with the Cordova LGU through an unincorporated joint venture for the development of a seawater desalination plant that will supply treated and potable water to 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 will build a utility-scale desalination plant that will augment the bulk water supply of MCWD by twenty thousand cubic meters per day of treated and potable water.

On April 2025, Vivant Hydrocore Holdings, Inc. as lead consortium member, reaffirmed a milestone partnership with Metropolitan Cebu Water District ("MCWD") through the signing of a 25-year joint venture agreement to supply water in Metro Cebu from its 20 megaliters per day (MLD) utility scale desalination plant operated by its subsidiary, Isla Mactan Cordova Corporation ("IMCC").

Engineering Solutions

In February 2025, the Group transferred engineering solutions to VIHI. VIHI entered into service contracts with customers for the provision of engineering solutions covering an expanded scope of services, including project development, project implementation, operations and maintenance support, and related engineering services offering a complete and comprehensive coverage of technical engineering expertise.

(iv) New Products and Services

Neither Vivant, nor its subsidiaries and associates, have any publicly-announced new product or service to date, apart from the ongoing greenfield, rehabilitation or expansion projects being undertaken.

(v) Competition

Power Generation

Vivant, through the facilities of its power generation subsidiaries and associates located in Luzon, Visayas and Mindanao, faces competition from other power developers that supply electricity to these island grids. With the privatization of NPC-owned power generation facilities, the Company also contends with local and multinational IPPs in securing PSAs and trading power through the WESM (where applicable).

The retail competition has further intensified the competitive landscape for securing bilateral contracts. Generation companies set up their RES operations to tap contestable customers, which are currently large end-users with a monthly peak average demand of at least 100 kW for the preceding 12 months. Further competition is brought about by entities that establish RES operations to aggregate demand. This results in customers migrating to the RES which in turn results in a reduction in existing supply contracts of power generation companies with distribution utilities and electric cooperatives. With the heightened competition, negotiations for new contracts may result in less favorable terms compared to existing contracts.

Competition in the development of new power generation facilities, the acquisition of existing power plants and financing these undertakings is expected. Given the robust performance of the industry in recent years and the relaxation of the policy on foreign ownership of RE projects, numerous new investors have expressed interest to participate and have started to explore opportunities in the development of electric power generation projects, both in the renewable and non-renewable energy spectrum.

Vivant, through its subsidiaries and affiliates, is looking at expanding its capacity by acquiring existing projects and partnering with local and foreign partners to develop power projects in strategic locations within the country. On its own, Vivant is also developing a pipeline of greenfield projects for its medium- and long-term growth.

Electric Power Distribution

VECO has an exclusive franchise to distribute electricity in the area covered by its franchise.

Under Philippine law, the franchise of any distribution utility may be renewed by the Congress of the Philippines, provided that requirements relating to the rendering of public services are met. VECO intends to apply for the extension of its franchise upon its expiry. Competition or opposition from third parties may arise while the application for the extension of its franchise is underway. However, under Philippine law, a party wishing to secure a franchise to distribute electricity must first obtain from the ERC a Certificate of Public Convenience and Necessity and shall prove that such party has the technical and financial capability to operate a distribution franchise. Ultimately, it is the Philippine Congress that has absolute discretion in determining whether to issue new franchises or renew existing franchises.

Customer migration has transpired as contestable customers opted to source their electricity requirements via Retail Supply Contracts with licensed RES operators. As of date, the current threshold for voluntary participation of a contestable customer is monthly peak average demand of at least 500

kW for the preceding 12 months. The reduction from 1 MW to 750 kW and 500 kW was implemented through DOE Department Circular No. DC2017-12-0013. In the same circular, the DOE also provided for voluntary demand aggregation of electricity end-users within a contiguous area whose aggregate average peak demand in not less than 500 kW for the preceding 12 months.

Retail Electricity

Retail Electricity Supply

Vivant participates in the retail electricity market through COREnergy and Prism Energy. Competition has increased as more companies register as Retail Electricity Suppliers (RES). As of year-end-2025, there were 54 registered RES companies with the ERC.

Solar Rooftop

The renewable energy industry, particularly distributed generation through solar rooftops, has been sustaining an upward trend for the past 4 years. The entry of regional players in the Philippines made the competitive environment attractive for consumers who are looking for lower levelized cost of electricity.

Water Infrastructure

Wastewater Treatment

In the Philippines, with only 10% of the wastewater being treated before reaching waterways, there is a huge unserved market and an opportunity for Vivant to contribute in the implementation of the National Sewerage and Septage Management Program. The demand for septage and sewerage solutions has rapidly increased over the last 5 years due to the increased awareness on the effects of poor sanitation to the waterways, which was highlighted with the wastewater issue in the island of Boracay. To date, there is little competition in the wastewater segment of the industry. However, given the huge requirement for treating wastewater, it is expected that there will be an increase in the number of players in the industry.

FLOWS, through its concept of combined sewerage and septage treatment in one facility, is offering a solution by bridging the gap between septage and sewerage programs thus, fast-tracking the implementation of a full-scale sanitation program for cities and municipalities in accordance with the mandate under the Clean Water Act of 2004.

The PPWRLC is a product of the Public-Private Partnership or Joint Venture Ordinance of the City of Puerto Princesa which serves as the vehicle to implement the combined sewerage and septage treatment program in the city.

Bulk Water Treatment

Access to safe and clean water has been a national priority concern, being a fundamental requirement for life. The Philippines is at risk of a massive water shortage particularly in highly populated areas. The National Water Resources Board (NWRB) has already identified nine water-critical urbanized areas where water is consumed intensively, namely, Metro Manila, Metro Cebu, Davao, Baguio City, Angeles City, Bacolod City, Iloilo City, Cagayan de Oro City and Zamboanga City.

Growing population together with water pollution, saltwater intrusion caused by excessive withdrawal of groundwater, aging water infrastructure, seasonal variations and the changing weather patterns are among the growing challenges facing the country's water resources. Despite the Philippines' rapidly growing economy, one in ten people still lack access to safe and clean water.

There have been an increased participation and investment from the private sector in the development of critical water infrastructure to help address the inadequate and intermittent water supply in various parts of the country which presents serious consequences to public health and the environment.

The local government units and the water utilities are on the lookout for solutions and technologies that will be responsive to the changing environment, society and climate.

MCWD, the largest water provider in Cebu, like most of the other providers, is highly dependent on groundwater sources to meet part of their water requirements.

The rapid economic expansion and water scarcity in Metropolitan Cebu contribute to the widening water supply deficit in the island. MCWD urged the public to support in looking for alternative water sources, including desalination of seawater. Due to the increasing demand for potable water, it is expected that there will be an increase in the number of bulk water suppliers in the Metropolitan Cebu.

Engineering Solutions

Vivant provided engineering solutions through COREnergy. Over the years engineering solutions has seen an upward trend of demand for mainly from the energy and industrial sector. Competition for testing and maintenance has seen a commensurate rise over the years.

In February 2025, the Group transferred engineering solutions to VIHI to cater the evolving demands of the energy and water sectors. With the expansion of scope of services, VIHI currently competes and benchmarks its pricing and quality of work with both local and foreign companies offering comprehensive engineering solutions.

(vi) Sources of Raw Materials and Supplies

Power Generation

Once operational, the Company's renewable energy projects will harness the sun's irradiation or kinetic energy from wind or rivers to generate electricity under relevant service contracts with the government.

For fossil-fired power generation plants, fuel supply contracts with various suppliers are in place. Oil-fired plants have existing medium-term (2-3 years) contracts with local large oil companies and fuel distributors. On the other hand, the coal plants source its fuel requirements via medium to long-term supply contracts with various international suppliers. Off-Grid Plants typically have a 5 year term for its fuel supply agreements.

Electric Power Distribution

VECO secured the bulk of its electricity requirements by entering into bilateral agreements with various IPPs. These agreements are governed by the ERC regulations. Under current rules, VECO is allowed to purchase up to 90% of its total electricity requirements via bilateral contracts.

Below are the power purchase agreements of VECO in 2024.

Supplier	Contract Demand	Start Date	Expiry Date
CEDC	84.5 MW	Mar 2011	Feb 2036
TVI	150MW	April 2019	March 2034

Given the impact of RCOA on its market, VECO will continue to review its contracts profile and negotiate, if necessary, for the reduction of its bilateral agreements.

Retail Electricity

Retail Electricity Supply

CORENERGY

Supplier	Contracted Capacity	Start Date	End Date
KEPCO Salcon Power Corporation	10MW	September 26, 2024	September 25, 2025
SEM_CALACA Power Corporation	10MW	November 26, 2024	November 25, 2025
Samal Solar Renewable Energy Corporation	52MWdc	June 26, 2025	June 25, 2045

Solar Rooftop

The modules of the photovoltaic (PV) plants are solid-state devices that convert sunlight, the most abundant energy source on the planet, directly into electricity without an intervening heat engine or rotating equipment. Photovoltaic cells are made of various semiconductors, which are most commonly composed of silicon (Si) and compounds of cadmium sulphide (CdS), cuprous sulphide (Cu2S), and gallium arsenide (GaAs). These cells are packed into modules that produce a specific voltage and current when illuminated. The PV systems rely on sunlight, have no moving parts, are modular to match power requirements on any scale, are reliable, and have a long life.

Water Infrastructure

Wastewater Treatment

Part of the rehabilitation efforts for Puerto Princesa Bay is the diversion of major wastewater outfalls to PPWRLC's facility to undergo treatment and therefore, helping improve the quality of water being discharged into the Puerto Princesa Bay.

A septage component is also incorporated in the wastewater treatment facility, where wastewater siphoned from septic tanks is treated. The septage treatment will primarily be dewatering of the sludge and treating the wastewater thereafter. With this component, the facility will be able to provide septage treatment services in addition to the capture and clean-up of polluted water.

PPWLRC will conduct a detailed study on the provision of additional sewerage services to the City of Puerto Princesa with a view to constructing additional sewerage facility in its service area. This is aligned with the City's goal of undertaking various development projects on its coastline and addressing the wastewater issue associated with such developments.

Bulk Water Treatment

IMCC will construct and operate a seawater desalination plant which will process seawater to make it potable as an immediate and sustainable solution to the current water supply shortage in MCWD's service area. Cebu has been experiencing severe water challenges especially during the dry season where water rationing is resorted to. Seawater desalination can provide a climate-independent source of potable water which will also allow the recharge and recovery of Metropolitan Cebu's heavily-stressed groundwater aquifers while MCWD pursues long-term solutions to address the future water needs of its consumers.

Engineering Solutions

VIHI's engineering equipment and software are sourced from reputable brands like AutoCAD, Omicron and Fluke. These suppliers are international companies engaged in the development and provision of design, testing, and commissioning solutions. The Group does not rely on a single supplier for these requirements and procures such equipment and software as needed in the ordinary course of business.

(vii) Major Customers

Power Generation

The bulk of the total attributable electricity generated by Vivant, through its subsidiaries and associates, are sold to private distribution utilities, electric cooperatives, NGCP, RES and large industrial users through bilateral agreements. The balance is sold through the WESM. For the year 2025, Vivant had a 77:23 sales mix that was in favor of energy sales covered by sale contracts.

Electric Power Distribution

Vivant's distribution business, on the other hand, has a wide and diverse customer base. The distribution utility's customers are categorized as follows:

- **Industrial customers**: consist of large-scale consumers of electricity within a franchise area, such as factories, plantations and shopping malls.
- **Residential customers**: consist of structures utilized for residential purposes
- **Commercial customers**: include service-oriented businesses, universities and hospitals
- **Other customers**: include streetlights

Retail Electricity

Retail Electricity Supply

- **Industrial customers**: consist of large-scale consumers of electricity such as factories, plantations and manufacturing.
- **Commercial customers**: include service-oriented businesses, universities and hospitals and shopping malls

Solar Rooftop

- **Industrial customers**: consist of large-scale consumers of electricity such as factories, plantations and manufacturing.
- **Commercial customers**: include service-oriented businesses, universities and hospitals and shopping malls

Water Infrastructure

Wastewater Treatment

The primary customer for Vivant's wastewater business, through PPWLRC, will be the LGU of Puerto Princesa City for the sewerage services and the customers connected to the Puerto Princesa Water District for the septage services.

Bulk Water Treatment

VHHI's subsidiary, IMCC, will deliver 20,000 cubic meters per day of treated and potable water to MCWD at its identified injection point in Cordova, Cebu pursuant to the awarded 25-year Joint Venture Agreement for the Cordova bulk water supply project.

Engineering Solutions

- **Power Plants:** Heavy Fuel Oil Bunker and Diesel Power Plants, and Solar Farms
- **Water Infrastructures:** Desalination Plants, Conventional Water Treatment Plants, Wastewater Treatment Plants and Distribution Water System
- **Commercial customers**: include service-oriented businesses

(viii) Transactions With and/or Dependence on Related Parties

Vivant and its subsidiaries and associates, in their regular conduct of business, have entered into related party transactions where Vivant, as parent company, provides 2 types of professional services: (1) strategic and technical, and (2) corporate center services. All related party transactions were conducted at arm's length basis.

Functions covered would include corporate finance, legal, human resources and information technology, among others. These services are rendered by Vivant to allow efficient transfer of business and technical expertise, thus improving cost efficiencies and synergies. Vivant houses a pool of highly qualified professionals with business expertise relating to the business of the Vivant Group. Service Level Agreements are in place to ensure the quality of service and competitive pricing.

Aside from the abovementioned, below are other services provided to and/or transactions entered into by Vivant with related parties in 2025.

- Vivant, on behalf of a subsidiary, applied for the issuance of a domestic stand-by letter of credit (SBLC) to comply with the bid security requirement of a water distribution utility.
- Vivant, on behalf of a subsidiary, applied for the issuance of a domestic SBLC to comply with the performance security requirement relating to a joint venture project.
- Vivant, on behalf of a subsidiary, applied for the issuance of a domestic SBLC to comply with the performance security requirement for a potential joint venture project.
- Vivant has an outstanding lease agreement with a certain subsidiary involving rental of its commercial office space.

- Vivant has an outstanding advances to a subsidiary for the development of a seawater desalination facility.

(ix) Government Approvals, Patents, Copyrights, Franchises

Power Generation

Under the EPIRA, the power generation business is not considered a public utility operation. However, there are standards, requirements and other terms and conditions set by the ERC that each existing and potential generation company should comply with. Once met, the ERC will issue a Certificate of Compliance (COC) that will allow the operation of the power generation facilities. A COC is valid from the date of issuance until revoked by the ERC.

Hydroelectric power generation facilities are also required to obtain water permits from the NWRB. The said permit would indicate the approved water source and allowable volume of water that can be used by these facilities in generating power. The water permits do not have expiry dates and are usually not terminated as long as the holder of the permit is able to meet the terms indicated therein.

Solar and wind power projects must secure service or operating contracts from the DOE to conduct pre-development and development work to determine feasibility. Once a project with a service contract is deemed feasible, a Certificate of Confirmation of Commerciality is secured from the DOE and the project may proceed to construction. For those projects with operating contracts (i.e. solar or biomass), the projects are already deemed viable and can immediately proceed to development/construction once all requisite activities are done.

A generation company that operates a facility connected to the Grid must make sure that the technical design and operational criteria of the Philippine Grid Code, while embedded generators are expected to comply with the Philippine Distribution Code, and any amendments thereto are met. In off-grid areas, generation companies shall comply with the Philippine Small Grid Guidelines.

Power purchase agreements signed with both private distribution utilities and electric cooperatives are required to be evaluated and approved by the ERC.

Vivant and its subsidiaries and associates involved in the generation business have no pending applications for the registration of intellectual property rights for any trademark associated with its and its subsidiaries' and associates' corporate names and logos.

Electric Power Distribution

Electricity distribution is a regulated public utility business under the EPIRA. It requires a franchise that can be granted only by the Congress of the Philippines. A Certificate of Public Convenience and Necessity from the ERC is also needed to operate a public utility.

VECO's franchise is set to expire in 2030.

Given that the cost of purchased power is allowed to be passed on to the end-users, all power purchase agreements signed with power generation companies are required to be evaluated and approved by the ERC.

VECO has no pending application for the registration of intellectual property rights for any trademark associated with its corporate name and logo.

Retail Electricity

Retail Electricity Supply

With the implementation of the RCOA, the business of supplying electricity is not considered as a public utility operation under the EPIRA. However, proprietors of this business are required to obtain a license from the ERC in accordance with the ERC's rules and regulations. Vivant has two RES companies:

- Prism Energy, which is 40%-owned by Vivant, was awarded its license in May 2012 which it renewed twice and is set to expire in November 2023. As of the date of this report, Prism Energy no longer has operations.
- COREnergy, a wholly-owned subsidiary, was awarded its license in September 2016 and successfully renewed it in September 2021, with validity extending until September 2026. Under the authority granted by the ERC, COREnergy also serves as a Retail Aggregator for the duration of its valid RES license.

Vivant and its subsidiaries and associates involved in the retail electricity supply business have no pending applications for the registration of intellectual property rights for any trademark associated with its and its subsidiaries' and associates' corporate names and logos.

Solar Rooftop

With the regulatory framework of the Net Metering Program in place, installation of solar facilities in commercial and industrial settings increased over the past years. For the installation, operation and maintenance of rooftop solar facilities, proprietors are required to secure permits and licenses from the ERC and other government agencies. In addition, the proprietor is required to request from its local distribution utility to participate in the Net Metering Program.

Vivant and its subsidiaries and associates involved in the solar rooftop business have no pending applications for the registration of intellectual property rights for any trademark associated with its and its subsidiaries' and associates' corporate names and logos.

Water Infrastructure

Water Services

There is an increase in participation and investment from the private sector to address the infrastructure gap in the water sector for the provision of bulk water supply, sewerage and water distribution services.

Some of the relevant regulatory agencies in the industry include the NWRB, the Local Water Utilities Authority (LWUA), the Department of Environment and Natural Resources (DENR), the Department of Health (DOH), the various LGUs, and the special regulatory units such as the Metropolitan Waterworks and Sewerage System (MWSS).

Private entities that develop bulk water treatment plants and enter into bulk water supply agreements with water districts are required to secure a water permit from the NWRB.

For private entities that provide water distribution services, a Certificate of Public Convenience issued by NWRB and a concession agreement with a LGU is required.

The national government through the Public-Private Partnership (PPP) Center along with its mother agency Department of Economy, Planning and Development (DEPDev), has encouraged private sector participation in infrastructure development including water supply and sanitation services at the national and local government unit level.

PPP initiatives have been implemented by the local government units and water districts through various PPP modalities such as joint venture to ensure the availability of safe water for consumers and meet future demand requirements, as well as the provision of sewerage and/or sanitation services.

Government Owned and Controlled Corporations which includes the Water Districts shall refer to the Office of the Government Corporate Counsel (OGCC) for review and issuance of the corresponding counsel opinion of its proposed contracts and agreement prior to execution. OGCC is the principal law office of all government corporations whether incorporated under the law or created by a charter.

Vivant and its subsidiaries involved in its water businesses have no pending applications for the registration of intellectual property rights for any trademark associated with its and its subsidiaries' and associates' corporate names and logos.

(x) Effect of Existing or Probable Governmental Regulations

Temporary suspension of BIR audits and field operations
On November 24, 2025, BIR issued Revenue Memorandum Circular (RMC) No. 107-2025, which temporarily suspended all tax audit and field operations, including the issuance of Letters of Authority (LOAs) and Mission Orders, amid concerns about audit practices and to allow time for reform and stakeholder consultation.

The suspension was lifted on January 27, 2026 through RMC No. 08-2026.

Capital Markets Efficiency Promotion Act (CMEPA)
CMEPA (RA 12214) was signed into law on May 29, 2025 and took effect on July 1, 2025. This law aims to simplify the tax on passive income, reduce transaction costs, and boost the Philippine stock market.

The salient features of the law are as follows:

1. Stock Transaction Tax (STT): Reduced to 0.1% of the gross selling price
2. Passive Income Taxes: Standardized to a uniform 20% final withholding tax on interest income, removing lower rates (e.g., 15%) for foreign currency deposits and long-term deposits
3. Documentary Stamp Tax (DST): Reduced to 0.75% on the original issuance of shares
4. Exemption from DST: Issuance, redemption, and/or disposition of mutual funds shares and Unit Investment Trust Funds (UITFs)
5. Capital Gains Tax (CGT): Set at 15% for the sale of unlisted domestic and foreign shares

VAT on Digital Services
RA 12023 was signed into law on October 2024, and took full effect on June 2, 2025. The law imposes a 12% VAT on digital services (provided by both resident and nonresident digital service providers) consumed in the Philippines—such as online advertising, streaming services, digital marketplaces, cloud services, and other electronically supplied services—regardless of the provider's physical presence in the country.

Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act

On November 8, 2024, the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act (Republic Act No. 12066) was signed into law. This aims to generate jobs and spur economic growth.

The CREATE MORE Act builds on the reforms initiated through the earlier CREATE Act by enhancing the tax regime and incentive framework to attract both domestic and international investments, particularly, in strategic industries. The CREATE MORE Act was effective on November 28, 2024.

Here are the salient features of the law:

1. 20% corporate income tax rate for registered business enterprises (RBEs) under the Enhanced Deduction Regime on their taxable income derived from registered projects or activities during the taxable year
2. Additional deductions for export and domestic market enterprises under the Enhanced Deductions Regime
3. Expansion of the scope of eligible businesses to encompass "registered business enterprises," which now includes both foreign and local businesses subject to certain conditions
4. Sales to export-oriented enterprises (70% export sales) Value-Added Tax (VAT) zero-rated if directly attributable to export activities
5. Sales to bonded manufacturing warehouses of export-oriented enterprises are VAT zero-rated
6. Amended the VAT refund process which includes, among others, allowing certified true copies of invoices and other documents in support of the application.
7. Secretary of Finance, upon the recommendation of the Commissioner, may require additional taxpayers to issue electronic invoices
8. Additional deduction for micro/small taxpayers and medium/large using e-Invoices
9. The 5% Special Corporate Income Tax is in lieu of all taxes including local fees and charges
10. Local government units may impose local taxes on RBEs up to 2% of gross income

Real Property Valuation and Assessment Reform Act (RPVARA)

On June 13, 2024, Republic Act. 12001 Real Property Valuation and Assessment Reform Act (RPVARA) was signed into law. This aims to upgrade tax collection efficiency in the realm of real property taxation.

The salient features of the law are as follows:

1. Philippine Valuation Standards (PVS) was developed by the Bureau of Local Government Finance (BLGF). This serves as the uniform valuation standard used in the appraisal or valuation of lands, buildings, machinery and other real properties for taxation and other purposes. This shall conform with the international valuation standards and principles.

2. Schedule of Market Values (SMV) shall be the table of base unit market values for all kinds of real property, except machinery, within an LGU. This is prepared by the local assessors, in conformity with the PVS, and approved by the BLGF and Secretary of Finance. The basis for real property related taxes of national and local government units shall be:
    - BIR: tax base for internal revenue taxes shall be (whichever is higher of) SMV or Gross selling price *(previously: SMV was FMV as determined by the CIR or FMV per assessor)*
    - LGU: tax base for RPT shall be assessed Value (SMV x Assessment Level)

The revenue and tax impact of the SMV shall be considered by the Local Chief Executive and Sanggunian in adjusting the assessment level and tax rates

3. The Tax Amnesty on real property taxes and special levies on real property covers penalties, surcharge and interest from all unpaid real property tax, including special education fund, idle land tax and other special levies prior to the 03 July 2024. The payment options of delinquent RPT shall be either one-time, or instalment (within 2 years). This can be availed within 2 years from effectivity of the RA 12001. However, this shall not be applicable to:
    - Delinquent real properties which have been disposed of at public auction to satisfy real property delinquencies;
    - Real properties with tax delinquencies which are being paid pursuant to a compromise agreement; and
    - Real properties subject of pending cases in court for real property tax delinquencies

4. Development and maintenance of electronic database real property transactions

Ease of Paying Taxes (EOPT Act)

On January 5, 2024, Republic Act No. 11976 Ease of Paying Taxes Act (otherwise known as the EOPT Act) was signed into law. This aims to modernize tax administration and improve efficiency and effectiveness.

The EOPT Act was effective on January 22, 2024. The Department of Finance (DOF), in consultation with the Bureau of Internal Revenue (BIR), is given ninety (90) calendar days from the effectivity of this Act (April 21, 2024) to issue the implementing rules and regulations. Moreover, taxpayers are given until October 21, 2024 to comply with the VAT and Other percentage provisions.

The salient features are as follows:

1. The creation of taxpayer classification for purposes of responsive tax administration.
    a. Micro – those with gross sales of less than Php 3 million (mn)
    b. Small – those with gross sales of Php 3 mn to less than Php 20 mn
    c. Medium - those with gross sales of P20M to less than P1billion
    d. Large - those with gross sales of P1billion and above

    Micro and Small taxpayers are allowed a reduced rate of penalties (10% for surcharge, 6% for interest and 50% reduction on compromise penalty rates) and reduced number of pages in its Income Tax Return (ITR) form.

2. Taxpayers are now allowed to file and pay taxes anywhere and not bound to a specific Revenue District Office (RDO).

3. For income tax deduction purposes, withholding tax requirement has been repealed. Previously, expenses which were not subjected to the appropriate withholding tax are disallowed as deduction.

4. The timing of withholding arises at the time the income has become payable. Previously, it arises when the income has been paid, payable or accrued, whichever comes first.

5. On VAT

    a. VAT on sales of services and use/lease of properties shall now be based on gross sales and be covered by a sales invoice. This effectively adopts the same rules on sale of goods.
    b. Business style is not required on invoices.

c. Should the VAT invoice lack necessary information, the input VAT shall still be allowed provided that lacking information do not pertain to the amount of sales, VAT amount, name and TIN of issuer/purchaser, description of goods, and date of transaction. On the other hand, the seller who failed to provide the information shall be liable for noncompliance.
d. Sales allowances & discounts for sale of service shall be deductible from gross sales for VAT purposes provided that these are granted at the time of sale, indicated in the invoice and does not depend on future event.
e. Seller may deduct the output VAT on uncollected receivable from next quarter's output VAT, provided the seller fully paid the VAT on the transaction; and the VAT component was not claimed as allowable deduction. However, should there be recovery, output VAT thereon should also be paid.
f. Claims for VAT refund are now classified into 3 categories, namely: low, medium, and high-risk. These are based on the amount of VAT refund claim, tax compliance history, frequency of filing VAT refund claims, among others. Moreover, medium and high-risk categories shall be subjected to audit.

6. On preservation of books of accounts including the subsidiary books and other accounting records, it clarified that these shall be preserved for a period of 5 years reckoned from the day following the deadline in filing a return, or if filed after the deadline, from the date of the filing of the return, for the taxable year when the last entry was made in the books of accounts.

7. On claims for refund of erroneously paid taxes, the Commissioner shall decide within 180 days from the date of submission of complete documents. If denied, the legal basis should be stated.

The annual registration fee of P500 was removed.

Corporate Recovery and Tax Incentives for Enterprises (CREATE Act)

On March 26, 2021, Republic Act No. 11534 otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act" was signed into law to attract more investments and maintain fiscal prudence and stability in the Philippines by introducing reforms to the corporate income tax and incentives systems.

Taking effect on April 11, 2021, the following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

1. Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 mn and with total assets not exceeding Php100 mn (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

2. Minimum corporate income tax rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

3. Effective January 1, 2021, income tax rate for non-resident foreign corporation is reduced from 30% to 25%.

4. Preferential income tax rate for proprietary educational institutions and hospitals which are non-profit is reduced from 10% to 1% effective July 1, 2020 to June 30, 2023.

5. Effective January 1, 2022, regional operating headquarters currently enjoying 10% preferential income tax rate shall be subject to RCIT.
6. Imposition of improperly accumulated earnings tax is repealed.
7. Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:

    - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
    - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
    - The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.

8. Qualified export enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 10 years 5% special corporate income tax (SCIT) or enhanced deductions (ED).

9. Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.

10. For investments prior to effectivity of CREATE:

    - Registered business enterprises (RBEs) granted only an ITH – can continue with the availment of the ITH for the remaining period of the ITH.
    - RBEs granted an ITH followed 5% GIT or are currently enjoying 5% GIT – allowed to avail of the 5% GIT for 10 years.

The Bayanihan to Recover as One Act (BAYANIHAN Act II)

On September 11, 2020, Republic Act No. 11494, otherwise known as the "Bayanihan to Recover As One Act" (Bayanihan Act II), was signed into law which provides a P165-billion economic stimulus and relief package to sustain the government's efforts against the Corona Virus Disease 2019 (COVID-19) pandemic. Section 4 (bbbb) of the BAYANIHAN Act provides that net operating loss of the business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next 5 consecutive taxable years immediately following the year of such loss.

Tax Reform for Acceleration and Inclusion Law (TRAIN Law)

On 19 December 2017 Republic Act No. 10963 otherwise known as the "TRAIN Law" was enacted which in effect amended several provisions of the National Internal Revenue Code of 1997. The TRAIN Law aims to make the tax system of the country simpler, fairer, and more efficient in order to promote investment, reduce poverty and create jobs.

The salient revisions made under the TRAIN Law are as follows:

1. Donor's Tax – The donor's tax new rate is 6% of total gifts in excess of Php250,000.00 which is also applicable if the donee is a stranger. The TRAIN Law likewise provides that a bona fide at arm's length and donative-intent free sale, exchange, or other transfer of property made in the ordinary course of business shall be considered as made for an adequate and full consideration in money or money's worth and is therefore not subject to the donor's tax.

2. Excise Tax on Petroleum Products – The tax rates on petroleum products were increased which would be implemented in 3 tranches starting January 1, 2018 to January 2020.

3. Excise Tax on Mineral Products – The excise tax rate on domestic or imported coal and coke was likewise increased in 3 tranches at Php50.00 on 2018, Php100.00 on 2019, and Php150.00 on 2020.

4. Value Added Tax - The TRAIN Law broadened the Value Added Tax (VAT) base by adding several VAT exempt transactions. The VAT exempt threshold was likewise increased from Php1,919,500.00 to Php3 mn. Sale of electricity by electric cooperatives are now subject to VAT. Furthermore, the foreign currency denominated sales were removed from VAT zero-rating.

5. Documentary Stamp Tax – Most of the documentary stamp tax (DST) rates were increased by 100% except for the DST on debt instruments which was only increased by 50%. Meanwhile, the DST on policies of insurance upon property, fidelity bonds and other insurance, indemnity bonds, and deeds of sale, conveyances, and donation of real property remained unchanged.

6. Foreign Currency Deposit Unit – The final tax imposed on interest income derived by a domestic corporation from a depository bank under the expanded foreign currency deposit system was increased from 7.5% to 15%.

The TRAIN Law also repealed Section 9 of Republic Act No. 9511 otherwise known as the "National Grid Corporation of the Philippines Act" which in effect removed the VAT exemption of concession agreements with the PSALM.

Revised Corporation Code (RCC)

Republic Act No. 11232 otherwise known as the Revised Corporation Code was signed into law by President Rodrigo Duterte on February 20, 2019 and became effective on February 23, 2019.

The salient provisions in the RCC are as follows:

1. Corporate Perpetual Term – Corporations are now allowed to exist beyond the 50-year term provided in the old Corporation Code.

2. Participation via Remote Communications in Absentia – Remote communication such as videoconferencing and teleconferencing during stockholders' meetings are now allowed. Moreover, the stockholders may now participate and vote in absentia.

3. Emergency Board – The RCC allows an emergency board when a vacancy in a corporation's board of directors prevents the remaining directors from consulting a quorum and consequently from making emergency action required to prevent grave, substantial, and irreparable loss or damage.

4. One-Person Corporation – The RCC removed the absolute requirement of having a minimum of 5 individuals in the formation of corporations. The law now allows a One-Person Corporation (OPC) composed of a single stockholder, who may be a natural person, a trust or an estate.

The RCC likewise imposed addition requirements to corporations which are vested with public interest. The following corporations are considered vested with public interest under the RCC:

1. Corporations covered by Section 17.2 of Republic Act No. 8799, otherwise known as the "Securities Regulation Code" (SRC), including those whose securities are registered with the SEC, corporations listed with an exchange or with assets of at least Php50,000,000.00 and have two hundred (200) or more holders of shares, each holding at least one hundred (100) shares of a class of its equity shares;

2. Banks and quasi-banks, NSSLAs, pawnshops, corporations engaged in money service business, preneed, trust and insurance companies, and other financial intermediaries; and

3. Other corporations engaged in businesses vested with public interest similar to the above, as may be determined by the SEC.

The foregoing corporations vested with public interest must:

1. Elect independent directors constituting at least twenty percent (20%) of the board as well as a compliance officer.

2. Submit to their shareholders and the SEC an annual report of the total compensation of each of their directors/trustees and directors/trustees' appraisal or performance report with the standards or criteria used to assess each director/trustee.

3. Material contracts involving dealings of its directors, trustees, or officers must be approved by at least two-thirds (2/3) of the entire membership of the board, with at least a majority of the independent directors voting.

Furthermore, the RCC provides that the Congress may set a maximum limit for stock ownership of individuals or groups of individuals related to each other by consanguinity, affinity, or by close business interests, in corporations declared to be vested with public interest pursuant to the RCC, or whenever necessary to prevent anticompetitive practices as provided in Republic Act No. 10667 otherwise known as the "Philippine Competition Act", or to implement national economic policies designed to promote general welfare and economic development, as declared in laws, rules, and regulations.

Philippine Competition Act

In July 2015, Republic Act No. 10667 or the Philippine Competition Act (PCA) was enacted in order to regulate or prohibit monopolies when the public interest so requires, and to ensure that there will be no unfair competition. It promotes free and fair competition in trade industry and all commercial economic activities. To implement the PCA, the Philippine Competition Commission (PCC) was created.

PCA provides for prohibited acts such as Anti-Competitive Agreements and Abuse of Dominant Position. Further, under the PCA, PCC was granted the power to review mergers and acquisitions based on factors it deemed relevant. Furthermore, PCA requires parties to merger or acquisition agreement to notify the PCC in accordance with the PCA and the thresholds set by the PCC.

Securities Regulation Code (SRC)

Republic Act No. 8799 otherwise known as the SRC was enacted on July 19, 2000. The SRC aims to establish a socially conscious and free market that regulates itself and encourage the participation of ownership in enterprises. It likewise seeks to protect the interest of the public by eliminating insider trading and other fraudulent or manipulative devise and practices which create distortions in the free market.

Under the SRC, any corporation listed in the exchange or with assets in excess of Php50,000,000.00 and having two hundred (200) or more holders, at least of two hundred (200) of which are holding at least one hundred (100) shares or which has sold a class of equity securities to the public shall have at least two (2) independent directors or such independent directors shall constitute at least twenty percent (20%) of the members of such board whichever is the lesser.

An independent director has been defined under the SRC as a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having a relationship with the corporation, which would interfere with the exercise of independent judgement in carrying out the responsibilities of a director.

Data Privacy Act (DPA)

On July 25, 2011 Republic Act No. 10173 otherwise known as the "Data Privacy Act" was enacted in order to protect the fundamental human right of privacy and communication. The DPA seeks to protect all forms of information, personal, private, or sensitive of both natural and juridical persons. The National Privacy Commission (NPC), an independent body, was tasked to administer and implement the DPA and monitor and ensure compliance thereof.

The DPA laid out the following general data privacy principles that must be complied with in the processing of personal information:

1. Collected for specified and legitimate purposes determined and declared before, or as soon as reasonably practicable after collection, and later processed in a way compatible with such declared, specified and legitimate purposes only;

2. Processed fairly and lawfully;

3. Accurate, relevant and, where necessary for purposes for which it is to be used the processing of personal information, kept up to date; inaccurate or incomplete data must be rectified, supplemented, destroyed or their further processing restricted;

4. Adequate and not excessive in relation to the purposes for which they are collected and processed;

5. Retained only for as long as necessary for the fulfilment of the purposes for which the data was obtained or for the establishment, exercise or defense of legal claims, or for legitimate business purposes, or as provided by law; and

6. Kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the data were collected and processed.

The DPA further requires the Personal Information Controller[7] (PIC), to do the following:

1. Registration of personal data processing systems operating in the country that involves accessing or requiring sensitive personal information of at least 1,000 individuals, including the personal data processing system of contractors, and their personnel, entering into contracts with government agencies;

2. Notification of automated processing operations where the processing becomes the sole basis of making decisions that would significantly affect the data subject;

3. Annual report of the summary of documented security incidents and personal data breaches; and,

4. Compliance with other requirements that may be provided in other issuances of the NPC.

However, PIC or Personal Information Processor[8] (PIP) that employs fewer than 250 persons shall not be required to register unless the processing it carries out is likely to pose a risk to the rights and freedoms of data subjects, the processing is not occasional, or the processing includes sensitive personal information of at least 1,000 individuals.

The DPA also requires the PIC and PIP to: 1) designate a protection officer who shall be accountable for ensuring compliance with the applicable laws and regulations for the protection of data privacy and security; 2) implement appropriate data protection policies that provide for organization, physical, and technical security measures of the data; 3) maintain records that sufficiently describe its data processing system, and identify the duties and responsibilities of those individuals who will have access to personal data; and 4) review the data protection policies.

The DPA likewise allows data sharing in the following instances:

1. Data sharing is expressly authorized by law and adequate safeguards for data privacy and security, and processing adheres to the principle of transparency, legitimate purpose and proportionality.

2. Data sharing in the private sector if the data subject consents to the data sharing with certain conditions indicated in the DPA that should likewise be complied with

3. Data collected from parties other than the data subject for purpose of research shall be allowed when the personal data is publicly available, or has the consent of the data subject for purpose of research. It should likewise be ensured that adequate safeguards are in place, and no decision directly affecting the data subject shall be made on the basis of the data collected or processed. The rights of the data subject shall be upheld without compromising research integrity.

4. Data sharing between government agencies for the purpose of a public function or provision of a public service shall be covered a data sharing agreement.

[7] This refers to a natural or juridical person, or any other body who controls the processing of personal data, or instructs another to process personal data on its behalf.

[8] Refers to any natural or juridical person or any other body whom a personal information controller may outsource or instruct the processing of personal data pertaining to a data subject.

On March 14, 2017, the NPC issued NPC Advisory No. 2017-01 entitled "Designation of Data Protection Officers" which mandated the PIC or PIP to designate an individual/s who shall function as a Data Protection officer (DPO). The DPO shall be accountable for ensuring the compliance by the PIC or PIP with the DPA, its Implementing Rules and Regulations (IRR), issuances of NPC, and other applicable laws and regulations to privacy and data protection. To ensure that the data subjects may able to reach out to the DPO, the PIC or PIP must publish the DPO's contact details (title/designation, postal address, telephone number and email address) in, at least, the following materials:

1. Website
2. Privacy Notice
3. Privacy Policy
4. Privacy Manual or Privacy Guide

Transfer Pricing Guidelines

In order to prescribe the guidelines in determining the appropriate revenues and taxable income in transactions by and between related parties, the Bureau of Internal Revenue (BIR) on January 23, 2013 issued Revenue Regulations (RR) No. 2-2013 entitled "Transfer Pricing Guidelines." The provisions in the guidelines are mainly based on the arm's length methodologies set forth under the Organisation for Economic Cooperation and Development (OECD) Transfer Pricing Guidelines.

In order to ensure that the proper disclosures of related party transactions (RPT) are made and conducted at arm's length the BIR issued RR No. 19-2020 requiring the submission of the BIR Form No. 1709 and its supporting documents. The BIR then issued RR No. 34-2020 which prescribes for the guidelines and procedures for the submission of the BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other supporting documents.

Under RR No. 34-2020, the following taxpayers are required to file and submit the RPT Form together with the Annual Income Tax Return (AITR): 1) Large Taxpayers; 2) Taxpayers enjoying tax incentives; 3) Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years; and 4) A related party, as defined under Section 3 of RR No. 19-2020, which has transactions with (a), (b) or (c).

The said taxpayers are likewise required to submit TPDs if it has an annual gross sales/revenue for the subject taxable period exceeding Php150 mn and the total amount of RPT with foreign and domestic related parties exceeds Php90 mn.

Moreover, the TPDs should also be submitted if the RPT meets the following thresholds: 1) if the transaction involves sale of tangible goods in the aggregate amount exceeding Php60 mn within the taxable year; 2) if the transaction involves service transaction, payment of interest, utilization of intangible goods or other RPT in the aggregate amount exceeding Php15 mn within the taxable year; or if TPD was required to be prepared during the immediately preceding taxable period for exceeding either 1 or 2.

Sustainability Report

On February 15, 2019, the SEC issued SEC Memorandum Circular No. 4 which provides for the Sustainability Reporting Guidelines for Publicly-Listed Companies (PLC) ("Guidelines"). The Guidelines is intended to help PLCs to assess and manage non-financial performance across Economic, Environmental, and Social aspects of their organization and enable the same to measure and monitor its contributions in achieving the universal targets of sustainability.

The Sustainability Report shall be submitted together with the PLC's Annual Report. The Guidelines shall be adopted on a "comply or explain" approach for the first three (3) years from implementation. Non-attachment of the Sustainability Report to the Annual Report shall be subject to the penalty for Incomplete Annual Report provided under SEC Memorandum Circular No. 6, Series of 2005.

Policies related to the Power Industry

Given the changing landscape of the power industry brought about by the enactment of the EPIRA law in 2001, the following have had, will have or may have considerable impact on Vivant's businesses:

Wholesale Electricity Spot Market (WESM)

The WESM is a spot market for the buying and selling of electricity. This was established to enable competition to influence the production and consumption of electricity. The mechanism in place allows market forces to determine prices. The WESM provides another option for power generation companies that have no bilateral contracts on how to sell the energy generated by their power plants. Likewise, the WESM serves as a platform for distribution utilities, suppliers and wholesale consumers to purchase electricity even without a bilateral contract.

The WESM began operations in Luzon in June 2006, in the Visayas in December 2010 and in Mindanao on June 2021.

In December 2013, an amended Joint Resolution No. 2 was issued by the DOE, ERC and Philippine Electricity Market Corporation (PEMC) adjusting the WESM Offer Price Cap from Php 62,000.00 per MWh to Php 32,000.00 per MWh. This price cap is provisional and shall be subject to public consultations and review by the WESM Tripartite Committee.

In May 2014, the ERC issued Resolution No. 8, Series of 2014, to implement an interim secondary price cap of Php 6,245.00 per MWh, which will be imposed when the rolling average market price over a 72-hour period (3 days) equal to or exceed Php 8,186.00 per MWh. In December 2014, this was adopted as a permanent pre-emptive mitigating measure where imposition of such will be triggered when the rolling average market price over a 168-hour period (or 7 days) equal to or exceed Php 9,000.00 per MWh. A Petition for Declaratory Relief with Application for Temporary Restraining Order (TRO) and Writ of Preliminary Injunction has been filed by the Philippine Independent Power Producers Association, Inc. (PIPPA) with the RTC of Pasig on the ground that the resolutions made by ERC are invalid and void. The Regional Trial Court of Pasig denied the Application for TRO. On November 6, 2014, PIPPA withdrew its application for the issuance of a Writ of Preliminary Injunction and submitted the case for decision. In May 2017, the ERC issued Resolution No. 04, series of 2017 entitled "A Resolution Adopting Amendments to the Pre-emptive Mitigating Measure in the WESM". Under this resolution, the ERC approved and adopted the setting of a recalculated Cumulative Price Threshold level at Php1,080,000.00 equivalent to the Generated Weighted Average Prices over a rolling 5-day period or one hundred twenty (120) – hour trading interval in WESM. In 2021, the ERC issued Resolution No. 7, series of 2021 which amended ERC Resolution No. 4, Series of 2017. Under this 2021 Resolution, the ERC approved and adopted a shorter rolling average period from one hundred twenty (120) hours or five (5) days to seventy-two (72) hours or three (3) days.

WESM operations in Mindanao was officially launched by the DOE in May 2017 through Department Circular NO. DC2017-05-0009. Effective June 26, 2017, all electric power industry participants in the Mindanao Grid were considered WESM Participants and were required to comply with the WESM registration requirements. Pursuant to DOE Department Circular No. DC2022-12-0039, the Commercial Operations Date of WESM Mindanao was declared on January 26, 2023.

In July 2017, through the initiative of the DOE, the Transition Committee for PEMC was created through Department Order No. DO2017-07-0010, which was tasked among others to propose a way forward for the WESM. Consistent with the intention of the EPIRA, the Transition Committee formulated a transition proposal for an Independent Market Operator ("IMO") which provides for the formation of an independent entity separate from the PEMC to become the IMO, while PEMC remains the governance arm of the WESM. Before the functions of the market operator can be transferred to the IMO, a joint endorsement of the DOE and the power industry participants is required. Hence, on January 17, 2018, the DOE promulgated policies for the efficient transition of the WESM to the IMO. Thereafter, on February 6, 2018, a Special Membership Meeting was held by PEMC to vote for the endorsement of the Plan for Transition to the IMO of the PEMC and the transfer of the market operations function from PEMC to the IMO.

The Independent Electricity Market Operator of the Philippines Inc. (IEMOP) was thereafter organized as a non-stock, non-profit private corporation that is separate from PEMC. The IEMOP was incorporated to become the IMO, and as such, in September 2018, it formally took over the operations of the WESM from PEMC.

PEMC remains the governing body of the WESM and continues to perform the WESM governance functions.

The DOE adopted further amendments to the WESM Rules when it issued Department Circular No. DC2020-10-0021 on October 22, 2020, particularly on the provisions for the implementation of the IMO. Under the said circular, the scope of the WESM Rules now covers the Market Operator (MO) and System Operator (SO). The MO was likewise required to report any non-compliance with WESM Rules and Market Manuals and commission of other acts by any WESM member to the ERC, DOE, and the Governance Army.

Similarly, the DOE also amended the WESM Market Manual on Dispatch Protocol, Issue No. 13 on October 06, 2020 as it issued Department Circular No. DC2020-10-0020. The circular amended the Day-Ahead Projection, Hour-Ahead Projection, and the Real-Time Dispatch Schedule under the WESM Timetable. On the same day, Department Circular No. DC2020-10-0019 was likewise issued by the DOE which provided that WESM Member that has a new load facility and intends to withdraw energy from the grid through a separate marketing trading node shall register the said load facility with the MO. In addition, the WESM Member is likewise required to provide an additional security commensurate to the load profile of the new load facility prior to energization.

On June 3, 2021, the DOE issued Department Circular No. 2021-06-0012 entitled "Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Rules, Retail Rules and Various Market Manuals for the Implementation of Enhancements to WESM Design and Operations (Provisions to Promote Participation in the Retail Competition)".

On June 25, 2021, DOE issued DC2021-06-0015 entitled Declaring the Commercial Operations of Enhanced Wholesale Electricity Spot Market (WESM) Design and Providing Further Policies. Under the said circular, the commercial operation of Enhanced WESM Design and Operations (EWDO) was effective on June 26, 2021 in Luzon, Visayas, and Mindanao.

On July 09, 2021, the DOE issued DC2021-07-0024 entitled "Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Rules for the Operation of the Renewable Energy Market". Under the said circular, the Market Operator shall make available to the Renewable Energy Registrar all pertinent information to facilitate the participation and transaction with the RE Market of the WESM members, for their compliance to the Renewable Portfolio Standards, pursuant to RE Act.

On July 20, 2023, the DOE issued DC No. 2023-07-0023 to adopt further amendments to the WESM Rules and Market Manuals to set the penalty framework for test and commissioning. The said policy sets out the applicable, financial, and escalated financial penalty for any WESM member which (1) fails to apply for a Commercial Operations Registration after receiving its COC from the ERC or its Final Certificate of Approval to Connect (FCATC) from the NGCP and (2) continues to inject power to the Grid after the expiry of its authorized testing and commissioning period.

On August 2, 2023, the DOE issued DC No. 2023-08-0024 to adopt further amendments to the WESM Market Manual on Billing and Settlement in order to define the Additional Compensation (AdComP) formula during market intervention/suspension. Section 8.3 of the WESM Manual on Price Determination Methodology and Section 10 of the WESM Market Manual on BIlling and Settlement provide that a Trading Participant is entitled to additional compensation:

1. During Market Suspension or Market Intervention;
2. Designated as constrained-on or must-run unit;
3. Scheduled and dispatched as constrained-on unit during price substitution methodology; and
4. Scheduled and dispatched when ERC imposes price mitigation measure.

In 2024, the Philippine Wholesale Electricity Spot Market (WESM) underwent substantial transformations aimed at enhancing the reliability and efficiency of the country's electricity supply.

Launch of the Reserve Market

A key advancement was the initiation of the Reserve Market, designed to guarantee adequate and reliable power reserves. The pilot phase commenced on December 26, 2023, with the focus on optimizing interfaces between the Market Operator (IEMOP) and the System Operator, and automating the real-time dispatch of ancillary services. Full commercial operations commenced on January 26, 2024, enabling all certified ancillary service providers to participate in the scheduling and dispatch process for various reserve services. This integration facilitates the simultaneous optimization of energy and reserves, with the objective of reducing overall costs and enhancing grid reliability.

Co-Optimization of Energy and Reserves

The Reserve Market's implementation introduced a co-optimized scheduling system, wherein reserve offers are simultaneously optimized with energy offers. This approach determines the most competitive combination of energy and reserve supply, potentially leading to more affordable electricity prices for consumers.

Dynamic Reserve Requirements

The market adopted dynamic reserve requirements, adjusting reserve capacities based on real-time conditions rather than fixed amounts. This flexibility enables the grid to adapt swiftly to changes, thereby improving efficiency and potentially benefiting end-users through more accurate electricity pricing.

Single Buyer Model for Ancillary Services

A single buyer model was introduced for ancillary services, centralizing procurement through the System Operator. This approach simplifies operations, streamlines coordination, and ensures a more effective mix of reserve products based on system requirements, contributing to consistent procurement practices.

DOE has also promulgated several policies aimed at improving WESM operations and governance:

1. DC2024-01-0002: Amendments to WESM Manual on Dispute Resolution under Retail Rules
2. DC2024-01-0003: Amendments to WESM Rules and Manual

3. DC2024-01-0004: Amendments to WESM Rules and Manual on Registration, Suspension, and De-Registration of RE Generating Units
4. DC2024-01-0005: Amendments on Forecast Accuracy Standard for Must-Dispatch Generating Units
5. DC2024-05-0006: Establishing of Mindoro-Palawan Electricity Spot Market Technical Working Group
6. DC2024-06-0019: Amendments to WESM Manual on Dispatch Protocol and Creation of WESM Manual on Ancillary Services Monitoring for Reserves Market Compliance
7. DC2024-08-0026: Amendments to Market Operator Performance Standards
8. DC2024-10-0030: Amendments to WESM Rules and Manual on Dispatch Protocol and Market Surveillance During Market Intervention/Suspension

Retail Competition and Open Access (RCOA)

Among the significant mandates under the EPIRA is a system of open access to transmission and distribution wires whereby the National Transmission Corporation (TRANSCO), its concessionaire, the NGCP, and any distribution utility may not refuse the use of their wires by qualified persons, subject to the payment of transmission and distribution retail wheeling charges. The following are the conditions for the commencement of the RCOA:

1. Establishment of the WESM;

2. Approval of unbundled transmission and distribution wheeling charges;

3. Initial implementation of the cross-subsidy removal scheme;

4. Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and

5. Transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP Administrators.

In 2011, the ERC initiated proceedings through the conduct of public hearings to determine whether or not the RCOA may already be declared in Luzon and Visayas. Initially, the ERC declared December 26, 2011 as the date when full operations of the RCOA in Luzon and Visayas should commence. Under this initial phase, all electricity end-users that are certified by the ERC to be Contestable Customers with an average monthly peak demand of 1MW for the 12 months preceding December 26, 2011 were given the right to choose their own electricity suppliers. However, on October 24, 2011, the ERC deferred the implementation of the RCOA in Luzon and Visayas citing the inadequacy of rules, systems, preparations and infrastructure required therefor. This was in response to the request of MERALCO, Private Electric Power Operators Association, and Philippine Rural Electric Cooperatives Association, Inc. for a re-evaluation of the feasibility of the December 26, 2011 RCOA implementation date.

In December 2012, the ERC issued the Transitory Rules to govern the initial implementation of the RCOA. The Transitory Rules were arrived at by the ERC together with the DOE and the PEMC. Under the Transitory Rules, the new implementation date of the RCOA was set on December 26, 2012. The period from December 26, 2012 to June 25, 2013 was declared as the Transition Period to allow the following: (1) development and finalization of the required infrastructure for systems, processes and information technology relating to RCOA, and (2) the registration into the WESM database of RES and Contestable Customers into the WESM database. The initial commercial operations of the RCOA were scheduled during the period from June 26, 2013 to December 25, 2013. Full implementation of the RCOA will then commence from December 26, 2013 onwards. During the said time, PEMC will act as the Central Registration Body and will be responsible for the development and management of the required

systems, processes and information technology structure and the settlement of transactions in the WESM relating to the RCOA.

The implementation of the RCOA in Mindanao may take some time given that the conditions for a competitive environment has yet to be met. However, the prevailing supply conditions have led to the Interim Mindanao Electricity Market to commence operations in December 2013. To address the supply shortfall in the grid, all registered generating facilities were mandated to fully account for their capacities in the market.

The ERC issued revised regulations involving the issuance of RES licenses in December 2013. Included in the rules change was the non-issuance of RES licenses to generating companies, IPPA and affiliates of distribution utilities during a transition period or until after market condition allows it. Moreover, there were additional licensing restrictions imposed, which are: (1) the inclusion of the RES' contracted capacity in the grid limitations involving total capacity controlled by affiliate generation companies; (2) imposition of a 50% cap on supply by a RES to its affiliate end-users; (3) imposition of a 50% cap on supply from an affiliate generation company to a RES.

As a result of these additional licensing restrictions, the Retail Electricity Suppliers Association of the Philippines, Inc. filed a Petition for Declaratory Relief with an urgent application for an injunction with the RTC of Pasig City on the ground that the revised rules were unconstitutional and invalid.

In October 2014, the ERC issued Resolution No. 17, Series of 2014, which held in abeyance the evaluation of RES license applications and suspended the issuance of RES licenses pending the promulgation of the amended RES Licensing Rules. Currently, ERC is reviewing the RES Licensing Rules and the Rules for Contestability.

On 12 May 2016, the ERC issued Resolution No. 11, Series of 2016 (ERC Resolution No. 11-16), which disallowed distribution utilities from engaging in the supply of electricity to end-users in the contestable market, unless as a Supplier of Last Resort (SOLR). Local RES are also mandated to wind down business within 3 years from the effectivity of ERC Resolution No. 11-16. Thus, Retail Supply Contracts (RSC) that have already been executed by a Local RES shall remain valid until their expiration, but no new RSCs can be signed or executed. ERC Resolution No. 11-16 further provides that no RES is allowed to supply more than 30% of the total average monthly peak demand of all Contestable Customers in the Competitive Retail Electricity Market (CREM). Further, RES is not allowed to transact more than 50% of the total energy transactions of its supply business with its affiliate Contestable Customers.

In its Resolution No. 10, Series of 2016, the ERC approved the Revised Rules of Contestability, which established the conditions and eligibility requirements for end-users to be part of the contestable market.

On May 27, 2016, MERALCO filed a Petition for Declaratory Relief, docketed as SCA No.4149-PSG, with a prayer for the issuance of a TRO and/or Writ of Preliminary Injunction to (a) enjoin the DOE and the ERC from enforcing and implementing: (i) DOE Circular No. DC2015-06-0010 in connection with the full implementation of RCOA, (ii) Article 1, Sections 2 and 3 of ERC Resolution No. 5, Series of 2016, (iii) ERC Resolution No. 10, Series of 2016 on the Revised Rules for Contestability, and (iv) ERC Resolution No. 11, Series of 2016 regarding restrictions imposed on the operations of DUs and RES in the CREM; and (b) declare the said DOE Circular and ERC Resolutions void.

On 13 July 2016, a Writ of Preliminary Injunction enjoining the implementation of the issuances of the ERC was granted by Branch 157, RTC of Pasig City. The ERC and the DOE, assailed the jurisdiction of the RTC and separately filed Petitions for Certiorari and Prohibition before the Supreme Court on July 5, 2016 (G.R. No. 225141) and on September 27, 2016 (G.R. No. 226800), respectively.

On October 10, 2016, the Supreme Court, acting on the Petition filed by the DOE, issued a TRO enjoining Branch 157, RTC of Pasig City from continuing with the proceedings in SCA No. 4149-PSG and from enforcing all orders, resolutions and decisions rendered in SCA No. 4149-PSG.

In December 2016, the Philippine Chamber of Commerce and Industry, San Beda College Alabang, Inc., Ateneo De Manila University, and Riverbanks Development Corporation filed a petition, this time with the Supreme Court, to enjoin the ERC and the DOE from implementing DOE Circular No. 2015-06-0010, ERC Resolution No. 5, Series of 2016, ERC Resolution No. 10, Series of 2016, ERC Resolution No. 11, Series of 2016, and ERC Resolution No. 28, Series of 2016.

On 21 February 2017, the Supreme Court issued a TRO, effective immediately, enjoining the DOE and the ERC from implementing DOE Circular No. DC2015-06-0010, Series of 2015, ERC Resolution No. 5, Series of 2016, ERC Resolution No. 10, Series of 2016, ERC No. 11, Series of 2016, and ERC Resolution No. 28, Series of 2016.

The DOE and the ERC filed a Motion for Reconsideration before the Supreme Court to lift the TRO. Both likewise filed an Omnibus Motion seeking clarification on the scope and coverage of the TRO. To date, both have remained unresolved.

In November 2017, the DOE issued DOE Circular No. DC2017-12-0013 to address policy and regulatory gaps resulting from the abovementioned cases. In the said circular, the DOE provided for voluntary participation of Contestable Customers and lowered the threshold to from 1 MW to 750 kW and 500 kW. Voluntary Demand Aggregation was also permitted by December 2018 allowing electricity End-users within a contiguous area whose average peak demand is not less than 500 kW for the preceding 12-month period to aggregate their demand to be part of the Contestable Market and to enter into retail supply contracts with Aggregators.

On July 29, 2019, the DOE issued Department Circular No. DC2019-07-0011 which provided for the amendments of various issuances on the implementation of the RCOA. Based on this particular circular Contestable Customers are no longer automatically integrated into the WESM and its participation therein shall be on a voluntary basis. Moreover, the same circular provided that participating Contestable Customers should source its electric supply requirements from ERC-licensed/authorized suppliers.

On O3 December 2020, the ERC issued Resolution No. 12, Series of 2020 which prescribes the timeline for the implementation of RCOA. The said ERC Resolution likewise provided that the coverage of RCOA was expanded for end-users with an average monthly peak demand of at least 500 kW in the preceding twelve (12) months. Moreover, the monthly billing statement from the Network Service Provider (NSP) shall be considered as proof of contestability and shall be the basis for contestable customers' retail market transaction in lieu of the Certificates of Contestability. NSPs are thus required to notify qualified end-users by indicating in their monthly bill that they are qualified Customer Customers and can now choose their preferred supplier of electricity.

On March 2, 2021, the Supreme Court promulgated its decision granting the petition of Philippine Chamber of Commerce and Industry, et al., and declaring DOE DC2015-06-0010, series of 2015, and ERC Resolution Nos. 5,10,11, and 28, all series of 2016 void for being bereft of legal issue. The said decision directed the ERC to promulgate the supporting guidelines to DOE's Department Circular Nos. 2017-12-0013 and DC2017-120014.

In light of the Supreme Court decision, on November 17, 2021, the ERC issued Resolution No. 9, series of 2021 revoking its Resolution no. 17, series of 2014 (RES License Moratorium) as there will be eight (8) RES, with a total of 265 contestable customers, who were expected to file for the renewal of their respective licenses within 2021 and that these customers would be left without a supplier and may be exposed to the higher prices of the SOLR should the ERC fail to issue RES licenses.

On January 17, 2023, the ERC issued Resolution No. 1 Series of 2023 to amend the ERC rules supplementing the switching and billing process and adopting a disconnection policy for contestable customers. Under the said regulation, no contestable customer shall be allowed to switch to a new RES if it has an outstanding balance with its Network Service Provider. Upon satisfaction of such condition, the Contestable Customer shall be allowed to choose a new RES and enter into a new Retail Supply Contract (RSC) with its supplier of choice.

On April 12, 2023, the DOE issued DC No. 2023-04-0006 to provide supplemental policy for the systematic management of RES reportorial requirements. Moving forward, RES shall now submit their reportorial requirements through the DOE Web Portal.

In 2024, the Department of Energy and the Energy Regulatory Commission implemented significant policy and regulatory updates to enhance the implementation of the RCOA which sees the eventual lowering of threshold for contestability. These initiatives are aimed at promoting further competition, protecting consumer interests, and improving market efficiency

On March 11, 2024, the DOE issued DC2024-03-0009 to declare the commercial operations of RCOA and Green Energy Option (GEOP) in Mindanao, expanding customer choice options to contestable customers connected to the Mindanao Grid.

On March 20, 2024, in support of DOE's policy, the ERC released Resolution No. 6 Series of 2024 to prescribe the threshold for eligibility in the RCOA for eligible end-users in Mindanao.

On May 7, 2024, the ERC adopted Resolution No. 9 Series of 2024 to establish the Revised Rules for Contestability, to detail the rights and obligations of contestable customers and retail electricity suppliers, and to clarify the procedures for switching suppliers to ensure consumer rights protection.

On 28 August 2024, the ERC promulgated Resolution No. 13 Series 2024 to adopt the new Omnibus Rules on Consumer Choice Programs in Retail Electricity Market. Salient provisions of these rules include the following:

1. Establishment of the Magna Carta for Retail Customers
2. Expansion of the implementation of the Retail Aggregation Program (RAP)
3. Changes in the RES Licensing Requirements
4. Mechanism to determine RES standing

The 2016 Philippine Grid Code

Under the EPIRA, the ERC was tasked to promulgate and enforce a national grid code. Enacted in December 2001, The Philippine Grid Code established and documented the basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the high-voltage backbone transmission system of the Philippines. The Philippine Grid Code identified and recognized the responsibilities and obligations of 3 key independent functional groups, namely the (a) Grid Owner, (b) SO and (c) MO.

On October 5, 2016, the ERC through ERC Resolution No. 22, Series of 2016 approved the publication of the approved Philippine Grid Code 2016 Edition (the 2016 Grid Code). Among the objectives in the 2016 Grid Code were to harmonize the provisions of the Philippine Grid Code with the issuances of the DOE and the ERC and to adopt and fully implement the connection and operational requirements for Variable Renewable Energy (VRE) Generating Facilities consistent with the Renewable Energy Act.
Among the salient points of the 2016 Grid Code are as follows:

The inclusion of the connection and operational requirements for VRE facilities; setting the requirements pertaining to the connection and operational requirements of embedded generators were to be consigned to the Philippine Distribution Code; the provision for changes on frequency controls and responses; the introduction of a new way of classifying reserves from Contingency Reserve, Regulating Reserve and Dispatchable Reserves into Primary Reserve, Secondary Reserve and Tertiary Reserve, respectively; as regards ancillary services, the 2016 Grid Code provided a Frequency Reserve Obligation on the SO mandating it to contract for the Reserve or suffer penalty. The drafting of revisions and updates on the Ancillary Service Procurement Plan are on-going in accordance with the new ancillary structures based on the 2016 Grid Code.

From the time the 2016 Grid Code was enacted, developments in the WESM and other ancillary-related issuances have come up including proposed amendments to the Ancillary Services Cost Recovery Mechanism filed by the NGCP with the ERC. These prompted the DOE to issue Department Circular No. DC2019-12-0008 which (i) set up the General Framework Governing the Provision and Utilization of Ancillary Services in the Grid pending harmonization of ancillary service-related issuances and review of the relevant provisions of the 2016 Grid Code; and (ii) constituted the Ancillary Service Technical Working Group (AS-TWG) for the cost-recovery mechanism.

To date, the existing cost-recovery mechanism for AS shall continue to be implemented until a new mechanism is recommended by the AS — TWG and adopted by the DOE and/or the ERC.

Consistent with the provisions of EPIRA and the 2016 Grid Code, the ERC, on January 21, 2016 issued Resolution No. 17 Series of 2013 entitled “A Resolution Adopting and Approving the Rules and Procedures to Govern the Monitoring of Reliability Performance of Generating Units and Transmission Units and the Transmission System.” The rules initially apply to all Generation Companies with Generating Plants connected to the Grid, Embedded Generating Plants which have an aggregated capacity of 20MW and above, SO, Grid Owner or its Concessionaire and MO. On November 16, 2020, however, the ERC issued Resolution No. 11, Series of 2020 which amended the rules and lowered the aggregated capacity of Embedded Generating Plants from 20MW and above to 5MW and above.

In May 3, 2023, ERC promulgated Resolution no. 4 Series of 2023 to constitute an interim Grid Management Committee (GMC) for a specific purpose and perform limited functions under the Philippine Grid Code. Such limited functions include the following:

1. Monitor the implementation of the Philippine Grid Code;
2. Monitor, evaluate, and make recommendations on Grid planning and Grid operations;
3. Review and recommend standards, procedures, and requirements for Grid connection, operations, maintenance, and development; and
4. Other tasks that the Commission may specifically delegate other than the regulatory power of the ERC

In 2024, there has been no revisions on the 2016 PGC but energy agencies have made efforts to ensure compliance with the same.
On January 5, 2024, the DOE issued a media release to emphasize NGCP’s obligation to implement the projects under the Transmission Development Plan in adherence to the 2016 PGC which mandates the

development and maintenance of a reliable transmission system to meet the ever-growing power demand of the country.

The Renewable Energy Act of 2008 (RE Act)

The RE Act was signed into law in December 2008 and became effective in January 2009.

The RE Act was designed to promote and develop the use of the country's RE resources with the intention of reducing the country's dependence on fossil fuels and improving the overall condition of the environment.

The RE Act offers fiscal and non-fiscal incentives to RE developers, subject to a certification issued by the DOE, in consultation with the Board of Investments. These incentives include:

1. ITH for the first 7 years of commercial operations

2. Duty-free importation of RE machinery, equipment and materials effective within ten years upon issuance of certification, provided said machinery, equipment and materials are directly, exclusively and actually used in RE facilities

3. Special realty tax rates on equipment and machinery not exceeding 1.5% of the net book value

4. Net operating loss carry over

5. Corporate tax rate of 10% after the 7th year

6. Accelerated depreciation

7. Zero percent VAT on sale of fuel or power generated from emerging energy sources and purchases of local supply of goods, properties and services of RE facilities

8. Cash incentives for RE developers for missionary electrification

9. Tax exemption on carbon emission credits.

10. Tax credit on domestic capital requirement and services.

All fiscal incentives apply to all RE capacities upon effectivity of the RE Act.

To boost investments in the RE sector, the DOE issued Department Circular No. DC2022-11-0034 which amended Section 19(B) of the Implementing Rules and Regulations of RE Act. Effectively, foreign nationals may now engage in the exploration, development, and utilization of inexhaustible renewable energy sources. The relaxation of the nationality restriction was issued following a legal opinion by the Department of Justice.

Due to the intermittent or variable nature of certain Renewable Energy (RE) resources, RE generating units that utilize the same are declared in the RE Act as 'must dispatch' based on available energy and shall be given priority dispatch. In 2015, the DOE promulgated the Framework for the Implementation of Must Dispatch and Priority Dispatch of Renewable Energy Resources in the WESM[9] where "Must Dispatch" and "Priority Dispatch" facilities were classified in accordance with the predictability of the RE resource. To enjoy the "Must Dispatch" status, a facility must be utilizing an intermittent RE

[9] DOE Department Circular No. DC2015-03-0001.

resource that is difficult to predict in terms of availability such as wind, solar, ocean, run-of-river hydro, or ocean energy. “Priority Dispatch” on the other hand was limited to biomass plants under the feed-in-tariff (FIT) system.

To further accelerate the utilization and development of indigenous RE resources, on October 05, 2022, the DOE expanded the definition of “Priority Dispatch” to include geothermal, and impounding hydro plants, and biomass plants that are not covered by the FIT system through Department Circular No. DC 2022-10-0031.

In a resolution issued in 2012, the ERC adopted the following FIT for emerging RE resources, namely, wind, solar, run-of-river hydropower and biomass, and corresponding digression rates.

	FIT Rate (Php/kWh)	Degression Rate
Wind	8.53	0.5% after 2nd year of FIT effectivity
Solar	9.68	6% after 1st year of FIT effectivity
Run-of-river hydro	5.90	0.5% after 2nd year of FIT effectivity
Biomass	6.63	0.5% after 2nd year of FIT effectivity

On May 26, 2020 the ERC issued Resolution No. 06, Series of 2020 which adjusted the FIT as follows:

Technology		2014	2015	2016	2017
		(Yr 1 Entrant)		(Yr 2 Entrant)	(Yr 3 Entrant)
Biomass	2014 – 2015	6.6300		-	-
	2016	6.6502		6.6300	
	2017	6.8539		6.6502	6.5969
	2018	7.1097		6.8539	6.6170
	2019	7.4132		7.1097	6.8197
	2020	7.6629		7.4132	7.0742
ROR Hydro	2014 – 2015	5.9000		-	-
	2016	5.9218		5.9000	
	2017	6.0710		5.9218	5.8705
	2018	6.2798		6.0710	5.8922
	2019	6.5392		6.2798	6.0406
	2020	6.7772		6.5392	6.2484
Solar		**Solar 1**	**Solar 2**		
	2014 – 2015	9.6800	8.6900	-	-
	2016	9.7015	8.7093	8.6900	-
	2017	10.0661	9.0366	8.7093	-
	2018	10.4788	9.4071	9.0366	-
	2019	10.9441	9.8248	9.4071	-
	2020	11.2758	10.1226	9.8248	-
Wind		**Wind 1**	**Wind 2**		
	2014 – 2015	8.5300	7.4000	-	-
	2016	8.5525	7.4195	-	-
	2017	8.8442	7.6725	-	-
	2018	9.1905	7.9730	-	-
	2019	9.5907	8.3202	-	-
	2020	9.8976	8.5864	-	-
Bangui 1 & 2	2014 – 2015	5.9600	-	-	-
	2016	5.9757	-	-	-
	2017	6.1795	-	-	-
	2018	6.4215	-	-	-
	2019	6.7011	-	-	-
	2020	6.6156	-	-	-

The Net Metering Program (NMP) for RE was issued by the ERC in 2013, which is designed to, among others, encourage end-users to participate in the RE generation. The distribution utilities are required to enter into a net metering agreement with an end-user with installed RE system, subject to technical considerations.

The ERC amended several provisions of the rules enabling the NMP for RE through ERC Resolution No. 06, Series of 2019. The following are the salient revisions made:

1. RE systems that run of river hydropower and those capable of being installed in the qualified end-user's premises with or without battery are now eligible to participate in the net metering program.

2. All qualified end-users are required to apply for a COC and distribution utilities are required to assist the qualified end-users in their COC application by receiving and transmitting to the ERC all documentary requirements including the Net Metering Agreement (NMA) and informing the qualified end-user of the ERC's decision.
3. Distribution utilities are likewise required to furnish and install a bi-directional meter at the qualified end-user's premises, the expenses of which shall be for the account of the qualified end-user, except in the case of new customers and the qualified end-users with existing separate meters required to be replaced with a bi-directional meter.

Similarly, ERC Resolution No. 06, Series of 2019 likewise amended the net metering interconnection standards. RE systems with a maximum capacity of 100kW AC per qualified end-user to its distribution system except for Solar Photovoltaic (PV) which shall be 100kW DC are already allowed interconnection of the RE systems. In line with the foregoing amendments, the NMA template has been updated by the ERC accordingly.

On February 27, 2020 the ERC issued ERC Resolution No. 05, Series of 2020 which provides for the clarifications on the amended Net-Metering Rules. For purposes of Net-Metering Applications "good credit standing" has been defined as an end-user with no unsettled or outstanding obligation with the distribution utility at the time of application. Moreover, the cost of Renewable Energy Certificate (REC) meter and the installation thereof shall be shouldered by the distribution utility while the wiring cost from the facility to the REC meter shall be for the account of the qualified end-user. The ERC resolution also provides that the REC meter should be located at the connection point or at least near the connection point.

Meanwhile on October 22, 2020 the DOE issued Department Circular No. DC2020-10-0022 which prescribes the following policies and guidelines to provide complementary enhancements to the net metering program:

1. Implementation of the one (1) -year period for the banking of net metering credits of existing and new applications;

2. Application of Off-Grid or Island Grid Systems;

3. Publication of the distribution utilities NMP including their respective hosting capacities of Distribution Systems for net metering purposes; and

4. Development of a net metering guidebook that aims to prescribe the guidelines and procedures for net metering arrangements from offer to after sales services by the net metering installers and practitioners as well as prescribing the minimum standards for all net metering installations, in collaboration with all concerned government agencies.

The guidelines for the collection of the FIT-Allowance (FIT-All) and the disbursement of the FIT-All Fund by Transco were issued by the ERC in early 2014. The FIT-All is a uniform charge that will be collected from end-users by distribution utilities and RES entities. This will comprise the FIT-All Fund, whereby Transco serves as the Administrator. The FIT-All Fund is for the guaranteed payment of the FIT for actual energy delivered by RE generators. In an order dated October 10, 2014 ERC Case No. 2014-109RC, the ERC issued a provisional approval for the applied FIT-All of Php 0.0406 per kWh filed by Transco. Collection from end-users shall commence starting January 2015.

On November 16, 2022, the ERC issued Resolution No. 12, Series of 2022 which approved and adopted the temporary suspension of collection of the FIT-All for a period of three (3) months, starting from December 2022 until February 2023 billing months.

In December 2017, the DOE promulgated the rules and guidelines governing the establishment of the Renewable Portfolio Standards (RPS) for On-Grid Areas through Department Circular No. DC2017-12-0015. The RPS Rules were adopted to mandate electric industry participants to source a portion of their electricity requirements from eligible RE sources in order to develop indigenous and environmentally friendly energy sources. With the minimum annual increment requirement of 1% to be applied to the Net Electricity Sales of the mandated participants, the DOE targets to increase the utilization of RE and reach a 35% RE share in the Energy Mix by 2030.

In July 2018, Department Circular No. DC2018-07-0019 containing the Rules Governing the Establishment of the GEOP in the Philippines became effective. General rules and procedures were set out to guide end-users, RE supplier and network service providers in facilitating the options taken by end-users to choose RE Resources for their energy requirements. Similarly, on April 22, 2021, the ERC issued ERC Resolution No. 8, series of 2021 which adopted the Rules for the GEOP.

In August 2018, the DOE promulgated the rules and guidelines governing the establishment of the RPS for Off-Grid Areas through Department Circular No. DC018-08-0024. The RPS Off-Grid Rules was adopted to contribute to the growth of the RE Industry in the Off-Grid and Missionary Areas by mandating electric power industry participants to source or produce a specified portion of their electricity requirements from eligible RE resources. It was intended to rationalize the efficient use of the Universal Charge – Missionary Electrification and improve the self-sufficiency in power generation through integration of RE in the supply mix in Off-Grid Areas.

On October 1, 2019, the DOE harmonized and enhanced all existing guidelines and procedures regulating the transparent and competitive system of awarding RE Contracts and the registration of RE projects through Department Circular No. DC2019-10-0013 otherwise known as the "Omnibus Guidelines Governing the Award and Administration of Renewable Energy Contracts and the Registration of Renewable Energy Developers".

On December 4, 2019, the DOE promulgated the Renewable Energy Market (REM) Rules to facilitate the compliance of mandated participants with the RPS Rules (both on-grid and off-grid). The rules govern all electric power industry participants in all grids, both on-grid and off-grid areas, and tasked the PEMC to establish the REM and the development of the REM System.

On June 10, 2022, the DOE declared the Interim Commercial Operations of the REM until such time that the Commercial Operations is declared by the DOE[10].

[10] DOE Department Circular No. DC2022-06-0019.

On May 23, 2023 the DOE issued DC No. 2023-05-0014 to promulgate the revised rules and guidelines governing the operationalization of the RPS for Off-Grid Areas. Under the new rules, the obligation to determine the optimal supply mix and submit an RPS Compliance Plan has been decentralized to the mandated participants (i.e. Distribution Utilities, Generation Companies, etc.) depending on the "Case" of an Off-Grid Area:

Case #	Arrangement	Required Entity
Case 1	1 DU, 1 GenCo	Generation Company
Case 2	1 DU, >1 GenCos	Distribution Utility
Case 3	>1 DU, >1 GenCos	NEA/TransCo

Off-grid Mandated Participants may comply with the RPS requirement through the following:

1. Procure power from RE generation from NPC-SPUG, MGSP, or NPP (contracted or own facility);
2. Procure power from RE generation from embedded facilities of the DUs; and
3. Procure RE Certificates from the RE Market.

On December 7, 2023, the DOE issued DC No. 2023-12-0032 to set the rules and regulations on administrative actions for violations of the RPS Rules. Such penalty should in no case be less than Php 100,000.00 to PhP500,000.00 or the total amount of damages caused or the costs avoided for non-compliance, whichever is higher. Other sanctions include the cancellation or suspension of any permit, license, authority, or registration granted by the DOE.

The DOE is set to conduct a series of trainings in 2024 for off-grid mandated participants to discuss the consideration and parameters in formulating the optimal supply mix and in setting the procedures and deadlines for the submission of the RPS Compliance Plan.

On December 1, 2023, the Philippine Renewable Energy Market (PREM) started accepting the registration of Off-Grid Mandated Participants as an initial set to prepare their compliance with the RPS Rules.

On May 23, 2023, the DOE also issued DC No. 2023-05-0015 to prescribe the amendments to DC No. 2017-12-0015 or the RPS Rules for On-Grid Areas. Under the amended rules, the minimum annual incremental RE percentage for all mandated participants has been set to 2.52% from 2023 onwards.

On April 19, 2023, President Ferdinand R. Marcos Jr. signed Executive Order No. 21 Series of 2023 which directs the establishment of the policy and administrative framework for offshore wind development (OSW). DOE responded to this marching order by issuing DC2023-05-0013 on May 18, 2023 to promulgate the implementing guidelines of Executive Order No. 21. The said policy defines the OSW policy and administrative framework anchored on the Energy Virtual One-Stop Shop (EVOSS) to ensure streamlined requirements and procedures for the application of OSW Energy Service Contract (OsWESC).

The DOE further defined the OSW policy and administrative framework through DC No. 2023-06-0020 which was issued on June 16, 2023. The said policy adopts a "Whole-of-Government" approach to streamline and expedite the approval process of permitting agencies for the issuance of permits, licenses, and clearances for OSW projects, and eliminate unnecessary delays in every stage of the project development.

In December 14, 2023, the DOE issued DC No. 2023-12-0035 to prescribe the policy and general framework on the expanded roof-mounted solar program in the Philippines. The said policy only affects those with roof-mounted solar facilities (RSF) with a capacity of above one-hundred kilowatt peak (100 kWp), intended for own-use and/or export of energy to its host DU. Aside from the development, maintenance, and connection requirements for affected facilities, the said circular also recognized different business models in operating RSF such as the (1) Supply Contingency Option, (2) Lease-to Generate Option, and the (3) Restricted Peer-To-Peer Energy Trading. the Transmission Network Provider, which is the NGCP at present, is also required to conduct a timely System Impact Study (SIS) for grid-connected RSF (>20MW in Luzon, >5MW in Visayas and Mindanao) prior to construction and commercial operations. A Distribution Impact Study and Distribution Asset Study are also required to be maintained by Distribution Utilities to ensure the reliability and stability of their distribution systems to accommodate the entry of RSFs. The said policy was issued in support of the government's target to attain 35% RE share in the power generation mix by 20230 and 50% by 2040. It also aims to attract more investors in RE that will provide additional supply of electricity, empower electricity-end users in using or hosting rooftop solar PV systems, and offer alternative compliance to designated establishments with obligations under the Energy Efficiency and Conservation Act.

In 2024, the Philippine RE sector had significant policy, regulatory, and industry developments aimed at accelerating the country's transition to sustainable energy sources.
On January 29, 2024, DOE issued DC2024-01-0001 which provides for the "National Policy and General Framework, Roadmap and Guidelines for Hydrogen in the Energy Sector". The said circular aims to lay the foundation for the integration of hydrogen as a sustainable energy source. It also outlines a strategic roadmap for hydrogen development, production, storage, distribution, utilization.

Moreover, on June 4, 2024, one of the DOE's most anticipated policy by RE developers have been issued under DC2024-06-0018 which prescribes the Revised Omnibus Guidelines for RE Contract Application and RE Developers' Registration. The said policy aims to streamline the RE contract application process by allowing developers to commence permit acquisition, tabletop and site surveys, and feasibility studies before the official 25-year contract duration begins through the issuance of Certificate of Authority (COA). The policy has also expanded the availment eligibility for fiscal and non-fiscal incentives and options for RE contract assignment. But the policy has also tightened the belt for biomass and solar RE contract applications as proof of land possessory rights and NGCP-approved System Impact Study are now a requirement.

On September 9, 2024, the DOE issued DC2024-08-0025 to enhance the Net-Metering Program for RE Systems. This policy aims to simplify the requirements and clarify the procedures for consumers who wish to participate in the program.

On December 10, 2024, the DOE declared the full commercial operations of the RE Market effective December 26, 2024 and directed the transfer of the registrar function of the Philippine Renewable Energy Market System (PREMS) from the Philippine Electricity Market Corporation (PEMC) to the Independent Electricity Market Operator of the Philippines (IEMOP). Such function includes the following:

1. Registration and Support to REM participants;
2. Conduct of REM Awareness Activities; and
3. Computation of Renewable Portfolio Standards (RPS) requirements of Mandated Participants

By end of 2024, the DOE has registered an additional 700MW installed capacity from RE while anticipating an additional 800MW from 2025-2028.

Off-grid Area System Operator

On November 09, 2021 the DOE issued Department Circular No. DC2021-11-0039 entitled "Mandating the National Transmission Corporation as Small Grid System Operator in Specific Off-Grid Area". Under the said circular, the TRANSCO shall serve as the Small Grid SO in any of the following Small Grid classifications:

1. More than one (1) DU utilizing a High Voltage line to transmit power generated by more than one (1) Generation Company (GenCo);

2. Only one (1) DU utilizing a High Voltage line to transmit power generated by more than one (1) GenCo; and

3. Only one (1) DU utilizing its Medium Voltage line to transmit power generated by more than one (1) GenCo.

In January 2022, TransCo began its transition to becoming the off-grid system operator in Mainland Palawan, Mainland Mindoro, and Mainland Catanduanes through coordination with the respective Distribution Utilities in the said off-grid areas.

On June 3, 2024, TransCo commenced the deployment of its personnel to off-grid areas to initiate observation and peer-to-peer engagements with existing DU system operators to ensure a smoot transition and enhance operational efficiency when it fully assumes the system operations.

By end of 2024, TransCo is now fully managing the system operations in Mainland Palawan and Mainland Mindoro.

Reduction in Systems Loss

The ERC issued the Rules for Setting the Distribution System Loss Cap and Establishing Performance Incentive Scheme for Distribution Efficiency (Resolution No. 20, Series of 2017), which set distribution feeder loss cap for private distribution utilities at 6.50% for 2018, 6.25% for 2019, 6% for 2020, and 5.50% for 2021 up to 2022.

Under the new regulations, the actual electricity usage of the distribution company will be treated as an Operations and Maintenance expense in its Performance Based Incentives in its PBR applications.

Competitive Selection Process (CSP)

In June 2015, the DOE issued Department Circular No. DC2015-06-008 mandating all distribution utilities to undergo a CSP in securing PSAs, through a Third-Party expert duly recognized by the DOE and ERC. Under the circular, the CSPs for the procurement of PSAs shall observe the aggregation for the un-contracted demand of the distribution utilities and shall be conducted annually. The terms and conditions of the PSAs shall be in accordance with the template PSA to be issued by the ERC in coordination with the DOE. The ERC and DOE were given 120 days from the effectivity of the circular to issue the implementing guidelines and procedures for the circular.

In September 2015, the DOE together with the ERC posted for comments the first draft of the implementing guidelines of Department Circular No. DC2015-06-008. After conducting public hearing and receiving opposition from industry stakeholders, the ERC and DOE deferred issuing a decision on the mandatory implementation of the CSP.

Pending the issuance by the ERC of a prescribed CSP, the ERC issued in October 2015 Resolution No. 13 (CSP Resolution) directing all distribution utilities to conduct CSP in the procurement of their supply to the captive market. In the Resolution, a CSP is deemed successful if the distribution utility receives at least two (2) qualified bids. Direct negotiation may be conducted after at least two (2) failed CSPs.

In ERC Resolution No. 1, Series of 2015 dated 15 March 2016, the ERC restated the effectivity of the CSP Resolution to be April 30, 2016.

In February 2018, the DOE finally prescribed the "Policy for the Competitive Selection Process in the Procurement by Distribution Utilities of Power Supply Agreement for the Captive Market" through Department Circular No. DC2018-02-0003. Governing all DUs in both grid and off-grid areas, the policy mandates the procurement of all PSAs for the captive market through CSP. In the said Circular, the CSP may be conducted by a Third-Party Bids and Awards Committee (TPBAC) composed of 5 members, where 3 members will come from the DU and 2 from the captive customers. In lieu of the TPBAC, the DU may also opt to engage a Third-Party Auctioneer. Direct negotiation with generation companies is allowed after at least 2 failed CSPs and there is no outstanding dispute in the conduct of the CSP.
On September 24, 2021, the DOE issued DC2021-09-0030 amending certain provisions and supplementing DC2018-02-0003. Under the said issuance, the following shall warrant a Certificate of Exemption from the conduct of CSP (COE-CSP) from the DOE:

1. Any generation projects funded by grants or donations, and will become fully-owned, operated, and controlled by the DU within its franchise area, subject to ownership and market-share limitations as provided under relevant laws and issuances. The DU may be allowed to infuse internally generated funds; Provided, that the amount shared by the DU shall not exceed thirty percent (30%) of the total project cost excluding taxes to be paid by the DU; Provided also, that the generation project or facility shall be structurally and financially unbundled from the DU's business segment such that the generation rate from such project or facility can clearly be distinguished from the distribution rates of the DU; Provided finally, that the generation project shall not be transferred or assigned to an affiliate or subsidiary Power Supplier of the DU.

2. Negotiated procurement of emergency power supply wherein the cooperation period of the corresponding Emergency Power Supply Agreement (EPSA) shall not exceed one (1) year, and such EPSA shall be filed immediately before the ERC upon the issuance and within the effectivity of the COE-CSP; Provided, that the DU shall prove and certify that it has performed all the necessary and required due diligence, and solicited proposal from at least one (1) power supplier for EPSA to address the emergency situation and to avert and/or mitigate its consequences, and the offer/s from the available Power Supplier/s shall be attached in the request for COE-CSP; Provided also, that the procurement of emergency power supply shall be not entitled to any form of subsidy. Provided finally, that the rate shall be equivalent to or lower than the latest ERC-approved generation tariff for same or similar technology in comparable areas.

3. Any generating plant to be embedded in the DU, utilizing indigenous energy resources in the franchise area of the DU, subject to ownership and market-share limitations as provided under relevant laws and issuances, unless it intends to sell generated power outside of the embedded area, in which case, it shall undergo CSP with respect to its excess power. The size of the generation plant shall have a maximum capacity of 10 MW per Luzon DU and 5 MW per Visayas and Mindanao DU.

4. The provision for power supply by the NPC in off-grid areas prior to and until the entry of New Power Providers and in emergency circumstances, in which case, a copy of the PSA between the Electric Cooperative (EC) and the NPC shall be submitted to the DOE and the National Electrification Administration (NEA), in case of ECs.

5. The provision for power supply by the PSALM Corporation or its successor-in-interest through bilateral contracts for the power produced from the undisposed generating assets and independent Power Producer contracts. Request for exemption must be submitted to the DOE at least three (3) months prior to the expiration of the Contract of Supply of Electric Energy (CSEE) or intended cooperation period. Upon its execution, the DU or EC shall furnish the DOE and NEA, respectively, with a copy of the CSEE between the DU and the PSALM.

Further, under DC2021-09-0030 DUs may resort to alternative methods of procurement exclusively for New Technology such as Unsolicited Proposals and Competitive Challenge. New Technology refers to a technology that is novel or a novel use or arrangement of existing technology that has not yet been commercially operating or applied in the country.

On June 30, 2023, the DOE released DC No. 2023-06-0021 entitled, "Prescribing the Policy for the Mandatory Conduct of the Competitive Selection Process by the Distribution Utilities for the Procurement of Power Supply for their Captive Market" (the "2023 CSP Circular"). The 2023 CSP circular did not include several provisions from its predecessors such as the requirement of a TPBAC or Third Party Auctioneer and the Alternative Mode of Procurement through Unsolicited Proposals. Under the 2023 CSP circular, the maximum capacity for CSP-exempted DU-embedded renewable energy projects has been changed to 10MW contracted capacity per each DU regardless if they are from Luzon, Visayas, or Mindanao.

On October 3, 2023, ERC promulgated Resolution No. 16 Series of 2023 (the "2023 CSP Resolution") which prescribes the implementing guidelines for the conduct of Competitive Selection Process (CSP) in accordance with the 2023 CSP Circular, the latest DOE policy requiring the Distribution Utilities to conduct a transparent, fair, and non-discriminatory public bidding in procuring power supply for its captive market.

The 2023 CSP Resolution's major provisions include the following:

1. Timeline, requirements, and approval process for Power Supply Agreements (PSAs);
2. Streamlined approval timeline for Emergency PSAs;
3. Setting the maximum cooperation period for PSAs (10 years for Financial PSAs; 15 years for Physical PSAs; and 20 years for RE PSA)
4. Fixed pricing requirement for financial PSAs;
5. Protest and blacklisting mechanism for contracting DUs; and
6. Template PSAs

On November 21, 2023, the National Electrification Administration (NEA) released Memorandum No. 2023-057 to Electric Cooperatives for the adoption of its guidelines on the implementation of the 2023 CSP Circular and the 2023 CSP Resolution.

On August 7, 2024, the DOE issued an Advisory as a "Supplement to the Competitive Selection Process (CSP) Advisory Dated 16 August 2019". It can be recalled that on August 19, 2019, the DOE issued an Advisory (2019 Advisory) to guide affected DUs in addressing the impact of the decision of the Supreme Court in the *Alyansa Para sa Bagong Pilipinas, Inc. vs. ERC, et. al* (Alyansa Ruling). The advisory aims to guide those DUs who are yet to implement the provisions cited in the 2019 Advisory by being allowed to enter into Transitory Power Supply Agreements (TPSA) which will cover the displaced capacity due to the Alyansa Ruling.

Framework for Embedded Generators

In February 2019, the DOE promulgated the "Framework Governing the Operations of Embedded Generators" through Department Circular No. DC2019-02-0003. Covering generation units that are indirectly connected to the Grid through distribution systems, the guidelines require all Embedded Generators to comply with the connection and operational requirements of the 2016 Grid Code and to secure a COC from the ERC. Embedded Generators with material impact to Grid operations are also mandated to register with the WESM based on the criteria provided in the guidelines.

On August 12, 2024, the DOE issued Department Circular No. DC2024-08-0022 to amend certain provisions of DC2021-06-0013 in order to enhance the framework governing the testing and commissioning of generation facilities. These amendments aim to ensure that new generating units are fully prepared to deliver energy to the grid or distribution network, thereby improving the reliability and efficiency of the Philippine power system. Under the said rules, a generation company may continue injecting and be paid for power delivered to the Grid in the absence of an ERC Certificate of Compliance as long as it has been issued with the Final Certificate of Approval to Connect (FCATC) by its Network Provider (DU/NGCP) and has already registered with the WESM.

Energy and Efficiency Conservation Act

On April 12, 2019, Republic Act No. 11285 otherwise known as the "Energy Efficiency and Conservation Act" was signed into law with the primary goal of institutionalizing energy efficiency and conservation, enhancing efficient use of energy, and granting incentives to energy efficiency and conservation projects.

As the lead implementing agency, the DOE is responsible for planning, formulating, implementing, enforcing and monitoring of energy management policies and other plans and programs related to energy efficiency of all government agencies, including government-owned and controlled corporations which are mandated to ensure efficient use of energy in their respective offices, facilities, transportation units, and the discharge of their functions.

Under the law, the DOE will develop the following systems, standards and guidelines:

1. a system for certification and assessment of energy conservation officers and energy managers to raise the standards of those engaged in energy management;

2. energy performance standards for commercial, industrial and transport sectors, including energy-consuming products;

3. labelling system for all energy-consuming product, devices and equipment;

4. mandatory energy-efficiency rating and labelling system for identified energy consuming products such as room air-conditioners, refrigeration units, and television sets to promote energy efficient appliances and raise public awareness on energy saving; and,

5. fuel efficiency testing guidelines for the conduct of fuel efficiency tests to validate information provided by vehicle manufacturers, importers and dealers.

The DOE shall also conduct regular examination, testing and verification of energy-consuming products and their models to determine the product's energy efficiency.

Designated establishments, such as private or public entities in the commercial, industrial, transport, power, agricultural, public works and other sectors identified by the DOE as energy intensive industries based on their annual energy consumption, have the following obligations under the law:

1. Integrate energy management system policy into the business operations based on ISO 50001 or a similar framework;

2. Set up systems and programs to promote energy efficiency, conservation and sufficiency that may include installation of RE technologies;

3. Keep records of monthly energy consumption data;

4. Improve average specific energy consumption in according with annual targets of DOE

5. Submit annual Energy Consumption and Conservation Report;

6. Conduct energy audit once every 3 years and submit a report to the DOE; and

7. Employ a Certified Energy Conservation Officer or a Certified Energy Manager.

The IRR of the Energy Efficiency and Conservation Act was issued by the DOE on November 22, 2019 through Department Circular No. DC2019-11-0014. On May 11, 2021, the DOE issued Department Circular No. 2021-05-0011 providing for the "Guidelines for the Endorsement of Energy Efficiency Projects to the Board of Investments for Fiscal Incentives".

On May 25, 2023, the DOE signed DC 2023-05-0018 for the adoption of the 2023-2050 National Energy Efficiency and Conservation Plan (NEECP) and Roadmap. According to DOE, the NEECP is a comprehensive framework and plan that institutionalizes energy efficiency and conservation (EEC) in the country across key sectors of the economy pursuant to the EEE Act. It also sets out the governance structure and programs for EEC aligned with national targets and with defined feasible strategies, monitoring, and evaluation system, subject to annual review by the DOE.

The NEECP aims to:

1. Provide a national framework to institutionalize the ECC Act.
2. Define and outline all ECC programs to be implemented, their objectives, and associated emission reduction targets over various time horizons.
3. Provide a governance structure that brings together all key stakeholders and define their respective roles in fulfilling the provisions of EEC Act.
4. Provide a Monitoring and Evaluation (M&E) framework against the strategic directions of the National EEC Roadmap 2023-2050 to track performance against predefined targets and provide a basis for learning and improvement.

To further encourage EEC measures, the DOE issued DC No. 2023-10-0030 on October 27, 2023 to adopt the guidelines for the Energy Efficiency Excellence (EEE) Awards. The EEE Awards aims to promote, recognize, and incentivize energy management systems and best practices on energy efficiency in all establishments including local and national government facilities.

On December 18, 2023, the following circulars to reclassify and adjust the thresholds of Designated Establishments (DE) depending from their respective sector:

1. DC2023-12-0037 - DEs in the Commercial Sector
2. DC2023-12-0037 - DEs in the Industrial Sector
3. DC2023-12-0038 - DEs in the Transport Sector

Under Section 19 of the EEC Act, DEs are initially classified as follows:

Type 1 DE	with an annual energy consumption of 500,000 kWh to 4,000,000 kWh for the previous year
Type 2 DE	with annual energy consumption of more than 4,000,000 kWh for the previous year

The same provision also empowers DOE to review and adjust the same as it deems necessary. As such, by virtue of the above-enumerated circulars, the DOE reclassified the DEs and adjusted their thresholds depending from the sector of origin, to wit:

	Commercial	**Industrial**	**Transport**
Others	50,000 kWh and below	50,000 kWh and below	50,000 kWh and below
Type 1	50,001 kWh to 500,000 kWh	50,001 kWh to 1,000,000 kWh	50,001 kWh to 500,000 kWh
Type 2	500,001 kWh to 4,000,000 kWh	1,001,000 kWh to 8,000,000 kWh	500,001 kWh to 4,000,000 kWh
Type 3	4,000,001 kWh or more	8,000,0001 or more	4,000,000 kWh or more

Under the said circular, Type 1, 2, and 3 DE are now automatically required to have a Certified Energy Manager (CEM).

In 2024, the DOE continued to enhance its efforts in promoting Energy Efficiency across all sectors in the country. It has issued several policies including:

1. **DC2024-05-0011:** Established rules for the administration and enforcement of obligations for designated establishments under the Energy Efficiency and Conservation Act.
2. **DC2024-05-0015:** Outlined procedures for handling administrative cases related to violations of the Energy Efficiency and Conservation Act.
3. **DC2024-06-0020:** Established the Center for Affiliated Renewable Energy and Energy Efficiency and Conservation (CARE) and amended regulations governing the management and operations of Affiliated Renewable Energy Centers (ARECs) in the Philippines.
4. **DC2024-08-0024:** Prescribed the Minimum Energy Performance (MEP) standards for the commercial, industrial, and transport sectors, targeting compliance from designated establishments under the Energy Efficiency and Conservation Act.

The DOE has also implemented internal energy management measures to set as an example for government agencies such as:

1. **ISO 50001 Certification Maintenance**: The DOE maintained its Energy Management System certification aligned with ISO 50001 guidelines, implementing systematic processes to reduce energy consumption.
2. **Flexible Work Arrangements:** Implemented a Friday work-from-home scheme since February 2023, resulting in average monthly electricity savings of over 14%, equivalent to 18,303 kWh or ₱214,649.04. According to DOE, over 22 months, this initiative achieved estimated total savings of ₱4.72 million.
3. **Government Energy Management Program (GEMP):** The DOE achieved a cumulative electricity savings of 30.04% as of October 2024, translating to a reduction of 21.84 MWh compared to the 2019 baseline of 72.73 MWh.

The DOE also hosted the Sustainable Energy Awards 2024 to recognize outstanding Designated Establishments in terms of energy efficiency and conservation, promoting best practices across various sectors.

Energy Virtual One-Stop Shop (EVOSS)

On May 28, 2019, the DOE prescribed the "Rules and Regulations Implementing Republic Act No. 11234" through the issuance of Department Circular No. DC2019-05-0007. Aimed at ensuring the timely completion of permits and licenses of power generation, transmission and distribution projects, the rules eliminate the redundancies and overlapping mandates in documentary submissions and processes and mandates the establishment of an online platform for government agencies, and for a paperless electronic application and processing system. Under the circular, the EVOSS Steering Committee was tasked to create a detailed process flow for each phase of the permitting process for each kind of power generation, transmission and distribution project.

From June 25 to November 25, 2024, the DOE temporarily suspended the acceptance and processing of RE Contract Pre-Application and Application to allow the integration of enhancements and process streamlining brought about the implementation of the 2024 Revised RE Contract Omnibus Guidelines.

Energy Storage System (ESS)

The DOE recognizes the application and the benefits of ESS as an emerging technology in the improvement of the electric power system.[11] As such, the DOE issued Department Circular No. DC2018-08-0022 which amended the WESM Rules and the Market Manuals to take into consideration of the participation of Battery Energy Storage Systems and Pumped Storage Units in the WESM.

The DOE likewise issued DC2019-08-0012 on August 01, 2019 which provides for the framework for ESS in its operation within the electric power industry. The circular laid out the process of securing the permit and licenses of the ESS as well as the requirements for connection and operations.

The circular applies to the following electric power industry participants: 1) generation companies owning and/or operating ESS which include, but is not limited to, the following technologies: a) Battery Energy Storage System (BESS); b) Compressed Air Energy Storage (CAES); c) Flywheel Energy Storage (FES); d) Pump-Storage Hydropower (PSH); e) Other emerging technologies that may be identified, qualified, and approved by the DOE as ESS, 2) - 3) directly Connected Customers owning and operating ESS, 4) end-users owning and operating ESS, 5) QTPs, 6) Transmission Network Provider, 7) SO, and 8) MO.

Pursuant to the circular, ESS proponents shall apply and register their ESS for one or more of the following purposes:

1. Provision of Ancillary Services
2. Provision of Energy through Bilateral Supply Contracts or Trading in the WESM
3. Manage the Penetration of RE
4. Auxiliary Load Management for Generation Companies
5. Transmission/Distribution Facility Upgrades Deferment
6. Transmission Congestion Relief
7. End-User Demand Management
8. Distribution Utility Demand Management
9. Distribution Utility Power Quality Management

On April 20, 2023, the DOE issued DC No. 2023-04-0008 (the "2023 ESS Policy") which will serve as the new governing policy for the utilization and operations of energy storage systems in the country's electric power industry.

[11] Department of Energy, Department Circular No. DC2019-08-0012.

Similar to the DOE's policy in 2019, the 2023 ESS Policy still recognizes several ESS technologies such as the BESS, CAES, FES, PSH, and other technologies that may later on be determined by the DOE. Its scope remained the same except for the recognition of the Microgrid Service Provider (MGSP) as the new term for QTPs.

The 2023 ESS Policy expands the responsibilities of Generation Companies, Distribution Utilities, the System and Market Operator, Transmission Service Provider and Small Grid Owners, MGPs, and End-users. Generation Companies are now required to have a separate metering and monitoring facility for the ESS component of a hybrid generation facility to monitor its energy import and export from the Grid. GenCos owning an ESS facility are also required to submit technical requirements to DOE such as Single Line Diagram, nameplate capacities, and specifications of metering facilities for the DOE's determination of the configuration of the system. GenCos owning ESS facilities, except for those integrated with an RE or Non-RE plant, are required to register in the WESM including embedded generators intending to export energy to the Grid. Any entity intending to own and operate an ESS facility shall also secure a Certificate of Compliance (COC) by the ERC.

Under the 2023 ESS policy, the Transmission Service Provider and System Operator are now allowed to own and operate an ESS facility. The 2023 ESS policy repeals DC No. 2019-08-0012.

In December 2024, the DOE released its updated list of committed power projects where a total of 310 MW will come from ESS with target commercial operations from 2025-2030.

Spot Market for Ancillary Services (AS)

As defined in the EPIRA, AS are services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with good utility practice and the Grid Code. Under the WESM Rules Section 10.3.2.3 the DOE shall declare the commencement of the spot market for AS.[12] In line with this, the DOE issued Department Circular DC2010-06-0007 entitled "Directing the Preparation for the Trading of Ancillary Services in the Philippines Wholesale Electricity Spot Market" which made the spot market for AS an integral part of the WESM.

On August 01, 2019 the DOE issued Department Circular DC2019-12-0018 entitled "Adopting a General Framework Governing the Provision and Utilization of Ancillary Services in the Grid". The intention of the circular was to ensure the reliability, quality, and security of supply of electric power. The circular required all generating facilities, except those with valid and existing AS capability accreditation, to undergo an AS capability testing and shall be certified according to their respective capabilities. The SO is mandated under the circular to ensure optimal procurement of the required AS.

Prior to the commercial operation of the Reserve Market, SO shall ensure compliance with its obligation to procure the required level and specification of AS in line with the following:

1. Regulating, Contingency, and Dispatchable Reserves shall be procured through firm contracts only;

2. Reactive Power Support AS and Black Start AS shall be procured through firm contracts only; and

3. The protocol for the central scheduling of energy and contracted reserves in the WESM shall still apply, in accordance with the WESM Rules and relevant Market Manuals.

[12] Department of Energy, Department Circular No. DC2010-06-0007.

Upon commercial operation of the Reserve Market, the following shall govern the procurement of AS:

1. SO shall procure Regulating, Contingency, and Dispatchable Reserves through firm contracts and the Reserve Market provided that the contracted levels per reserve region shall be as follows:

    - Regulating Reserve — Equivalent to 50% of the Regulating Reserve requirement;

    - Contingency Reserve — Equivalent to 50% of the dependable capacity of the largest generating unit;

    - Dispatchable Reserve — Equivalent to 50% of the dependable capacity of the second largest generating unit;

2. Generating units shall submit energy and reserve offers to the WESM with respect to their maximum available capacities, which shall include contracted and uncontracted capacities;

3. All energy and reserve offer shall be co-optimized and subjected to central scheduling, dispatch, spot pricing and settlement of the MO and SO; and

4. Reactive Power Support AS and Black Start AS shall be procured through firm contracts only.

The AS-TWG was likewise created to assist the DOE in implementing the framework and render technical assistance and advice in developing further policies on AS. Among others, the AS-TWG was also tasked to review the 2016 Grid Code to address the issues on the implementation of the new AS categories.

On May 7, 2021, the DOE issued DC 2021-03-009 entitled "Adopting a General Framework Governing the Operationalization of the Reserve Market in the Wholesale Electricity Spot Market and Providing Further Policies to Supplement DC2019-12-0018". Under the circular, the implementation of the WESM Reserve Market shall adhere to the following principles:

1. The continuing development and operationalization of the Reserve Market shall take into account key policies stipulated in the DOE Roadmap, among others, RE Market, Electricity Derivatives Market, Demand-Side Bidding, and exploratory studies on Capacity Market as applicable;

2. The WESM shall provide the optimal solution for all available capacities when scheduling reserve and energy capacities through co-optimization while adhering to grid reliability requirements;

3. The SO and MO shall allow for non-discriminatory participation of all capable AS providers, including demand-side resources, in various reserve categories, provided that all participants shall comply with the certification of AS capability issued by the SO or any qualified third-party AS testing entity duly accredited by the ERC;

4. A single buyer system shall be implemented for the procurement of AS requirements whether sourced through the Reserve Market or AS procurement agreements (ASPA). Pending the DOE's promulgation of CSP for ASPAs, the SO may continue to enter into ASPAs through its existing procedure.

5. Recovery of reserves cost among grid users shall be implemented in accordance with the guidelines on AS cost-recovery to be promulgated by the ERC; and

6. Sufficiency of reserves in the Grid shall be ensured through procurement of reserves through ASPAs and the WESM;

On September 20, 2023, the DOE issued DC2023-09-0026 entitled "Declaring the Commercial Operations of the Reserve Market and Providing Further Policies" which will mark the co-optimization of the energy and reserve in the WESM. Under the said circular, the Market Operator (MO) has been mandated to conduct the Final Preparations Stage and the Limited Live Dispatch Operations of the Reserve Market on 25 December 2023.

On January 26, 2024, the Reserve Market went into full commercial operations which allowed generation companies to offer and sell ancillary services to the System Operator of the National Grid, the National Grid Corporation of the Philippines. The same transaction can be fulfilled without the need of an Ancillary Service Procurement Agreement (AS).

On January 26, 2024, the DOE declared the start of full commercial operations of the Reserves Market which aims to improve the scheduling and dispatch of ancillary services, thereby strengthening grid stability.

On March 26, 2024, the ERC temporarily suspended the settlement of amounts incurred by participating generation companies in the Reserves Market to address market issues. This suspension was eventually lifted on July 30, 2024.

On December 5, 2024, the ERC authorized the collection of 70% of recalculated Reserve Trading Amounts (RTAs) from reserve providers. This decision aims to address deferred payments and ensure financial stability within the reserve market.

On December 17, 2024, the ERC issued Resolution No. 16 Series of 2024 to set the interim offer price cap (25,000 PhP/kWh) and floor price (0 PhP/kWh) as mitigating measures for the trading in Reserves Market. The resolution likewise presented the ERC's framework governing the said interim offer price cap and floor price.

Competitive Selection Process for Ancillary Services

On October 04, 2021, the DOE issued DC No. 2021-10-00313 entitled "Prescribing the Policy for the Transparent and Efficient Procurement of Ancillary Services by the System Operator" (AS-CSP Circular). The DOE, through the said circular, promulgated the CSP in the procurement of ASPA by the SO. Under the said circular, within six (6) months of the effectivity of the circular, the SO is mandated to conduct a CSP for the procurement of ASPA for a contract period of a maximum of five (5) years. The CSP shall be spearheaded by a TPBAC to be established by the Board of Directors of the SO.

Following the issuance of the AS-CSP Circular, the NGCP conducted a CSP to procure Ancillary Services from January to April 2023. Out of the fifty-five (55) eligible bidders that participated in NGCP's CSP, thirty-eight (38) bidders have been awarded with ASPA depending on the type of service they will provide (i.e. Regulating, Contingency, Dispatchable, Reactive Power Support, or Blackstart).

By December 2024, the ERC had approved all 36 that were the direct result of the CSP conducted by NGCP. Out of these 36, a total of 33 ASPAs were already implemented while the rest are awaiting implementation.

Qualified Third-Party (QTP) Participation / Microgrid System Providers

Section 59 of the EPIRA authorized the provision of electric service in remote and unviable villages that the franchised utility is unable to service for any reason shall be opened to a QTP. As such, the DOE issued Department Circulars Nos. DC2004-06-006 and DC2005-12-011 on June 18, 2004 and December 12, 2005 respectively. Such circulars prescribe for the qualification criteria and guidelines for the participation of QTPs in providing electric service in unviable areas.

In order to meet the total electrification target of the government, the existing guidelines of the participation of QTPs were revised to provide a policy and regulatory environment that is more conducive to the participation of the private sector. Thus, on 22 November 2019, the DOE issued Department Circular No. DC2019-11-0015 otherwise known as the "Revised Guidelines for QTP".

Under the revised guidelines, the DOE shall declare unviable, unserved, and underserved areas that are open for the QTP Program and the distribution utilities were required to:

1. Submit its Distribution Development Plan together with the Total Electrification Master Plan. The distribution utilities shall prepare and submit its comprehensive Total Electrification Master Plan and shall contain detailed inventory of all unviable, unserved and underserved areas within its franchise;

2. Conduct the Competitive Bidding for the QTPs to serve the QTP Service Areas; and

3. Execute the QTP Service Contract (QSC) with the selected QTP.

Meanwhile, the QTP proponents must secure the necessary permits and licenses from the relevant government agencies and comply with all provisions, including the financial, technical, environmental and other performance standards for the QTP and the requirement of a Service Contract with the DOE, if applicable.
On January 21, 2022, Republic Act No. 11646 entitled, "An Act Promoting the Use of Microgrid Systems to Accelerate the Total Electrification of Unserved and Underserved Areas Nationwide" also known as the "Microgrid Systems Act" was enacted into law. Under this new law, the QTP has been renamed to "Microgrid System Providers" or "MGSP". Such providers are not required to secure a franchise from Congress, but shall secure an Authority to Operate (ATO) from the ERC prior to its operations. MGSPs, similar to QTPs, may provide integrated power generation and distribution services in identified unserved and underserved areas. The DOE is mandated to conduct a CSP in selecting the MGSP for identified serviceable areas for MGSPs.

On May 4, 2022, the DOE issued DC No. 2022-05-0017 which sets out the Implementing Rules and Regulations (IRR) of the Microgrid Systems Act. In the IRR, all DUs are required to submit their Local Total Electrification Roadmap (LTER) which shall serve as a comprehensive 10-year strategic plan with an annual work plan to accelerate the total electrification of its franchise area. The LTER shall enumerate the DU's unserved and underserved areas.

On December 27, 2023, the DOE conducted the opening of bid proposals for the 1st MGSP CSP. Out of the nine (9) pre-qualified bidders, only one (1) bidder, the Maharlika Consortium, submitted a proposal to provide service to unserved areas in the Provinces of Cebu, Quezon, and Palawan. A total of six (6) bid proposals form Maharlika Consortium were marked "passed" and endorsed for bid evaluation which the DOE expected to be completed on February 20, 2024.

In April 2024, the DOE awarded a microgrid system service contract to the Maharlika Consortium, which comprises Maharlika Clean Power Holdings Corp., CleanGrid Partners Pte Ltd., and WEnergy Global Pte Ltd. The purpose of this contract is to provide 24/7 electricity to eight underserved areas in Cebu, Quezon, and Palawan provinces through the deployment of a hybrid microgrid system. This system may incorporate solar power generation, energy storage capabilities, and diesel generators. The consortium is anticipated to complete the construction and operationalization of these systems within an 18-month timeframe. The electricity rates for these systems will be subject to approval by the Energy Regulatory Commission and will be subsidized under the Universal Charge for Missionary Electrification for a period of 20 years.

In July 2024, the DOE announced the 2nd round of CSP for MGSPs, targeting the electrification of 75 identified unserved and underserved areas.

Renewable Energy Market (REM)

Pursuant to the RE Act, the DOE is mandated to establish a REM which would be an avenue for the trading of RECs which is equivalent to an amount of power generated from RE sources and a facility for mandated participants to comply with the RPS. In line with this, the DOE promulgated the RE Market Rules through Department Circular No. DC2019-12-0016 which in turn kicked off the compliance of the RPS by the mandated participants. The REM Rules applies to all electric power industry participants in Luzon, Visayas, and Mindanao, both in the On-Grid and Off-Grid Areas.

The REM Rules established the basic rules, requirements, and procedures to govern the operations of the REM which mainly aims to facilitate the efficient operation of the REM, specify the terms and conditions to which entities may be authorized to participate in the REM as well as the authority and governance framework for the REM, provide sanctions in cases of violations of the REM Rules and a timely and cost-effective framework for resolution of disputes among the REM Members and the Renewable Energy Registrar.

Registration in the REM is mandatory for the following:

1. Mandated Participants obligated by RPS to comply with their RPS requirements.

2. Entities with RE Generation Facilities that are registered in the WESM. In case of Mindanao Grid which is not yet connected to the Luzon and Visayas Grid, includes RE Generation Facilities that are connected to the main grid.

3. Entities with RE Generation Facilities who are operating in Off-Grid Systems obligated to comply with RPS requirements.

DOE in its Advisory dated 18 August 2020 provided for the recalibration of the commercial operations of the REM from June 2020 to June 2021 due to the impact of the COVID 19 pandemic.

On June 10, 2022, the DOE issued DC No. 2022-06-0019 to declared the interim commercial operations (ICOD) of REM. During the ICOD, the REM shall not yet involve any financial transactions until such time that the commercial operations of the REM has been declared by the DOE.
On July 28, 2022, the REM ICOD had its ceremonial launch spearheaded by the Philippine Market Corporation. Following the REM ICOD launching event, the RE Registrar actively participated in the Information and Education Campaign (IEC) on Various Renewable Energy Policies and Mechanisms and Focus Group Discussions (FGD) on Renewable Portfolio Standards (RPS) with REM Participants in Luzon, Visayas, Mindanao, and Metro Manila in August and September 2022. The RE Registrar provided updates on the REM implementation as well as hands-on training to the participants on the use of the Philippine Renewable Energy Market System during the said events

In 2023, the Philippine Electricity Market Corporation (PEMC) issued a series of advisories to provide guidance on the issuance, validation, and transaction of Renewable Energy Certificates (RECs). PEMC also clarified on the review and re-submission of Gross Electricity Sales Date for 2018 and 2020-2021 of RPS Mandated Participants.

On December 1, 2023, the Philippine Renewable Energy Market started accepting the registration of Off-Grid Mandated Participants as an initial set to prepare their compliance with the RPS Rules.

In January 2024, the DOE declared the full commercial operations of the REM.

In March 2024, the PEMC has started accepting REM registration of Off-grid Mandated Participants who are required to comply with the Renewable Portfolio Standards (RPS).

On April 23, 2024, the ERC promulgated Resolution No. 8 Series of 2024 to adopt the Price Cap for Renewable Energy Certificates set at 241.56 PhP/MWh. In evaluating the price cap, the ERC considered the following:

1. % share of each RE technology eligible for RPS compliance
2. Average ERC-approved rate per RE technology
3. Generator Weighted Average Price (GWAP)

On the same date, the ERC issued Resolution No. 12 Series of 2024 to provide the rules governing the cost recovery mechanism of the On-Grid DUs for its compliance with the RPS.

On December 10, 2024, the DOE declared the full commercial operations of the RE Market effective December 26, 2024 and directed the transfer of the registrar function of the Philippine Renewable Energy Market System (PREMS) from the Philippine Electricity Market Corporation (PEMC) to the Independent Electricity Market Operator of the Philippines (IEMOP). Such function includes the following:

1. Registration and Support to REM participants;
2. Conduct of REM Awareness Activities; and
3. Computation of Renewable Portfolio Standards (RPS) requirements of Mandated Participants

On December 26, 2024, the IEMOP successfully transitioned the REM to full commercial operations while taking the registrar function from PEMC based on DOE's policy. The REM will facilitate the trading of RECs, thereby promoting compliance with the Renewable Portfolio Standards (RPS). For on-grid mandated participants, the RPS mandates that electricity suppliers source 11% of their power from renewable sources. The REM's activation is anticipated to enhance the integration of renewable energy into the national grid.

Green Energy Option Program (GEOP)

Consistent with the RE Act, the government aims to accelerate the exploration and development of the RE resources in order to achieve energy self-reliance through the adoption of sustainable energy development strategies. Section 9 of the RE Act mandated the DOE to establish a GEOP which would provide end-users the option to choose RE resources as their sources of energy.

On July 18, 2018, the DOE issued Department Circular No. DC2018-07-0019 which promulgated the rules and guidelines governing the establishment of the GEOP Rules. All of the RE Facilities are eligible to participate in the GEOP subject to the following rules:

1. Entities that shall utilize RE Facilities to supply power under the GEOP shall secure an operating permit from the DOE as RE Suppliers.

2. RE Facilities covered by the GEOP shall have the necessary Certificates of Compliance from the ERC.

3. Distributed energy resources and/or generation facilities specifications and standards shall conform with the rules prescribed by the ERC.

Under the DOE Department Circular No. DC2018-07-0019, all end-users with a monthly average peak demand of 100 kW and above for the past 12 months may opt to participate in the GEOP after the DOE, in consultation with the National Renewable Energy Board (NREB) and industry stakeholders, determines the technical requirements and standards are already met. Meanwhile end-user with new connection and whose estimated average monthly peak demand for the next 12 months based on the load profiling is 300 kW or above may likewise participate in the GEOP. An end-user that has been in operation for less than 12 months from the effectivity of the GEOP Rules may also participate in the GEOP.

The end-user and its RE Supplier shall execute a GEOP Supply Contract which will govern the participation of the End-User in the GEOP. The energy sales from the GEOP shall be part of the Net Electricity Sales of the distribution utilities for its RPS compliance requirement. Moreover, the RECs generated from the energy supplied to the end-users under the GEOP shall be for the account of the distribution utilities. However, for RE Facilities installed within the end-user's premises, the distribution utilities have the option to install a third kilowatt-hour meter or use the RE Facility's built-in meter to monitor the total RE generation supplied to the End-User.

The circular likewise provides that a dual billing system may be adopted by the End-User availing of the GEOP, RE Supplier and the distribution utility.

In August 2021, the ERC promulgated the regulatory framework for GEOP that sets the technical and interconnection requirements as well as the wheeling fees of RE facilities. The said GEOP Rules aimed to guide all concerned stakeholders including (a) GEOP End-users; (b) RE Suppliers; (c) Distribution Utilities (DUs); (d) Economic Zone Developers; '(e) Economic Zone Utility Enterprises; (f) National Transmission Corporation (TransCo) or its successors-in interest; (g) Philippine Electricity Market Corporation (PEMC)/Market Operator (MO); (h) Supplier of Last Resort (SOLR); (i) Central Registration Body (CRB); (j) RE Registrar; and the (k) Metering Service Providers authorized by the ERC.

Under the GEOP Rules, there are two types of end-users who may qualify to avail of the GEOP: (a) All end-users with a monthly average peak demand of 100 kW and above, for the past twelve (12) months; and (b) An end-user that has been in operation for less than twelve (12) months upon effectivity of the GEOP Rules.

In May 2023, the DOE called for comments on its proposed policy to declare the implementation of GEOP in Mindanao. Under the proposed policy, all eligible and interested electricity end-users may participate based on the existing threshold level reviewed and approved by the ERC. They may voluntarily enter into a GEOP Supply Contract with RE Supplier, subject to the procedures provided in the WESM Rules, GEOP Rules, Retail Rules, Market Manuals, and other relevant laws and issuances by the DOE and ERC.

As of February 2023, there are already nineteen (19) GEOP Renewable Energy Suppliers.

On March 11, 2024, the DOE issued DC2024-03-0009 to declare the commercial operations of RCOA and Green Energy Option (GEOP) in Mindanao, expanding customer choice options to contestable customers connected to the Mindanao Grid.

As of May 2024, there are already 20 GEOP Renewable Energy Suppliers.

Green Energy Auction Policy (GEAP)

On July 14, 2020, the DOE issued Department Circular No. DC2020-07-0017 entitled "Promulgating the Guidelines Governing the Policy for the Conduct of Green Energy Auction in the Philippines" which provides for the GEAP. Subsequently, on November 03, 2021, the DOE issued Department Circular No. DC20201-11-0036 entitled "Providing the Revised Guidelines for the Green Energy Auction Program in the Philippines" or the "GEAP Guidelines". This circular repealed DC2020-07-0017.
The GEAP Guidelines was promulgated to establish the implementation framework for the GEAP and provide clarity on the roles of implementing agencies/entities. This circular also supports and/or facilitate immediate and timely investments in new or additional RE capacities to ensure provision of adequate supply and competitive rates of electricity in the country. Likewise, it supports the development of new RE projects under a competitive process, together with long-term contracts. Lastly, this circular was promulgated to implement the mandate of giving preference to RE sources for a cleaner and sustainable environment.

There are two (2) components set forth in the GEA Policy namely:

1. *Green Energy Tariff (GET)* – to provide price signals on the commercial value of electricity generated from the RE facilities, resulting from a competitive process, and set the benchmark price for DUs under the Opt-in Mechanism; and

2. *Green Energy Auction* – to facilitate the determination of RE facilities that are eligible under the GEAP. To this end, the Green Energy Auction shall be administered by the DOE through the Green Energy Auction Committee (GEAC).

GET shall reflect the value of electricity, resulting a competitive process that Qualified Bidders are capable of supplying the prescribed capacity volume and delivery periods. The Winning Bidder/s shall have the most competitive bid price offered based on the Terms of Reference for a particular ARP, as determined by the Green Energy Auction Committee.

On the other hand, in the conduct of the GEA and the development of specific Terms of Reference for each auction round, the following principles shall be observed:

a. The auction shall be conducted for New and Existing RE Capacities, as defined in this Circular, and are duly registered with the DOE with no existing power purchase agreement/power supply agreement with any DU or end user at the time of the agreed delivery date's;

b. Participating entities shall be allowed full recovery of prudent and reasonable economic costs incurred, *Provided,* that the Winning Bidders' bid offer shall be considered their prudent and reasonable economic costs;

c. Efficiency and competitive prices of electricity shall be prompted;

d. Fair and transparent processes will be observed in all stages of the GEAP; and

e. Clean and sustainable forms of energy will be harnessed.

DC2021-11-0036 also introduced the Opt-in Mechanism in order to reduce FIT-All charges to the electricity end-users, and to meet any DU supply and RPS Requirements. Under the Opt-in Mechanism, any DU shall have the option to procure from the GEAP pool of a Winning Bidder under a particular

auction round and thereby carve out of such DU-procured volumes from the pool compensable by the FIT-All.

It should be emphasized that the Green Auction including the Opt-in Mechanism shall serve as compliance with CSP requirements for DUs.

In 2022, the DOE conducted the first GEA round (GEA-1) which auctioned a total of 2000MW of RE capacity broken down as follows:

RE Resources	Luzon	Visayas	Mindanao
	Target Capacity (MW)		
Hydro	80	-	50
Biomass	60	120	50
Solar	900	260	100
Wind	360	20	-
Total	**1400**	**400**	**200**

On June 24, 2022, the DOE issued a Notice of Award to the GEA-1 Winning Bidders which covered a total of 100MW for Hydro, 1490MW for Solar, 3.4MW for Biomass, and 374MW for Wind Energy.

In April 4, 2023, the DOE issued a Notice of Auction for the 3rd Round of GEA (GEA-3) with the objective of achieving an RE installation target of 3,600 MW in 2024, 3,600 MW in 2025, and 4,400MW in 2026. In July 12, 2023, the DOE culminated GEA-3 through a Notice of Award to the GEA-3 Winning Bidders who will be responsible for fulfilling an additional RE capacity of over 500 MW in 2024, 750 MW in 2025, and 2100 MW in 2026.

On June 14, 2023, the ERC promulgated Resolution No. 6 Series of 2024 to adopt the GEAR Price for GEA-2, to wit:

RE Resource	GEAR Price for GEA-2 (PhP/kWh)
Rooftop Solar	4.8738
Ground-mounted Solar	4.4043
Floating Solar	5.3948
Onshore Wind	5.8481
Biomass	5.4024
Biomass Waste-to-Energy	6.2683

To aid Winning Bidders applying for a COC with the ERC, the DOE clarified through Department Circular ("**DC**") No. DC2021-11-0036, dated September 26, 2023, that the Certificate of Endorsement for the Green Energy Tariff (COE-GET) that it issues to a Winning Bidder shall be considered, interpreted, and accepted as the same Certificate of Endorsement for FIT Eligibility (COE-FIT) issued by the DOE to eligible facilities under FIT. DOE likewise clarified that the Winning Bidder's GET shall be considered as the FIT due to the same during its availment from the FIT-All fund.

On December 12, 2023, the DOE issued DC No. 2023-10-0029 to provide specific GEAP auction policy and guidelines for Non-FIT-eligible RE technologies. Under the said policy, the payment and settlement of the Non-Fit Green Energy Tariff (GET) to the Non-FIT eligible RE facilities of the winning bidders shall be collected and administered through the WESM by the Market Operator. In all cases, the winning bidders shall be paid with the total GET amount without regard to their Energy Trading Amount in the WESM.

On April 8, 2024, the DOE issued DC2024-03-0010 to amend the GEAP Guidelines for Non-FIT-Eligible RE Technologies to support the upcoming 3rd Round of GEA by end of 2024.

On November 15, 2024, the DOE released the Notice of Auction (NOA) and Terms of Reference (TOR) for the third round of the Green Energy Auction (GEA-3). This auction aims to foster competition and transparency within the renewable energy (RE) sector. The auction seeks to introduce 4,475 megawatts (MW) of new renewable capacity, encompassing geothermal (100 MW), impounding hydropower (300 MW), pumped-storage hydropower (4,000 MW), and run-of-river hydro (75 MW). The delivery timelines for these projects range from 2025 to 2030.Qualified suppliers are required to register with the DOE following the release of the Price Determination Methodology (PDM) and the Green Energy Auction Reserve (GEAR) Price. The final bidder eligibility will be determined by the GEA Bids Evaluation and Awards Committee.

In a Press Release in July 2024, the DOE announced plans for the fourth Green Energy Auction (GEA-4), scheduled for the fourth quarter of 2024 which did not push through. GEA-4 was envisioned to integrate renewable energy sources with energy storage systems, collectively referred to as Integrated Renewable Energy and Energy Storage Systems (IRESS). The DOE is currently evaluating the inclusion of liquefied natural gas (LNG) technologies in GEA-4 to enhance grid stability amid increasing renewable energy integration.

The DOE intends to initiate the fifth iteration of the Green Energy Auction (GEA-5) during the third quarter of 2025. The primary objective of this initiative is to enhance the Philippines' renewable energy infrastructure by prioritizing offshore wind projects. This endeavor seeks to establish the country as a regional leader in the renewable energy sector by facilitating market access and establishing transparent development timelines for offshore wind developers. The DOE will disseminate the notification of auction and terms of reference, outlining the auction's schedule and operational procedures.

Open and Competitive Selection Process for Renewable Energy Service Contract

On October 20, 2020, the DOE issued Department Circular No. DC2020-11-0024 entitled "Adopting the Guidelines Governing the 3rd Open and Competitive Selection Process (OCSP3) in the Award of Renewable Energy Service Contract, and for Other Purposes." The circular governs the determination of legal, financial, and technical qualifications of RE Applicants, the evaluation of its applications, and the award of the RE Contracts under the OCSP3.

The eligible RE Applications under the said guidelines are Filipinos and Filipino corporation at least 60% owned and controlled by Filipinos, duly registered with SEC with purpose of engaging in renewable energy exploration, development, and utilization. Foreign-owned corporations may likewise qualify provided that the RE Contract involved is a financial or technical assistance agreement signed by the President and either technical or financial assistance for large-scale exploration, development, and utilization of geothermal resources pursuant to Section 2, Article XII of the Philippine Constitution.

On June 8, 2023, the DOE issued DC No. 2023-06-0019 to adopt the guidelines for the 4th OCSP (OCSP4). Similar to their previous issuance, the policy sets out the eligibility requirements for interested RE developers. Under this round, the DOE is opening a total of twenty (20) Pre-Determined Areas (PDAs) for Geothermal, Hydropower, and Wind Energy Resources with a potential capacity of over 300MW.

On October 27, 2023, the DOE released the result of OCSP4 wherein only three (3) winning bidders were selected covering two (2) PDAs each for Geothermal and Wind Energy Resource. Pursuant to the OCSP4 guidelines, the DOE opened the rest of the PDAs to direct applications of RE contracts by interested parties.

On June 4, 2024, the DOE released Department Circular No. DC2024-06-0018, which updates the guidelines for awarding and managing Renewable Energy (RE) Contracts through OCSP or Direct Application. These revisions are intended to streamline processes, encourage investment, and align with the government's initiative to enhance the ease of doing business within the RE sector.

Energy Conserving Design of Building

Pursuant to the Energy Efficiency and Conservation Act the DOE issued Department Circular No. DC2020-12-0026 on December 22, 2020 otherwise known as "Adoption of the Guidelines on Energy Conserving Design of Building." The guidelines prescribed for the minimum requirements for the energy conserving design of new buildings and major renovation of existing buildings. It likewise aims to encourage and promote the energy conserving design of buildings and their services in order to reduce use of energy without compromising the cost effectiveness, building function, as well as the comfort, heath, safety, and productivity of the building's occupants.

The said guidelines shall apply to new buildings and its systems as well as any expansion and/or modification of existing buildings or systems designed with at least 112.5 kVA of total connected electrical loads or has at least 10,000 square meters total gross floor area.

Bayanihan to Heal as One Act (BAYANIHAN Act I)

Due to the spread of the to the COVID 19 virus in the Philippines, Presidential Proclamation No. 922-2020 was issued declaring a State of Public Health Emergency throughout the country During the same period, Presidential Proclamation No. 929-2020 was likewise issued which placed the entire Philippines under a State of Calamity and imposed an Enhance Community Quarantine (ECQ) throughout Luzon. On March 24, 2020, Republic Act No. 11469 otherwise known as the "Bayanihan to Heal as One Act" (Bayanihan Act I) was enacted placing the whole country under a state of national emergency.

Under the Bayanihan Act I, all banks, quasi-banks, financing companies, lending companies, and other financial institutions were directed to implement a minimum of a thirty (30)-day grace period for the payment of all loans falling due within the period of the ECQ without incurring interests, penalties, fees, and other charges.

In line with Bayanihan Act I, the ERC, in its Advisory dated April 15, 2020 issued guidelines and directives for the electric power industry stakeholders. The said guideline directed distribution utilities and RES to provide a grace period to all captives and Contestable Customers through the deferment of their electricity bill falling due within the period of the ECQ or from March 16, 2020 to April 30, 2020, without interest, penalties, fees, and other charges. Such period was extended to May 15, 2020 by ERC Advisory dated 05 May 2020. In addition, the updated advisory also imposed for the amortization of payment in four (4) equal monthly installments, payable in the 4 succeeding billing months following the end of the ECQ. In addition, payments by customers in areas covered by the ECQ extension until May 15, 2020 should commence no earlier than May 30, 2020.

The DOE, on the other hand, in its Department Circular No. DC 2020-004-0008, rationalized the utilization of the Energy Regulation (ER) 1-94 Funds by the host LGU in response to COVID 19 public health emergency. This provided for a framework for the host LGU to follow in utilizing the ER 1-94 Funds to bolster their combat in mitigating, if not contain, the transmission of COVID 19 in their respective areas.

On September 11, 2020, Republic Act No. 11494, otherwise known as the "Bayanihan to Recover As One Act" (Bayanihan Act II), was signed into law which provides a P165-billion economic stimulus and relief package to sustain the government's efforts against the COVID-19 pandemic.

Pursuant to the Bayanihan Act II, the ERC in its Advisory dated October 29, 2020 issued an updated directive directing the DUs not to implement any disconnection on account of non-payment of bills until December 31, 2020 for consumers with monthly consumption not higher than twice the ERC approved maximum lifeline consumption level. All DUs, and RES were directed to implement a minimum 30-day grace period on all payments falling due within the period of the ECQ and Modified Enhanced Community Quarantine (MECQ) without incurring interest, penalties, and other charges. Any unpaid balance after the lapse of the 30-day period shall be payable in 3 equal monthly installments without incurring interest, penalties, and other charges. Similarly, the DOE likewise issued an Advisory dated September 23, 2020 indicating that the 30-day grace period and staggered payment without interests, penalties and other charges are applicable to all power sector billings falling due during the period of the Community Quarantine (CQ).

The Bayanihan Act II likewise directed all banks, quasi-banks, financing companies, lending companies, and other financial institutions to implement a one-time minimum sixty (60)-day grace period for the payment of all existing, current, and outstanding loans falling due, or any part thereof, on or before December 31, 2020. The said law likewise provided for staggered payment without interest on interest, penalties, and other charges until December 31, 2020, or as may be agreed upon by the parties.

ERC Revised Rule of Practice and Procedure

On December 17, 2020, the ERC issued Resolution No. 1, Series of 2021 entitled "A Resolution Adopting the Revised Rules of Practice and Procedure of the ERC". The Revised Rules aim to aid anyone who wishes to appear before the ERC and participate in any proceeding before it.

Revised Guidelines for the Financial Capability Standards of Generation Companies

In November 2020, the ERC issued Resolution No. 3, Series of 2021 entitled "A Resolution Adopting the Revised Guidelines for the Financial Capability Standards of Generation Companies". The said Guidelines sets out the minimum financial capability standards to ensure that Generation Companies meet the required standards to protect the public interest.

Policies related to the Water Infrastructure

The Philippine Water Code (P.D. 1067)

The 1976 Presidential Decree provides the framework and basic principle relating to appropriation, control and conservation of water resources to achieve optimum development and rational utilization of the water resources of the country.

The main principle of the decree provides that all waters, be it a river, natural bed, spring, natural lakes, lagoons, subterranean or ground water, atmospheric water and seawater even if found within private lands belong to the state and that the same may allow the use or development of waters by administrative concession but subject to the control and regulation of the government through the National Water Resourced Board as the lead agency. Water may be appropriated according to its beneficial use through the grant of water permit by the same agency.

On September 12, 2002, NWRB was reconstituted through the declaration of Executive Order No. 123 aligning the agency previously administered under the Department of Public Works and Highways to the Department of Environment and Natural Resources. Local Water Utilities and Administration shall likewise cease with its practice of regulating the water tariffs of Water Districts and shall be undertaken by the National Water Resources Board. The former may still continue reviewing the rates of water districts where it has risk of financial exposure

Local Government Code (R.A. 7160)

The 1991 policy defines the functions, responsibility, extent of authority and resources of LGUs which includes effective provision of basic services and facilities such as infrastructures related to sanitation and sewerage, communal irrigation, small water impounding projects and other similar projects, artesian wells, spring development, rainwater collection and water supply systems. This policy facilitated the LGUs to fast-track implementation its infrastructure projects through public-private partnerships.

Provincial Water Utilities Act (PD 198)

On May 25, 1973, a national policy was declared and signed favoring local operation and control of water systems and authorizing the formation of local water districts chartered by the national administration to facilitate improvement of local water utilities under LWUA. The Act promulgated the role of the water district in the development, operation and maintenance of water and wastewater services within a franchise area. Water districts remain to be Government-Owned and Controlled Corporations (GOCCs) with original charters, though subject to the appointing authority of the executive branch of the LGU.

Public-Private Partnership (PPP) Code of the Philippines (RA 11966)

Projects relating to water supply, water and wastewater treatment, and sewage treatment infrastructure are undertaken through PPP. It is broadly defined as a contractual agreement between the Government and a private firm targeted towards financing, designing, implementing and operating infrastructure facilities and services that were traditionally provided by the public sector. It embodies optimal risk allocation between the parties – minimizing cost while realizing project developmental objectives. Thus, the project is to be structured in such a way that the private sector gets a reasonable rate of return on its investment. PPP Code was signed on December 5, 2023, published December 8, 2023. It officially took effect 15 days after publication, which was December 23, 2023, its implementing rules and regulations (IRR) was promulgated March 21, 2024, and took effect on April 6, 2024.

The PPP Code was signed on December 5, 2023, published December 8, 2023. It officially took effect 15 days after publication, which was December 23, 2023, its implementing rules and regulations (IRR) was promulgated March 21, 2024, and took effect on April 6, 2024. The PPP Law reinforced the need for competitive selection initiated by solicited and unsolicited proposals from the private sector. In its efforts to consolidate and harmonize the fragmented PPP legal frameworks, it repealed Republic Act No. 6957 (the Built-Operate-Transfer Law) and the amending law Republic Act No. 7718. Moreover, the PPP Code provides that “no other JV guidelines, PPP guidelines, codes or ordinances shall be enacted, issued, and/or used by any government entity to enter into PPPs, except those that are enacted, issued and/or used in accordance with this Code and its IRR.”

The PPP Code expressly repealed Section 3(a) of the Republic Act NO. 7718 and effectively superseded the 2023 NEDA JV Guidelines.

National Water Crisis Act (RA 8041)

Approved on June 7, 1995, the National Water Crisis Act declared the policy of the government to adopt urgent and effective measures to address the nationwide water crisis which adversely affects the health and well-being of the population, food production and industrialization process.

RA 8041 provides for the creation of a Joint Executive-Legislative Water Crisis Commission chaired by the Executive Secretary. The purposes and objectives of the Commission are: to undertake nationwide consultations on the water crisis and a study of the entire water supply and distribution structure; to enhance and facilitate coordination between Congress and the executive department in formulating and implementing the government's water crisis management policy and strategy; to recommend measures to ensure continuous and effective monitoring of the entire water supply and distribution systems; and to conduct studies on policy options and strategies to resolve the water crisis and recommend remedial legislative measures.

There is also a provision for the reorganization of the Metropolitan Waterworks and Sewerage System and the Local Waterworks and Utilities Administration in order to make them more effective and innovative in handling the water crisis.

Lastly, RA 8041 includes an anti-pilferage provision declaring certain activities as unlawful, such as prohibited acts that may affect the quantity and quality of water; as well as the introduction of penalties for committing such activities.

Clean Water Act (RA 9275)

Approved on March 22, 2004, the Philippine Clean Water Act declared the State's policy of economic growth in a manner consistent with the protection, preservation and revival of the quality of our fresh, brackish and marine waters. The Act shall apply to water quality management in all water bodies, particularly the abatement and control of pollution from land-based sources.

RA 9275 also provides for a comprehensive and integrated strategy to prevent and minimize pollution through a multi-sectoral and participatory approach involving all the stakeholders. This shall be undertaken under the auspices of the Department of Environment and Natural Resources. Furthermore, the RA9275 sets various charges, penalties, and incentives for certain acts as defined under the law.

(xi) Estimate of Amount Spent for Research and Developmental Activities

Vivant has not allocated any specific amount of funds for research and developmental activities. Research and development activities are done on a per project basis and allocation of funds may vary depending on the nature of the project.

(xii) Costs and Effect of Compliance with Environmental Laws

Vivant's generation and distribution business units are subject to extensive and stringent safety, health and environmental laws and regulations. The Company's subsidiaries and associates have incurred, and expect to incur, operating costs to comply with these laws and regulations. Annual capital expenditures relating to the compliance with safety, health and environmental laws and regulations are expected to be made by Vivant's subsidiaries and associates.

(xiii) Employees

In 2019, the Company's power subsidiary, Vivant Energy, was operationalized to allow it to focus on growing the business. Following the lead of Vivant Energy, in 2021, the Company's infrastructure subsidiary, Vivant Infracore, was operationalized to focus on its independent business strategy and existing projects.

Vivant, in the meantime, will continue to provide shared services and serve as an incubator for new businesses. At the parent company level, Vivant has a total of 336 employees as of December 31, 2025, composed of executive, supervisory and rank-and-file staff.

The table below provides a breakdown of the total employee headcount.

	Headcount
Executive	45
Managers	87
Rank & File	204
Total	336

The Company has no existing collective bargaining agreement with its employees.

(xiv) Major Risks Involved in the Business

The following section details the primary risk exposures that Vivant, through its subsidiaries and associates, may encounter in its business operations. While the Company maintains a robust risk management framework, certain risks are inherent to the nature of the energy and water industries and may be beyond the Company's direct control.

Governance and Compliance

As the Company expands its footprint, governance and compliance risks may emerge from potential gaps in policy enforcement or process controls. Failure to manage these risks could lead to financial losses, legal disputes, and the erosion of stakeholder confidence. The Company is focused on establishing robust policies and protocols to fortify internal controls. Furthermore, Vivant is strengthening oversight mechanisms to ensure the consistent implementation and enforcement of these established standards across the organization.

Project Execution and Transition

The Company may face potential execution inefficiencies that could arise from insufficient oversight or inaccurate assumptions during the project development phase. Inefficiencies in project management could result in cost overruns, implementation delays, and unrealized revenue. Vivant proactively manages these contingencies by implementing robust regulatory, legal, and environmental due diligence frameworks. Additionally, the Company is strengthening investment governance through structured review processes and the integration of climate resilience and environmental safeguards into its project selection and risk management activities.

Regulatory Risk - Water Sector

Recognizing that the water sector operates within a highly regulated environment, Vivant is addressing potential exposures related to inadequate regulatory oversight, limited stakeholder coordination, and potential compliance gaps. These factors present risks to service delivery timelines and overall operational efficiency, which could lead to formal sanctions or constraints on the Company’s growth. To navigate these challenges, Vivant remains committed to the proactive monitoring of regulatory requirements and the strengthening of relationships with key stakeholders and agencies. The Company is also engaging both internal and external expertise while prioritizing internal capability building to ensure long-term regulatory resilience and adherence to industry standards.

Regulatory Risk – Energy Sector

Vivant operates in a highly regulated environment and faces potential exposure related to the non-renewal of critical permits, the regulation of electricity rates, and uncertainties in the approval of Power Supply Agreements (PSAs). These regulatory factors could lead to formal sanctions or constraints on the Company's growth and investment opportunities. The Company remains committed to navigating this landscape through the proactive monitoring of compliance requirements and active engagement with relevant regulatory agencies. Vivant also engages external technical and regulatory experts to ensure adherence to industry standards.

Information Security

Vivant recognizes the potential threat posed by unauthorized disclosure of confidential data or security breaches. Security incidents could result in significant reputational damage or operational disruption. While the Company's risk rating has improved following immaterial test findings, security remains a top priority. In 2025, the Company is establishing formal Information Security policies and procedures. Current mitigation efforts include continuous testing of key systems, the deployment of updated endpoint protection, and mandatory cybersecurity training for all employees.

Geopolitical

The Company's business continuity faces theoretical threats from safety concerns and operational risks in regions experiencing escalating territorial tensions. Adverse geopolitical events could lead to operational suspension and increased financial exposure. Vivant protects its personnel and assets through the creation of comprehensive Business Continuity Plans. The Company maintains close coordination with Local Government Units (LGUs) and security forces in high-risk regions to ensure rapid response capabilities.

Human Resource

The Company's ability to achieve its strategic goals is fundamentally tied to its talent pool .There is a potential risk that workforce capacity may fall out of alignment with the increasing volume of corporate initiatives and evolving priorities. Such a misalignment, particularly if compounded by delayed onboarding of new personnel, could result in reduced productivity and morale. To maintain organizational resilience, the Company leverages cross-functional collaboration and engages external expertise to augment internal capabilities. Management continues to reprioritize initiatives, streamline processes, and strengthen Vivant's employer value proposition to attract and retain top-tier talent.

Supply Chain

The Company is exposed to potential delays in acquiring critical materials. Supply chain disruptions could lead to project implementation delays and operational inefficiencies. These risks are managed through the implementation of Procurement & Supply Chain Policy guidelines and regular engagement with both local and international suppliers.

Technical Constraints

The Company faces constraints affecting adherence to technical standards and requirements. To manage these technical constraints, the Company ensures close coordination between relevant stakeholders to adhere to specific industry standards. Continuous compliance with technical requirements has successfully resolved previously identified constraints.

Item 2. Properties

Vivant's head office is located at the 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu.

On a consolidated basis, the Company's 2025 total Property, Plant and Equipment were valued at Php8,783.2 mn as compared to Php9,025.5 mn in 2024. The breakdown is as follows:

	2025 (Php mn)	2024 (Php mn)
Land	1,263.4	810.1
Plant Machineries & Equipment	3,735.6	4,184.8
Condominium Units, Building, and Improvements	645.3	515.6
Transportation Equipment	94.4	91.
Office Furniture, Fixtures and Equipment	62.2	44.6
Tools and Other Assets	287.2	309.3
Leasehold & Land Improvements	41.3	32.9
Construction in Progress	2,653.8	3,037.0
TOTAL	**8,783.2**	**9,025.5**

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Item 3. Legal Proceedings

Material Pending Legal Proceedings

I. 1590 EC

ERC Case No. 2015-042 MC
Violation of Section 45 of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act No. 2001" (EPIRA), Rule 11, Sections 1 of the Implementing Rules and Regulations (IRR) of the EPIRA (Commission of an Anti-Competitive Behavior, Particularly Economic Withholding ATTY. ISABELO JOSEPH P. TOMAS II vs. 1590 Energy Corporation

On June 10, 2015, Atty. Isabelo Joseph P. Tomas II, in his capacity as the Investigating Officer of the Investigatory Unit constituted by the ERC pursuant to its Office Order No. 38, Series of 2013 dated December 26, 2013, filed a Complaint against 1590 EC for alleged Anti-Competitive Behavior, particularly, the Physical Withholding in relation to the bid offers of 1590 EC at WESM during the November and December 2013 billing months. 1590 EC filed its Answer to the Complaint within the reglementary period. On August 11, 2016 1590 EC received an "Omnibus Motion [(i) to consolidated cases and (ii) Defer Pre-Trial]" from the Investigating Officer, to which 1590 EC filed its "Comment/Opposition to the Omnibus Motion [(i) to consolidated cases and (ii) Defer Pre-Trial]." On June 13, 2017, the ERC denied the Motion for Consolidation.

On March 29, 2021, the ERC held a virtual hearing to apprise the parties of the status of the case, in view of the resignation of the members of the Investigatory Unit. 1590 EC awaits further orders from the ERC.

II. Delta P
Civil Case No. 5778
Heirs of Laurentino Ylaya represented by Fe Ylaya and Glenn C. Gacott
Vs. City Government of Puerto Princesa represented by
Mayor Lucilo Bayron and Delta P, Inc.

On August 31, 2018, DPI received Summons for a Complaint for "Quieting of Title, Recovery of Possession, Declaration of Nullity of Contract of Lease (with Prayer for TRO and Injunction)" filed by Fe Ylaya and Glenn Gacott. The City Government of Puerto Princesa ("CGPP") was made a co-defendant. The Complaint claimed that the expropriation proceedings by the CGPP was incomplete because of failure to promptly pay just compensation. The properties subject of the Complaint is the site of DPI's power plant over which DPI signed a Contract of Lease with CGPP. Complainants alleged to be the previous owners of the properties and prayed for CGPP and DPI to peacefully surrender and vacate the properties, declare the CGPP Contract of Lease to be void, demanded payment of rental and damages in the total amount of Php774,413.00.

On May 17, 2023, the Court rendered a Decision that dismissed the complaint due to plaintiffs' failure to prove by preponderance of evidence that a cloud exists on the title of CGPP. On May 23, 2023, Fe Ylaya and Glenn Gacott filed their Notice of Appeal. In an Order dated May 29, 2023, the RTC directed the transmittal of the case record to the Court of Appeals. In a Resolution dated October 22, 2025 under CA-G.R. CV No. 122773, the Court of Appeals submitted the appeal for decision.

III. INPC
CA-G.R. No. 13695 and CA-G.R. No. 13995
Eighteenth Division, Court of Appeals-Cebu City

On June 16, 2020, Bantayan Island Power Corporation and Container Corporation of the Philippines (BIPCOR) filed a Petition for Certiorari with the Court of Appeals (Cebu City) (CA-Cebu), alleging grave abuse of discretion on the part of RTC for its alleged partiality and bias. This is docketed as CA-G.R. No. 13695 with the Twentieth Division of CA-Cebu. In a Notice from the CA-Cebu that was received on January 8, 2021, the defendants were required to file their Comment to the Petition for Certiorari. VIDC and INPC were able to file the Joint Comment (for VDIC and INPC) within the reglementary period.

On September 20, 2020, INPC received a Petition for Certiorari with Application for Issuance of a Temporary Restraining Order (TRO) and/or writ of preliminary injunction (WPI), which was docketed at CA-G.R. SP No. 13995. This Petition was filed as a result of the denial by RTC 84 of BIPCOR's application for TRO and a WPI.

In a Minute Resolution dated March 8, 2021, CA-G.R. Nos. 13695 and 13995 were consolidated.

In a Resolution dated September 8, 2021, CA-Cebu City denied the application for issuance of a TRO and/or WPI in SP No. 13995. The Petition for Certiorari itself remains pending.

CA-G.R. No. SP-15291
Nineteenth Division, Court of Appeals – Cebu City

On July 11, 2022, BIPCOR and Container Corporation of the Philippines filed a Petition for Certiorari to assail the Order dated February 14, 2022 and the Omnibus Order dated May 2, 2022 issued by RTC Branch 88 in the Civil Case No. MAN-845 that archived the case to give way to the Energy Regulatory Commission's primary jurisdiction over the issues pending under ERC Case No. 2020-032- RC. In a Decision promulgated on December 5, 2024, the Court of Appeals dismissed the Petition and affirmed the Order dated February 14, 2022 and the Omnibus Order dated May 2, 2022 issued by RTC Branch 88.

CA-G.R. No. CV No. 09152
Nineteenth Division, Court of Appeals-Cebu City

As a result of the Joint Resolution on November 8, 2022 dismissing the case and the Order dated March 30, 2023 that dismissed the Motion for Reconsideration, BIPCOR and Container Corporation of the Philippines filed a Notice of Appeal on April 24, 2023. In an Order dated April 25, 2023, RTC Branch 88 directed the transmittal of the case record to CA-Cebu City. In a Resolution dated April 11, 2025, the Court of Appeals declared the case as submitted for decision.

Item 4. Submission of Matters to A Vote of Security Holders

During the June 19, 2025 Annual Meeting of the Stockholders, the following actions were taken:

1. Call to Order
2. Proof of Notice and Determination of Quorum
3. Reading and Approval of Minutes of the Annual Stockholders' Meeting held on June 20, 2024
4. Annual Report of Officers
5. Approval of the 2024 Annual Report and Financial Statements
6. Appointment of External Auditor for 2025
7. Election of Directors for the year 2025-2026

    - Regular Directors:
        - Mr. Francis Damasus A. Garcia
        - Mr. Ramontito E. Garcia
        - Mr. Arlo Angelo G. Sarmiento
        - Mr. Jose Marko Anton G. Sarmiento
        - Mr. Charles Sylvestre A. Garcia
        - Mr. Emil Andre M. Garcia
        - Ms. Brigette Cecile N. Garcia

    - Independent Directors
        - Mr. Carmelo Maria L. Bautista
        - Mr. Jose Carlitos G. Cruz
        - Atty. Laurence R. Rogero
        - Mr. Alfredo S. Panlilio

8. Ratification of all Acts and Resolutions of the Board of Directors and Management Adopted for Fiscal Year 2024
9. Amendment of the Articles of Incorporation and By-laws
10. Other Matters that may properly be brought before the meeting
11. Adjournment

Other than the foregoing, no matter was submitted to a vote of security holders. The results of the foregoing meeting were timely disclosed to the PSE and SEC in a SEC Form 17-C report.

PART II: OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

1. Market Information

The Company's common shares are listed and traded at the Philippine Stock Exchange. The high and low stock prices of Vivant's common shares for each quarter of 2024 and 2025 were as follows:

	2024		2025	
	High	Low	High	Low
First Quarter	15.94	14.32	24.00	18.00
Second Quarter	19.00	11.28	20.65	17.16
Third Quarter	16.00	14.00	25.00	18.12
Fourth Quarter	20.00	15.06	19.48	18.24

As of February 28, 2026, the common shares outstanding were 1,023,456,698 shares. The last traded price of Vivant's common shares as of the same period was at Php 20.00 per share.

2. Security Holders

As of February 28, 2026, Vivant has 1,397 stockholders of record, including PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Foreign). The top 20 shareholders with the number of shares respectively held and the percentage of total shares outstanding held by each are as follows:

	NAME	NO. OF SHARES	%
1	Mai-I Resources Corporation	464,831,568	45.42
2	JEG Development Corporation	311,524,642	30.44
3	PCD Nominee Corporation (F)	185,730,356	18.15
4	Popsivan Holdings Corporation	31,498,212	03.08
5	Malacapas Holdings, Inc.	27,677,848	02.70
6	Eulalio C. Arce	343,750	00.03
7	Alfredo A. Cruz	34,062	00.00
8	Marietta P. Lavin	27,750	00.00
9	EBC Securities Corporation	20, 625	00.00
10	Consortium Industries, Inc.	20,500	00.00
11	Rose Marie R. Lopez	19,687	00.00
12	Marino Olondriz Y Cia	16,000	00.00
13	Rosario Paje Rivera	15,625	00.00
14	Rodulfo Sevilla	15,625	00.00
15	Jun M. Borres	15,000	00.00
16	Anita Te &/or Oscar Te	15,000	00.00
17	Oscar O. Martinez	13,437	00.00
18	Philam Plans, Inc.	12,500	00.00
19	Ramon Conjuangco, Jr.	12,500	00.00
20	Robert Sianyusiong	12,500	00.00
	TOTAL NO. OF SHARES	**1,021,836,562.00**	**99.84**

3. Dividends

The Company's By-laws allow dividends to be declared and paid out of unrestricted retained earnings, which may be payable in cash, property or stock to all stockholders on the basis of the outstanding stock held by the stockholder, as often and at such times as the Company's Board of Directors may determine and in accordance with the requirements of the Corporation Code and applicable laws.

The cash dividends declared by Vivant to its common shareholders from 2024 to 2025 are shown in the table below.

Year	Cash Dividend Per Share		Total Declared		Record Date
	Regular	Special	Regular	Special	
2024	Php 0.5580	-	Php 571.09 mn	-	June 7, 2024
2025	Php 0.5753	-	Php 588.79 mn	-	June 10, 2025

4. Recent Sales of Unregistered Securities

On January 29, 2014, the Company signed a NFA to issue Php 3 bn in FRCN, which were issued in two tranches: Php 1 bn on February 3, 2013 and Php 2 bn on March 31, 2014 (2014 Notes). The net proceeds of the issue were used for general corporate purposes, including but not limited to, capital expenditures for existing assets and investments in power generation projects.

On December 4, 2020, the Company signed a NFA to issue Php3 bn worth of FRCN with tenors of two (2) years and five (5) years (2020 Notes). The proceeds from the issuance of the 2020 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 2014 Notes which matured in February 2021. The Company made a full drawdown in January 2021. As of December 31, 2023, the outstanding Notes amount to Php1.9 bn after a Php50 mn token amortization paid in January 2022 and a Php1.05 bn principal repayment made in January 2023.

Item 6: Management's Discussion and Analysis or Plan of Operation

1. Plan of Operation

For the next 12 months, the Company will continue to oversee its investments in the investee companies.

As a holding company, it shall satisfy its cash requirements through (1) dividends declared and paid by its investee companies, and (2) management and service fees paid by investee companies as compensation for consultancy, management, shared and other ancillary services provided.

Vivant, through its subsidiaries' business development groups, is continuously on the lookout for opportunities in the energy and water industries. The Company has several projects that are in various stages of development.

2. Management's Discussion and Analysis

Management uses the following key performance indicators for the Company and its investee companies:

(i) 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.

(ii) Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). EBITDA is calculated by taking operating income and adding back to it 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.

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

(iv) 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.

(v) Current Ratio. Current ratio is computed by dividing current assets with 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.

Service Concession Arrangement

In April 2025, 100%-owned VHHI signed a 25-year joint venture agreement with a local water district to supply water in Metro Cebu from a 20 megaliters per day (MLD) seawater desalination plant operated by its 100%-owned subsidiary, IMCC.

Company, through IMCC, accounts for this contract as a service concession arrangement under the Financial Asset Model[13]. Instead of recognizing the construction of the seawater desalination facility in property, plant and equipment, the Company recognized a concession asset[14]. Cash flows expected to be received within twelve (12) months from the reporting date are presented as current asset, while those beyond twelve months from the reporting date are presented as noncurrent asset in the statement of financial position.

Revenue from the service concession arrangement is mainly from interest income using the effective interest rate that is specific to the contract, which is recognized as "Revenue from concession", while the corresponding cost is recognized as "Water generation cost" in the statement of comprehensive income.

[13] Under the International Financial Reporting Interpretations Committee (IFRIC) 12, Service Concession Arrangements, Financial Asset Model is one wherein the operator-grantee has an unconditional contractual right to receive a specified or determinable amount of cash or another financial asset from the government in return for constructing or upgrading a public sector asset, and then operating and maintaining the asset for a specified period of time.

[14] Concession assets pertain to the present value of future cash flows that the operator-grantee has an unconditional right to receive under the service agreement, discounted at the effective interest rate specific to the arrangement.

As at December 31, 2025, the total concession asset amounts to Php 1.6 billion (bn). Meanwhile, revenue from concession and water generation cost amount to Php 317.4 million (mn) and Php 70.8 mn, respectively, as of end-December 2025.

Investment in Associate

In September 2025, VREC, a wholly owned subsidiary, acquired a 40% equity interest in SSREC pursuant to a Share Purchase and Investment Agreement (SPIA). The investment qualifies as an investment in an associate,[15] and is accounted for using the equity method upon the satisfaction of all closing conditions under the agreement in October 2025. The Company's equity share in the net earnings of SSREC, in the amount of Php 2.8 mn, is recognized in the "Equity in Net Earnings of Associates" in the consolidated statement of comprehensive income.

Step Acquisition and Consolidation of FLOWS

Effective on December 31, 2025, the Company, through wholly owned VHHI, acquired an additional 45% equity stake in FLOWS bringing the total investment to 90%. Consequently, the accounting for the investment in FLOWS is changed from investment in an associate to investment in a subsidiary[16]. The consolidated statement of financial position and consolidated statement of cash flows of the Company as at end-December 2025 include the full consolidation of FLOWS's assets, liabilities and shareholder's equity. Meanwhile, the full consolidation of FLOWS's financial performance into the Company's consolidated statement of comprehensive income will commence on January 1, 2026.

The table below shows the comparative figures of the key performance indicators for the years 2025 and 2024.

Key Performance Indicators *Amounts in Php '000, except for ratios*	**2025**	**2024**
Equity in Net Earnings of Associates	2,038,326	2,038,326
EBITDA	4,381,826	4,381,826
Net increase (decrease) in cash and cash equivalent	93,520	93,520
Net cash flows from (used in) operating activities	668,880	668,880
Net cash flows from (used in) investing activities	(130,711)	(130,711)
Net cash flows from (used in) financing activities	(444,649)	995,424)
Debt-to-Equity Ratio (x)	0.48	0.49
Current Ratio (x)	1.70	2.40

[15] Under Philippine Accounting Standards (PAS) 28, Investments in Associates, an associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in Associates are accounted for using the equity method.

[16] Under Philippine Financial Reporting Standards (PFRS) 10, Consolidated Financial Statements, an investor controls an investee when it has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns. When a parent-subsidiary relationship exists, consolidated financial statements are required. Consolidated financial statements pertain to the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash. flows of the parent and its subsidiaries are presented as those of a single economic entity. Like items of assets, liabilities, equity, income, expenses and cash flows of the parent are combined with those of its subsidiaries.

The Company's share in the net earnings of associates as of end-2025 amounted to Php 2.0 bn, representing a 12% year-on-year (YoY) decrease from Php 2.3 bn as of end- 2024. This was a result of the following:

1. VECO, the Company's electricity distribution utility, saw an 8% decline in its income contribution, from Php 1.2 bn as of end-2024 to Php 1.1 bn as of end-2025. This was mainly attributed to higher finance costs, an ERC-mandated one-time refund to customers for unutilized regulatory related costs[17] and a non-recurring loss due to incurred damage in the utility's franchise area caused by Typhoon Tino in November 2025. These offset the impact of the 3% YoY increase in energy volume sold.

2. 20%-owned TVI recorded a 52% YoY reduction in income contribution to Php 248.0 mn as of end-2025. The decline mainly stemmed from lower energy volumes resulting from scheduled preventive maintenance activities undertaken in the first quarter of 2025. Energy sold to the WESM and through bilateral contracts were down by 13% YoY and 14% YoY, respectively. Moreover, the unfavorable RM prices offset the 114% YoY increase in nominated energy volumes, which resulted to RM earnings declining by 28% YoY.

However, the performance of the following companies tempered the decline in the net earnings contribution of associates:

1. 40%-owned AHI posted 12% increase in its income contribution to Php 524.8 mn as of end-2025, up from Php 469.7 mn as of end-2024. The growth was primarily driven by improved profitability of its associate, CEDC. CEDC's strong showing during the year in review was attributed to higher profits from its participation in the RM driven by a 147% YoY rise in volume of nominated energy. In addition, earnings from WESM improved as volume of energy sold went up by 48% YoY. This was despite posting an 18% YoY drop in profits on energy-based bilateral contracts arising from reduced dispatch (down by 15% YoY). Lower maintenance costs and reduced interest expense following principal loan repayments further supported overall profitability for the year in review.

2. 40%-owned MPC recorded an income contribution of Php 202.4 mn as of the period in review, which was 15% higher YoY. This was attributed to the profits from power supply agreements with retail customers that started in December 2024. These were partially offset by the contraction in profits from spot market sales (down by 39% YoY), resulting from a 31% YoY decline in the volume of energy sold, as well as from bilateral contract, which recorded a 9% YoY decrease in energy sold. Moreover, lower debt service cost after loan repayment and reduced operating and administrative expenses also contributed to the enhanced profitability.

3. 40%-owned CPPC brought in Php 5.2 mn in income contribution as of end-December 2025, a turnaround from the Php 5.1 mn in net loss contribution as of end-December 2024. CPPC booked a non-recurring revenue pertaining to a reimbursement for prior year expenses.

4. 40%-owned Prism Energy, a RES company, posted a net loss contribution of Php 4.1 mn as of end-2025 vis-à-vis Php 6.8 mn net loss contribution as of end-2024. The reduction in losses is primarily attributable to the one-off charges recognized by Prism Energy in 2024. However, it continues to incur losses due to the 100% YoY decline in the energy sales volume resulting from the non-renewal of customer contracts.

[17] On December 17, 2024, the ERC issued a resolution directing distribution utilities to refund collected and unutilized regulatory reset expert costs covering periods July 2014 to October 2024 and cease future collection thereof. VECO effected this resolution by booking a one-time refund to its customers in the first quarter of 2025.

5. 40%-owned SSREC shored in fresh income contribution of Php 2.8 mn during the year in review, representing earnings from the commercial operations of its solar power plant in Bataan, which commenced in August 2025.

EBITDA as of end-2025 rose by 8% YoY to Php 4.4 bn from Php 4.1 bn. This was mainly the result of an 8% YoY expansion in operating income to Php 3.5 bn, which stemmed from:

1. Revenue from concession stood at Php 317.4 mn as of December 2025, which was a result of the service concession arrangement between VHHI and a local water district.

2. Interest income rose to Php 178.5 mn from Php 172.6 mn, driven by the increase in available cash balance for short-term money market placements.

3. Sale of power rose to Php 9.8 bn from Php 9.5 bn, which was primarily driven by the improved revenue contribution of the Company's investments in oil-fired power plants, RES and solar rooftop businesses.

   Oil-fired Power Plants

   - The topline contribution of 100%-owned MPI yielded a revenue of Php 1.7 bn, reflecting a 45% YoY increase. Growth was primarily driven by a 52% YoY increase in the energy nominated in the RM and a 67% YoY rise in ancillary service revenue as volume went up by 628% YoY. These gains were offset by a 56% YoY decline in spot market sales, driven by lower spot market prices, despite a 32% YoY increase in its energy volume sold.

   - 100%-owned CIPC contributed a revenue expansion of 12% YoY to Php 798.6 mn, during the year in review. The growth was mainly attributed by the dispatch of energy under an EPSA beginning July 2025, which expanded energy volume sold by 184% YoY.

   - 100%-owned Isla Norte contributed a revenue of Php 971.6 mn (up by 7% YoY), owing to the steady demand in the island as of end-2025.

   - 90%-owned BPC posted a revenue contribution of Php 121.5 mn as of end-2025. Its topline performance rose by 14% YoY due to a 53% YoY boost in the volume of energy sold.

   - 90%-owned NBPC's revenue climbed to Php 76.2 mn as of end-December 2025, which grew by 32% YoY. This was on the back of a 43% YoY rise in the volume of energy dispatched to the WESM during the year in review.

   On the other hand, 55.2%-owned 1590 EC posted a 16% YoY decline in its topline performance to Php 2.4 bn as of end-2025. This is largely attributed to the 82% YoY drop in spot market sales arising from the 79% YoY decline in volume sold. Also, revenue from bilateral contracts was 35% lower YoY as volume sold went down by 79% YoY. However, the impact was cushioned by revenue from its participation in the RM (up by 48% YoY), including deferred billings in 2024[18].

[18] 1590 EC started its participation in the RM in February 2024. 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 February 26, 2024 to March 25, 2024 billing period and will remain in effect until otherwise lifted by the Commission. On May 9, 2024, the ERC issued an order allowing the settlement of 30% of the amounts for payment for trading transactions made in the Reserve Market (RM) for the said billing period. In December 2024, ERC approved the collection of the remaining 70% of the deferred payments owed to RM suppliers. Recalculated reserve trading amounts was collected starting January 2025.

Retail Electricity Supply (RES)

- ·100%-owned COREnergy contributed revenue of Php 1.5 bn as of end-2025 compared to Php 1.4 bn as of end-2024. This steady showing was due to the increased volume sold by 18% YoY, supported by an expanded customer base.

Solar Rooftop

- The solar rooftop business of 100%-owned COREnergy showed higher revenue of Php 21.2 mn, up by 46% YoY. This was mainly attributed to the 37% YoY rise in volume sold arising from improved customer base during the year in review.

Meanwhile, wholly owned CSSC recorded a revenue contribution of Php 15.9 mn, lower by 24% YoY brought about by the 9% YoY reduction of volume sold. This was mainly driven by maintenance activities across several facilities, as well as the impact of a downward rate adjustment for a customer contract.

4. Generation cost went down by 4% to Php 7.0 bn as of end-2025 from Php 7.3 bn as of end-2024 due to the following:

Oil-fired Power Plants

- 55.2%-owned 1590 EC's generation cost went down by 42% YoY. Energy dispatched to the WESM and the offtake under a bilateral contract recorded reductions of 79% YoY.

These were partially offset by the following:

- 100%-owned MPI posted a 16% YoY rise in generation cost given higher volume of energy sold to WESM (up by 32% YoY) and under ASPA (up by 628% YoY).

- 90%-owned BPC recorded a 29% YoY increase in generation cost, which mainly arose from higher volume sold (up by 53% YoY) and the under recovery of fuel cost.

- 90%-owned NBPC incurred higher generation cost (up by 5% YoY), mainly driven by a 43% YoY increase in volume of energy sold to the WESM.

- 100%-owned CIPC saw a 10% YoY rise in its generation cost (up by 184% YoY) because of higher fuel cost associated with the dispatch of energy under an Emergency Power Supply Agreement (EPSA).

Retail Electricity Supply

- Increased volume sales of COREnergy's RES business (up by 18% YoY) led to higher cost of purchased power (up by 16% YoY).

Solar Rooftop

- COREnergy's solar rooftop business recorded a 125% YoY increase in direct cost. This was on the back of increased depreciation of newly commissioned solar panels and higher insurance premium payment.

- 100% owned CSSC posted an 11% YoY rise in its cost due to maintenance activities across several facilities, higher depreciation related to the commissioned solar panels starting in the last quarter of 2024 and the timing of insurance premium payments.

- 100%-owned VSC recorded a 10% YoY increase in direct cost related to maintenance activities and higher depreciation related to the commissioned solar panels starting in the last quarter of 2024.

5. Other Income went up to Php 190.3 mn as of end-2025 from Php 142.9 mn as of end-2024. This is driven by the following: (1) ancillary income of two subsidiaries from third-party lease arrangements and a subsidiary's fees to customers; (2) income arising from the cancellation of an IT-related services contract; and (3) gains on the sale of an investment property by a subsidiary.

Meanwhile, the expansion in EBITDA was moderated by the following:

1. Water generation cost from 100%-owned IMCC stood at Php 70.8 mn as of end-2025. This was mainly attributed to the testing and commissioning activities during the year in review.

2. Engineering service fees was higher by 104% YoY to Php 60.8 mn during the year in review. This resulted from higher direct costs in relation to the engineering service operations of a subsidiary.

3. The Company's share in net earnings of associates as of end-2025 amounted to Php 2.0 bn, representing a 12% YoY decline. The decline in the income contributions from two associates mainly drove the revenue contraction. This was offset by the improved income contributions from five associates.

4. Management fees dropped by 74% to Php 51.9 mn as of end-2025 from Php 202.9 mn as of end-2024. The Company, through a wholly owned subsidiary, recognized a non-recurring service agreement with an associate in the same period last year.

5. Engineering service income was 94% lower YoY at Php 2.5 mn as of end-2025 primarily due to reduced billable services on third-party contracts. The Company ceased taking-up revenues of a water solutions entity following the divestment in October 2024[19].

6. Operating expenses rose by 10% YoY.

Before considering the effect of changes in the foreign exchange rates, the Company ended the period 2025 with a net increase in cash and cash equivalents in the amount of Php 93.5 mn. This was 77% lower than the net increase in cash and cash equivalents as of end-2024 in the amount of Php 403.8 mn. The Company generated a net cash inflow from operating activities in the amount of Php 668.9 mn as of end-2025. The increase in the cash level was offset by the net cash used for investing activities of Php 130.7 mn and financing activities of Php 444.6 mn.

Operating activities showed a net cash inflow of Php 668.9 mn as of end-2025, 8% higher than the net cash inflow of Php 617.9 mn as of end-2024. The increase was primarily driven by the 21% YoY rise in the operating results before working capital changes, along with the 69% YoY slowdown in the increase in inventories (mostly for the fuel purchases of DPI, 1590 EC, BPC and NBPC, and for the consumables of IMCC). The timing in the settlement of trade payables (mainly of 1590 EC, COREnergy, CIPC, BPC and NBPC for fuel and spare part purchases) and non-trade payable (for the share purchase transaction by

[19] The Company, through its wholly subsidiary, sold its 60% equity stake in Watermatic Philippines Corporation (WMP) in October 11, 2024.

a subsidiary) also contributed to the retention of cash. However, these were offset by the 68% YoY growth in the build-up of trade receivables (mainly by four subsidiaries on energy sales and one subsidiary on septage billings), increased income tax payments by six subsidiaries in line with higher taxable income, and higher contributions made to the retirement fund by the Company and six subsidiaries.

Investing activities ended the year with a net cash outflow of Php 130.7 mn, which was mainly on account of the capital requirements for various investments: (1) development costs incurred by Delta P for a project; (2) land acquisition cost by four subsidiaries; (3) purchase of additional machinery by 1590 EC, MPI, BPC and NBPC; (4) investment in a solar plant facility in Bataan by a subsidiary; (5) development costs incurred by a subsidiary for a solar plant facility in Bulacan; and (6) renovation for an office space. These were offset by dividends received from five associates. Meanwhile, the Company posted a net cash inflow of Php 781.3 mn as of end-2024, which was significantly on account of dividends received from five associates, and the proceeds from the sale of a financial asset.

Financing activities as of end-2025 showed a net cash outflow of Php 444.6 mn. This was mainly attributed to the principal amortization payment made by the Company for its fixed rate corporate note (FRCN), principal loan amortization of the long-term loans of Delta P, Isla Norte, COREnergy, BPC and NBPC, and payment of the short-term loans of 1590 EC, CIPC and
COREnergy. Moreover, payments of cash dividends by the Company and 1590 EC, and finance lease payments by the Company, MPI, wholly owned Northern Metro Cebu Water Corporation (NMCWC) and Delta P contributed to the use of cash as of end-2025. These were tempered by the proceeds from the following loans:

1. Delta P's long-term loan; and
2. Short-term loans of Vivant Energy and COREnergy.

On the other hand, the Company's net cash outflow for financing activities as of end-2024 was higher at Php 995.4 mn.

Financial Ratios

Debt-to-Equity ratio declined to 0.48x as of end-2025 from 0.49x as of end-2024. Total equity increased by 11%, which was mainly attributed to the earnings, net of the dividends declared and paid by the Company as of end-2025. Total liabilities rose by 9%, which stemmed from the following:

1. Long-term loan drawn by Delta P;
2. Short-term loans drawn by Vivant Energy and COREnergy;
3. Consolidation of the liabilities of newly acquired subsidiary, FLOWS;
4. Higher trade and other payables, which were mainly attributed to the fuel purchases of 1590 EC and CIPC;
5. Non-trade payable booked by a subsidiary for the acquisition of additional 45% equity stake in FLOWS;
6. Accrual of income taxes by two subsidiaries;
7. Accrued pension booked by the Company and six subsidiaries; and
8. Accrual of deferred tax liabilities resulting from the fair value remeasurement of the investment properties booked by three subsidiaries.

These additions were offset by the principal amortization made by the Company, Isla Norte, Delta P, NBPC and BPC, as well as the short-term loan payments by 1590 EC, CIPC and COREnergy.

The Company's current ratio went down to 1.70x as of end-2025 from the year-end 2024 level of 2.40x, with current liabilities expanding at a faster rate than current assets.

Current assets increased by 15%. This was attributed to the following: (1) the increase in trade receivables on the back of improved operations (energy operations of MPI, Delta P and NBPC, and retail supply business of COREnergy); (2) take-up of the current assets of FLOWS; (3) purchase of inventories (mostly by 1590 EC, Delta P, BPC and NBPC); (4) booking of the current portion of IMCC's concession asset; and (5) increase in prepayments (attributed to the increase in CWTs by three subsidiaries).

Meanwhile, current liabilities significantly rose by 62% after reclassifying the Company's FRCN to current liability given its maturity in January 2026. The short-term loans drawn by Vivant Energy and COREnergy, current portion of a long-term lease recognized by MPI, increase in trade payables (mainly of 1590 EC, COREnergy, CIPC, BPC and NBPC for fuel and spare part purchases) and non-trade payable (for the share purchase transaction by a subsidiary), and the higher income tax accruals recorded by 1590 and MPI during the year in review also contributed to the expansion in current liabilities.

Material Changes in Line Items of Registrant's Income Statement

As of end-2025, the Company's total revenues amounted to Php 12.4 bn, recording a 2% YoY rise. The topline performance was attributable to the following:

1. Sale of power rose to Php 9.8 bn from Php 9.5 bn, which was primarily driven by the improved revenue contribution of the Company's investments in oil-fired power plants, RES and solar rooftop businesses.

   Oil-fired Power Plants

   - The topline contribution of 100%-owned MPI yielded a revenue of Php 1.7 bn reflecting a 45% YoY increase. Growth was primarily driven by a 52% YoY increase in energy nominated in the RM and a 67% rise in ancillary service revenue as volume went up by 628% YoY. These gains were offset by a 56% YoY decline in spot market sales, driven by lower spot market prices, despite a 32% YoY increase in its energy volume sold.

   - 100%-owned CIPC contributed a revenue expansion of 12% YoY to Php 798.6 mn, during the year in review. The growth was mainly attributed by the dispatch of energy under an EPSA beginning July 2025, which expanded energy volume sold by 184% YoY.

   - 100%-owned Isla Norte contributed a revenue of Php 971.6 mn (up by 7% YoY), owing to the steady demand in the island as of end-2025.

   - 90%-owned BPC posted a revenue contribution of Php 121.5 mn as of end-2025. Its topline performance rose by 14% YoY due to a 53% YoY boost in the volume of energy sold.

   - 90%-owned NBPC's revenue climbed to Php 76.2 mn as of end-December 2025, which grew by 32% YoY. This was on the back of a 43% YoY rise in the volume of energy dispatched to the WESM during the year in review.

   On the other hand, 55.2%-owned 1590 EC posted a 16% YoY decline in the topline performance to Php 2.4 bn as of end-2025. This is largely attributed to the 82% YoY drop in spot market sales arising from the 79% YoY decline in volume sold. Also, revenue from bilateral contracts was 35% lower YoY as volume sold went down by 79% YoY. However, the impact was cushioned by revenue from its participation in the RM (up by 48% YoY), including deferred billings in 2024.

Retail Electricity Supply (RES)

- 100%-owned COREnergy contributed revenue of Php 1.5 bn as of end-2025 compared to Php 1.4 bn as of end-2024. This steady showing was due to the increased volume sold by 18% YoY, supported by an expanded customer base.

Solar Rooftop

- The solar rooftop business of 100%-owned COREnergy showed higher revenue of Php 21.2 mn, up by 46% YoY. This was mainly attributed to the 37% YoY rise in volume sold arising from improved customer base during the year in review.

Meanwhile, wholly owned CSSC recorded a revenue contribution of Php 15.9 mn, lower by 24% YoY brought about by the 9% YoY reduction of volume sold. This was mainly driven by maintenance activities across several facilities, as well as the impact of a downward rate adjustment for a customer contract.

2. Revenue from concession stood at Php 317.4 mn as of December 2025, which was a result of the service concession arrangement between VHHI and a local water district.

3. Management fees dropped by 74% to Php 51.9 mn as of end-2025 from Php 202.9 mn as of end-2024. The Company, through a wholly owned subsidiary, recognized a non-recurring service agreement with an associate in the same period last year.

4. Engineering service income was 94% lower YoY at Php 2.5 mn as of end-2025 primarily due to reduced billable services on third-party contracts. The Company ceased taking-up revenues of a water solutions entity following the divestment in October 2024

5. The Company's share in the net earnings of associates as of end-2025 amounted to Php 2.0 bn, representing a 12% YoY decrease from Php 2.3 bn as of end-2024. This was a result of the following:

   - VECO, the Company's electricity distribution utility, saw an 8% decline in its income contribution, from Php 1.2 bn as of end-2024 to Php 1.1 bn as of end-2025. This was mainly attributed to higher finance costs, an ERC-mandated one-time refund to customers for unutilized regulatory related costs and a non-recurring loss due to incurred damage in the utility's franchise area caused by Typhoon Tino in November 2025. These offset the impact of the 3% YoY increase in energy volume sold.

   - 20%-owned TVI recorded a 52% YoY reduction in income contribution to Php 248.0 mn as of end-2025. The decline mainly stemmed from lower energy volumes resulting from scheduled preventive maintenance activities undertaken in the first quarter of 2025. Energy sold to the WESM and through bilateral contracts were down by 13% YoY and 14% YoY, respectively. Moreover, the unfavorable RM prices offset the 114% YoY increase in nominated energy volumes, which resulted to RM earnings declining by 28% YoY.

   However, the performance of the following companies tempered the decline in the net earnings contribution of associates:

   - 40%-owned AHI posted 12% increase in its income contribution to Php 524.8 mn as of end-2025, up from Php 469.7 mn as of end-2024. The growth was primarily

driven by improved profitability of its associate, CEDC. CEDC's strong showing during the year in review was attributed to higher profits from its participation in the RM driven by a 147% YoY rise in volume of nominated energy. In addition, earnings from WESM improved as volume of energy sold went up by 48% YoY. This was despite posting an 18% YoY drop in profits on energy-based bilateral contracts arising from reduced dispatch (down by 15% YoY). Lower maintenance costs and reduced interest expense following principal loan repayments further supported overall profitability for the year in review.

- 40%-owned MPC recorded an income contribution of Php 202.4 mn as of the period in review, which was 15% higher YoY. This was attributed to the profits from power supply agreements with retail customers that started in December 2024. These were partially offset by the contraction in profits from spot market sales (down by 39% YoY), resulting from a 31% YoY decline in the volume of energy sold, as well as from bilateral contract, which recorded a 9% YoY decrease in energy sold. Moreover, lower debt service cost after loan repayment and reduced operating and administrative expenses also contributed to the enhanced profitability.

- 40%-owned CPPC brought in Php 5.2 mn in income contribution as of end-December 2025, a turnaround from the Php 5.1 mn in net loss contribution as of end-December 2024. CPPC booked a non-recurring revenue pertaining to a reimbursement for prior year expenses.

- 40%-owned Prism Energy, a RES company, posted a net loss contribution of Php 4.1 mn as of end-2025 vis-à-vis Php 6.8 mn net loss contribution as of end-2024. The reduction in losses is primarily attributable to the one-off charges recognized by Prism Energy in 2024. However, it continues to incur losses due to the 100% YoY decline in the energy sales volume resulting from the non-renewal of customer contracts.

- 40%-owned SSREC shored in fresh income contribution of Php 2.8 mn during the year in review, representing earnings from the commercial operations of its solar power plant in Bataan, which commenced in August 2025.

6. Interest income rose to Php 178.5 mn from Php 172.6 mn, driven by the increase in available cash balance for short-term money market placements.

Total cost of services and operating expenses was flat at Php8.9 bn as of end-2025.

1. Total cost of services declined by 3% YoY to Php 7.1 bn. This was mainly attributed to the following:

    a. Generation cost went down by 4% to Php 7.0 bn as of end-2025 from Php 7.3 bn as of end-2024 due to the following:

    Oil-fired Power Plants

    - 55.2%-owned 1590 EC's generation cost went down by 42% YoY. Energy dispatched to the WESM and the offtake under a bilateral contract recorded reductions of 79% YoY.

These were partially offset by the following:

- 100%-owned MPI posted a 16% YoY rise in generation cost given higher volume of energy sold to WESM (up by 32% YoY) and under ASPA (up by 628% YoY).

- 90%-owned BPC recorded a 29% YoY increase in generation cost, which mainly arose from higher volume sold (up by 53% YoY) and the under recovery of fuel cost.

- 90%-owned NBPC incurred higher generation cost (up by 5% YoY), mainly driven by a 43% YoY increase in volume of energy sold to the WESM.

- 100%-owned CIPC saw a 10% YoY rise in its generation cost (up by 184% YoY) because of higher fuel cost associated with the dispatch of energy under an EPSA.

Retail Electricity Supply

· Increased volume sales of COREnergy's RES business (up by 18% YoY) led to higher cost of purchased power (up by 16% YoY).

Solar Rooftop

· COREnergy's solar rooftop business recorded a 125% YoY increase in direct cost. This was on the back of increased depreciation of newly commissioned solar panels and higher insurance premium payment.

· 100% owned CSSC posted an 11% YoY rise in its cost due to maintenance activities across several facilities, higher depreciation related to the commissioned solar panels starting in the last quarter of 2024 and the timing of insurance premium payments.

· 100%-owned VSC recorded a 10% YoY increase in direct cost related to maintenance activities and higher depreciation related to the commissioned solar panels starting in the last quarter of 2024.

b. Water generation cost from 100%-owned IMCC stood at Php 70.8 mn as of end-2025. This was mainly attributed to the testing and commissioning activities during the year in review.

c. Engineering service fees was higher by 104% YoY to Php 60.8 mn during the year in review. This resulted from higher direct costs in relation to the engineering service operations of a subsidiary.

2. Salaries and employee benefits went up by 20% YoY to Php 769.7 mn. This was primarily driven by the increase in headcount, as well as higher employee training and engagement activities during the year in review.

3. Outside services declined by 30% YoY to Php 178.7 mn. This was mainly attributable to the non-recurring expenses incurred in the previous year that were related to a business process review and the implementation of digital transformation initiatives by the Company.

4. Taxes and licenses increased by 22% YoY to Php 168.7 mn. The increase mainly reflects higher local business taxes resulting from higher revenue levels of two subsidiaries as of end-2024. Real property tax incurred by a subsidiary for a solar facility in Bulacan also contributed to the cost expansion.

5. Professional fees went down by 24% YoY to Php 146.8 mn from Php 192.8 mn. This was mainly attributable to lower project pre-development cost booked as of end-2025.

6. Depreciation and amortization were 24% higher YoY at Php 92.1 mn, largely driven by the full year's depreciation of fixed assets purchased in the latter part of 2024 and on major capital expenditures during the year in review.

7. Travel costs went up by 12% to Php 76.2 mn from Php 68.1 mn. The cost expansion was driven by more meetings with stakeholders and frequent site visits related to project development. In addition, fuel expenses for fleet vehicles went up given the higher number of vehicles and increased frequency of fieldwork during the period in review.

8. Management and directors' fees decreased by 9% YoY to Php 21.8 mn. This was mainly due to the non-renewal of a management consultancy service after the divestment in WMP. However, the Company incurred higher per diem due to increased number of directors and frequency of meetings during the year in review.

9. Communication and utilities increased by 11% YoY to Php 18.4 mn. This was attributed to the increased communication costs and utilities expenses incurred by the Company, and two holding subsidiaries as result of increased headcount.

10. Representation expenses grew by 43% YoY to Php 15.7 mn, resulting from more meetings with business partners and project stakeholders.

11. Rent and association dues were lower by 20% YoY to Php 10.0 mn. This was mainly due to the change in the classification of IMCC's foreshore lease (from rent expense to concession asset) following the accounting of its service concession agreement, and the non-renewal of a short-term lease by another subsidiary during the year in review.

12. Other operating expenses was at Php 257.9 mn as of end-2025, a 54% YoY increase vis-à-vis Php 167.1 mn as of end-2024. This increase was mainly attributed to the following: (1) higher cost of subscriptions to work management and communication tools as a result of increased headcount; (2) higher donations to Vivant Foundation Inc.; (3) higher promotional and branding materials; (4) higher credit facility fees paid by two subsidiaries; and (5) increased consumption of supplies due to increased headcount by the Company and its two subsidiaries.

Vivant booked Php 122.3 mn in other income during the year in review, vis-à-vis previous year's other charges of Php 273.6 mn. This was an outcome of the following account movements:

1. Unrealized foreign exchange gain stands at Php 9.1 mn as of end-2025, which was 217% higher YoY. This pertains to the translation of the US Dollar and Euro cash balances of the Company and its subsidiaries.

2. A gain of Php 281.9 mn was earned as of end-2025 arising from the increase in the fair value of investment properties of three subsidiaries. This was significantly higher than the Php 57.5 mn in the fair value gain for the same investment properties booked as of end-2024.

3. The Company, through 100% VHHI, booked a gain on bargain purchase of Php 11.1 mn and a gain on fair value remeasurement on investment[20] of Php 42.0 mn as a result of acquiring additional 45% equity stake in FLOWS, as discussed above.

4. Finance cost on loans decreased by 6% YoY at Php 405.0 mn. This was mainly driven by the principal amortization of three subsidiaries and the settlement of a short-term loan by another subsidiary.

5. Finance cost on lease liabilities went down by 16% YoY to Php 7.1 mn. This was primarily due to the cessation of a long-term lease by the Company in the first quarter 2025.

6. Other income-net was at Php 190.3 mn, an increase of 33% YoY. This is attributed to the following:

    a. Ancillary income recognized by two subsidiaries for a third-party lease arrangement involving certain facilities and COREnergy's fees to customer;
    b. Non-recurring income recognized by the Company and a subsidiary related to the cancellation of a service contract;
    c. Gain on the sale of an investment property by a subsidiary.

    The expansion in other income was partially tempered by the one-off loss incurred by a subsidiary related to an operational downtime.

As of end-2025, the Company booked a consolidated provision for income tax of Php 373.1 mn, slightly lower than previous year's Php 380.1 mn. This was mainly due to the lower taxable income of a subsidiary's RES operations, partially offset by the deferred income tax from the fair value remeasurement of the investment properties of three subsidiaries recognized during the year in review.

Taking all of the above into account, the Company recorded a total net income of Php 3.3 bn for the period ending December 31, 2025, which was 26% higher than end-December 2024's net income of Php 2.6 bn. Net income attributable to parent grew by 15% YoY to Php 2.7 bn.

During the year in review, the Company recognized other comprehensive income (OCI), net of tax, of Php 2.8 mn, a reverse of the other comprehensive loss, net of tax, of Php 16.5mn as of end-2024, coming from the remeasurement gain on employee benefits recorded by the Company and nine subsidiaries.

The total comprehensive income as of end-2025 was at Php 3.3 bn. Out of the said amount, Php 2.7 bn was attributable to the equity holders of the parent, which was 16% higher compared to last year's Php 2.3 bn.

[20] Under PFRS 3 *Business Combinations*, when an acquirer achieves control of an acquiree in which it held a previously-held equity interest (a step acquisition or business combination achieved in stages), the acquirer must remeasure its original stake at the acquisition-date fair value.

Changes in Registrant's Resources, Liabilities, and Shareholders' Equity

The Company's total assets grew by 10% to Php 35.3 bn from end-2024 level of Php 32.0 bn. The following are the material movements in the consolidated assets of the Company as of end-2025.

1. Trade and other receivables rose by 36% YoY to Php 2.4 bn. This was mainly driven by the following:

    a. Increased trade receivables booked by MPI, NBPC and COREnergy on the back of improved topline performance;
    b. Take-up of the trade and other receivables of FLOWS, a former joint venture turned subsidiary, starting December 31, 2025;
    c. Non-trade receivable arising from the recognition of ancillary income recognized by a subsidiary for a third-party lease arrangement involving certain facilities.

2. The concession asset, both current and non-current, amounted to Php 1.9 bn. This represents the asset recognized in relation to the concession service agreement of IMCC and PPWRLC, through FLOWS.

3. Advances to associates and stockholders significantly grew by 14% YoY to Php 119.0 mn. This was on the account of the advances made by a subsidiary for working capital requirement to an associate.

4. Inventories went up by 12% YoY to Php 666.4 mn as of end-2025. This resulted from increased volume of fuel purchased by Delta P, 1590 EC, BPC and NPBC, and consumables by IMCC.

5. Prepayments and other current assets were higher by 22% YoY to Php 1.1 bn. The increase was driven by the following: (1) higher CWTs recorded by Delta P, COREnergy and CIPC; (2) advance payments for mobile generation units by Vivant Energy for a project; (3) additional security deposits made by COREnergy as new RES customers were energized; and (4) escrow fee related to an investment made by VEC.

6. Investment properties amounted to Php 1.3 bn, a 21% increase from Php 1.1 bn. This movement is mainly attributable to the gain recorded from the fair valuation of the investment properties of three subsidiaries.

7. Deferred tax assets increased by 146% YoY to Php 81.9 mn driven by the tax benefit recognized by COREnergy during the year in review.

8. Other non-current assets amounted to Php 2.4 bn, 7% higher than end-2024. This was mainly accounted for by following: (1) increase of customer deposits by two subsidiaries related to their rooftop solar operations; (2) advance payment made by a subsidiary for genset rental related to a project; (3) development costs for energy projects; (4) excess input VAT related to the development of a desalination plant; (5) rise in the CWTs of the Company for an office space renovation; and (6) take-up of noncurrent asset of newly acquired subsidiary, FLOWS.

Meanwhile, right-of-use assets (ROU) declined by 21% YoY to Php 86.0 mn, which was mainly attributed to the amortization for the period.

Total consolidated liabilities amounted to Php 11.4 bn as of end-2025, 9% higher than the previous year's level of Php 10.4 bn. This was mainly attributed to the following:

1. Current and non-current long-term loans grew by 10% YoY to Php 6.3 bn. As of end-2025, Delta P and Vivant Energy made additional bank borrowings, which was partially tempered by the principal payments made by the Company and five subsidiaries. The take-up of the long-term loan of FLOWS also contributed to the debt expansion.

2. Trade and other payables were higher by 11% at Php 2.1 bn as of end-2025. This was mainly attributed to the fuel purchases of four power generation subsidiaries. In addition, the accrual by VIHI for the consideration related to the acquisition of additional 45% shares in FLOWS also contributed to higher payables.

3. Short term notes payable posted a 13% YoY increase as a result of the short-term loans drawn by Vivant Energy and COREnergy, partially offset by the loan settlement made by three subsidiaries.

4. Income tax payable rose to Php 164.0 mn showing an 11% YoY expansion. This was mainly from income tax accruals by 1590 EC and MPI on the back of higher taxable income during the year in review, partially offset by the income tax remittances of 1590EC and Delta P for taxable year 2024.

5. Deferred income tax liabilities ended at Php 398.5 mn, 21% higher YoY resulting from the fair value remeasurement of the investment properties booked by three subsidiaries.

However, total finance lease liabilities (current and noncurrent portions) amounted to Php 96.2 mn, which was 18% lower YoY. This was attributed to lease payments made by a subsidiary during the year in review.

As a result of the net income generated during the year, net of the dividends declared and paid, total stockholders' equity increased by 11% to Php 23.8 bn as of end-2025 from Php 21.5 bn as of end-2024. Meanwhile, equity attributable to parent ended higher by 11% YoY at Php 22.2 bn as of end-2025.

Material Changes in Liquidity and Cash Reserves of Registrant

Cash and cash equivalents were slightly higher by 2% from Php 4.8 bn as of end-2024 to Php 4.9 bn as of end-2025.

Before considering the effect of changes in the foreign exchange rates, the Company ended the period 2025 with a net increase in cash and cash equivalents in the amount of Php 93.5 mn. This was 77% lower than the net increase in cash and cash equivalents as of end-2024 in the amount of Php 403.8 mn. The Company generated a net cash inflow from operating activities in the amount of Php 668.9 mn as of end-2025. The increase in the cash level was offset by the net cash used for investing activities of Php 130.7 mn and financing activities of Php 444.6 mn.

Operating activities showed a net cash inflow of Php 668.9 mn as of end-2025, 8% higher than the net cash inflow of Php 617.9 mn as of end-2024. The increase was primarily driven by the 21% YoY rise in the operating results before working capital changes, along with the 69% YoY slowdown in the increase in inventories (mostly for the fuel purchases of DPI, 1590 EC, BPC and NBPC, and for the consumables of IMCC). The timing in the settlement of trade payables (mainly of 1590 EC, COREnergy, CIPC, BPC and NBPC for fuel and spare part purchases) and non-trade payable (for the share purchase transaction by a subsidiary) also contributed to the retention of cash. However, these were offset by the 68% YoY

growth in the build-up of trade receivables (mainly by four subsidiaries on energy sales and one subsidiary on septage billings), increased income tax payments by six subsidiaries in line with higher taxable income, and higher contributions made to the retirement fund by the Company and six subsidiaries.

Investing activities ended the year with a net cash outflow of Php 130.7 mn, which was mainly on account of the capital requirements for various investments: (1) development costs incurred by Delta P for a project; (2) land acquisition cost by four subsidiaries; (3) purchase of additional machinery by 1590 EC, MPI, BPC and NBPC; (4) investment in a solar plant facility in Bataan by a subsidiary; (5) development costs incurred by a subsidiary for a solar plant facility in Bulacan; and (6) renovation for an office space. These were offset by dividends received from five associates. Meanwhile, the Company posted a net cash inflow of Php 781.3 mn as of end-2024, which was significantly on account of dividends received from five associates, and the proceeds from the sale of a financial asset.

Financing activities as of end-2025 showed a net cash outflow of Php 444.6 mn. This was mainly attributed to the principal amortization payment made by the Company for its FRCN, principal loan amortization of the long-term loans of Delta P, Isla Norte, COREnergy, BPC and NBPC, and payment of the short-term loans of 1590 EC, CIPC and COREnergy. Moreover, payments of cash dividends by the Company and 1590 EC, and finance lease payments by the Company, MPI, wholly owned NMCWC and Delta P contributed to the use of cash as of end-2025. These were tempered by the proceeds from the following loans:

1. Delta P's long-term loan; and
2. Short-term loans of Vivant Energy and COREnergy.

On the other hand, the Company's net cash outflow for financing activities as of end-2024 was higher at Php 995.4 mn.

Financial Ratios

Debt-to-Equity ratio declined to 0.48x as of end-2025 from 0.49x as of end-2024. Total equity increased by 11%, which was mainly attributed to the earnings, net of the dividends declared and paid by the Company as of end-2025. Total liabilities rose by 9%, which stemmed from the following:

1. Long-term loan drawn by Delta P;
2. Short-term loans drawn by Vivant Energy and COREnergy;
3. Consolidation of the liabilities of newly acquired subsidiary, FLOWS;
4. Higher trade and other payables, which were mainly attributed to the fuel purchases of 1590 EC and CIPC;
5. Non-trade payable booked by a subsidiary for the acquisition of additional 45% equity stake in FLOWS;
6. Accrual of income taxes by two subsidiaries;
7. Accrued pension booked by the Company and six subsidiaries; and
8. Accrual of deferred tax liabilities resulting from the fair value remeasurement of the investment properties booked by three subsidiaries.

These additions were offset by the principal amortization made by the Company, Isla Norte, Delta P, NBPC and BPC, as well as the short-term loan payments by 1590 EC, CIPC and COREnergy.

The Company's current ratio went down to 1.70x as of end-2025 from the year-end 2024 level of 2.40x, with current liabilities expanding at a faster rate than current assets.

Current assets increased by 15%. This was attributed to the following: (1) the increase in trade receivables on the back of improved operations (energy operations of MPI, Delta P and NBPC, and retail supply business of COREnergy); (2) take-up of the current assets of FLOWS; (3) purchase of inventories (mostly by 1590 EC, Delta P, BPC and NBPC); (4) booking of the current portion of IMCC's concession asset; and (5) increase in prepayments (attributed to the increase in CWTs by three subsidiaries).

Meanwhile, current liabilities significantly rose by 62% after reclassifying the Company's FRCN to current liability given its maturity in January 2026. The short-term loans drawn by Vivant Energy and COREnergy, current portion of a long-term lease recognized by MPI, increase in trade payables (mainly of 1590 EC, COREnergy, CIPC, BPC and NBPC for fuel and spare part purchases) and non-trade payable (for the share purchase transaction by a subsidiary), and the higher income tax accruals recorded by 1590 and MPI during the year in review also contributed to the expansion in current liabilities.

Item 7. Financial Statements

The audited consolidated financial statements of the Company for the years ended December 31, 2025, December 31, 2024, and December 31, 2023, are attached hereto as Exhibits "D", "E" and "F" respectively. The corresponding consolidated financial statements for the fiscal years 2025, 2024 and 2023 are attached as Exhibits "D-1", "E-1" and "F-1", respectively.

PART III – CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Self-Rating Form of the SEC, the criteria and the rating system therein as a means of measurement or determination of the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance.

The Company issued its Revised Manual on Corporate Governance (the "Manual") in 2017 and has substantially complied with the provisions, and the same has been disclosed to the SEC. It has plans to improve corporate governance by adopting good corporate practice recognized in more progressive corporations and incorporating the same in its Manual.

As part of its ongoing efforts to keep its directors and executive officers informed on the best practices in corporate governance, the Board of Directors and the top-level management are encouraged to attend relevant training sessions and seminars. In October 2025, the Company conducted an in-house corporate governance training facilitated by the Institute of Corporate Directors (ICD) covering the following topics: (i) Turbo Charging Talent at the Top: The Board's Role in Succession, Leadership, and Rewards, and (ii) Securing the Algorithm: How Boards Navigate the Cyber Risks of AI Digital Transformation.

In 2025, the directors of the Company attended the following trainings on Corporate Governance:

Director	Training Provider	Title of the Training	Date of Training
Francis Damasus A. Garcia	ICD	Advance Corporate Governance Training	October 16, 2025
Ramontito E. Garcia	ICD	Advance Corporate Governance Training	October 16, 2025
Arlo Angelo G. Sarmiento	ICD	Advance Corporate Governance Training	October 16, 2025
Emil Andre M. Garcia	ICD	Advance Corporate Governance Training	October 16, 2025
Charles Sylvestre A. Garcia	ICD	Advance Corporate Governance Training	October 16, 2025
Jose Marko Anton G. Sarmiento	ICD	Advance Corporate Governance Training	October 16, 2025
Brigette Cecile N. Garcia	ICD	Advance Corporate Governance Training	October 16, 2025
Laurence R. Rogero	ICD	Advance Corporate Governance Training	October 16, 2025
Carmelo Maria L. Bautista	CGBP[1]	Corporate Governance Training	November 11, 2025
Jose Carlitos G. Cruz	ICD	Advance Corporate Governance Training	October 16, 2025
Jose M. Layug, Jr.	-	-	-
Alfredo S. Panlilio	ICD	Advance Corporate Governance Training	October 16, 2025

Note:

1. *Center for Global Best Practices*

In compliance with the full disclosure rules on the Code of Corporate Governance, the Manual, and the reportorial requirement of the SEC on the extent of compliance by the Company with its Manual, the undersigned hereby certifies that the Company has substantially complied with the provisions thereof.

As of the date of this Report, there are no changes in the corporate governance structure and practice.

Please refer to the attached Integrated Annual Corporate Governance Report for 2024, which was filed with the SEC in 2025, attached as Exhibit "G".

Compliance with The Minimum Public Ownership Requirement

The Company is compliant with the Rule on Minimum Public Ownership, as amended. Based on information that is publicly available to the Company and within the knowledge of its directors it has 24.12 % public float as of February 28, 2026, which is the latest practicable date.

Board Performance

In July 2025, the Compliance Officer assisted the Board in the conduct of its annual performance review through a self-assessment using criteria aligned with recognized governance standards. A self-assessment was carried out by the directors to evaluate their individual performance, the performance of the Board as a whole and their respective committees, and the performance of the Chairman of the Board. The evaluation was based on criteria that determined the effectiveness of the Board, compliance with good governance principles of the individual Board of Directors, participation, engagement and contribution in meetings of each director, and performance of the duties and responsibilities of the Board Committees.

(Attachments Follow)

VIVANT CORPORATION
Minutes of the 2025 Annual Stockholders' Meeting
Held on June 19, 2025 (Thursday) 10:00
A.M. conducted virtually through
Convene

Shareholdings represented:

Name of Stockholders	Shares	Percentage
Mai-I Resources Corporation (Represented by Proxy)	464,831,568	45.42%
JEG Development Corporation (Represented by Proxy)	311,524,642	30.44%
GT Capital Holdings, Inc. (Represented by Proxy)	90,913,331	8.88%
Mr. Arlo Angelo G. Sarmiento	107,100	0.0%
Mr. Emil Andre M. Garcia	38,501	0.0%
Mr. Jose Marko Anton G. Sarmiento	28,501	0.0%
Atty. Jess Anthony N. Garcia	12,200	0.0%
Ms. Minuel Carmela N. Franco	9,400	0.0%
Atty. Catherine S. Bringas	9,266	0.0%
Mr. Carlos F. Bargamento (Represented by Proxy)	5,030	0.0%
Ms. Brigette Cecile N. Garcia	100	0.0%
Atty. Laurence R. Rogero	100	0.0%
Mr. Carmelo Maria L. Bautista	100	0.0%
Mr. Jose Carlitos G. Cruz	100	0.0%
Mr. Alfredo S. Panlilio	100	0.0%
Mr. Charles Sylvestre A. Garcia	1	0.0%
All Others Shares	-	0.0%
Total Shareholdings Represented in Person and by Proxy	867,480,040	84.76%

SUBJECT FOR APPROVAL

Directors Present:

Emil Andre M. Garcia	:	*Member, Board of Directors* *Member, Executive Committee* *President*
Arlo Angelo G. Sarmiento	:	*Member, Board of Directors* *Member, Executive Committee* *Chief Executive Officer*
Charles Sylvestre A. Garcia	:	*Member, Board of Directors* *Member, Executive Committee* *Member, Audit Committee*

Mr. Jose Marko Anton G. Sarmiento	:	*Member, Executive Committee* *Member, Finance Committee* *Member, Audit Committee* *Member, Risk & Sustainability Committee*
Brigette Cecile N. Garcia	:	*Member, Board of Directors* *Member, Executive Committee* *SAVP – Corporate Planning*
Jose Carlitos G. Cruz *Independent Director*	:	*Chairman, Audit Committee* *Member, Board of Directors* *Member, Finance Committee* *Member, Corporate Governance Committee* *Member, Related Party Transaction Committee* *Member, Risk and Sustainability Committee*
Carmelo Maria L. Bautista *Independent Director*	:	*Member, Board of Directors* *Member, Finance Committee*
Laurence R. Rogero *Independent Director*	:	*Chairman, Finance Committee* *Chairman, Risk and Sustainability Committee* *Member, Board of Directors* *Member, Audit Committee* *Member, Corporate Governance Committee*

Officers Present:

Minuel Carmela N. Franco	*Treasurer* *Executive Vice President & Chief Corporate Officer* *Group Chief Finance Officer* *Chief Risk Officer*
Maila Lourdes G. de Castro	*Corporate Secretary* *VP – Legal* *Data Privacy Officer*
Catherine S. Bringas	*Assistant Corporate Secretary* *SAVP – Legal and Compliance* *Compliance Officer*
Joan A. Giduquio-Baron	*Assistant Corporate Secretary*
Jess Anthony N. Garcia	*Sr. Vice President – Infrastructure*
Allan A. Cuevas	*VP – Corporate Communications*
Ronnel Vergel E. De Leon	*SAVP – Treasury*
Randwil Dinbo U. Macaranas	*AVP – Investor Relations*

SUBJECT FOR APPROVAL

I. Call to Order

Atty Joan G. Baron ("JGB"), the Assistant Corporate Secretary of Vivant Corporation (the "Corporation" or "Company"), acting as moderator, announced the following rules for the orderly conduct of the virtual Annual Stockholders' Meeting ("ASM"):

1. For purposes of maintaining order and efficiency, questions submitted in advance will be read by the moderator during the Q&A session, which will be held toward the end of the meeting. Questions not addressed during the meeting due to time constraints may be directed to the Company representative whose contact details will be flashed on the screen for reference.
2. As we moved through each Agenda item, the proposed resolutions and voting results will be displayed on screen.
3. Voting in absentia through the Company's online platform shall remain open until the adjournment of today's meeting. For presentation purposes, votes received through proxy, and votes cast through the voting portal as of 12:00nn of June 12, 2025 will be reflected accordingly under each agenda item.
4. The final results will be recorded in the minutes of this meeting.
5. The proceedings of the ASM will be recorded.

The Corporate Secretary informed the attendees that the Chairman of the Board, Mr. Francis Damasus A. Garcia was unable to attend today's meeting due to prior and unavoidable commitments.

Pursuant to the Company's By-Laws, in the absence of the Chairman, the President of the Company is authorized to preside over the Annual Stockholders' Meeting.

The President, Mr. Emil Andre M. Garcia, assumed the role of Chairman of the meeting and presided over the proceedings.

The Corporate Secretary recorded the minutes of the meeting.

II. Proof of Notice and Determination of Quorum

The Corporate Secretary, Atty. Maila Lourdes G. de Castro, certified that the Notice and Agenda for the 2025 ASM have been sent to stockholders of record on May 19, 2025 and May 20, 2025 through publication in the business sections of People's Independent Media, Inc. (Malaya) and BusinessWorld Publishing Inc., both newspapers of general circulation, in print and online formats, and uploaded on the Corporation's website. The Notice was sent at least twenty-eight (28) days prior to the ASM in accordance with the requirements of the Revised Corporation Code and the Securities Exchange Commission ("SEC") regulations. Through the Notice, stockholders were informed that the Company will hold the ASM virtually and will be accessible and streamed live through the Vivant Portal at www.vivant.com.ph.

Stockholders have also been notified that if they wish to cast their votes, they may also vote through proxy or remotely in absentia through online voting via the Vivant Portal.

Stockholders were given up to the 12:00 noon of June 12, 2025 to submit their proxies to the Office of the Corporate Secretary.

To allow more stockholders to vote, they were informed that the voting portal will remain open until the end of the ASM.

SUBJECT FOR APPROVAL

The Corporate Secretary then certified that there was a quorum to transact business with the registration of stockholders owning a total of 867,480,040 shares, which constitute 84.76% or more than two-thirds (2/3) of the total issued and outstanding shares entitled to vote. Of these shares that were represented, 205,469 shares attended in person and through remote communication or *in absentia*, while 867,274,571 shares were represented by proxy.

III. Reading and Approval of the Minutes of the Annual Stockholders' Meeting Held on June 20, 2024

Upon motion duly made and seconded, one hundred percent (100%) of the stockholders who registered and voted, representing at least two-thirds (2/3) of the total outstanding and issued shares entitled to vote, moved to dispense with the reading of the minutes. Upon further motion, the same stockholders approved and adopted the following resolutions:

> "**WHEREAS**, that the Stockholders of Vivant Corporation (the "Corporation") have reviewed the Minutes of the previous Annual Stockholders' Meeting;
>
> **RESOLVED,** as it is hereby resolved, that the Stockholders of the Corporation approve the Minutes of the Annual Stockholders' meeting held on June 20, 2024."

Out of a total of 1,023,456,698 outstanding shares of the Corporation entitled to vote, 867,274,571 or 84.74% were cast in favor of the approval of the minutes of the previous ASM, while no share abstained from voting and no share opposed the vote.

IV. Annual Report of Officers

Mr. Arlo Angelo G. Sarmiento, the Corporation's Chief Executive Officer, presented the CEO's Report. Thereafter, Ms. Minuel Carmela N. Franco, the Corporation's Executive Vice President and Chief Corporate Officer was called to report on the Corporation's performance.

(Copies of the Reports of the Chief Executive Officer, and Executive Vice President and Chief Corporate Officer have been submitted to the Office of the Corporate Secretary for its records.)

V. Approval of the 2024 Annual Report and Financial Statements

Upon motion duly made and seconded, one hundred percent (100%) of the stockholders who registered and voted, representing at least two-thirds (2/3) of the total outstanding and issued shares entitled to vote, approved and adopted the following resolution:

> **"RESOLVED,** as it is hereby resolved, that the Stockholders of Vivant Corporation (the "Corporation") approve, as they hereby approve, the 2024 Annual Report and Audited Financial Statements of the Corporation as of December 31, 2024."

Out of a total of 1,023,456,698 outstanding shares of the Corporation

SUBJECT FOR APPROVAL

entitled to vote, 867,274,571 or 84.74% were cast in favor of the approval of the 2024 Annual Report and Financial Statements, while no share abstained from voting and no share opposed the vote.

VI. Appointment of External Auditor for 2025

Upon motion duly made and seconded, one hundred percent (100%) of the stockholders who registered and voted, representing at least two-thirds (2/3) of the total outstanding and issued shares entitled to vote, approved and adopted the following resolutions:

> **"WHEREAS,** the Stockholders of Vivant Corporation (the "Corporation") have the right to participate in key corporate governance decisions, such as the right to appoint the External Auditors;
>
> **RESOLVED,** that the Stockholders of the Corporation appoint SyCip Gorres Velayo & Co. as the External Auditors for 2025."

Out of a total of 1,023,456,698 outstanding shares of the Corporation entitled to vote, 867,274,571 or 84.74% were cast in favor of the approval appointing SyCip Gorres Velayo & Co. as the External Auditors for 2025 while no share abstained from voting and no share opposed the vote.

VII. Election of Directors

Non-Independent Directors

Upon motion duly made and seconded, the stockholders moved to elect the following seven (7) nominees as regular members of the Board of Directors for the year 2025-2026:

MR. FRANCIS DAMASUS A. GARCIA
MR. CHARLES SYLVESTRE A. GARCIA
MR. EMIL ANDRE M. GARCIA
MS. BRIGETTE CECILE N. GARCIA
MR. RAMONTITO E. GARCIA
MR. ARLO ANGELO G. SARMIENTO; and
MR. JOSE MARKO ANTON G. SARMIENTO

Since no objection was made, the motion was carried and all the seven (7) nominees were elected as regular members of the Board based on votes of stockholders represented in person and by proxy.

Out of a total of 1,023,456,698 outstanding shares of the Corporation entitled to vote; the following votes were cast:

Director	For	Against	Abstain
Mr. Charles Sylvestre A. Garcia	867,274,571	-	-
Mr. Emil Andre M. Garcia	867,274,571	-	-
Mr. Arlo Angelo G. Sarmiento	867,274,571	-	-

SUBJECT FOR APPROVAL

Mr. Ramontito E. Garcia	867,274,571	-	-
Mr. Jose Marko Anton G. Sarmiento	867,274,571	-	-
Ms. Brigette Cecile N. Garcia	867,274,571	-	-
Mr. Francis Damasus A. Garcia	867,274,571	-	-

Independent Directors

Pursuant to the Revised Securities Regulation Code, the Corporation must elect Independent Directors from a final list of candidates. As provided for in the Information Statement that was distributed, the Corporation had four (4) number of seats to be occupied by Independent Directors. The following were the final candidates as Independent Directors:

MR. CARMELO MARIA L. BAUTISTA
MR. JOSE CARLITOS G. CRUZ
MR. ALFREDO S. PANLILIO
ATTY. LAURENCE R. ROGERO

Since no objection was made, the motion was carried and all the four (4) nominees were elected as Independent Directors based on votes of stockholders represented in person and by proxy.

Out of a total of 1,023,456,698 outstanding shares of the Corporation entitled to vote, the following votes were cast: vote, the following votes were cast:

Director	For	Against	Abstain
Mr. Carmelo Maria Luza Bautista	867,274,571	-	-
Mr. Jose Carlitos G. Cruz	867,274,571	-	-
Mr. Alfredo S. Panlilio	867,274,571	-	-
Atty. Laurence R. Rogero	867,274,571	-	-

The Chairman of the Board announced that the eleven (11) named nominees have been duly elected as members of the Board of Directors to serve for a term of one (1) year and until their successors will have been qualified and elected.

The voting process complied with the principles of one-share, one-vote, and cumulative voting requirements under the Revised Corporation Code.

On behalf of the Corporation and the other Board of Directors, the Chairman thanked the stockholders for their continued trust and confidence as demonstrated by their election to the Board.

VIII. Ratification of All Acts and Resolutions of the Board of Directors andManagement Adopted for Fiscal Year 2024

Upon motion duly made and seconded, one hundred percent (100%) of the stockholders who registered and voted, representing at least two-thirds (2/3) of the total outstanding and issued shares entitled to vote, approved and adopted the following resolution:

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"RESOLVED, as it is hereby resolved, that the Stockholders of Vivant Corporation (the "Corporation") approve, ratify, and confirm as they hereby approve, ratify, and confirm, the corporate acts, resolutions, business judgments, and management proceedings entered into or done by the Board of Directors, Corporate Officers, and Management of the Corporation for the past year 2024, including all acts up to June 19, 2025."

Out of a total of 1,023,456,698 outstanding shares of the Corporation entitled to vote, 867,274,571 or 84.74% shares were cast in favor of the ratification of the corporate acts and resolutions of the Board and Management for the fiscal year 2024 including all acts up to June 19, 2025, while no share abstained from voting and no share opposed the vote.

IX. Amendment of Articles of Incorporation, and By-Laws of the Corporation

Upon motion duly made and seconded, one hundred percent (100%) of the stockholders who registered, representing at least two-thirds (2/3) of the total outstanding and issued shares entitled to vote, approved and adopted the following resolution:

"NOW, THEREFORE, RESOLVED, AS IT IS HEREBY RESOLVED that the Stockholders of Vivant Corporation (the "Corporation") approve and adopt, as they hereby approve and adopt the following amendments tothe Articles of Incorporation and By-Laws, to read as follows:

Articles of Incorporation

"

SECONDARY PURPOSE

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10. To act as a trustee of the pension, retirement, provident fund, bonus, profit-sharing or other types of incentives or compensation plans, established by the corporation for the benefit of its employees.

"

By-Laws

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Regular Meetings — The regular meetings of stockholders, for the purpose of electing directors and for the transaction of such business as may properly come before the meeting, shall be held at the principal office on every 3rd Thursday of **May** of each year. If the date of the annual meeting falls on a legal holiday, the annual meeting shall be held on the next succeeding business day which is not a legal holiday, at such hour as may be specified in the notice of said

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meeting.

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Section 6. Conduct of Meeting — Meeting of the Stockholders shall be presided over by the Chairman of the Board, **or in the absence of the Chairman of the Board, the Vice Chairman, or in their absence, the Chief Executive Officer or if** none of the foregoing is in office and present and acting, by a chairman to be chosen by the stockholders**.** The Secretary shall act as Secretary of every meeting but if not present, the chairman of the meeting shall appoint a secretary of the meeting. The chairman of the meeting may adjourn the meeting from time to time, without notice other than announced at the meeting.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Powers of the Board — Unless otherwise provided by law, the corporate powers of the corporation shall be exercised, all business conducted and all property of the corporation shall be exercised, all business conducted and all property of the corporation controlled and held by the Board of Directors to be elected by and from among the stockholders. Without prejudice to such general powers and such other powers as may be granted by law, the Board of Directors shall have the following express powers.

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h) **To confirm the appointment of, or to dismiss any officer with the position of Senior Assistant Vice President or their equivalent, and those officers who are higher in rank than the aforementioned, as maybe determined by the Board**

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j) To be the trustee or designate a trustee, on behalf of the Corporation of a pension, retirement, provident fund, bonus, profit-sharing or other types of incentives or compensation plans, established by the corporation for the benefit of its employees.

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Section 4. Meetings — Regular meetings of the Board of Directors shall be held once every quarter of the year on such dates and at such times and places as the Chairman of the Board, **or in his absence, the Chief Executive Officer,** or upon the request of a majority of the directors and shall be held at such places as may be designated in the notice.

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Section 6. Quorum **— Two-thirds (2/3rds) of the number of directors as fixed in the Articles of Incorporation** shall constitute a

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quorum for the transaction of corporate business. **If the aforementioned quorum requirements of Board is not met, the Board shall reconvene at a subsequent meeting where a majority of the Directors of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business shall constitute a quorum for the transaction of corporate business**. Every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board. Directors participating through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication shall be deemed present for the purpose of determining the existence of a quorum.

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Section 7. Conduct of the Meetings **—** Meetings of the Board of Directors shall be presided over by the Chairman of the Board**, or in the absence of the Chairman of the Board, the Vice Chairman, or in their absence, the Chief Executive Officer** or if none of the foregoing is in office and present and action, by any other director chosen by the Board .The Secretary shall act as secretary of every meeting, but if not present, the Chairman of the meeting, shall appoint a secretary of the meeting**.**

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ARTICLE V

OFFICERS

Section 1. Election/Appointment - Immediately after their election, the Board of Directors shall formally organize by electing the Chairman, **the Chief Executive Officer**, the President, one or more Vice-President, the Treasurer, and the Secretary, at said meeting

The Board may, from time to time, appoint such other officers as it may determine to be necessary or proper**. Such officers shall serve at the pleasure of the Board and must possess integrity, probity, and sufficient experience in business required for the position.**

Any two (2) or more positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time.

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Section 3. The Chief Executive Officer (CEO) – The CEO, who shall be a director, shall assume overall leadership of the Corporation, reporting to and taking instructions from the Board of Directors. The CEO is responsible for: (i) determining, developing, and executing the overall business strategy and long-term direction of the Corporation in accordance with the Board's mandate; (ii) overseeing the business operations of the company and its human and financial resources in

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accordance with the strategic plan (iii) presiding at the meetings of the Board of Directors and of the stockholders in the absence of the Chairman and the Vice Chairman of the Board of Directors (iv) exercising direct oversight over the President, if such position is not concurrently held by the same person, Vice Presidents, CFO, including all other key officers in all functional and business unit areas; and (v) and such other functions as may be assigned by the Board of Directors.

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Section 4. President — The President, who shall be a director, shall have **all powers delegated by the CEO, if such position is not concurrently held by the same person, or the Board, which may include the** administration and direction of the day-to-day business affairs of the corporation including the following functions.

a) To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation,

b) To have general supervision and management of the business affairs and property of the corporation,

c) To ensure that the administrative and operational policies of the corporation are carried out under his supervision and control,

d) To oversee the preparation of the budgets and the statement of accounts of the corporation,

e) To prepare such statements and reports of the corporation as may be required of him by law,

f) To represent the corporation at all functions and proceedings;

g) To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interest of the corporation which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors,

h) To make reports to the Board of Directors and stockholders,

i) To sign certificates of stock,

j) **To perform such other powers and duties as are incident to his office or as entrusted and delegated to him by the CEO or Board of Directors.**

The President may assign the exercise of performance of any of the foregoing powers, duties, and functions to any other officer(s), subject always to his supervision and control.

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Section 5. The Vice President(s) **— If one or more Vice-Presidents are appointed, they shall have such powers and shall perform such duties** and other additional roles in the Corporation as may be assigned to them from time to time and under the discretion of the CEO.

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Section 7. Treasurer – The Treasurer of the Corporation must be a resident of the Philippines. The Treasurer is the custodian of its funds, securities and property whose responsibilities include: (i) maintaining adequate and correct accounts of the property and business transactions of the Corporation, which shall be in the form and include all matters required by law; (ii)the care and custody of the funds and valuables of the Corporation and deposit the same in the name and to the credit of the Corporation with such banks designated by the Board of Directors; (iii) render to the CEO, President, and to the Board of Directors, whenever they may require, an account of all the Treasurer's transactions and a financial statement showing the financial condition of the Corporation in the form satisfactory to them; (iv) and perform other duties incident to his or her office or assigned to him by the Board of Directors or the CEO.

Section 8. Term of Office — The Term of Office of all officers shall be for a period of one (1) year **reckoned from the time of their appointment, unless sooner terminated due to the removal by the Board of Directors, resignation, death, disability, or disqualification rendering them unable to discharge the functions of their position, and until their successors are duly elected and qualified**.

Section 9. Removal from Office — The officers of the Corporation shall serve at the pleasure of the Board of Directors and may be removed from office at any time through the majority vote of all members of the Board of Directors present at a regular or special meeting convened for this purpose.

Section 10. Vacancies — If any position of the officers becomes vacant by reason of death, resignation, disqualification, **removal by the Board of Directors**, or for any other cause, the Board of Directors, by majority vote, may elect a successor who shall hold office for the unexpired term.

A vacancy resulting from the expiration of the term of office may be filled by the Board through any meeting called for that purpose. Vacancies resulting in the removal of an officer by the Board, or by resignation, maybe filled in the same meeting where the removal was done, or in any special meeting called for the such purpose , as the case may be.

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Out of a total of 1,023,456,698 outstanding shares of the Corporation entitled to vote, 867,274,571 or 84.74% were cast in favor of the approval of the amendments to the Amended Articles of Incorporation and By-Laws of the Corporation, while no share abstained from voting.

X. Other Matters

There was no other matter brought forth for discussion.

At this juncture the floor was opened for questions to the stockholders present and/or represented, respectively. JGB informed the stockholders that a panel of resources person were available to answer any questions. The following questions were raised and the answers made in response are as follows:

Question 1 : **How is Vivant Water using technology or process innovation to make wastewater and desalination solutions more scalable and cost-effective?**

Atty. Jess Anthony N. Garcia ("JNG") answered the question on behalf of the Corporation and provided Vivant Water's wastewater treatment and desalination capacities at its facilities in Puerto Princesa and Cebu, Mactan respectively. He further stated that Vivant Water was mindful of public concerns around cost and to address this, the company has installed energy saving technologies projected to reduce energy consumption by up to 40%. In addition, automation systems were likewise deployed to improve operational efficiency. JNG emphasized that the systems were designed with scalability in mind to help keep operations and management costs efficient as demand continues to grow.

Question 2 : **What opportunities is Vivant Water seeing for expanding its operations within Cebu, and how are these being evaluated?**

JNG responded to the question and informed the body that Vivant Water was actively exploring areas in Cebu where water access remained limited or where service quality can be improved. Among the factors being evaluated for expansion included projected demand growth, infrastructure gaps, and the financial viability of long-term operations. He further noted that the Vivant Water was targeting up to Php 10 Bn in investments for its water related projects, and that Cebu remained a strategic priority due to the company's existing presence in the region.

Question 3 : **Given the strong contribution from your conventional portfolios, how are you managing energy transition risks while pursuing your 30% RE target by 2030?**

This time Mr. Arlo Angelo G. Sarmiento ("AGS") replied on

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behalf of the Corporation and reported that Vivant Energy's power generation activities contributed ₱2.2 Bn to consolidated income. Coal assets earned Php 1.2 Bn, while oil-based assets contributed ₱716 Mn. Vivant Energy was using this strong cash flow to fund its renewable energy portfolio, with a goal of having 30% of its generation capacity come from renewable sources by 2030. The approach was emphasized as a strategic transition from a position of financial strength, without compromising profitability

Question 4 : **With your entry into wind energy, how is Vivant building the capabilities needed to scale in this segment and compete in the evolving RE landscape?**

AGS answered the question, stating that: that Vivant Energy currently held 30% equity stake in Lihangin Wind Energy Corporation, and intended to leverage this participation to gain scale, engineering expertise, and offtake certainty in Vivant Energy's wind development lifecycle. He added that Vivant Energy would also apply insights gained from the partnership to complement its solar project in Bulacan which was under development. The aforementioned activities are expected to enhance Vivant Energy's technical and regulatory rpeparedness while contributing to the diversification of Vivant's RE portfolio.

Question 5 : **Core net income rose by a strong 20% in 2024. What were the key drivers behind this performance, and how do you see these trends sustained in 2025?**

Ms. Minuel Carmela N. Franco ("MNF"), answering on behalf of the Corporation, stated that the 20% growth in the company's core net income was primarily driven by its energy business. The three major grids showed healthy growth: Luzon at 11.7%, Visayas at 9.1%, and Mindanao at 10.9%, alongside continued growth in the three off-grid markets served. Access to new markets in 2024 – specifically the Reserve Market and the WESM in Mindanao – generated over Php 2 Bn in revenue for three investee companies.

With GDP targets ranging from 6%-8%, sustained robust energy demand was expected in 2025. Additionally, the Vivant's core earnings performance stood to benefit from new contributions from projects targeted for completion in 2025, including its solar facility in Bulacan and the seawater desalination plant in Cebu.

Question 6 : **The improvement in your current ratio and Debt-to-Equity ratio signals a stronger balance sheet. How does this position Vivant for more aggressive investments?**

MNF answered stating that the improvement of the current ratio and debt-to-equity ratio in 2024 enhanced the

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company's fiscal flexibility and financial headroom. She noted that this strengthened liquidity and leverage position was expected to support continued access to capital markets and internal funding sources. These financial capabilities would help fund the company's investment pipeline which was programmed to reach up to ₱46 bn in energy and up to ₱10 billion in Water through 2030.

After all questions were received and responded to by the appropriate officers, the question and answer portion concluded. JGB then informed the stockholders present that any additional questions may be sent to corporatesecretary@vivant.com.ph and that the Office of the Corporate Secretary will provide a response at the soonest possible time.

XI. Adjournment

There being no other matter to be discussed, the 2025 ASM was adjourned at 10:47A.M., after a motion was duly made and seconded with no objections being heard.

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Certified True and Correct:

[redacted]

ATTY. MAILA LOURDES G. DE CASTRO
Corporate Secretary

Attested by:

MR. EMIL ANDRE M. GARCIA
Acting Chairman of the Board

SUBJECT FOR APPROVAL

EXHIBIT B-1

Republic of the Philippines)
Makati City) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ALFREDO S. PANLILIO**, Filipino, of legal age and a resident of Beata St., Ayala Alabang Village, Muntinlupa City, Metro Manila, Philippines after having been duly sworn to in accordance with law, do hereby declare as follows:

1. I am a nominee for Independent Director of **Vivant Corporation**.

2. I am affiliated with the following companies or organizations:

Company	Position	Period of Service
Marcventures Holdings, Inc.	Independent Director	2025 – Present
Management Association of the Philippines	President	2025
Philippine Veterans Bank	Independent Director	2024 – Present
Fédération Internationale de Basketball	Central Board Member	2023 – Present
PLDT Inc.	Director	2021 - Present
Maya Bank	Chairman	2021 – Present
Cignal	Chairman	2020 – Present
Philippine Olympic Committee	First Vice President	2020 – Present
Kapampangan Development Foundation	Trustee	2017 – Present
MVP Sports Foundation, Inc.	President	2011 - Present
National Golf Association of the Philippines	Chairman	Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Vivant Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other Securities and Exchange Commission issuances.

4. I am not related to any director, officer or substantial shareholder of Vivant Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, no criminal information has been filed against me and I am not the subject of any civil case or administrative investigation or proceeding.

6. I am not an officer or employee of any government agency, government instrumentality or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Vivant Corporation of any changes in the abovementioned information within five (5) days from its occurrence;

Done this _____ day of FEB 09 2026 in Makati City, Philippines.

ALFREDO S. PANLILIO
Affiant – Independent Director

SUBSCRIBED AND SWORN to before me this _____ day of FEB 09 2026 in Makati City. affiant personally exhibited to me his _____ valid until _____.

Doc. No. 407;
Page No. 83;
Book No. I;
Series of 2026.

JOSE MARI B[illegible] BORROMEO
Notarial Public for the City of Makati
Until December 31, 2027
Appt. No. M-313 (2025-2026)
R[illegible] 32092
PTR No. 13[illegible] - Cebu City
IBP No. 510783-12/13/2024 - Cebu City
MCLE Compliance No. [illegible] Valid until 4/14/2028
22nd Floor, Alveo Financial Tower
6794, Ayala Ave., San Lorenzo
Makati City, Philippines

EXHIBIT B-2

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GEORGE S. UY-TIOCO, JR.**, Filipino, of legal age and a resident of **6 San Carlos St., Magallanes Village, Makati, Metro Manila 1232 Philippines**, after having been duly sworn to in accordance with law, do hereby declare as follows:

1. I am a nominee for independent director of **Vivant Corporation.**

2. I am affiliated with the following companies or organizations:

Company	Position	Period of Service
GT Capital Holdings, Inc.	Senior Vice President & Chief Financial Officer/ Treasurer	July 1, 2024-Present/ May 14, 2025-Present
GT Capital Auto and Mobility Holdings, Inc.	Director	June 14, 2024-Present
GT Mobility Ventures, Inc.	Director/ Treasurer/ Chief Financial Officer	June 14, 2024-Present
JBA Philippines, Inc.	Chief Financial Officer	July 1, 2024-Present
Premium Warranty Services Philippines, Inc.	Chief Financial Officer	July 1, 2024-Present
Toyota Manila Bay Corporation	Director	July 1, 2024-Present
Oxfordshire Holdings, Inc.	Director	July 1, 2024-Present
TMBC Insurance Agency Corporation	Director	July 1, 2024-Present
Toyota Financial Services Philippines Corporation	Corporate Secretary	July 4, 2024-Present
AXA Philippines Life and General Insurance Corporation	Director	April 25, 2025-Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Vivant Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other Securities and Exchange Commission issuances.

4. I am not related to any director, officer or substantial shareholder of Vivant Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, no criminal information has been filed against me and I am not the subject of any civil case or administrative investigation or proceeding.

6. I am not an officer or employee of any government agency, government instrumentality or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Vivant Corporaiton of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 10th day of February 2026 in Makati City, Philippines.

GEORGE S. UY-TIOCO, JR.
Affiant

SUBSCRIBED AND SWORN to before me this 10th day of February 2026 in Makati City. Affiant exhibiting to me his Philippine Passport No. P8888993C valid until 29 January 2035.

ATTY. MARIA SOFIA N. LOPEZ
Notary Public for Makati City
Appointment No. M-072 until December 31, 2026
43rd GT Tower Int'l Ayala Ave. cor.H.V. dela Costa St, Makati City
Roll No. 38610/05.13.1993/MCLE Comp. No. VIII - 00 .8092
PTR No. 10771721; 01.08.2026, Makati City
IBP No. 532051, 01.09.2026, Pasig City

Doc No. 179;
Page No. 37;
Book No. LXD;
Series of 2026.

Documentary Stamp Tax Affixed
03268823 Serial Number
02/10/26 Date Affixed

EXHIBIT B-3

Republic of the Philippines)
MAKATI CITY) s.s.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **LAURENCE R. ROGERO**, Filipino, of legal age and a resident of u-18 LGM, Nova Scotia St., Loyola Grand Villas, Quezon City, Philippines after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of Vivant Corporation;

2. I am affiliated with the following companies or organizations:

Company	Position	Period of Service
Ateneo de Manila University	Lecturer	2019 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Vivant Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances;

4. I am not related to any director/officer/substantial shareholder of Vivant Corporation and its subsidiaries and affiliates;

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding;

6. I am not an officer or employee of any government agency, government instrumentality or government-owned and controlled corporation;

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances; and

8. I shall inform the Corporate Secretary of Vivant Corporation of any changes in the abovementioned information within five (5) days from its occurrence;

IN WITNESS WHEREOF, I have hereunto affixed my signature this ---------FEB 09 2026---.

LAURENCE R. ROGERO
Affiant – Independent Director

SUBSCRIBED AND SWORN to before me this FEB 09 2026 in MAKATI CITY. Affiant personally exhibited to me his IBP Lifetime Member No. 03277.

Doc. No. 40;
Page No. 83;
Book No. I;
Series of 2026.

JOSE MARI RAMON E H. BORROMEO
Notarial P... Until ... Dec. 31, 2026
App... M. 21... (2025-2026)
Roll of Attorneys No. 32...
PTR ... Makati
IBP ... Cebu City
MCLE Compliance ...
... Makati Stock Exchange
... 6th Floor, Ayala Tower
... Ayala Avenue, San Lorenzo
Makati City, Philippines

EXHIBIT B-4

Republic of the Philippines)
Makati City) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOSE CARLITOS G. CRUZ**, Filipino, of legal age and a resident of 27 Amsterdam St., Merville Park Subdivision, Paranaque City 1709, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Vivant Corporation.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Forbes Lending Solutions Corporation	Independent Director	1 year
Annapolis Finance, Inc.	Independent Director	1 year
Global Cebuana Finance Inc.	Independent Director	2 years
Cebuana Cycle Financing, Inc.	Independent Director	2 years
AFC SME Finance Inc.	Independent Director	2 years
Global SME Loans, Inc.	Independent Director	2 years
Wisefund Finance Corp.	Independent Director	2 years
Cycle Financing Corp.	Independent Director	2 years
Surecycle Financing Corp.	Independent Director	2 years
Cepat Kredit Financing, Inc.	Independent Director	2 years
MPIC Beneficial Trust Fund	Independent Trustee	3 years
Asialink Finance Corporation	Independent Director	4 years
Global Dominion Financing Incorporated	Independent Director	4 years
South Asialink Finance Corporation	Independent Director	4 years
SM Prime Holdings, Inc.	Independent Director	5 years
MarCoPay Inc.	Independent Director	5 years
MCP Finance, Inc.	Independent Director	5 years
MCP Insurance Management and Agency, Inc.	Independent Director	5 years
Transnational Diversified Group, Inc.	Independent Director	5 years
Federal Land, Inc.	Independent Director	5 years
Makati Business Club	Member	8 years
Association of CPAs in Public Practice	Member	15 years
Management Association of the Philippines	Member	25 years
Philippine Institute of Certified Public Accountants	Member	43 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Vivant Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not Applicable		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of Vivant Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this _____ of FEB 10 2026 at Makati City, Philippines.

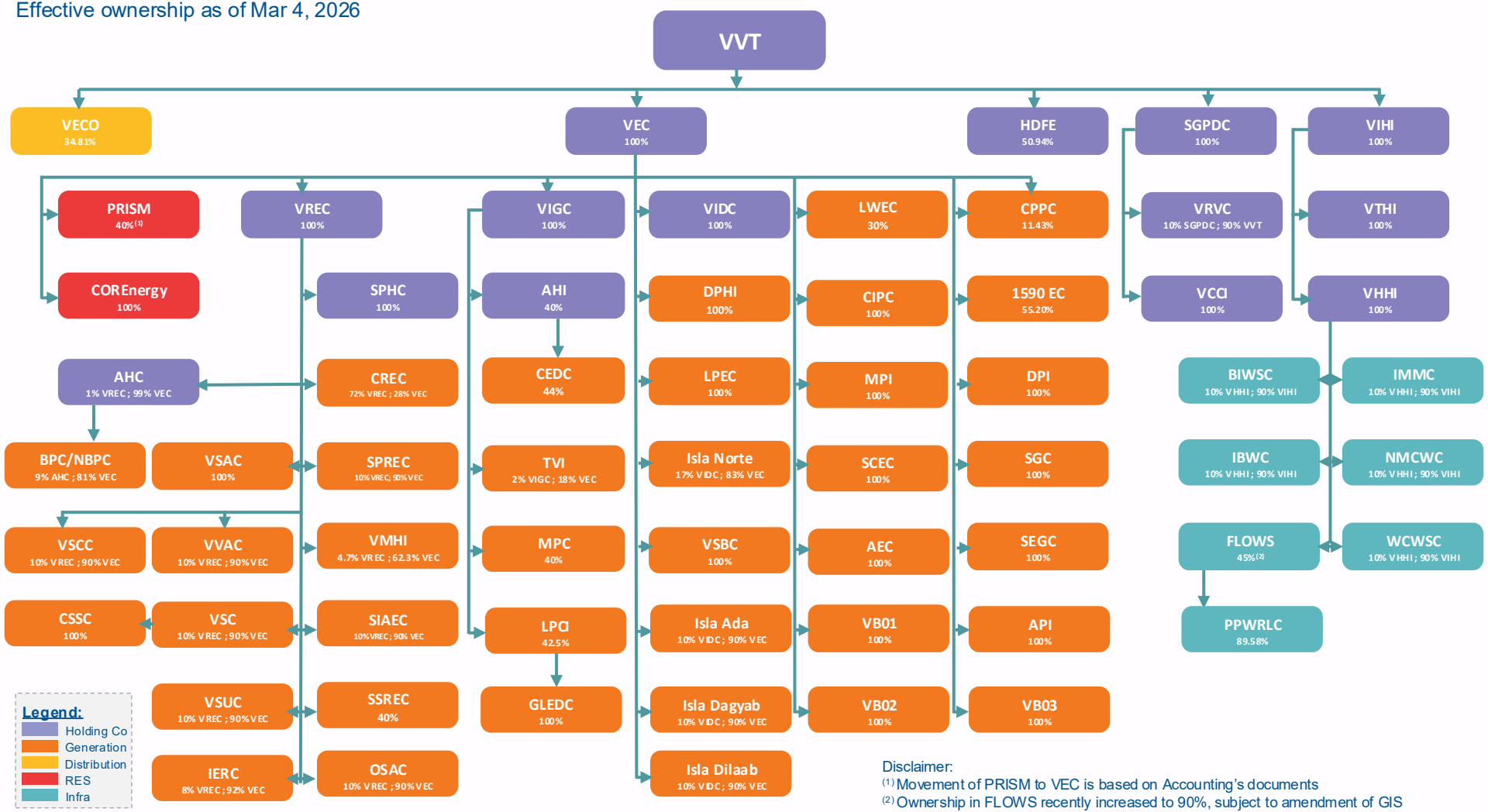
JOSE CARLITOS G. CRUZ
Affiant

SUBSCRIBED AND SWORN to before me this FEB 10 2026 day of _____ at MAKATI CITY, affiant personally appeared before me and exhibited to me his Passport No. P6593678A valid until March 27, 2028.

Doc. No. 412;
Page No. 84;
Book No. I;
Series of 2026;

JOSE MARIO ANDRE H. BORROMEO
Notarial Commission No. M-[illegible]
Roll of Attorneys No. [illegible]
IBP No. [illegible]
MCLE Compliance No. [illegible]
Makati City, Philippines

Effective ownership as of Mar 4, 2026



Disclaimer:

(1) Movement of PRISM to VEC is based on Accounting's documents

(2) Ownership in FLOWS recently increased to 90%, subject to amendment of GIS

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

Receiving: ICTD ERMD
Receipt Date and Time: March 30, 2026 08:00:00 AM

Company Information

SEC Registration No.: 0000175222
Company Name: VIVANT CORPORATION
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

Document ID: OST1033020268111141125
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2025
Submission Type: Parent, Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

VIVANT

Liz Demi Aguilar <liz.aguilar@vivant.com.ph>

Fw: SEC eFast Initial Acceptance

Gwen Dela Rosa <gwen.delarosa@vivant.com.ph> Sat, Mar 28, 2026 at 11:00 AM
To: Liz Demi Aguilar <liz.aguilar@vivant.com.ph>

Get Outlook for iOS

From: noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>
Sent: Saturday, March 28, 2026 10:56:48 AM
Subject: SEC eFast Initial Acceptance

Dear **VIVANT CORPORATION**,

Greetings!

This serves as a temporary receipt of your submission, subject to verification of the form and the quality of the image of the submitted report.

SEC Registration No: 0000175222
Company Name: VIVANT CORPORATION
Document Code: AFS

A separate email will be sent as proof of review and/or final acceptance.

Thank you.

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

REMINDER:

TO ALL FILERS OF REPORTS IN THE e-FAST

Please strictly follow the instructions stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer: 1. General Information Sheet (GIS-Stock); 2. General Information Sheet (GIS-Non-stock); 3. General Information Sheet (GIS- Foreign stock & non-stock); 4. Broker Dealer Financial Statements (BDFS); 5. Financing Company Financial Statements (FCFS); 6. Investment Houses Financial Statements (IHFS); 7. Publicly – Held Company Financial Statement; 8. General Form for Financial Statements; 9. Financing Companies Interim Financial Statements (FCIF;) 10. Lending Companies Interim Financial Statements (LCIF).

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFAST, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the report's rejection in the remarks box.

THIS IS AN AUTOMATED MESSAGE - PLEASE DO NOT REPLY DIRECTLY TO THIS EMAIL

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

					1	7	5	2	2	2

COMPANY NAME

V	I	V	A	N	T		C	O	R	P	O	R	A	T	I	O	N													

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

9	t	h		F	l	o	o	r	,		O	a	k	r	i	d	g	e		I	T		C	e	n	t	e	r	
3	,		O	a	k	r	i	d	g	e		B	u	s	i	n	e	s	s		P	a	r	k	,		A	.	S	
.		F	o	r	t	u	n	a		S	t	r	e	e	t	,		B	r	g	y	.		B	a	n	i	l	a	
d	,		M	a	n	d	a	u	e		C	i	t	y	,		C	e	b	u	,		P	h	i	l	i	p	p	
i	n	e	s		6	0	1	4																						

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
vivant@vivant.com.ph	(032) 234-2256	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,398	June 20	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Maila Lourdes G. De Castro	maila.decastro@vivant.com.ph	(032) 232-0253	0917-5356692

CONTACT PERSON's ADDRESS

9th Floor, Oakridge IT Center 2, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

VIVANT

Creating Solutions for Our Changing World
vivant.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **VIVANT CORPORATION** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2025 and 2024, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

FRANCIS DAMASUS A. GARCIA
Chairman of the Board

ARLO ANGELO G. SARMIENTO
Chief Executive Officer

MINUEL CARMELA N. FRANCO
Treasurer/Chief Financial Officer

Signed this 26th day of March, 2026.

Headquarters – Cebu
9/F Oakridge IT Center 3, Oakridge Business Park
A.S. Fortuna St., Mandaue City, Cebu Philippines 6014
Tel. no.: +63 (32) 243 2256, +63 (32) 243 2285

Manila Office
19/F Alveo Financial Tower,
6794 Ayala Avenue, Makati, Philippines 1229
Tel. no.: +63 (02) 7001-1154 , +63 (02) 7001-1155

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDAUE MAKATI CITY) S.S

ACKNOWLEDGEMENT

MAR 26 2026

BEFORE ME, a Notary Public for and in Mandaue City appeared on MAKATI CITY APR 26 2026 the following:

Name	Competent Evidence of Identification	
	Type/Number	Date of Expiry/Place of Issue
FRANCIS DAMASUS A. GARCIA	Passport No. P0768103C	01 JUL 2032 / PCG San Francisco
ARLO ANGELO G. SARMIENTO	Passport No. P6592337A	28 MAR 2028 / DFA Cebu
MINUEL CARMELA N. FRANCO	Passport No. P9523819B	05 Apr 2032 / DFA Manila

known to me and to me known be the same persons who executed the foregoing instrument, and who acknowledged to me that the same is their true and voluntary act and deed and that of the Corporation which they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and in the place above given.

Doc. No. 20
Page No. 7
Book No. 2
Series of 2026.

JOSE MARI RAMON H. BORROMEO
Notarial Public for and the City of Makati
Until December 31, 2026
Appt. No. M-211 (2025-2026)
Roll of Attorneys No. 82882
PTR No. 1383084-11/26/24- Cebu City
IBP No. 510783-12/13/2024 - Cebu City
MCLE Compliance No. VIII-0025079 Valid until 4/14/2028

SyCip Gorres Velayo & Co.
8th Floor JEG Tower @ One Acacia
Acacia Street corner Archbishop Reyes Avenue
Brgy. Kamputhaw, Cebu City 6000
Philippines

Tel: (032) 266 2947
Fax: (032) 266 2313
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City, Cebu, Philippines 6014

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Vivant Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2025 and 2024, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for each of the three years in the period ended December 31, 2025 and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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



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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

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

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

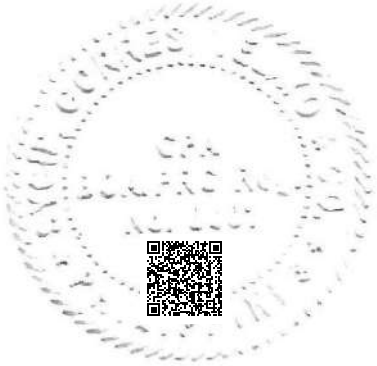
Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 22 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Vivant Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
Tax Identification No. 206-544-506
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 98098-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-156-2024, October 2, 2024, valid until October 1, 2027
PTR No. 10765132, January 2, 2026, Makati City

March 26, 2026



VIVANT CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱858,483,810**	₱1,208,294,623
Trade and other receivables (Notes 7 and 14)	**1,898,163,053**	1,443,750,149
Prepaid expenses and other current assets (Note 8)	**61,772,522**	44,696,094
Total Current Assets	**2,818,419,385**	2,696,740,866
Noncurrent Assets		
Investments in and advances to subsidiaries and associate (Note 9)	**8,826,733,374**	8,492,306,128
Property and equipment (Note 10)	**569,198,463**	499,483,131
Right-of-use assets (Note 21)	**43,883,177**	51,806,416
Deferred income tax assets - net (Note 16)	**32,345,360**	27,224,227
Other noncurrent assets (Note 11)	**189,412,575**	206,840,968
Total Noncurrent Assets	**9,661,572,949**	9,277,660,870
TOTAL ASSETS	**₱12,479,992,334**	₱11,974,401,736
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other current liabilities (Notes 12 and 14)	**₱78,251,464**	₱163,748,493
Current portion of notes payable (Note 13)	**1,800,000,000**	45,054,514
Current portion of lease liabilities (Note 21)	**9,445,442**	8,177,001
Total Current Liabilities	**1,887,696,906**	216,980,008
Noncurrent Liabilities		
Notes payable - net of current portion (Note 13)	**–**	1,799,619,079
Lease liabilities - net of current portion (Note 21)	**37,563,132**	44,549,755
Pension liability (Note 15)	**132,331,173**	124,625,069
Other noncurrent liabilities (Notes 14 and 15)	**15,697,832**	15,452,978
Total Noncurrent Liabilities	**185,592,137**	1,984,246,881
Total Liabilities	**2,073,289,043**	2,201,226,889
Equity		
Capital stock (Note 17)	**1,023,456,698**	1,023,456,698
Additional paid-in capital	**8,339,452**	8,339,452
Remeasurement of employee benefits (Note 15)	**(42,891,482)**	(44,858,229)
Remeasurement of financial assets at fair value through other comprehensive income (FVOCI; Note 11)	**3,655,000**	3,655,000
Retained earnings (Note 17):		
Appropriated for business expansion	**8,299,494,483**	7,767,262,174
Unappropriated	**1,114,649,140**	1,015,319,752
Total Equity	**10,406,703,291**	9,773,174,847
TOTAL LIABILITIES AND EQUITY	**₱12,479,992,334**	₱11,974,401,736

See accompanying Notes to Financial Statements.

VIVANT CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
REVENUES			
Dividend income (Note 9)	**₱1,480,892,633**	₱1,205,877,874	₱996,075,661
Revenues from contracts with customers:			
Management and service fees (Note 14)	**180,846,945**	185,481,315	392,012,951
Service income (Note 14)	**12,293,331**	8,737,884	3,811,069
Interest income (Notes 6 and 14)	**90,577,776**	152,947,051	77,599,998
Rental income (Note 14)	**5,729,914**	–	–
	1,770,340,599	1,553,044,124	1,469,499,679
EXPENSES			
Salaries and employee benefits (Notes 15 and 18)	**381,123,435**	302,442,991	218,081,842
Depreciation (Notes 10 and 21)	**56,729,146**	45,321,924	40,253,118
Outside services	**36,437,404**	90,515,124	25,561,314
Dues and subscriptions	**33,339,948**	22,532,713	14,773,480
Professional fees (Note 14)	**32,871,396**	28,520,738	47,344,044
Travel	**23,547,337**	24,084,474	21,666,209
Supplies	**13,204,378**	1,575,636	3,885,492
Directors' per diem	**12,518,865**	11,869,444	16,475,000
Communication and utilities	**10,810,127**	11,006,665	8,841,943
Rent and association dues	**9,228,754**	6,475,374	3,674,762
Taxes and licenses	**5,279,672**	10,865,542	4,213,582
Repairs and maintenance	**3,206,907**	2,540,389	3,418,882
Marketing	**3,144,904**	1,692,046	510,694
Representation	**1,731,642**	2,100,248	6,184,864
Corporate social responsibility	**888,012**	88,304	93,567
Meetings and conferences	**533,636**	422,866	774,727
Others (Note 7)	**9,783,853**	7,423,316	14,027,108
	634,379,416	569,477,794	429,780,628
INCOME FROM OPERATIONS	**1,135,961,183**	983,566,330	1,039,719,051
FINANCE CHARGES			
Interest expense (Notes 13 and 21)	**88,852,435**	88,671,298	94,752,182
Other financing charges	**518,438**	461,612	613,070
	89,370,873	89,132,910	95,365,252
OTHER INCOME			
Gain on reversal of impairment loss (Note 9)	**141,760,245**	27,219,365	45,741,149
Other income (Notes 10 and 14)	**35,574,970**	4,214,310	20,480,504
	177,335,215	31,433,675	66,221,653
INCOME BEFORE INCOME TAX	**1,223,925,525**	925,867,095	1,010,575,452
PROVISION FOR INCOME TAX (Note 16)	**3,609,235**	20,406,080	15,571,516
NET INCOME	**1,220,316,290**	905,461,015	995,003,936

(Forward)

	Years Ended December 31		
	2025	2024	2023
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss:			
Remeasurement gain (loss) on employee benefits (Note 15)	**₱2,622,329**	(₱1,727,877)	(₱60,518,231)
Income tax effect	**(655,582)**	431,969	15,129,558
Other comprehensive income (loss) for the year, net of tax	**1,966,747**	(1,295,908)	(45,388,673)
TOTAL COMPREHENSIVE INCOME	**₱1,222,283,037**	₱904,165,107	₱949,615,263
EARNINGS PER SHARE (BASIC/DILUTED) (Note 17)	**₱1.192**	₱0.885	₱0.972

See accompanying Notes to Financial Statements.

VIVANT CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

	Capital Stock	Additional Paid-in Capital	Remeasurement of Employee Benefits (Note 15)	Remeasurement of Financial Assets at FVOCI (Note 11)	Retained Earnings (Note 17)		Total
					Appropriated	Unappropriated	
At January 1, 2025	**₱1,023,456,698**	**₱8,339,452**	**(₱44,858,229)**	**₱3,655,000**	**₱7,767,262,174**	**₱1,015,319,752**	**₱9,773,174,847**
Net income	–	–	–	–	–	**1,220,316,290**	**1,220,316,290**
Other comprehensive income	–	–	**1,966,747**	–	–	–	**1,966,747**
Total comprehensive income	–	–	**1,966,747**	–	–	**1,220,316,290**	**1,222,283,037**
Reversal of appropriation for business expansion	–	–	–	–	**(2,387,797,498)**	**2,387,797,498**	–
Appropriation for business expansion	–	–	–	–	**2,920,029,807**	**(2,920,029,807)**	–
Cash dividends declared	–	–	–	–	–	**(588,754,593)**	**(588,754,593)**
At December 31, 2025	**₱1,023,456,698**	**₱8,339,452**	**(₱42,891,482)**	**₱3,655,000**	**₱8,299,494,483**	**₱1,114,649,140**	**₱10,406,703,291**
At January 1, 2024	₱1,023,456,698	₱8,339,452	(₱43,562,321)	₱3,655,000	₱7,354,810,254	₱1,093,399,496	₱9,440,098,579
Net income	–	–	–	–	–	905,461,015	905,461,015
Other comprehensive loss	–	–	(1,295,908)	–	–	–	(1,295,908)
Total comprehensive income	–	–	(1,295,908)	–	–	905,461,015	904,165,107
Reversal of appropriation for business expansion	–	–	–	–	(1,387,548,080)	1,387,548,080	–
Appropriation for business expansion	–	–	–	–	1,800,000,000	(1,800,000,000)	–
Cash dividends declared	–	–	–	–	–	(571,088,839)	(571,088,839)
At December 31, 2024	₱1,023,456,698	₱8,339,452	(₱44,858,229)	₱3,655,000	₱7,767,262,174	₱1,015,319,752	₱9,773,174,847
At January 1, 2023	₱1,023,456,698	₱8,339,452	₱1,826,352	₱3,655,000	₱6,820,897,482	₱1,031,149,407	₱8,889,324,391
Net income	–	–	–	–	–	995,003,936	995,003,936
Other comprehensive loss	–	–	(45,388,673)	–	–	–	(45,388,673)
Total comprehensive income	–	–	(45,388,673)	–	–	995,003,936	949,615,263
Reversal of appropriation for business expansion	–	–	–	–	(1,866,087,228)	1,866,087,228	–
Appropriation for business expansion	–	–	–	–	2,400,000,000	(2,400,000,000)	–
Cash dividends declared	–	–	–	–	–	(398,841,075)	(398,841,075)
At December 31, 2023	₱1,023,456,698	₱8,339,452	(₱43,562,321)	₱3,655,000	₱7,354,810,254	₱1,093,399,496	₱9,440,098,579

See accompanying Notes to Financial Statements.

VIVANT CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,223,925,525**	₱925,867,095	₱1,010,575,452
Adjustments for:			
Dividend income (Note 9)	**(1,480,892,633)**	(1,205,877,874)	(996,075,661)
Gain on reversal of impairment loss (Note 9)	**(141,760,245)**	(27,219,365)	(45,741,149)
Interest income (Notes 6 and 14)	**(90,577,776)**	(152,947,051)	(77,599,998)
Interest expense (Notes 13 and 21)	**88,852,435**	88,671,298	94,752,182
Depreciation (Notes 10 and 21)	**56,729,146**	45,321,924	40,253,118
Pension expense (Note 15)	**26,500,296**	21,560,702	8,349,126
Gain on disposal of property and equipment (Note 10)	**(952,577)**	(3,782,805)	(1,409,227)
Unrealized foreign exchange loss (gain)	**(143,087)**	37,777	(696,665)
Operating income (loss) before working capital changes	**(318,318,916)**	(308,368,299)	32,407,178
Decrease (increase) in:			
Trade and other receivables	**(438,955,018)**	45,147,666	(537,205,321)
Prepaid expenses and other current assets	**(17,076,428)**	(15,761,335)	(8,691,448)
Creditable tax withheld under "Other noncurrent assets"	**(8,840,852)**	(12,129,845)	(8,220,395)
Input VAT under "Other noncurrent assets"	**7,242,814**	(7,242,814)	–
Increase (decrease) in trade and other current liabilities	**(85,464,607)**	43,492,547	72,172,652
Net cash used in operations	**(861,413,007)**	(254,862,080)	(449,537,334)
Interest paid	**(83,851,718)**	(84,065,679)	(94,496,696)
Contributions to the retirement fund	**(16,500,000)**	–	–
Net cash flows used in operating activities	**(961,764,725)**	(338,927,759)	(544,034,030)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from subsidiaries and associate (Note 9)	**1,480,892,633**	1,205,877,874	1,726,485,617
Additions to:			
Property and equipment (Note 10)	**(116,178,890)**	(430,101,530)	(43,685,958)
Investments in and advances to subsidiaries and associate (Note 9)	**(192,667,001)**	(195,544,919)	(228,404,554)
Interest received	**84,900,608**	130,473,986	66,907,949
Other noncurrent assets – Others	**(140,237)**	(1,036,230)	(211,701)
Proceeds from disposal of property and equipment	**1,390,764**	4,794,331	1,409,231
Net cash flows from investing activities	**1,258,197,877**	714,463,512	1,522,500,584
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Cash dividends (Notes 17 and 20)	**(587,888,335)**	(570,232,899)	(398,264,828)
Notes payable (Notes 13 and 20)	**(50,000,000)**	(50,000,000)	(1,050,000,000)
Principal portion of lease liabilities (Notes 20 and 21)	**(8,498,717)**	(16,908,821)	(15,748,226)
Cash flows used in financing activities	**(646,387,052)**	(637,141,720)	(1,464,013,054)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(349,953,900)**	(261,605,967)	(485,546,500)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**143,087**	(37,777)	696,665
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,208,294,623**	1,469,938,367	1,954,788,202
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱858,483,810**	₱1,208,294,623	₱1,469,938,367

See accompanying Notes to Financial Statements.

VIVANT CORPORATION
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Vivant Corporation (the "Parent Company" or "Vivant") was incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on May 28, 1990. The Parent Company's shares are listed in the Philippine Stock Exchange (PSE) with the symbol VVT.

The Parent Company's primary purpose is to invest in and manage the general business of any other corporation or corporations except management of fund securities portfolios and other similar assets of a managed entity.

The Parent Company is owned by Mai-I Resources Corporation (MRC) and JEG Development Corporation (JDC) with a combined ownership of 75.84% in 2025, 2024 and in 2023. MRC and JDC are entities incorporated and domiciled in the Philippines.

The principal office address of the Parent Company is currently located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

Details of the Parent Company's equity interests in its subsidiaries and associate as of December 31 are shown below:

	2025		2024	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Subsidiaries				
Hijos De F. Escaño (HDFE)	**50.94**	**–**	50.94	–
Southern Grove Properties and Development Corp. (SGPDC)	**100.00**	**–**	100.00	–
Vivant Realty Ventures Corporation (VRVC)	**–**	**100.00** [e]	–	100.00 [e]
Vivant Corporate Center, Inc. (VCCI)	**–**	**100.00** [e]	–	100.00 [e]
Vivant Infracore Holdings Inc. (VIHI)	**100.00**	**–**	100.00	–
Vivant Hydrocore Holdings Inc. (VHHI)	**–**	**100.00** [f]	–	100.00 [f]
Vivant Transcore Holdings Inc. (VTHI)	**–**	**100.00** [f]	–	100.00 [f]
Isla Mactan Cordova Corporation (IMCC)	**–**	**100.00** [g]	–	100.00 [g]
Northern Metro Cebu Water Corporation (NMCWC)	**–**	**100.00**[g]	–	100.00[g]
Bantayan Island Water Solutions Corporation (BIWSC)	**–**	**100.00**[g] [r]	–	100.00[g] [r]
Isla Busuanga Water Corporation (IBWC)	**–**	**100.00**[g] [r]	–	100.00[g] [r]
Western Cebu Water Services Corporation (WCWSC)	**–**	**100.00**[g] [r]	–	100.00[g] [r]
Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS)	**–**	**90.00**[g]	–	45.00
Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC)	**–**	**80.62**[g]	–	40.31
Vivant Energy Corporation (VEC)	**100.00**	**–**	100.00	–
Vivant Integrated Generation Corporation (VIGC)	**–**	**100.00** [a]	–	100.00 [a]
Vivant Solenergy Anilao Corp. (VSAC)	**–**	**100.00** [b]	–	100.00 [b]
Delta P Hybrid, Inc. (DPHI; formerly Vivant Isla Inc.)	**–**	**100.00** [a]	–	100.00 [a]
Vivant Renewable Energy Corporation (VREC)	**–**	**100.00** [a]	–	100.00 [a]

(Forward)

	2025		2024	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Southern Powercore Holding Corp. (SPHC)	–	**100.00** [b]	–	100.00 [b]
Amberdust Holding Corporation (AHC)	–	**100.00** [a]	–	100.00 [a]
Corenergy Inc. (Core)	–	**100.00** [a]	–	100.00 [a]
Vivant Integrated Diesel Corporation (VIDC)	–	**100.00** [a]	–	100.00 [a]
Isla Norte Power Corp. (INPC)	–	**100.00** [d]	–	100.00 [d]
Vivant-Malogo Hydropower, Inc. (VMHI)	–	**67.00** [a]	–	67.00 [a]
1590 Energy Corp. (1590 EC)	–	**55.20** [a]	–	55.20 [a]
Vivant Solar Corporation (VSC)	–	**100.00** [a]	–	100.00 [a]
Corenergy Solar Solutions Corporation (CSSC)	–	**100.00** [c]	–	100.00 [c]
Bukidnon Power Corporation (BPC)	–	**90.00**[h]	–	90.00[h]
North Bukidnon Power Corporation (NBPC)	–	**90.00**[h]	–	90.00[h]
Culna Renewable Energy Corp. (CREC)	–	**100.00** [b]	–	100.00 [b]
Calamian Islands Power Corp. (CIPC)	–	**100.00** [a]	–	100.00 [a]
Delta P, Inc. (Delta P)	–	**100.00** [a]	–	100.00 [a]
La Pampanga Energy Corp (LPEC)	–	**100.00** [a]	–	100.00 [a]
San Ildefonso Alternative Energy Corp (SIAEC)	–	**100.00** [a]	–	100.00 [a]
Meridian Power, Inc. (MPI)	–	**100.00** [a] [j]	–	100.00 [a] [j]
San Pablo Renewable Energy Corp (SPREC)	–	**100.00** [a] [k]	–	100.00 [a] [k]
Spark Grid Corp (SGC)	–	**100.00** [a] [l]	–	100.00 [a] [l]
Avant Energy Corp (AEC)	–	**100.00** [a] [n]	–	100.00 [a] [n]
Adequate Power, Inc. (API)	–	**100.00** [a] [m]	–	100.00 [a] [m]
Isla Este Renewables Corporation (IERC)	–	**100.00** [a] [v]	–	100.00 [a] [v]
Vivant Solenergy Bukidnon Corporation (VSBC)	–	**100.00** [a] [o]	–	100.00 [a] [o]
South Cebu Energy Corp. (SCEC)	–	**100.00** [a] [p]	–	100.00 [a] [p]
SolEnergy Generation Corp (SEGC)	–	**100.00** [a] [q]	–	100.00 [a] [q]
Vivant Solenergy Cebu Corp (VSCC)	–	**100.00** [a] [u]	–	100.00 [a] [u]
Vivant Solenergy Ubay Corp (VSUC)	–	**100.00** [a] [u]	–	100.00 [a] [u]
One Solenergy Aglao Corp (OSAC)	–	**100.00** [a] [s]	–	100.00 [a] [s]
Vivant Vienergy Antique Corp (VVAC)	–	**100.00** [a] [t]	–	100.00 [a] [t]
Associate				
Visayan Electric Company, Inc.(VECO)	**34.81**	–	34.81	–

a. Indirect ownership through VEC
b. Indirect ownership through VREC
c. Ownership interest in CSSC is through VSC.
d. Indirect ownership through VIDC.
e. Indirect ownership through SGPDC
f. Indirect ownership through VIHI
g. Indirect ownership through VHHI
h. Indirect ownership through AHC
i. Indirect ownership through WMP
j. Incorporated April 11,2023. Changed its Corporate name from Central Cebu Transitional Power Corporation.
k. Incorporated March 29, 2023
l. Incorporated April 12, 2023
m. Incorporated June 7, 2023.
n. Incorporated May 17, 2023
o. Incorporated June 13, 2023. Changed its Corporate name from Bai Energy Corporation.
p. Incorporated May 23, 2023
q. Incorporated June 21, 2023
r. Incorporated July 9, 2024
s. Incorporated November 28, 2024
t. Incorporated November 29, 2024
u. Incorporated December 10, 2024
v. Incorporated March 21, 2022. Changed its Corporate name from Bohol Renewable Power Corporation.

Subsidiaries

The subsidiaries are all incorporated in the Philippines. Except for 1590 EC, VMHI, INPC, BPC, NBPC, Core, CSSC, Delta P, CIPC, SIAEC, MPI, LPEC, CREC, VSC, IMCC, NMCWC, PPWRLC, SPREC, SGC, AEC, API, IERC, VSBC, SCEC, SEGC, VSCC, VSUC, OSAC and VVAC, all subsidiaries are also operating as holding and investing companies, which are primarily engaged in power generation and distribution, and water infrastructure. 1590 EC is operating a diesel power plant, while VMHI is in its pre-operating stage of building a hydro power plant in Silay, Negros

Occidental. INPC is operating a diesel power plant in Bantayan, Cebu. BPC and NBPC are operating diesel-fired power plants in Bukidnon. Core is operating as a retail electricity supplier and engineering services provider. Delta P is operating an oil-fired power generation plant in Puerto Princesa, Palawan. CIPC is operating diesel-fired power generation plants in Coron and Busuanga. SIAEC is in its development stage of solar plant facility in Bulacan. MPI is operating an oil-fired power plant in Cebu. VSC and CSSC are engaged in the solar rooftop business. IMCC is in the advanced stages of testing and commissioning of its utility scale seawater desalination plant in Cebu. PPWRLC is operating a sewerage and septage treatment plants in Puerto Princesa. LPEC is in its pre-operating stage of building an oil-fired plant in Pampanga. CREC is in its pre-operating stage of building hybrid facilities in Culion and Linapacan islands. SPREC, SGC, AEC, API, IERC, VSBC, SCEC, SEGC, VSCC, VSUC, OSAC and VVAC are in the pre-operating stage. NMCWC is in its pre-operating stage of building a seawater desalination facility.

The following sets out a brief information of the Parent Company's subsidiaries and associate:

HDFE

HDFE was incorporated on December 24, 1926, which registration was renewed for another 50 years effective November 26, 1974. The primary purpose of HDFE is to invest in, hold, own, purchase, acquire, lease, contract, operate, improve, develop, grant, sell, exchange, or otherwise dispose of real and personal properties of every kind and description including shares of stocks, bonds and other securities or evidence of indebtedness of any other corporation, association, firm, or entity, domestic or foreign, where necessary or appropriate, and to process and exercise in respect thereof of all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, without acting as, or engaging in the business of an investment company, or dealer or broker in securities. On June 26, 2012, the SEC approved the latest renewal of the HDFE's registration for another 25 years effective April 2, 2023, or until April 2, 2038.

SGPDC

SGPDC was incorporated on December 8, 2004 with a primary purpose to invest in, purchase, or otherwise acquire and own, hold, develop, use, sell, lease, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description for whatever purpose the same may have been organized. It has also direct equity shareholdings in VRVC and VCCI, both real estate companies.

On March 5, 2015, during the Special Stockholders' Meeting and Special Board Meeting, the stockholders and BOD approved that one of SGPDC's secondary purposes is to conduct and transact any and all lawful business, and to do or cause to be done any one or more of the acts and things set forth as its purposes, within or without the Philippines, and in any and all foreign countries, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers of the Company under the Corporation Code of the Philippines, or which shall at any time appear conducive to or expedient for its protection or benefit. These amendments made in SGPDC's Articles of Incorporation (AOI) were approved by the SEC on October 8, 2015.

On January 6, 2016, the SEC approved the amendment to its AOI changing its name from VC Ventures Net, Inc. to Southern Grove Properties and Development Corp. and its primary purpose is to engage in real estate business, to hold, construct, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of all kinds of real property or to act as real estate broker for such fees as may be legal and proper.



VRVC
VRVC was incorporated on May 19, 2017. Its primary purpose is to engage in the real estate business. On July 3, 2017, VRVC purchased from HDFE, a company under common control, a parcel of land located at M.J. Cuenco Ave., Tinago Central, Barangay San Roque, Cebu City amounting to ₱27.9 million, with the intention of holding the land for capital appreciation. As of December 31, 2025, VRVC continues to recognize rental income from the purchased investment property.

VCCI
VCCI was incorporated on October 10, 2018 and its primary purpose is to engage in the real estate business. As of December 31, 2025, VCCI has not yet started its operations.

VIHI
VIHI was incorporated on December 18, 2018 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2025, VIHI is operating as a holding company for VTHI and VHHI.

VHHI
VHHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2025, VHHI is operating as a holding company for IMCC, NMCWC and FLOWS, a holding company.

VTHI
VTHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2025, VTHI has not yet started its operations.

IMCC
IMCC was incorporated on August 14, 2020 and its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, wastewater treatment facility and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.



As of December 31, 2025, IMCC is in its testing and commissioning stage.

NMCWC
NMCWC was incorporated on March 18, 2021. Its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, waste water treatment facility, and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.

The registered office of NMCWC is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

As of December 31, 2025, NMCWC has not yet started operations.

BIWSC
BIWSC was incorporated on July 9, 2024 with the primary purpose to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, groundwater treatment facilities, seawater desalination plants, and wastewater treatment facilities, water infrastructure and related facilities. As of December 31, 2025, BIWSC has not yet started its commercial operations.

The registered office of BIWSC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

IBWC
IBWC was incorporated on July 9, 2024 with the primary purpose to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, groundwater treatment facilities, seawater desalination plants, and wastewater treatment facilities. As of December 31, 2025, IBWC has not yet started its operations.

The registered office of IBWC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

WCWSC
WCWSC was incorporated on July 9, 2024 with the primary purpose to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, groundwater treatment facilities, seawater desalination plants, and wastewater treatment facilities. As of December 31, 2025, WCWSC has not yet started its operations.

The registered office of WCWSC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VEC
VEC was incorporated on January 25, 2005 and its primary purpose is to establish, maintain and operate power plants of any kind and such other sources that may be a viable source of electric light, heat and power system and to sell to the general public, electricity as the corporation may determine.

VEC currently exists as a holding company with direct equity shareholdings in Cebu Private Corporation (CPPC), Delta P, 1590 EC, CIPC, VMHI, Therma Visayas, Inc. (TVI), DPHI, INPC, LPEC, and VIDC entities engaged in the power Generation business and PEI and Core, entities engaged in the retail electricity supply. Core is also engaged in engineering services. VEC also has direct equity shareholdings on holding entities namely VIGC and VREC.



VIGC
VIGC was incorporated on November 5, 2008 with the primary purpose of holding investments in power generation companies. It has direct equity shareholdings in Minergy Power Corporation (MPC), TVI and LPCI, entities engaged in the power generation business and Abovant Holdings, Inc. (AHI), a holding entity.

VSAC
VSAC, formerly Vivant Geo Power Corp. (VGPC), was incorporated on April 23, 2014. Its primary purpose is to establish, maintain, own, and operate geothermal, thermal, hydroelectric, solar, wind, coal, diesel power plants and such other sources that may be viable source of electric light, heat and power system and to sell and/or trade electricity for light, heat and power purposes within cities, municipalities and provinces of the Philippines as the corporation may determine and enter into business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2025, VSAC is still in the pre-operating stage.

On May 9, 2025, the application to change the name of VGPC to Vivant Solenergy Anilao Corp. was approved by the SEC.

DPHI
DPHI, formerly VII, was incorporated on July 11, 2014. Its primary purpose is to engage in business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, constructing, holding, and selling power generation facilities and related facilities, or any other business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2025, DPHI is still in the pre-operating stage.

On February 16, 2022, the application to change the name of VII to Delta P Hybrid, Inc. was approved by the SEC.

VREC
VREC was incorporated on January 8, 2010 with the primary purpose of holding investments in power generation companies. On October 2, 2015, the SEC approved its application for change in corporate name from Vics Bakun Holdings Corporation to VREC. It also has direct equity shareholdings in VSAC, SPHC, AHC, VSC, CREC, and LWEC as of December 31, 2025.

Core
Core was incorporated on December 14, 2012. Its primary purpose is to buy, source and obtain electricity from generating companies or from the wholesale electricity spot market to sell, broker, market or aggregate electricity to the end-users, to provide services necessary in connection with the supply or delivery of electricity thereof, distribution utilities and other entities in the electric systems by a duly licensed electrical engineer, the conduct of energy examinations, inspections, assessments, maintenance, testing and commissioning, as amended dated May 31, 2019. As of December 31, 2025 Core has entered in a retail supply contract and engineering service contracts with various customers.

VIDC
VIDC was incorporated on August 7, 2015. Its primary purpose is to establish, maintain, acquire, own, hold, and operate diesel powered generating facilities. As of December 31, 2025, VIDC is the holding company of INPC.



INPC
INPC was incorporated on February 14, 2022, and carried on the operations of Isla Norte Energy Corporation after the merger of said entity with INPC was approved by the SEC on December 29, 2022. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power purposed within the cities, municipalities, and provinces of the Philippines.

In 2023, VEC and VIDC acquired the remaining interest of GPI in INPC resulting in 100% ownership by the Group in INPC.

The registered office of INPC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

SPHC
SPHC was incorporated on April 20, 2017. Its primary purpose is to engage in the business of holding investments in power generation companies. As of December 31, 2025 SPHC has not yet started its commercial operations.

The registered office of SPHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

AHC
AHC was incorporated on August 16, 2017. Its primary purpose is to engage in the business of a holding company. As of December 31, 2025, AHC is the holding company of BPC and NBPC.

In May 2021, VEC and AHC acquired 81% and 9% ownership of BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively. In May 2021, VEC and AHC also acquired 81% and 9% ownership of NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

On June 28, 2021, VREC assigned its 45,000 common shares in AHC with par value of ₱1.00 per share to VEC.

The registered office of AHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

VMHI
VMHI was incorporated on June 8, 2012. Its primary purpose is to engage in the business of owning, acquiring, operating, generating, collecting and distributing electricity.

VMHI is in its starting phase or pre-operational stage as a power generating entity that will implement a greenfield power plant project, involving the construction and operation of a series of run-of-river hydropower facility in Barangay Capitan Ramon in Silay City, Negros Occidental. VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a six (6) MW power plant facility along the Malogo river. The project has concluded its detailed engineering design. A tender process is underway for the construction to coincide with the project timetable, but subject to adjustments that may be brought about by regulations from the grid system operator.



On March 8, 2017, bidding for the award of the Engineering, Procurement, Construction and Commissioning ("EPCC") contract was conducted. However, the National Grid Corporation of the Philippines (NGCP) issued a prohibition to the power plants from connecting to the Negros Island Grid.

In April 2024, NGCP's 230 kV backbone project was energized. Following this energization, the Company re-engaged with NGCP to discuss interconnection matters and requested for an initial technical assessment. However, the results of the assessment indicate a potential risk of congestion at the proposed interconnection should the 3-phase project proceed hence, the need to perform and update certain studies to evaluate the viability of the interconnection for the project. With this, the Company has withheld the awarding of the EPCC contract to implement the detailed engineering design as of December 31, 2024.

The registered office of VMHI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

1590 EC

1590 EC was incorporated and started operations on July 30, 2010. It is primarily engaged in power generation and operates a 225 MW diesel-fired power plant in Bauang, La Union. 1590 EC is also partly-owned by GPI, Eco Utilities Ventures Holdings Company, Inc. (EUVHCI) and ICS Renewables Holdings, Inc. (ICS), among others.

The registered office of the Company is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

On April 6, 2022, 1590 EC acquired the Buang Diesel Power Plant (BDPP) as the highest bidder during the public auction of the power plant following a post qualification evaluation. On April 19, 2022, 1590 EC and the PGLU signed the deed of transfer and conveyance.

VSC

VSC, formerly ET Vivant, was incorporated on April 4, 2018 primarily to engage in developing and constructing solar power generation and related facilities for lighting and power purposes and whole-selling the electric power to the wholesale electricity spot market, private distribution utilities, private electric cooperatives and other off-takers and selling and/or trading electricity for light, heat and power purposes. VSC has direct equity shareholding in CSSC, an entity engaged in the solar power generation business. As of December 31, 2021, VSC has started its commercial operations.

CSSC

CSSC, formerly ETEI, was incorporated on January 11, 2017 with the primary purpose to explore, develop, build, construct, install, commission, rehabilitate, maintain, own, manage, operate and invest in, bid for or otherwise acquire power generating plants and related facilities and to engage in the business of generating, marketing, selling and supplying electricity generated from solar photovoltaic systems and components; planning and construction of photovoltaic power plants and to provide consulting services associated with photovoltaic power plants, provided that it shall not operate a public utility. In January 2019, CSSC has started its commercial operations.



IERC

IERC, formerly Bohol Renewable Power Corporation (BRPC), was incorporated on March 21, 2022 with the primary purpose to operate, manage, and engage in the business of electric power generation, transmission and distribution that includes operation of generation facilities, transmission and distribution systems as well as electricity and transmission capacity exchanges for sale of electricity to its end users except production of electricity through incineration of waste.

On January 22, 2024, VEC entered into a share purchase agreement to acquire 1,000,000 common shares in IERC with par value of ₱1 per share for a consideration of ₱1.0 million. As of December 31, 2025, IERC has not yet started its commercial operations.

On April 22, 2025, the application to change the name of BRPC to Isla Este Renewables Corp. was approved by the SEC.

The registered office of the Company is located at 0716 1st Floor Ocean Suites Hotel, VP Inting Ave., Bool, Tagbilaran City, Bohol, Region VII (Central Visayas), 6300.

BPC

BPC was incorporated to develop, construct, erect assemble, commission, own, operate, maintain, rehabilitate, and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. BPC has two (2) operating power plants in Bukidnon and have started commercial operations on February 26, 2016 for Plant 1 and February 26, 2017 for Plant 2.

On October 16, 2014, BPC entered into a PSA with First Bukidnon Electric Cooperative (FIBECO) to supply a maximum of 4.4 MW from its 2 x 2.4 MW power plant located at Barangay Barandias, Bukidnon at a specific contract rate for a period of 15 years commencing from March 15, 2015. ERC has granted a provisional approval on its rate application on August 3, 2015. The second power supply agreement was entered into with FIBECO on July 24, 2015 for a contracted capacity of 2 MW from its 2.5 MW Fuel power plant located at Barangay Mabuhay, San Fernando, Bukidnon, for a period of 15 years starting from April 15, 2016. ERC's final approval on its rate application was dated June 6, 2017.

In May 2021, VEC and AHC acquired 81% and 9% ownership of BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively.

The registered office address of BPC is at National Highway Barandias, Pangantucan, Bukidnon.

NBPC

NBPC was incorporated to develop, construct, erect, assemble, commission, own, operate, maintain, rehabilitate and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. NBPC has started its commercial operations on September 26, 2018.

In May 2021, VEC and AHC acquired 81% and 9% ownership of NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

The registered office address of NBPC is at 2nd Floor Z-Gas Building, Purok 6A, South Poblacion, Maramag, Bukidnon.

CIPC
CIPC was incorporated on October 19, 2010 primarily to engage in the business of owning, acquiring, commissioning, operating and selling power generation facilities and related facilities, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. Currently, CIPC operates an 8 MW bunker and 0.75 MW diesel-fired power generation plants in the municipalities of Coron and Busuanga, respectively.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in CIPC for a consideration of ₱172.0 million, which resulted to a 100% ownership of the Group in CIPC.

The registered principal office of CIPC is at Sitio Lilibutin, Barangay Guadalupe Coron, Palawan, Philippines 5316.

Delta P
Delta P was registered with SEC on September 20, 2002 primarily to operate and maintain a 16 MW heavy fuel oil-fired generating power station in Puerto Princesa, Palawan.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in Delta P which resulted to an increase in the Group's ownership interest in Delta P to 100%.

The registered principal office of Delta P is at Km. 13 North National Highway, Sta. Lourdes, Puerto Princesa City, Palawan.

LPEC
La Pampanga Energy Corp (LPEC), formerly Vivant Enercore Integrated, Inc. (VEII), was incorporated on May 26, 2016. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system. As of December 31, 2025, LPEC is still in the pre-operating stage.

On June 1, 2023, the Group entered into a share purchase agreement with GPI to acquire its shares equivalent to 6,250,000 common shares and 51,750,000 preferred shares with par value of ₱1 per share, which resulted to 100% ownership by the Group in LPEC.

CREC
CREC, an associate through VREC, was registered on April 12, 2017 primarily to engage in the business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, and constructing conventional renewable energy and/or hybrid power generation, distribution and related facilities, and distributing and selling power, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in the furtherance of or otherwise relating to such purpose. As of December 31, 2025, CREC has not yet started its commercial operations.

On June 1, 2023, VEC entered into a share purchase agreement with Gigawatt Power, Inc. (GPI) to acquire the latter's shares in CREC equivalent to 9,375 preferred shares with par value of ₱1,000 per share resulting to an increase of the Group's ownership interest in CREC to 100%.

The registered principal office of CREC is at Sitio Lilibutin, Barangay Guadalupe, Coron, Palawan 5316.

SIAEC
SIAEC was incorporated on February 18, 2016 with the primary purpose to engage in the business of development, investment, acquisition, construction, operation and maintenance, and sale of renewable energy facilities including generation of heat and power, sales and distribution.

On February 3, 2023, VEC acquired 100% ownership of SIAEC from Cleantech Global Renewables, Inc. representing 1,250,004 common shares for a consideration of ₱5.0 million and advanced ₱381.8 million to be applied against future issuance of common stock.

As of December 31, 2025, SIAEC has not yet started its commercial operations.

The registered office of SIAEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

MPI
MPI, formerly Central Cebu Transitional Power Corporation, was incorporated on April 11, 2023 with the primary purpose to engage in the business of establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. MPI started its commercial operations in August 2023.

The registered office of MPI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SPREC
SPREC was incorporated on March 29, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2025, SPREC has not yet started its commercial operations.

The registered office of SPREC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SGC
SGC was incorporated on April 12, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2025, SGC has not yet started its commercial operations.

The registered office of SGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.



API
API was incorporated on June 7, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2025, API has not yet started its commercial operations.

The registered office of API is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

AEC
AEC was incorporated on May 17, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2025, AEC has not yet started its commercial operations.

The registered office of AEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

BEC
BEC was incorporated on June 13, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2025, BEC has not yet started its commercial operations.

The registered office of BEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

In February 2025, the application to change the name of BEC to Vivant Solenergy Bukidnon Corp. was approved by the SEC.

SEGC
SEGC was incorporated on June 21, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2025, SEGC has not yet started its commercial operations.

The registered office of SEGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SCEC
SCEC was incorporated on May 23, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2025, SCEC has not yet started its commercial operations.

The registered office of SCEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.



VSCC
VSCC was incorporated on December 10, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy storage systems and to sell to the general public electricity for light, heat and power. As of December 31, 2025, VSCC has not yet started its commercial operations.

The registered office of VSCC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VSUC
VSUC was incorporated on December 10, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy storage systems and to sell to the general public electricity for light, heat and power. As of December 31, 2025, VSUC has not yet started its commercial operations.

The registered office of VSUC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

OSAC
OSAC was incorporated on November 9, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy storage systems and to sell to the general public electricity for light, heat and power. As of December 31, 2025, OSAC has not yet started its commercial operations.

The registered office of OSAC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VVAC
VVAC was incorporated on November 9, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy storage systems and to sell to the general public electricity for light, heat and power. As of December 31, 2025, VVAC has not yet started its commercial operations.

The registered office of VVAC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

FLOWS
FLOWS was incorporated on August 31, 2018 primarily to engage in the activities of a holding company except as a stockbroker or dealer of securities, provided that, FLOWS shall not solicit, accept or take investments/placements from the public neither shall it issue investments contracts.

FLOWS has an 89.58% direct ownership interest in PPWRLC.

The registered principal office of FLOWS is at 37 Taft Street, Barangay Maligaya, Puerto Princesa City, Palawan.

PPWRLC
PPWRLC was incorporated under the laws of the Republic of the Philippines and registered with the SEC on November 8, 2018. The Company's primary purpose is to engage in the activities of an operator, contractor and/or agent of the City of Puerto Princesa in providing septage, sewerage and sanitation services and to engage in the development, construction, operation, and maintenance of sewage and/or septage treatment plants which may also act as a tourist attraction and learning center for environmental protection.

PPWRLC already started its commercial operations on January 1, 2022. The registered principal place of business is at Maligaya, Puerto Princesa City (Capital), Palawan, Region IV-B, Philippines, 5300.

Associate. VECO qualifies as an associate of the Parent Company.

VECO
VECO was incorporated on February 22, 1961 and whose corporate term was extended for another 50 years after the expiration on February 23, 2012. VECO is a power distribution entity, the primary activities of which are to establish, maintain and operate electric light, heat and power systems and to sell to the general public electricity for light, heat and power purposes.

VECO serves the electrical power needs of four cities (Cebu, Mandaue, Talisay and Naga) and four municipalities (Minglanilla, San Fernando, Consolacion and Lilo-an) of the greater part of Metro Cebu by virtue of legislative franchise grants.

The registered office address of VECO is at J. Panis Street, Banilad, Cebu City, Philippines.

The financial statements of the Parent Company as at and for the years ended December 31, 2025 and 2024 were authorized for issue by the BOD on March 26, 2026.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The parent company financial statements have been prepared on a historical cost basis except for financial assets at FVOCI, which have been measured at fair value. The financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All values are rounded to the nearest Peso except as otherwise indicated.

The Parent Company also prepares and issues consolidated financial statements for the same period as these separate financial statements presented in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. These may be obtained at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

Statement of Compliance
The parent company financial statements have been prepared in compliance with PFRS Accounting Standards.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments to the standards effective in 2025. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these amendments did not have an impact on the financial statements of the Parent Company.

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

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When applying the amendments, an entity cannot restate comparative information.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9, *Financial Instruments* and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of nonrecourse assets and contractually linked instruments.



- *Annual Improvements to PFRS Accounting Standards – Volume 11*

  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

  - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*, *Hedge Accounting by a First-time Adopter*

    The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

  - Amendments to PFRS 7, *Gain or Loss on Derecognition*

    The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

  - Amendments to PFRS 9

    - *Lessee Derecognition of Lease Liabilities.* The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

    - *Transaction Price.* The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15, *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

    - Amendments to PFRS 10, *Consolidated Financial Statements*, *Determination of a 'De Facto Agent'.* The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

    - Amendments to PAS 7, *Cost Method.* The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1 and responds to investors' demand for better information about companies' financial performance. The new requirements include:

  - Required totals, subtotals and new categories in the statement of profit or loss;
  - Disclosure of management-defined performance measures; and
  - Guidance on aggregation and disaggregation.



Parent Company is currently assessing the impact of these amendments on the financial statements.

- PFRS 19, *Subsidiaries without Public Accountability*

  The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.

Deferred Effectivity

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

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

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

4. Material Accounting Policy Information

Current and Noncurrent Classification

The Parent Company presents assets and liabilities in the parent company statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Parent Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Parent Company measures financial instruments, such as, cash on hand and in banks, short-term placements, trade and other receivables, trade and other payables, notes payable and non-financial assets such as investment properties and financial assets at FVOCI, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Parent Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Parent Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



Financial Instruments

Initial Recognition and Subsequent Measurement

- *Classification of Financial Assets*. Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Parent Company's business model for managing the financial assets. The Parent Company classifies its financial assets into the following measurement categories:

  - Financial assets measured at amortized cost;
  - Financial assets measured at fair value through profit or loss (FVPL);
  - Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss; and
  - Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss.

- *Contractual Cash Flows Characteristics*. If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Parent Company assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

  In making this assessment, the Parent Company determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

- *Business Model*. The Parent Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Parent Company's business model does not depend on management's intentions for an individual instrument.

  The Parent Company's business model refers to how it manages its financial assets in order to generate cash flows. The Parent Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Parent Company in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Parent Company's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.



- *Financial Assets at Amortized Cost.* A financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the Effective Interest Rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "Expenses - Others" account in the parent company statement of comprehensive income.

  As at December 31, 2025 and 2024, the Parent Company has financial assets at amortized cost consisting of cash and cash equivalents, trade and other receivables, and receivable from RFM Corporation included under "Other noncurrent assets" (see Notes 6, 7 and 11).

- *Financial Assets at FVPL.* Financial assets at FVPL are measured at FVPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

  Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Parent Company may choose at initial recognition to designate the financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

  The Parent Company assesses whether embedded derivatives are required to be separated from host contracts when the Parent Company first becomes party to the contract. An embedded derivative is separated from the host financial liability or nonfinancial contract and accounted for as a derivative if all of the following conditions are met:

  - the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics of the host contract;
  - a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
  - the hybrid or combined instrument is not recognized as at FVPL.

  For derivatives embedded in financial asset host contracts, the Parent Company applies the financial asset classification and measurement requirements to the entire instrument. No embedded derivatives in financial asset host contracts are recognized separately in the financial statements.

Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Trading gains or losses are calculated based on the results arising from trading activities of the Parent Company, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL, and the gains or losses from disposal of financial investments.

As at December 31, 2025 and 2024, the Parent Company has no financial assets at FVPL.

- *Financial Assets at FVOCI.* A financial asset is measured at FVOCI if (a) it is held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

  The Parent Company may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Parent Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

  Dividends are recognized in profit or loss only when:

  - the Parent Company's right to receive payment of the dividend is established;
  - it is probable that the economic benefits associated with the dividend will flow to the Parent Company; and
  - the amount of the dividend can be measured reliably.

  As at December 31, 2025 and 2024, the Parent Company has financial assets at FVOCI amounting to ₱8.0 million which is presented as part of "Other noncurrent assets" (see Note 11).

  Classification of Financial Liabilities. Financial liabilities are measured at amortized cost, except for the following:

  - Financial liabilities measured at fair value through profit or loss;
  - Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Parent Company retains continuing involvement;
  - Financial guarantee contracts;
  - Commitments to provide a loan at a below-market interest rate; and
  - Contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVPL, the movement in fair value attributable to changes in the Parent Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. This category also includes derivative financial instruments entered into by the Parent Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Parent Company's financial liabilities include accrued expenses, accounts payable, accrued interest, dividends payable and advances from related parties (under "Trade and other current liabilities"), interest-bearing loans (under "Notes payable") and lease liabilities (see Notes 12, 13 and 21).

Impairment of Financial Assets. The Parent Company recognizes ECL for the following financial assets that are not measured at FVPL:
- Debt instruments that are measured at amortized cost and FVOCI;
- Loan commitments; and
- Financial guarantee contracts.

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:
- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

- *Stage 1: 12-month ECL*. For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

- *Stage 2: Lifetime ECL - not credit-impaired*. For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.



- *Stage 3: Lifetime ECL - credit-impaired*. Financial assets are credit-impaired when one or *more* events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; or
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Parent Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

- *Determination of the Stage for Impairment*. At each reporting date, the Parent Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

- *Simplified Approach.* The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to accounts and other receivables under "Trade and other receivables". The Parent Company has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

  The Parent Company considers a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

- *Offsetting Financial Instruments.* Financial assets and financial liabilities are offset and the net amount is reported in the parent company statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.



Derecognition of Financial Assets and Liabilities

- *Financial Assets.* A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

  - the rights to receive cash flows from the asset have expired;
  - The Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
  - The Parent Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  Where the Parent Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

  Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Parent Company's continuing involvement is the amount of the transferred asset that the Parent Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Parent Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

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

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from dates of acquisition and that are subject to an insignificant risk of changes in value.

Prepaid Expenses and Other Current Assets

Prepayments and other current assets are recognized and carried at cost, less any impairment in value. These are recognized as assets when it is probable that any future economic benefit associated with the item will flow to or from the entity and the item has a cost or value that can be measured with reliability. An asset is not recognized in the parent company statement of financial position when expenditure has been incurred for which it is considered improbable that economic benefits will flow to the entity beyond the current accounting period. Instead, such a transaction results in the recognition of an expense in the parent company statement of comprehensive income.



Investments in and Advances to Subsidiaries and Associate

A subsidiary is an entity over which the Parent Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent Company controls another entity.

An associate is an entity over which the Parent Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investments in and advances to subsidiaries and associate are carried at cost, less impairment in value, in the parent company financial statements.

The Parent Company recognizes income from the investments only to the extent that the Parent Company receives distributions or establishes a right to receive distributions from accumulated profits of the subsidiaries and associate arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of per performance, will flow to the Parent Company. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Depreciation is computed using the straight-line method over the assets' estimated useful lives. Leasehold improvements are depreciated using the straight-line method over the estimated useful life of the improvements or the term of the lease, whichever is shorter. The estimated useful lives are as follows:

	Number of Years
Condominium units and improvements	5–40
Transportation equipment	5
Office furniture and equipment	2–10
Leasehold improvements	3–10
Other equipment	3–5

The useful lives and depreciation method are reviewed at each reporting date to ensure that such useful lives and depreciation method are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect to those assets.

When an asset is disposed of or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and the related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

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

Construction in progress represents structures under construction and is stated at cost. This includes the cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Property and equipment under construction are not depreciated until such time as the relevant assets are completed and put into operational use.

Leases

The Parent Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Parent Company as a Lessee. The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets. The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Unless the Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

	Number of Years
Land	15
Office space	1–4
Vehicle	5

Right-of-use assets are subject to impairment. Refer to the accounting policies in section Impairment of Nonfinancial Assets.

Lease Liabilities. At the commencement date of the lease, the Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.



In calculating the present value of lease payments, the Parent Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases. The Parent Company applies the short-term lease recognition exemption to its short-term leases of office space and lot (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Foreign-currency-denominated Transactions

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at reporting date. Exchange gains and losses arising from foreign currency transactions and translations of foreign-currency-denominated monetary assets and liabilities are credited or charged to current operations.

Impairment of Nonfinancial Assets

As at December 31, 2025 and 2024, the Parent Company has investments in subsidiaries and associate, property and equipment and right-of-use assets which are classified as nonfinancial assets subject to impairment.

The Parent Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognized in the parent company statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Parent Company estimates the assets or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital Stock. Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscribing agreement and is measured at par value for all issued shares.

Additional Paid-in Capital. Consideration received in excess of par value are recognized as additional paid-in capital, net of incremental costs that are directly attributable to the issuance of new shares.

Retained Earnings. Retained earnings consist of appropriated and unappropriated balances. Appropriated retained earnings are restricted for specific purposes and/or are not available for dividend declaration. Unappropriated retained earnings are not restricted and include the cumulative balance of net income or loss, any dividend distributions, prior period adjustments and effects of any change in accounting policy.

Revenue Recognition

Revenue is measured based on the consideration to which the Parent Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Parent Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The Parent Company has concluded that it is the principal in its revenue arrangements because it controls the goods or services before these goods or services are transferred to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenues from Contracts with Customers

- *Management and Service Fees.* Revenue from management and service fees, arising from services involving consultancy, management, technical, and services covered by Service Level Agreements (SLAs), are recognized over time when the related services are rendered based on the terms of the management and service contracts.

- *Service Income.* Revenue from service income arising from intercompany charges are recognized over time when the related services are rendered based on agreed hourly billing rates.



For the years ended December 31, 2025, 2024 and 2023, the Parent Company has no variable consideration and the timing of revenue recognition currently does not result in any contract assets or liabilities and there are no unfulfilled performance obligations at any point in time.

Dividends. Dividends are recognized when the Parent Company's right to receive the payment is established.

Interest Income. Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Rental Income. Rental income is recognized on a straight-line basis over the term of the lease.

Other Income. Other income includes services to third party, rental income from short-term leases and gain on disposal of property and equipment. These are generally recognized when earned. Rental income is recognized on a straight-line basis over the term of the lease while gain on disposal of property and equipment is recognized as the difference between the consideration and the book value of the property and equipment disposed.

Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized in the parent company statement of comprehensive income when incurred.

Provisions

Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Parent Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the parent company statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Pension Benefits

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the parent company statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the parent company statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to parent company statement of comprehensive income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Taxes

Current Income Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax. Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the reporting date. Income tax relating to items recognized directly in equity is recognized in equity and not in the parent company statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-Added Tax (VAT). Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the parent company statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the parent company statement of financial position to the extent of the recoverable amount.

Earnings Per Share

Basic earnings per common share is calculated by dividing net income for the year attributable to the common stockholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year, after retroactive adjustments for any stock dividend declared.

Diluted earnings per share is calculated by dividing the net income for the year attributable to the common stockholders of the Parent Company by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued for outstanding common stock equivalents.



As of December 31, 2025 and 2024, the Parent Company does not have dilutive common stock equivalents.

Contingencies
Contingent liabilities are not recognized in the parent company financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events that provide additional information about the Parent Company's position at the reporting date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the parent company financial statements in compliance with PFRS Accounting Standards requires the Parent Company to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and related notes. In preparing these parent company financial statements, the Parent Company made its best judgments and estimates of certain amounts, giving due consideration to materiality. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

The Parent Company believes that the following represent a summary of these significant accounting estimates and the related impact and associated risks in the parent company financial statements.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating Allowance for Impairment of Losses on Investments in and Advances to Subsidiaries and Associate. Investments in and advances to subsidiaries and associate are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In 2025 and 2024, there was an increase in the carrying value of HDFE's investment properties being appraised. Thus, a reversal of prior impairment was recognized in 2025 and 2024 amounting to ₱141.8 million and ₱27.2 million, respectively.

Estimating Provision for Pension Liability. The costs of defined benefit pension plans, as well as the present value of the pension obligation, are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The pension liability as of December 31, 2025 and 2024 amounted to ₱132.3 million and ₱124.6 million, respectively (see Note 15).

Further details about the assumptions used are provided in Note 15.

Estimating Realizability of Deferred Income Tax Assets. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of such deferred income tax assets to be utilized. The Parent Company's assessment on the recognition of deferred income tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Parent Company.

Deferred income tax assets amounted to ₱55.4 million and ₱53.6 million as of December 31, 2025 and 2024, respectively. Deferred income tax assets have not been recognized on net operating loss carry-over (NOLCO) of ₱1.1 billion and ₱1.4 billion as of December 31, 2025 and 2024, respectively, and excess minimum corporate income tax (MCIT) of ₱1.0 million as of December 31, 2025 and 2024, because management believes that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized (see Note 16).

Estimating the Incremental Borrowing Rate for Lease Liability. The Parent Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Parent Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Parent Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Parent Company estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

The Parent Company's lease liabilities amounted to ₱47.0 million and ₱52.7 million as of December 31, 2025 and 2024, respectively (see Note 21).

6. Cash and Cash Equivalents

	2025	2024
Cash on hand and in banks	**₱22,122,724**	₱18,747,926
Short-term investments	**836,361,086**	1,189,546,697
	₱858,483,810	₱1,208,294,623

Cash in banks earn interest at the respective bank deposit rates. Short-term investments are cash equivalents and made for varying periods of up to three months depending on the immediate cash requirements of the Parent Company and earn interest at the respective short-term investment rates.

Interest income recognized from cash in banks and short-term investments amounted to ₱52.2 million, ₱90.4 million, and ₱63.2 million in 2025, 2024 and 2023, respectively. Accrued interest receivable amounted to ₱6.3 million and ₱10.0 million as of December 31, 2025 and 2024, respectively (see Note 7).

7. Trade and Other Receivables

	2025	2024
Trade receivables:		
Related parties (see Note 14)	**₱138,611,828**	₱36,158,272
Third parties	**3,015,487**	2,701,404
Advances to related parties (see Note 14)	**1,667,925,094**	1,358,944,912
Loans receivable	**11,666,667**	–
Advances to employees	**6,541,812**	5,114,073
Accrued interest receivable (see Note 6)	**6,251,239**	9,960,019
Others (see Note 14)	**66,570,898**	33,291,441
	1,900,583,025	1,446,170,121
Less allowance for credit losses	**2,419,972**	2,419,972
	₱1,898,163,053	₱1,443,750,149

Trade receivables represent amounts owed by third parties and related parties for consultancy, management, technical and other related services rendered by the Parent Company. These are noninterest-bearing and collectible within 10 to 30 days.

Loans receivable pertains to loans receivable from Watermatic Philippines Corporation (WMP), a former subsidiary of the Group which are collectible in a year at an annual interest rate of 10.82% (see Notes 9 and 11).

Advances to employees pertain to unliquidated cash advances for operating expenses. These are noninterest-bearing and are recoverable through direct salary deduction (e.g., through final pay) or liquidation of business-related expenses incurred by the employees.

Other receivables arise from transactions other than those related to the Parent Company's normal course of business such as nontrade intercompany charges, receivable from government agencies and others.

As of December 31, 2025 and 2024, allowance for credit losses of receivables amounted to ₱2.4 million. The Parent Company did not recognize provision for estimated credit losses in 2025 and 2024 as a result of performing collective impairment tests using the simplified approach.

8. Prepaid Expenses and Other Current Assets

	2025	2024
Input VAT - net	**₱29,567,646**	₱22,783,400
Prepayments	**23,661,433**	16,991,279
Others	**8,543,443**	4,921,415
	₱61,772,522	₱44,696,094

Input VAT - net pertains to input tax on purchase of goods and services, net of output VAT. These are available for offset against output VAT on receipts in future periods.

Prepayments include prepaid rentals and advance payments for health insurance coverage and all risks of direct physical loss or damage to the Parent Company’s properties.

Others include advance payment to suppliers and unused office supplies.

9. Investments in and Advances to Subsidiaries and Associate

The components of the carrying values of investments accounted for under the cost method and advances to subsidiaries and associate are as follows:

	Nature of Business	Percentage of Ownership	**2025**	2024
Investments in Subsidiaries				
VEC	Holding Company/ Power generation	100.00	**₱5,532,915,995**	₱5,532,915,995
VIHI	Holding company	100.00	**1,629,432,949**	1,436,915,948
HDFE	Holding company	50.94	**760,507,362**	760,507,362
SGPDC	Real estate	100.00	**67,050,000**	66,900,000
VRVC*	Real estate	–	**26,156,250**	26,156,250
			8,016,062,556	7,823,395,555
Less allowance for impairment loss			**125,833,544**	267,593,789
			7,890,229,012	7,555,801,766
Investment in Associate				
VECO	Power distribution	34.81	**919,693,137**	919,693,137
Advances for Future Stock Subscription				
HDFE			**16,811,225**	16,811,225
			₱8,826,733,374	₱8,492,306,128

**Preferred shares*

Subsidiaries

VEC, VIHI, HDFE, SGPDC, and VRVC qualify as the Parent Company's subsidiaries. The relevant operations of the subsidiaries are as follows:

VEC. VEC is a holding company with the following direct and indirect equity shareholdings:

	2025		2024	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Subsidiaries				
VIGC	**100.00**	**–**	100.00	–
VREC	**100.00**	**–**	100.00	–
Core	**100.00**	**–**	100.00	–
DPHI	**100.00**	**–**	100.00	–
VIDC	**100.00**	**–**	100.00	–
AHC	**100.00**	**–**	100.00	–
INPC	**55.00**	**45.00**	55.00	45.00
1590 EC	**55.20**	**–**	55.20	–
VMHI	**20.00**	**47.00**	20.00	47.00
VSAC	**–**	**100.00**	–	100.00
BPC	**81.00**	**9.00**	81.00	9.00
NBPC	**81.00**	**9.00**	81.00	9.00
SPHC	**–**	**100.00**	–	100.00
VSC	**–**	**100.00**	–	100.00
CSSC	**–**	**100.00**	–	100.00
CREC		**100.00**		100.00
CIPC	**100.00**	**–**	100.00	–
Delta P	**100.00**	**–**	100.00	–
LPEC	**100.00**	**–**	100.00	–
SIAEC	**100.00**	**–**	100.00	–

(Forward)

	2025		2024	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
MPI	**100.00**	**–**	100.00	–
SPREC	**–**	**100.00**	–	100.00
SGC	**100.00**	**–**	100.00	–
API	**100.00**	**–**	100.00	–
AEC	**100.00**	**–**	100.00	–
IERC	**100.00**	**–**	100.00	–
BEC	**100.00**	**–**	100.00	–
SEGC	**100.00**	**–**	100.00	–
SCEC	**100.00**	**–**	100.00	–
OSAC	**100.00**	**–**	100.00	–
VVAC	**100.00**	**–**	100.00	–
VSCC	**100.00**	**–**	100.00	–
VSUC	**100.00**	**–**	100.00	–
Associates				
Cebu Private Power Corporation	**40.00**	**–**	40.00	–
Prism Energy, Inc. (PEI)	**40.00**	**–**	40.00	–
LPCI	**–**	**42.50**	–	42.50
Global Luzon Energy Development Corporation (GLEDC)	**–**	**42.50**	–	42.50
AHI	**–**	**40.00**	–	40.00
MPC	**–**	**40.00**	–	40.00
LWEC	**–**	**40.00**	–	40.00
TVI	**18.00**	**2.00**	18.00	2.00
Samal Solar Renewable Energy Corporation (SSREC)*	**40.00**	**–**	–	–

** Acquired on September 10, 2025.*

VEC declared dividends to the Parent Company amounting to ₱435.4 million in 2025, ₱210.0 million in 2024, and ₱232.3 million in 2023 (see Note 14). As of December 31, 2025 and 2024, there are no dividends receivable from VEC.

VIHI. VIHI is a holding company with the following direct and indirect equity shareholdings:

	2025		2024	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Subsidiaries				
VHHI	**100.00**	**–**	100.00	–
IMCC	**–**	**100.00**	–	100.00
NMCWC	**–**	**100.00**	–	100.00
VTHI	**100.00**	**–**	100.00	–
BIWSC	**–**	**100.00**	**–**	**–**
IBWC	**–**	**100.00**	**–**	**–**
WCWSC	**–**	**100.00**	**–**	**–**
FLOWS*	**–**	**90.00**	**–**	45.00
PPWRLC*	**–**	**80.62**	–	40.31

** VIHI indirectly acquired additional shareholding on December 31, 2025, resulting in VIHI obtaining control over the former associates.*

In 2023 and 2022, the Parent Company made additional investments in VIHI amounting to ₱228.4 million and ₱316.6 million, respectively, which represent advances for future stock subscriptions for a total issuance of 54,504,054 common shares and 490,536,456 preferred shares, both with par value of ₱1.00 per share. In 2024, the application for the increase in authorized capital stock (ACS) of VIHI was approved, thus, advances for future stock subscriptions were converted to issued shares.

In 2025 and 2024, the Parent Company made additional investments in VIHI amounting to ₱192.5 million and ₱195.4 million, respectively, for the issuance of common and preferred shares with a par value of ₱1.00 per share. See below:

	2025	2024
Number of shares issued		
Common shares	**19,251,700**	19,539,495
Preferred shares	**173,265,200**	175,855,423

HDFE. As at December 31, 2025 and 2024, an appraisal of HDFE's investment properties showed an increase in their fair market values, thereby increasing the carrying value of the Parent Company's investment in HDFE. Reversal of allowance for impairment loss was recognized in the parent company statements of comprehensive income amounting to ₱141.8 million and ₱27.2 million in 2025 and 2024, respectively.

In 2025, the Parent Company made an additional investment in *SGPDC* amounting to ₱150,000 for the issuance of 150,000 common shares, with a par value of ₱1.00 per share.

WMP and WMP SEA. WMP and WMP SEA are former subsidiaries of the Parent through VIHI. In 2024, VIHI entered into a Share Sale and Purchase Agreement (SSPA) with Watermatic International Ltd. resulting to the derecognition of VIHI's total investment in WMP, along with its interest in WMP SEA, a subsidiary of WMP.

Associate

VECO. VECO declared cash dividends to the Parent Company amounting to ₱1.0 billion, ₱995.9 million, and ₱763.7 million in 2025, 2024 and 2023, respectively (see Note 14).

10. Property and Equipment

	2025						
	Condominium Units and Improvements	**Transportation Equipment**	**Office Furniture and Equipment**	**Leasehold Improvements**	**Other Equipment**	**Construction in Progress**	**Total**
Cost							
At January 1	**₱399,582,885**	**₱74,811,569**	**₱124,007,151**	**₱69,965,564**	**₱20,566,652**	**₱13,819,197**	**₱702,753,018**
Additions	**60,312,465**	**15,368,750**	**23,549,725**	**15,143,236**	**1,151,931**	**652,783**	**116,178,890**
Disposals	**–**	**(4,268,607)**	**–**	**–**	**–**	**–**	**(4,268,607)**
At December 31	**459,895,350**	**85,911,712**	**147,556,876**	**85,108,800**	**21,718,583**	**14,471,980**	**814,663,301**
Accumulated Depreciation							
At January 1	**26,129,750**	**36,575,168**	**85,324,878**	**46,234,840**	**9,005,251**	**–**	**203,269,887**
Additions	**9,885,797**	**13,766,695**	**16,639,125**	**5,472,906**	**260,848**	**–**	**46,025,371**
Disposals	**–**	**(3,830,420)**	**–**	**–**	**–**	**–**	**(3,830,420)**
At December 31	**36,015,547**	**46,511,443**	**101,964,003**	**51,707,746**	**9,266,099**	**–**	**245,464,838**
Net Book Value	**₱423,879,803**	**₱39,400,269**	**₱45,592,873**	**₱33,401,054**	**₱12,452,484**	**₱14,471,980**	**₱569,198,463**

	2024						
	Condominium Units and Improvements	Transportation Equipment	Office Furniture and Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Cost							
At January 1	₱36,421,603	₱71,305,220	₱100,314,047	₱53,531,886	₱14,115,248	₱12,808,921	₱288,496,925
Additions	363,161,282	19,351,786	23,693,104	16,433,678	6,451,404	1,010,276	430,101,530
Disposals	–	(15,845,437)	–	–	–	–	(15,845,437)
At December 31	399,582,885	74,811,569	124,007,151	69,965,564	20,566,652	13,819,197	702,753,018
Accumulated Depreciation							
At January 1	25,630,223	39,258,157	76,334,491	38,641,999	8,471,678	–	188,336,548
Additions	499,527	12,150,922	8,990,387	7,592,841	533,573	–	29,767,250
Disposals	–	(14,833,911)	–	–	–	–	(14,833,911)
At December 31	26,129,750	36,575,168	85,324,878	46,234,840	9,005,251	–	203,269,887
Net Book Value	₱373,453,135	₱38,236,401	₱38,682,273	₱23,730,724	₱11,561,401	₱13,819,197	₱499,483,131

In 2025 and 2024, the Parent Company acquired condominium and parking units in Makati that will be used as the new office amounting to ₱60.3 million and ₱363.2 million, respectively.

In 2025 and 2024, the Parent Company sold various vehicles and recognized gain on sale amounting to ₱0.95 million and ₱3.78 million, respectively, under 'Other income' account in the parent company statements of comprehensive income.

Construction in progress mainly includes costs for renovation and improvements of the office in 2025 and 2024.

11. Other Noncurrent Assets

	2025	2024
Creditable tax withheld	**₱169,565,239**	₱160,724,388
Financial assets at FVOCI	**8,000,000**	8,000,000
Loans receivable (see Note 7)	**–**	19,166,667
Input VAT - noncurrent	**–**	7,242,814
Others - net of allowance for impairment loss of ₱46.1 million	**11,847,336**	11,707,099
	₱189,412,575	₱206,840,968

Creditable Tax Withheld
These pertain to taxes withheld by customers on income payments to the Parent Company for sales of services that can be applied against its income tax liabilities.

Financial Assets at FVOCI
As of December 31, 2025 and 2024, the carrying value of the financial assets at FVOCI are as follows:

Cost:	
Cebu Country Club, Inc.	₱3,400,000
Tower Club, Inc.	300,000
	3,700,000
Fair value remeasurement gain (loss):	
Cebu Country Club, Inc.	4,600,000
Tower Club, Inc.	(300,000)
	4,300,000
	₱8,000,000

Cebu Country Club, Inc. In 2012, the Parent Company acquired proprietary ownership shares in Cebu Country Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares.

Tower Club, Inc. In 2014, the Parent Company acquired proprietary ownership shares in the Tower Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares. On September 25, 2020, the shareholders of Tower Club agreed to shorten its corporate life and permanently close by January 2022.

Fair value hierarchy disclosures for the Parent Company's financial assets at FVOCI are provided in Note 19.

Others
Others include receivable from RFM Corporation, the Parent Company's previous owner, which has been fully provided with allowance for impairment losses as of December 31, 2025 and 2024. Also included in this account are security deposits with various tenants and other parties.

12. Trade and Other Current Liabilities

	2025	2024
Accounts payable	**₱26,141,140**	₱20,587,577
Accrued interest (see Note 13)	**12,290,079**	12,615,769
Accrued taxes payable	**11,244,318**	8,488,813
Accrued expenses	**8,328,879**	101,270,662
Dividends payable	**7,313,131**	6,446,873
Unearned income	**5,932,997**	6,053,819
Advances from related parties (see Note 14)	**3,666,703**	4,633,338
Deferred output VAT - net	**1,833,104**	1,833,104
Others	**1,501,113**	1,818,538
	₱78,251,464	₱163,748,493

Accounts payable consist mainly of liabilities for payroll, professional fees and other expenses.

Accrued taxes payable are accruals for documentary stamp tax, VAT, and withholding taxes on wages and on certain income tax payments.

Accrued expenses includes accruals for legal fees, securities and transfer fees and other expenses.

Unearned income relates to considerations received for transactions pending execution of the contracts.

Others include contributions payable to government agencies.

13. Notes Payable

	2025	2024
2021 Fixed Rate Corporate Notes (FRCN)		
₱2.0 billion at 4.3000% interest per annum	**₱1,800,000,000**	₱1,850,000,000
Less unamortized debt issue costs	**–**	5,326,407
	1,800,000,000	1,844,673,593
Less current portion - net of unamortized debt issue costs of ₱4.9 million in 2024	**1,800,000,000**	45,054,514
	₱–	₱1,799,619,079

On December 4, 2020, the Parent Company signed an Agreement to issue ₱3.0 billion worth of FRCN with tenors of two (2) years and five (5) years.

The Parent Company issued an FRCN on January 27, 2021 amounting to ₱3.0 billion to fund its equity investments in power generation and 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 ₱50.0 million for the first four years and a balloon payment of ₱1.8 billion on maturity. On January 27, 2023, the first tranche of the loan matured and was settled. Loan amortizations in 2025 and 2024 amounting to ₱50.0 million, were settled upon maturity. On January 27, 2026, ₱1.8 billion of the principal amount was settled upon maturity.

Repayments of outstanding principal amounts are scheduled as follows:

	2025	2024
Within one year	**₱1,800,000,000**	₱50,000,000
More than one year but not more than five years	–	1,800,000,000
	₱1,800,000,000	₱1,850,000,000

The Agreement requires that the Parent Company shall not permit its debt-to-equity ratio to exceed 2.5:1. The debt-to-equity ratio is based on the Parent Company's debt and consolidated equity. In addition, the Agreement requires the current ratio to not fall below 1.25:1 and is based on the consolidated current assets and consolidated current liabilities. The Parent Company has complied with these ratio requirements as of December 31, 2025 and 2024.

Interest expense recognized in the parent company statements of comprehensive income related to these notes payable amounted to ₱85.7 million, ₱87.6 million, and ₱93.8 million in 2025, 2024 and 2023, respectively, and the related accrued interest expense as of December 31, 2025 and 2024 amounted to ₱12.3 million and ₱12.6 million, respectively (see Note 12).

Debt issue costs were incurred in connection with the financing arrangements. These costs are amortized, using the EIR method, over the term of the related loans. The Parent Company has recognized amortization of debt issue costs amounting to ₱5.3 million, ₱4.9 million, and ₱5.2 million in 2025, 2024 and 2023, respectively. These are presented under "Interest expense" in the parent company statements of comprehensive income.

On November 26, 2025, the Parent Company entered into a term loan facility agreement amounting to ₱3.0 billion to refinance the maturing loan obligation and other general corporate purposes, including but not limited to, capital expenditures for investments in power and water infrastructure projects. On January 23, 2026, the Parent Company drew ₱1.2 billion from the facility. The loan bears interest at 5.49% per annum for the first year, and thereafter, at a variable rate based on prevailing market rates. The loan is payable over a period of three (3) years and is unsecured.

14. Related Party Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

In the normal course of business, the Parent Company enters into transactions with related parties principally consisting of the following:

		2025			
		Outstanding Balance			
Category	Volume	Receivable	Payable	Terms	Conditions
Subsidiaries					
Dividend income (see Note 9):					
VEC	**₱435,379,087**	**₱ –**	**₱ –**	**15-30 days; noninterest-bearing**	**Unsecured**
Management and service fees income (see Note 14a):					
VEC	**123,979,100**	**125,012,159**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
VIHI	**53,252,215**	**4,970,207**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
HDFE	**840,000**	**135,800**	**–**	**15-30 days; noninterest-bearing**	**Unsecured**
VSSC	**399,890**	**447,877**	**–**	**15-30 days; noninterest-bearing**	**Unsecured**
SIAEC	**177,240**	**194,694**	**–**	**15-30 days; noninterest-bearing**	**Unsecured**
Delta P	**38,500**	**533,620**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
Service income (see Note 14a):					
VEC	**5,362,564**	**6,195,839**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
VIHI	**4,812,506**	**6,411,223**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
CORE	**1,006,074**	**443,743**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
NMCWC	**193,566**	**–**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
IMCC	**156,932**	**390,666**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
INPC	**130,078**	**1,827,772**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
SGPDC	**129,239**	**100,166**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
SIAEC	**37,161**	**44,133**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
VRVC	**147,962**	**122,058**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
MPI	**34,424**	**–**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
HDFE	**28,529**	**31,446**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
Delta P	**13,450**	**4,397,249**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
1590 EC	**2,059**	**31,554**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
CSSC	**–**	**2,704,021**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
BPC	**–**	**950,256**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
NBPC	**–**	**873,567**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
VMHI	**–**	**154,311**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
LPEC	**–**	**104,833**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
CIPC	**–**	**32,832**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
PPWRLC	**–**	**6,237**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**

(Forward)

	2025				
		Outstanding Balance			
Category	Volume	Receivable	Payable	Terms	Conditions
Rental income (see Note14f):					
VEC	₱4,185,329	₱5,344,665	₱–	15-30 days; noninterest-bearing	Unsecured; no impairment
VIHI	1,544,586	1,972,436	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Advances (see Note 14b):					
IMCC	–	501,374,908	–	Within one year; 9.08%-10.82% interest	Unsecured; no impairment
BIWSC	–	70,000,000	–	Within one year; 10.82% interest	Unsecured; no impairment
VIHI	307,487,016	511,029,370	1,183,914	15-30 days; noninterest-bearing	Unsecured; no impairment
VEC	1,143,221	5,505,344	2,471,413	15-30 days; noninterest-bearing	Unsecured; no impairment
HDFE	353,319	391,729	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SGPDC	182,747	9,928,192	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SIAEC	54,371	88,839	–	15-30 days; noninterest-bearing	Unsecured; no impairment
BIWSC	40,879	43,379	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CORE	29,276	242,383	10,105	15-30 days; noninterest-bearing	Unsecured; no impairment
1590 EC	22,949	46,561	–	15-30 days; noninterest-bearing	Unsecured; no impairment
IERC	10,264	12,624	–	15-30 days; noninterest-bearing	Unsecured; no impairment
MPI	9,671	9,671	–	15-30 days; noninterest-bearing	Unsecured; no impairment
BPC	2,971	88,438	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CIPC	2,185	31,583	–	15-30 days; noninterest-bearing	Unsecured; no impairment
LPEC	1,265	2,319	1,265	15-30 days; noninterest-bearing	Unsecured; no impairment
VSAC	169	139	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VMHI	55	55	–	15-30 days; noninterest-bearing	Unsecured; no impairment
IMCC	–	568,269,271	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Delta P	–	425,636	–	15-30 days; noninterest-bearing	Unsecured; no impairment
INPC	–	183,357	6	15-30 days; noninterest-bearing	Unsecured; no impairment
VRVC	136,810	135,379	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CSSC (Formerly ETEI)	–	9,505	–	15-30 days; noninterest-bearing	Unsecured; no impairment
NBPC	–	20,354	–	15-30 days; noninterest-bearing	Unsecured; no impairment
OSAC	–	2,500	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VVAC	–	2,500	–	15-30 days; noninterest-bearing	Unsecured; no impairment
AEC	–	1,443	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SCEC	–	1,443	–	15-30 days; noninterest-bearing	Unsecured; no impairment
API	–	1,443	–	15-30 days; noninterest-bearing	Unsecured; no impairment
BEC	–	1,443	–	15-30 days; noninterest-bearing	Unsecured; no impairment

(Forward)

Category	Volume	Outstanding Balance Receivable	Payable	Terms	Conditions
		2025			
SEGC	**₱–**	**₱1,443**	**₱–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
CREC	**–**	**258**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
Interest income on advances (see Note 14b)					
IMCC	**33,056,030**	**32,064,349**	**–**	**On Demand**	**Unsecured; no impairment**
BIWSC	**3,639,728**	**3,530,536**	**–**	**On Demand**	**Unsecured; no impairment**
Transferred pension obligations (see Note 14c)					
VIHI	**557,381**	**903,924**	**2,169,263**	**On Demand; noninterest-bearing**	**Unsecured**
VEC	**120,365**	**435,185**	**13,945,079**	**On Demand; noninterest-bearing**	**Unsecured**
CORE	**349,609**	**–**	**349,609**	**On Demand; noninterest-bearing**	**Unsecured**
Lease liabilities (see Note 14d)					
SGPDC	**686,532**	**–**	**5,482,394**	**15-30 days; noninterest-bearing**	**Unsecured**
Associates					
Dividend income (see Note 9)					
VECO	**1,045,513,546**	**–**	**–**	**15-30 days; noninterest-bearing**	**Unsecured**
Advances (see Note 14b):					
GLEDC	**–**	**30,609**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
LPCI	**–**	**300**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
Service income (see Note 14a):					
GLEDC	**–**	**25,101**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
VECO	**–**	**616**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
Advances (see Note 14b)					
Shareholder	**–**	**42,676**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**

Category	Volume	Outstanding Balance Receivable	Payable	Terms	Conditions
		2024			
Subsidiaries					
Dividend income (see Note 9):					
VEC	₱209,955,400	₱–	₱–	15-30 days; noninterest-bearing	Unsecured
Management and service fees income (see Note 14a):					
VEC	123,979,100	11,374,651		15-30 days; noninterest-bearing	Unsecured; no impairment
VIHI	53,252,215	24,224,451	–	15-30 days; noninterest-bearing	Unsecured; no impairment
HDFE	840,000	67,900	–	15-30 days; noninterest-bearing	Unsecured
Delta P	–	491,270	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Service income (see Note 14a):					
VEC	3,181,383	4,279,901	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VIHI	2,443,527	1,949,876	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CORE	445,242	339,433	–	15-30 days; noninterest-bearing	Unsecured; no impairment

(Forward)

	2024				
		Outstanding Balance			
Category	Volume	Receivable	Payable	Terms	Conditions
SGPDC	₱437,670	₱481,437	₱–	15-30 days; noninterest-bearing	Unsecured; no impairment
VHHI	322,089	360,740	125,563	15-30 days; noninterest-bearing	Unsecured; no impairment
INPC	267,949	1,873,180	–	15-30 days; noninterest-bearing	Unsecured; no impairment
NMCWC	259,265	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VRVC	197,330	217,063	–	15-30 days; noninterest-bearing	Unsecured; no impairment
HDFE	172,000	189,200	–	15-30 days; noninterest-bearing	Unsecured; no impairment
MPI	157,234	149,511	–	15-30 days; noninterest-bearing	Unsecured; no impairment
IMCC	148,509	539,483	–	15-30 days; noninterest-bearing	Unsecured; no impairment
BPC	33,137	970,056	–	15-30 days; noninterest-bearing	Unsecured; no impairment
NBPC	18,000	893,367	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CIPC	80,954	107,632	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Delta P	53,919	4,383,893	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SIAEC	1,474	2,513	–	15-30 days; noninterest-bearing	Unsecured; no impairment
PPWRLC	5,670	6,237	–	15-30 days; noninterest-bearing	Unsecured; no impairment
1590 EC	92	29,289	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CSSC	–	2,704,021	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VMHI	–	154,311	–	15-30 days; noninterest-bearing	Unsecured; no impairment
LPEC	–	104,833	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Advances (see Note 14b):					
IMCC	205,476,259	501,374,908	–	Within one year; 9.08%-10.82% interest	Unsecured; no impairment
BIWSC	70,000,000	70,000,000	–	Within one year; 10.82% interest	Unsecured; no impairment
VEC	706,799	4,342,945	3,288,638	15-30 days; noninterest-bearing	Unsecured; no impairment
HDFE	237,636	297,006	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VIHI	116,520	203,581,938	822,790	15-30 days; noninterest-bearing	Unsecured; no impairment
IMCC	6,200	568,274,941	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CORE	29,057	214,157	10,105	15-30 days; noninterest-bearing	Unsecured; no impairment
INPC	10,477	183,358	6	15-30 days; noninterest-bearing	Unsecured; no impairment
BPC	21,557	117,462	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Delta P	19,427	425,636	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CIPC	749	31,583	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SGPDC	59	9,923,235	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SIAEC	19,468	34,468	–	15-30 days; noninterest-bearing	Unsecured; no impairment
1590 EC	10,057	23,611	–	15-30 days; noninterest-bearing	Unsecured; no impairment

(Forward)

	2024				
		Outstanding Balance			
Category	Volume	Receivable	Payable	Terms	Conditions
VHHI	~~₱30~~	~~₱30~~	~~₱~~ –	15-30 days; noninterest-bearing	Unsecured; no impairment
VCCI	1,288	1,288	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VTHI	762	762	–	15-30 days; noninterest-bearing	Unsecured; no impairment
NBPC	500	9,282	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CSSC (Formerly ETEI)	30	9,505	–	15-30 days; noninterest-bearing	Unsecured; no impairment
DPHI (Formerly VII)	30	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VIDC	30	30	–	15-30 days; noninterest-bearing	Unsecured; no impairment
NMCWC	30	30	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VREC	290	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
LPEC	30	2,319	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CREC	–	258	–	15-30 days; noninterest-bearing	Unsecured; no impairment
AEC	1,443	1,443	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SCEC	1,443	1,443	–	15-30 days; noninterest-bearing	Unsecured; no impairment
API	1,443	1,443	–	15-30 days; noninterest-bearing	Unsecured; no impairment
BEC	1,443	1,443	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SEGC	1,443	1,443	–	15-30 days; noninterest-bearing	Unsecured; no impairment
MPI	500	500	–	15-30 days; noninterest-bearing	Unsecured; no impairment
BIWSC	2,500	2,500	–	15-30 days; noninterest-bearing	Unsecured; no impairment
WCWSC	2,500	2,500	–	15-30 days; noninterest-bearing	Unsecured; no impairment
IBWC	2,500	2,500	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VVAC	2,500	2,500	–	15-30 days; noninterest-bearing	Unsecured; no impairment
OSAC	2,500	2,500	–	15-30 days; noninterest-bearing	Unsecured; no impairment
IERC	2,360	2,360	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Interest income on advances (see Note 14b)					
IMCC	57,642,453	10,497,589	–	On Demand	Unsecured; no impairment
HDFE	77,980	–	–	On Demand	Unsecured; no impairment
Transferred pension obligations (see Note 14c)					
VEC	200,292	220,175	13,850,434	On Demand; noninterest-bearing	Unsecured
VIHI	754,526	346,543	2,169,263	On Demand; noninterest-bearing	Unsecured
Lease liabilities (see Note 14d)					
SGPDC	433,848	–	3,060,810	15-30 days; noninterest-bearing	Unsecured
Associates					
Dividend income (see Note 9)					
VECO	995,922,474	–	–	15-30 days; noninterest-bearing	Unsecured

(Forward)

		2024			
		Outstanding Balance			
Category	Volume	Receivable	Payable	Terms	Conditions
Advances (see Note 14b):					
GLEDC	₱–	₱30,609	₱s–	15-30 days; noninterest-bearing	Unsecured; no impairment
LPCI	–	300	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Service income (see Note 14a):					
GLEDC	–	25,101	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VECO	–	616	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Advances (see Note 14b)					
Shareholder	–	42,676	–	15-30 days; noninterest-bearing	Unsecured; no impairment

The transactions above are generally settled in cash.

a. Management and service fees and service income from subsidiaries and associates represent compensation for consultancy, management and other related services rendered by the Parent Company and for the use of the Parent Company's facilities in accordance with the terms of the respective agreements with the related parties. Services covered by Service Level Agreements (SLAs) or management contracts are recognized as part of the "Management and service fees" account while those not within the scope of work in the SLAs and rendered to the subsidiaries and associates on irregular basis are recognized as part of the "Service income" account in the parent company statements of comprehensive income.

b. Advances to and from subsidiaries, associates and shareholder pertain to advances for working capital requirements. Advances to shareholder pertains to the life insurance plan advanced by the Parent Company for a member of its BOD.

c. In 2024, the Parent Company acquired pension obligation from VEC and VIHI amounting to ₱0.6 million and released pension obligation to VEC and VIHI amounting to ₱1.1 million, both due to employee transfers. In 2025, the Parent Company acquired pension obligation from VEC and VIHI amounting to ₱0.7 million and released pension obligation to VEC and CORE amounting to ₱0.4 million, both due to employee transfers.

d. In 2017, the Parent Company entered into lease agreements as lessee with SGPDC to lease a parcel of land for a period of seventeen (17) years and four (4) months from September 1, 2017 to December 31, 2034 (see Note 21). On January 15, 2025, an addendum to the lease agreement was executed amending the monthly rental fee to ₱62,412 with a 3-year periodic increase of 5% starting January 2028.

e. On February 14, 2020, the Parent Company entered into an Interim Financing Agreement (IFA) with FLOWS for the development of a combined sewerage and septage facility serving the City of Puerto Princesa. The IFA is for a term of four (4) months or until June 13, 2020 at an interest rate of 5.7810% per annum. On June 13, 2020, the IFA was later extended. On January 13 2023, the Parent Company collected the outstanding receivable of ₱150.0 million and recognized interest income amounting to ₱17.9 million, presented as part of "Other income" in the 2023 statement of comprehensive income.

f. In 2025, the Parent Company entered into a lease agreement as a lessor with VEC and VIHI to lease a portion of an office condominium unit for a period of three (3) years from March 1, 2025 to February 28, 2028 (see Note.21).

The retirement fund (the Fund) of the Parent Company is in the form of a trust being maintained and managed by a trust and investment entity in the Philippines. The Fund, which is invested mostly in fixed income securities, has a carrying amount and fair value of ₱42.6 million and ₱25.0 million as of December 31, 2025 and 2024, respectively (see Note 15).

Compensation and Benefits of Key Management Personnel

The compensation of the Parent Company's key management personnel by benefit type follows:

	2025	2024	2023
Short-term employee benefits	**₱196,412,032**	₱158,210,569	₱129,585,085
Post-employment pension benefits	**18,882,380**	15,233,795	6,447,763
	₱215,294,412	₱173,444,364	₱136,032,848

15. Retirement Plan

The Parent Company has a funded, non-contributory, defined benefit pension plan ("the Plan") covering all regular, permanent employees. The Plan provides lump sum benefits upon a member's normal retirement. The benefits are based on the member's final monthly salary and length of service with the Parent Company.

The Fund is administered by a trust and investment entity in the Philippines under the supervision of a trustee. The trustee is responsible for the investment strategy of the plan.

The existing regulatory framework, Republic Act (RA) 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of pension expense recognized in the parent company statements of comprehensive income and the funded status and amounts recognized in the parent company statements of financial position for the pension plan.

The components of the pension expense recognized under "Salaries and employee benefits" in the parent company statements of comprehensive income follow:

	2025	2024	2023
Current service cost	**₱19,401,417**	₱16,258,066	₱6,326,275
Net interest cost	**7,098,879**	5,302,636	2,022,851
	₱26,500,296	₱21,506,702	₱8,349,126

Remeasurement effects recognized in the parent company statements of comprehensive income follow:

	2025	2024	2023
Remeasurement gain (loss) on defined benefit obligation	**₱3,544,677**	(₱613,025)	(₱59,405,425)
Remeasurement loss on plan assets	**(922,348)**	(1,114,852)	(1,112,806)
	₱2,622,329	(₱1,727,877)	₱(60,518,231)

The Parent Company's pension liability as at December 31 follows:

	2025	2024
Present value of defined benefit obligation	**₱174,927,158**	₱149,615,722
Fair value of plan assets	**(42,595,985)**	(24,990,653)
Pension liability	**₱132,331,173**	₱124,625,069

Changes in the present value of the defined benefit obligation follow:

	2025	2024
At January 1	**₱149,615,722**	₱125,658,446
Current service cost	**19,401,417**	16,258,066
Interest cost on defined benefit obligation	**9,126,559**	7,640,419
Remeasurement loss due to:		
Changes in financial assumptions	**(5,905,817)**	185,623
Experience adjustments	**2,361,140**	427,402
Employee transfers (see Note 14)	**328,137**	(554,234)
At December 31	**₱174,927,158**	₱149,615,722

Changes in the fair value of plan assets are as follows:

	2025	2024
At January 1	**₱24,990,653**	₱23,767,722
Interest income included in net interest cost	**2,027,680**	2,337,783
Loss on return on plan assets	**(922,348)**	(1,114,852)
Actual contribution	**16,500,000**	–
At December 31	**₱42,595,985**	₱24,990,653

Changes in the amounts recognized in the parent company statements of financial position for pension liability follow:

	2025	2024
At January 1	**₱124,625,069**	₱101,890,724
Pension expense	**26,500,296**	21,560,702
Remeasurement gain	**(2,622,329)**	1,727,877
Actual contribution	**(16,500,000)**	–
Employee transfers (see Note 14)	**328,137**	(554,234)
At December 31	**₱132,331,173**	₱124,625,069

The major categories of the plan assets are as follows:

	2025	2024
Government debt securities	**₱41,159,521**	~~₱~~–
Unitized investment trust funds (UITF)	**938,307**	2,269,734
Cash and cash equivalents	**28,116**	294
Equities	–	22,261,961
Others	**470,041**	–
	₱42,595,985	₱24,531,989

The control and administration of the fund vest on the trustee. The trustee shall have the full and complete power and authority to hold, manage, administer, convert, sell, assign, alter, divide, invest, and reinvest the fund without distinction between principal and income, to the same extent and with the same effect as might be lawfully done by persons who own and control property and may thus exercise every power and right with respect to each item of property in this trust authority specified in the agreement and expressly conferred upon it by law.

The overall investment policy and strategy of the Parent Company's defined benefit pension plan is guided by the objective of providing the necessary funding for the benefits payable under the plan and achieving such liquidity as deemed appropriate in the circumstances.

The Parent Company contributed to the fund in March 2025.

The principal assumptions used in determining pension liability obligations for the Parent Company's plan as of December 31 are shown below:

	2025	2024
Discount rate	**6.42%**	6.10%
Future salary increase rate	**10.00%**	10.00%

The sensitivity analysis below has been determined based on reasonable possible changes of the significant assumptions on the present value of the defined benefit obligation as of December 31, assuming all other assumptions were held constant:

	Increase (Decrease)	Increase (Decrease) in the Present Value of Defined Benefit Obligation	
		2025	2024
Discount rate	+100 basis points	**(₱16,942,964)**	(₱15,330,649)
	–100 basis points	**19,606,524**	17,782,439
Future salary increase rate	+100 basis points	**19,360,138**	17,464,711
	–100 basis points	**(17,078,440)**	(15,376,623)

The average duration of the defined benefit obligation at the end of the reporting period is 14.36 years and 14.73 years as of December 31, 2025 and 2024, respectively.

The expected benefit payment assumes that all actuarial assumptions will materialize. Shown below is the maturity analysis of the undiscounted benefit payments as of December 31:

	2025	2024
Less than one year	**₱4,900,829**	₱1,747,641
More than 1 year to 5 years	**31,207,985**	22,617,759
More than 5 years to 10 years	**130,833,181**	102,791,683
More than 10 years to 15 years	**271,927,072**	264,663,774
More than 15 years to 20 years	**199,619,702**	181,160,394
More than 20 years	**592,644,343**	466,799,914
	₱1,231,133,112	₱1,039,781,165

16. Income Tax

	2025	2024	2023
Final (at 20% and 7.5%)	**₱9,385,949**	₱18,891,907	₱12,379,193
Deferred	**(5,776,714)**	1,514,173	2,162,894
Current (MCIT)	**–**	–	1,029,429
	₱3,609,235	₱20,406,080	₱15,571,516

The reconciliation of the income tax expense computed at the statutory tax rate to provision for income tax reported in the parent company statements of comprehensive income follows:

	2025	2024	2023
Income before income tax	**₱1,223,925,525**	₱925,867,095	₱1,010,575,452
Income tax computed at the statutory tax rate	**₱305,981,381**	₱231,466,774	₱252,643,863
Adjustments to income tax resulting from:			
Nontaxable dividend income	**(370,223,158)**	(301,469,469)	(249,018,915)
Unrecognized deferred income tax assets on NOLCO and MCIT	**105,469,257**	87,687,043	16,893,676
Interest income subjected to final tax	**(13,061,934)**	(21,205,074)	(14,523,934)
Final taxes paid	**9,385,949**	18,891,907	12,379,193
Unrecognized deferred income tax asset on lease liabilities	**(1,980,810)**	8,127,594	4,824,010
Nontaxable gains	**(35,440,062)**	(6,804,841)	(11,435,287)
Nondeductible expenses	**3,478,612**	3,712,146	3,808,910
	₱3,609,235	₱20,406,080	₱15,571,516

The components of the Parent Company's net deferred income tax assets as of December 31 are as follows:

	2025	2024
Recognized in profit or loss:		
Deferred income tax assets on:		
Pension liability	**₱25,690,510**	₱23,108,402
Allowance for impairment losses	**11,602,774**	11,602,774
Net acquired and transferred obligation due to employee transfers	**3,781,210**	3,863,245
Unrealized foreign exchange loss	**70,142**	70,142
	41,144,636	38,644,563
Deferred income tax liabilities on:		
Unrealized foreign exchange gain	**11,480,644**	11,444,873
Right-of-use assets	**10,970,794**	12,951,604
Unamortized debt issue costs	**–**	1,331,602
	22,451,438	25,728,079
Recognized in other comprehensive income:		
Deferred income tax asset on pension liability	**14,297,162**	14,952,743
Deferred income liability on unrealized valuation gain of financial assets at FVOCI	**(645,000)**	(645,000)
	13,652,162	14,307,743
Net deferred income tax assets	**₱32,345,360**	₱27,224,227

In 2025 and 2024, the Parent Company has deductible temporary differences and tax credits for which the deferred tax assets have not been recognized since management believes that no sufficient taxable income will be available in the year these are expected to be reversed, settled or realized. These unrecognized deductible temporary differences and tax credits follow:

	2025	2024
NOLCO	**₱1,137,947,829**	₱1,412,035,089
MCIT	**1,029,429**	1,029,429

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 to implement Section 4(bbbb) of RA No. 11494, otherwise known as "Bayanihan to Recover as One Act". This RR provides that the net operating loss of the business or enterprise for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2025, the Parent Company has incurred NOLCO after taxable year 2021 which can be claimed as deductions from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Expiry Date	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2022	2025	₱341,567,594	~~₱–~~	₱341,567,594	~~₱–~~	~~₱–~~
2023	2026	63,456,989	–	–	–	63,456,989
2024	2027	350,748,173	–	–	–	350,748,173
2025	2028	421,877,026	–	–	–	421,877,026
		₱1,177,649,782	~~₱–~~	₱341,567,594	~~₱–~~	₱836,082,188

As of December 31, 2025, the Parent Company has incurred NOLCO in taxable years 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover as One Act, as follows:

Year Incurred	Expiry Date	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2020	2025	₱354,396,692	₱–	₱354,396,692	₱–	₱–
2021	2026	301,865,641	–	–	–	301,865,641
		₱656,262,333	₱–	₱354,396,692	₱–	₱301,865,641

As of December 31, 2025 and 2024, the Parent Company did not recognize deferred income tax assets on NOLCO because management believes that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

As at December 31, 2025, the Parent Company has MCIT which can be claimed as a deduction against the Parent Company's RCIT due for the next three (3) consecutive taxable years, as follows:

Year Incurred	Expiry Date	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2023	2026	₱1,029,429	₱–	₱–	₱–	₱1,029,429

17. Equity

Capital Stock

There were no changes in the Parent Company's authorized, issued and outstanding common shares as of December 31, 2025 and 2024.

Authorized capital stock - ₱1 par value	2,000,000,000
Issued and outstanding shares	1,023,456,698
Unissued shares	976,543,302

The Parent Company's issued capital stock originally consists of 224,880,067 common shares and 600,000,000 preferred shares that were listed in the Philippine Stock Exchange (PSE) since 2003 and 198,576,631 preferred shares that were approved for listing by the PSE on June 29, 2004. In June 2005, the SEC approved the amendment to Article VII that relates to the conversion of the Parent Company's preferred shares to common shares. As of December 31, 2025 and 2024, the Parent Company's issued capital stock all consists of common shares.

The Parent Company has 1,398 stockholders as of December 31, 2025, 1,404 stockholders as of December 31, 2024, and 1,406 stockholders as of December 31, 2023, and has complied with the Minimum Public Ownership requirement of the PSE for listed entities as of the same dates.

Appropriation of Retained Earnings for Business Expansion

In the BOD meeting held on November 11, 2022, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.3 billion to be used for the investment in the on-going and new infrastructure projects in the Visayas, and new power generation projects in Luzon and the Visayas starting in 2023. This increased the total appropriation for the said projects to ₱6.8 billion as of December 31, 2022.

Out of the 2022 retained earnings appropriation, the Parent Company made additional investments of ₱1.9 billion in 2023 for the said projects, which amount was then reverted to unappropriated retained earnings in 2023.

In a BOD meeting held on November 24, 2023, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱4.9 billion to provide appropriations for the investment on the solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.4 billion to be used for the investment in the ongoing new infrastructure projects in the Visayas and new power generation projects in Luzon and the Visayas, and a new real estate project in the Visayas starting in 2024.

Out of the 2023 retained earnings appropriation, the Parent Company made additional investments of ₱1.4 billion in 2024 on the infrastructure projects in the Visayas, power generation projects in Luzon, the Visayas and Mindanao, which amount was then reverted to unappropriated retained earnings in 2024.

In a BOD meeting held on December 23, 2024, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱6.0 billion to provide appropriations for the investment on the solar installation projects in Luzon and the Visayas, infrastructure projects in the Visayas and the real estate project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱1.8 billion to be used for the investment in the ongoing expansion of power generation project in Luzon, solar generation projects in Luzon and the Visayas, and the working capital requirements of a wholly owned subsidiary starting in 2025.

Out of the 2024 retained earnings appropriation, the Parent Company has made additional investments of ₱2.4 billion in 2025 on the infrastructure project in the Visayas, power generation projects in the Luzon and Visayas, which was then reverted to unappropriated earnings in 2025.

In a BOD meeting held on November 21, 2025, the BOD has determined that the Parent Company's operations require to continue the existing appropriations amounting to ₱5.4 billion to provide appropriations for investment on the solar installation projects in Luzon and the Visayas, infrastructure projects in the Visayas and a real estate project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.9 billion to be used for the investment of ongoing power generation projects in Luzon and the Visayas, solar generation projects in Luzon and the Visayas, and the Parent Company's digital transformation initiatives starting in 2026.

Dividends

The BOD declared cash dividends to its stockholders as follows:

	2025	2024	2023
Date of declaration	**May 27, 2025**	May 24, 2024	May 18, 2023
Date of record	**June 10, 2025**	June 7, 2024	June 1, 2023
Date of payment	**June 18, 2025**	June 21, 2024	June 16, 2023
Regular dividends declared	**₱588,754,593**	₱571,088,839	₱398,841,075
Dividends per share	**₱0.5753**	₱0.5580	₱0.3897

Earnings per Share

The earnings per share as of December 31 are computed as follows:

	2025	2024	2023
Net income for the year	**₱1,220,316,290**	₱905,461,015	₱995,003,936
Number of outstanding common shares	**1,023,456,698**	1,023,456,698	1,023,456,698
Basic and diluted earnings per share	**₱1.192**	₱0.885	₱0.972

There are no potential dilutive shares as of December 31, 2025 and 2024.

18. Personnel Expenses

	2025	2024	2023
Salaries and employee benefits	**₱354,623,139**	₱280,882,289	₱209,732,716
Pension expense (see Note 15)	**26,500,296**	21,560,702	8,349,126
	₱381,123,435	₱302,442,991	₱218,081,842

19. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, financial assets at FVOCI, trade and other current liabilities, lease liabilities and notes payable. The main purpose of these financial instruments is to raise funds for the Parent Company's operations.

The main risks arising from the Parent Company's financial instruments are credit risk and liquidity risk. The BOD reviews and agrees policies for managing each of these risks and these policies are summarized below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Parent Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. With respect to cash investments, the risk is mitigated by the short-term and/or liquid nature of its investments mainly in bank deposits and placements, which are placed with financial institutions of high credit standing.

Receivable balances are actively monitored on an ongoing basis and acted upon regularly to avoid significant concentrations of credit risk. The maximum exposure to credit risk, net of allowance for doubtful accounts, amounted to ₱2,749.8 million and ₱2,665.8 million as of December 31, 2025 and 2024, respectively.

There are no significant concentrations of credit risk within the Parent Company.

The Parent Company writes off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The Parent Company writes off an account when all of the following conditions are met:

- the asset is in past due for over 90 days, or is already an item-for-forfeiture; and
- contract restructuring is no longer possible.

The Parent Company may also write off financial assets that are still subject to enforcement activity.

The following are the details of the Parent Company's assessment of credit quality and the related ECLs as of December 31, 2025 and 2024:

- *General Approach*
  - *Cash and Cash Equivalents and Accrued Interest Receivable.* As of December 31, 2025 and 2024, the ECL relating to the cash and cash equivalents and accrued interest receivable of the Parent Company is minimal as these are deposited in reputable banks which have good bank standing and are considered to have low credit risk.
  - *Advances to Related Parties, Advances to Employees and Dividends Receivable.* The Parent Company did not recognize ECL relating to advances to related parties, advances to employees and dividends receivable since there were no history of default payments, except for the receivable from RFM Corporation, which is specifically and fully provided with allowance for impairment amounting to ₱46.1 million as of December 31, 2025 and 2024 (see Note 11). This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.
- *Simplified Approach*
  - *Trade and Other Receivables.* The Parent Company applied the simplified approach under PFRS 9, using a 'provision matrix'. As of December 31, 2025 and 2024, the allowance for impairment losses as a result from performing collective and specific impairment test amounted to ₱2.4 million. Management evaluated that the Parent Company's accounts and other receivables are of high grade and of good credit quality.

The tables below show the maximum exposure to credit risk based on the Parent Company's stage classification as of December 31:

	2025				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Lifetime ECL Simplified Approach**	**Total**
Gross carrying amount	**₱2,532,363,813**	**₱–**	**₱46,078,063**	**₱219,885,448**	**₱2,798,327,324**
Loss allowance	**–**	**–**	**(46,078,063)**	**(2,419,972)**	**(48,498,035)**
Carrying amount	**₱2,532,363,813**	**₱–**	**₱–**	**₱217,465,476**	**₱2,749,829,289**

	2024				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱2,576,924,554	₱–	₱46,078,063	₱91,317,784	₱2,714,320,401
Loss allowance	–	–	(46,078,063)	(2,419,972)	(48,498,035)
Carrying amount	₱2,576,924,554	₱–	₱–	₱88,897,812	₱2,665,822,366

As at December 31, the aging analysis per class of financial assets is as follows:

	2025						
	Neither	Past Due but not Impaired					
	Past Due nor Impaired	Less than 30 Days	31−60 Days	61−90 Days	Over 90 Days	Impaired	Total
Financial Assets at Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	**₱858,208,810**	**₱ –**	**₱ –**	**₱ –**	**₱ –**	**₱ –**	**₱858,208,810**
Trade and other receivables:							
Trade receivables	**–**	**24,405,769**	**263,350**	**97,908**	**119,207,336**	**–**	**143,974,363**
Advances to related parties	**–**	**624,965**	**72,638**	**183,788**	**1,667,022,373**	**–**	**1,667,903,764**
Accrued interest receivable	**6,251,239**	**–**	**–**	**–**	**–**	**–**	**6,251,239**
Loans receivable	**–**	**–**	**–**	**–**	**11,666,667**	**–**	**11,666,667**
Others	**–**	**3,707,527**	**1,268,087**	**3,406,489**	**53,442,343**	**2,419,972**	**64,244,418**
Due from RFM Corporation (under "Other noncurrent assets")	**–**	**–**	**–**	**–**	**–**	**46,078,063**	**46,078,063**
Financial Assets at Amortized Cost	**₱864,460,049**	**₱28,738,261**	**₱1,604,075**	**₱3,688,185**	**₱1,851,338,719**	**₱48,498,035**	**₱2,798,327,324**

	2024						
	Neither	Past Due but not Impaired					
	Past Due nor Impaired	Less than 30 Days	31−60 Days	61−90 Days	Over 90 Days	Impaired	Total
Financial Assets at Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	₱1,208,019,623	₱ –	₱ –	₱ –	₱ –	₱ –	₱1,208,019,623
Trade and other receivables:							
Trade receivables	–	17,387,833	4,970,207	4,970,207	11,531,429	–	38,859,676
Advances to related parties	–	903,208	68,033	70,150,739	1,287,822,932	–	1,358,944,912
Accrued interest receivable	9,960,019	–	–	–	–	–	9,960,019
Others	–	13,518,023	802,674	1,205,614	15,345,158	2,419,972	33,291,441
Loans receivable (under "Other noncurrent assets")	–	19,166,667	–	–	–	–	19,166,667
Due from RFM Corporation (under "Other noncurrent assets")	–	–	–	–	–	46,078,063	46,078,063
Financial Assets at Amortized Cost	₱1,217,979,642	₱50,975,731	₱5,840,914	₱76,326,560	₱1,314,699,519	₱48,498,035	₱2,714,320,401

Liquidity Risk

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

The Parent Company maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements and the Parent Company's trade receivables are maintained to meet maturing obligations. The Parent Company, in general, matches the appropriate long-term funding instruments with the general nature of its equity instruments.

The following tables summarize the Parent Company's financial assets that can be used to manage its liquidity risk and the maturity profile of the Parent Company's financial liabilities based on contractual undiscounted payments as at December 31:

	2025			
	Contractual Undiscounted Payments			
	Total	**On Demand**	**Less than 1 Year**	**More than 1 Year**
Financial Assets				
At amortized cost:				
Cash and cash equivalents	**₱858,483,810**	**₱22,122,724**	**₱836,361,086**	**₱–**
Trade and other receivables:				
Trade receivables	**143,974,363**	**–**	**143,974,363**	**–**
Advances to related parties	**1,667,903,764**	**–**	**1,667,903,765**	**–**
Loans receivable	**11,666,667**	**–**	**11,666,667**	**–**
Accrued interest receivable	**6,251,239**	**–**	**6,251,239**	**–**
Others	**61,824,446**	**–**	**61,824,446**	**–**
At FVOCI	**8,000,000**	**–**	**–**	**8,000,000**
	2,758,104,289	**22,122,724**	**2,727,981,566**	**8,000,000**
Financial Liabilities				
At amortized cost:				
Notes payable*	**1,805,805,000**	**–**	**1,805,805,000**	**–**
Lease liabilities	**54,117,136**	**–**	**12,116,535**	**42,000,601**
Accrued interest	**12,290,079**	**–**	**12,290,079**	**–**
Accounts payable, accrued expenses and advances from related parties	**37,136,722**	**–**	**37,136,722**	**–**
Dividends payable	**7,313,131**	**–**	**7,313,131**	**–**
	1,916,662,068	**–**	**1,874,661,467**	**42,000,601**
Net Financial Assets (Liabilities)	**₱841,442,221**	**₱22,122,724**	**₱853,320,099**	**(₱34,000,601)**

**Including contractual interest to maturity*

	2024			
	Contractual Undiscounted Payments			
	Total	On Demand	Less than 1 Year	More than 1 Year
Financial Assets				
At amortized cost:				
Cash and cash equivalents	₱1,208,294,623	₱18,747,926	₱1,189,546,697	₱–
Trade and other receivables:				
Trade receivables	38,859,676	–	38,859,676	–
Advances to related parties	1,358,944,912	–	1,358,944,912	–
Accrued interest receivable	9,960,019	–	9,960,019	–
Others	30,871,469	–	30,871,469	–
Loans receivable (under "Other noncurrent assets")	19,166,667	–	19,166,667	–
At FVOCI	8,000,000	–	–	8,000,000
	2,674,097,366	18,747,926	2,647,349,440	8,000,000
Financial Liabilities				
At amortized cost:				
Notes payable*	1,933,366,250	–	127,561,250	1,805,805,000
Lease liabilities	62,448,256	–	11,292,420	51,155,836
Accrued interest	12,615,769	–	12,615,769	–
Accounts payable, accrued expenses and advances from related parties	126,491,577	–	126,491,577	–
Dividends payable	6,446,873	–	6,446,873	–
	2,141,368,725	–	284,407,889	1,856,960,836
Net Financial Assets (Liabilities)	₱532,728,641	₱18,747,926	₱2,362,941,551	(₱1,848,960,836)

**Including contractual interest to maturity*

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

Fair Value Hierarchy

The Parent Company uses the following hierarchy for determining the fair value of assets and liabilities:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Parent Company's financial assets at FVOCI is carried at fair value classified under Level 2 as at December 31, 2025 and 2024, since its fair value was measured based on published buying and selling prices in a relatively inactive market, and no significant adjustments were made to market observations due to the relatively nonvolatile movements in historical prices of the said club shares (see Note 11).

As of December 31, 2025 and 2024, the carrying values of the Parent Company's financial instruments, except for the notes payable, approximate fair values due to their relatively short-term maturity.

The Parent Company considers the notes payable with fair value of ₱1.8 billion as of December 31, 2025 and 2024, respectively, under Level 3 classification. The carrying amount of these notes payable amounted to ₱1.8 billion as of December 31, 2025 and 2024.

For the years ended December 31, 2025, 2024 and 2023, there were no changes in the valuation techniques used in the Level 2 and Level 3 fair value measurements.

For the years ended December 31, 2025, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

Valuation Techniques Used to Derive Level 3 Fair Values

The following table shows an analysis of the Parent Company's long-term notes payable for which fair values are disclosed at Level 3 of the fair value hierarchy as at December 31:

Description	Fair Value	Valuation Technique	Key Unobservable Inputs	Rate
Notes payable:				
2025	**₱1,797,367,247**	**Discounted Cash Flow Approach**	**Risk-free interest rate**	**6.44%**
2024	1,791,321,755	Discounted Cash Flow Approach	Risk-free interest rate	7.08%–7.62% (7.59%)

Capital Management

The Parent Company considers its total equity as its capital. The primary objective of the Parent Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for the years ended December 31, 2025, 2024 and 2023.

The Parent Company is required to maintain a minimum current ratio and maximum debt-to-equity ratio as part of its covenants on its notes payable. The Parent Company has complied with these ratio requirements as of December 31, 2025 and 2024 (see Note 13). The Parent Company is also subject to Minimum Public Ownership requirement of the PSE. As of December 31, 2025 and 2024, the Parent Company has complied with the requirement. The Parent Company is not subject to other externally imposed capital requirements (see Note 17).

The Parent Company monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Parent Company determines net debt as notes payable less cash and cash equivalents.

Gearing ratios of the Parent Company as at December 31 are as follows:

	2025	2024
Notes payable	**₱1,800,000,000**	₱1,844,673,593
Less cash and cash equivalents	**858,483,810**	1,208,294,623
Net debt (a)	**941,516,190**	636,378,970
Equity	**10,406,703,291**	9,773,174,847
Equity and net debt(b)	**₱11,348,219,481**	₱10,409,553,817
Gearing ratio (a/b)	**0.08:1.00**	0.06:1.00

20. **Changes in Liabilities Arising from Financing Activities**

	2025			
	Notes Payable	**Dividends Payable**	**Lease Liabilities**	**Total Liabilities from Financing Activities**
At January 1	**₱1,844,673,593**	**₱6,446,873**	**₱52,726,756**	**₱1,903,847,222**
Net cash flows	**(50,000,000)**	**(587,888,335)**	**(8,498,717)**	**(646,387,052)**
Noncash changes:				
Amortization of debt issue costs	**5,326,407**	**–**	**–**	**5,326,407**
Dividends declared	**–**	**588,754,593**	**–**	**588,754,593**
Additions	**–**	**–**	**2,780,535**	**2,780,535**
At December 31	**₱1,800,000,000**	**₱7,313,131**	**₱47,008,574**	**₱1,854,321,705**

	2024			
	Notes Payable	Dividends Payable	Lease Liabilities	Total Liabilities from Financing Activities
At January 1	₱1,889,818,383	₱5,590,933	₱21,570,527	₱1,916,979,843
Net cash flows	(50,000,000)	(570,232,899)	(16,908,821)	(637,141,720)
Noncash changes:				
Amortization of debt issue costs	4,855,210	–	–	4,855,210
Dividends declared	–	571,088,839	–	571,088,839
Additions	–	–	48,065,050	48,065,050
At December 31	₱1,844,673,593	₱6,446,873	₱52,726,756	₱1,903,847,222

	2023			
	Notes Payable	Dividends Payable	Lease Liabilities	Total Liabilities from Financing Activities
At January 1	₱2,934,581,579	₱5,014,686	₱26,813,448	₱2,966,409,713
Net cash flows	(1,050,000,000)	(398,264,828)	(15,748,226)	(1,464,013,054)
Noncash changes:				
Amortization of debt issue costs	5,236,804	–	–	5,236,804
Dividends declared	–	398,841,075	–	398,841,075
Modifications	–	–	10,505,305	10,505,305
At December 31	₱1,889,818,383	₱5,590,933	₱21,570,527	₱1,916,979,843

21. Lease Agreements

- The Parent Company has lease contracts for various items of land and office space used in its operations. Lease of land has a lease term of 17 years, while office space generally has lease terms between 2 and 5 years. In January 2025, the Parent Company agreed to modify the lease contract of land which increased the monthly rate (see Note 14).

- In 2023, the Parent Company extended the lease for its office space for one (1) year. In November 2024, this office lease term expired and was subsequently extended for two months. Additionally, in 2024, the Parent Company renewed the lease contract for one office space for five (5) years.

- In 2023, the Parent Company also entered in a lease contract for a transportation vehicle for a term of five (5) years.

- In 2025, the Parent Company entered in a lease contract as a lessor for an office space with a lease term of 3 years (see Note 14).

Generally, the Parent Company is restricted from assigning or subleasing the leased assets. The Parent Company identified these as leases under PFRS 16.

Set out below are the carrying amounts of the Parent Company's right-of-use assets and lease liabilities and the movements for the years ended December 31:

	2025				
	Right-of-use Assets				
	Land	**Office Space**	**Vehicle**	**Total**	**Lease Liabilities**
As at January 1, 2025	**₱2,314,144**	**₱47,263,967**	**₱2,228,305**	**₱51,806,416**	**₱52,726,756**
Additions	**2,780,535**	**–**	**–**	**2,780,536**	**2,780,535**
Depreciation expense	**(509,468)**	**(9,613,010)**	**(581,297)**	**(10,703,775)**	**–**
Interest expense	**–**	**–**	**–**	**–**	**3,108,798**
Payments	**–**	**–**	**–**	**–**	**(11,607,515)**
As at December 31, 2025	**₱4,585,211**	**₱37,650,957**	**₱1,647,008**	**₱43,883,177**	**₱47,008,574**

	2024				
	Right-of-use Assets				
	Land	Office Space	Vehicle	Total	Lease Liabilities
As at January 1, 2024	₱2,545,559	₱13,940,882	₱2,809,601	₱19,296,042	₱21,570,527
Additions	–	48,065,048	–	48,065,048	48,065,050
Depreciation expense	(231,415)	(14,741,963)	(581,296)	(15,554,674)	–
Interest expense	–	–	–	–	1,062,147
Payments	–	–	–	–	(17,970,968)
As at December 31, 2024	₱2,314,144	₱47,263,967	₱2,228,305	₱51,806,416	₱52,726,756

As of December 31, 2025 and 2024, current portion of lease liabilities recognized in the parent company statements of financial position amounted to ₱9.4 million and ₱8.2 million, respectively, and noncurrent portion of lease liabilities amounted to ₱37.6 million and ₱44.5 million, respectively.

Set out below are the amounts recognized in the statements of comprehensive income for the years ended December 31:

	2025	2024
Depreciation expense of right-of-use assets	**₱10,703,775**	₱15,554,674
Interest expense on lease liabilities	**3,108,798**	1,062,147
Rent expense - short-term leases	**2,379,163**	1,355,554
	₱16,191,736	₱17,972,375

Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

	2025	2024
1 year	**₱12,116,535**	₱11,292,420
more than 1 year to 2 years	**12,651,005**	11,801,439
more than 2 years to 3 years	**13,136,617**	12,357,602
more than 3 years to 5 years	**12,868,851**	24,557,375
more than 5 years	**3,344,128**	2,439,420
	₱54,117,136	₱62,448,256

22. Supplementary Information Required under Revenue Regulations 15-2010

In compliance with the requirements set forth by the RR 15-2010, hereunder are the information on taxes, duties, and license fees paid or accrued by the Parent Company in 2025:

Details of the Parent Company's net sales, output VAT and input VAT accounts are as follows:

Value-Added Tax (VAT)

Output VAT. The Parent Company is a VAT-registered company. The Parent Company's sources of revenue are management and service fees and service income from subsidiaries and associates. The VAT rate is 12.0%.

Net sales/receipts and output VAT declared in the Parent Company's VAT returns:

	Net Sales/ Receipts	Output VAT
Net sales	₱273,193,438	₱32,783,213

Input VAT. The Parent Company recognized input VAT for the purchases of goods and services from other VAT-registered individuals or corporations in 2025 amounting to ₱294,777,134.

Total input VAT available for application as of December 31, 2025 is as follows:

At January 1:	
Input VAT	₱26,435,197
Deferred input VAT on capital goods	423,332
Beginning balance per VAT return	26,858,529
Current year's domestic purchases or payments for:	
Purchase of services	21,326,399
Capital goods	12,382,843
Goods other than capital goods	1,664,014
Input VAT from capital goods not yet amortized	(80,298)
Total available input tax	62,151,487
Claims against output VAT	(32,783,213)
Balance at December 31, 2025 (Per Return)	29,368,274
Deferred Input VAT on Capital Goods, end	80,298
Deferred input VAT	119,074
Balance at December 31, 2025 (Per AFS)	₱29,567,646

Customs Duties
The Parent Company does not engage in import/export transactions, hence, no customs duties were paid or recorded during the year.

Excise Tax
The Parent Company does not engage in transactions that will give rise to payment of excise taxes.

Documentary Stamp Tax
Documentary stamp tax paid during the year are as follows:

Related parties transactions	₱6,591
Others	354,100
	₱360,691

Others pertain to telegraphic transfer from bank transactions, insurance-related and other transactions entered during the year.

Other Taxes and Licenses
Other taxes paid during the year are as follows:

Business permit	₱2,019,845
Fringe benefit tax	1,641,804
Real property tax	908,073
Community tax	31,510
Others	317,749
	₱4,918,981

Withholding Taxes
The amount of taxes withheld in 2025 follows:

Withholding taxes on compensation and benefits	₱70,813,511
Expanded withholding taxes	18,493,761
Final withholding taxes	607,882
	₱89,915,154

Tax Assessments and Cases
As of December 31, 2025, the Parent Company has no outstanding final assessment notice from the BIR, nor does it have any pending tax cases outside the administration of the BIR.

VIVANT CORPORATION

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2025

Items		Amount
Unappropriated Retained Earnings, Beginning		**₱889,821,431**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	2,387,797,498	
Effect of restatements or prior-period adjustments	—	
Others	—	2,387,797,498
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	588,754,594	
Retained Earnings appropriated during the reporting period	2,920,029,807	
Effect of restatements or prior-period adjustments	—	
Others	—	3,508,784,401
Unappropriated Retained Earnings, as adjusted		**(231,165,472)**
Add/Less: Net Income for the current year		**1,220,316,290**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Unrealized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	(141,760,245)	
Subtotal		**(141,760,245)**
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	—
Subtotal		—

(Forward)

Items		Amount
Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	₱—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	—
Subtotal		—
Adjusted Net Income/Loss		
Add: Category D: Non-actual loss recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	—	
Subtotal		—
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	—	
Total amount of reporting relief granted during the year	—	
Others	—	
		—
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	—	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(2,500,073)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	—	
Adjustment due to deviation from PFRS/GAAP – gain(loss)	—	
Others	—	
Subtotal		(2,500,073)
TOTAL RETAINED EARNINGS, END OF THE YEAR FOR DIVIDEND DECLARATION		**₱844,890,500**

File Upload



All files successfully uploaded

Transaction Code:
AFS-0-FKHHGE80NWYSVQZ2PPMVR4NT0CB7FL85B

Submission Date/Time:
Mar 28, 2026 10:29 AM

Back To Upload

VIVANT

VVT Group Tax <vvtgroup_tax@vivant.com.ph>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Sat, Mar 28, 2026 at 10:29 AM
To: VIVANTCORPORATION@vivant.com.ph
Cc: VIVANTCORPORATION@vivant.com.ph

Hi VIVANT CORPORATION,

Valid files

- EAFS242603734AFSTY122025.pdf
- EAFS242603734TCRTY122025-01.pdf
- EAFS242603734ITRTY122025.pdf
- EAFS242603734RPTTY122025.pdf
- EAFS242603734OTHTY122025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-FKHHGE80NWYSVQZ2PPMVR4NT0CB7FL85B**
Submission Date/Time: **Mar 28, 2026 10:29 AM**
Company TIN: **242-603-734**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

Receiving: ICTD ERMD
Receipt Date and Time: March 30, 2026 08:00:00 AM

Company Information

SEC Registration No.: 0000175222
Company Name: VIVANT CORPORATION
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

Document ID: OST103302026811141239
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2025
Submission Type: Consolidated, Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

VIVANT

Liz Demi Aguilar <liz.aguilar@vivant.com.ph>

Fw: SEC eFast Initial Acceptance

1 message

Gwen Dela Rosa <gwen.delarosa@vivant.com.ph> Sat, Mar 28, 2026 at 11:54 AM
To: Liz Demi Aguilar <liz.aguilar@vivant.com.ph>

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From: noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>
Sent: Saturday, March 28, 2026 11:52:39 AM
Subject: SEC eFast Initial Acceptance

Dear **VIVANT CORPORATION**,

Greetings!

This serves as a temporary receipt of your submission, subject to verification of the form and the quality of the image of the submitted report.

SEC Registration No: 0000175222
Company Name: VIVANT CORPORATION
Document Code: AFS

A separate email will be sent as proof of review and/or final acceptance.

Thank you.

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

REMINDER:

TO ALL FILERS OF REPORTS IN THE e-FAST

Please strictly follow the instructions stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer: 1. General Information Sheet (GIS-Stock); 2. General Information Sheet (GIS-Non-stock); 3. General Information Sheet (GIS- Foreign stock & non-stock); 4. Broker Dealer Financial Statements (BDFS); 5. Financing Company Financial Statements (FCFS); 6. Investment Houses Financial Statements (IHFS); 7. Publicly – Held Company Financial Statement; 8. General Form for Financial Statements; 9. Financing Companies Interim Financial Statements (FCIF;) 10. Lending Companies Interim Financial Statements (LCIF).

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFAST, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the report's rejection in the remarks box.

THIS IS AN AUTOMATED MESSAGE - PLEASE DO NOT REPLY DIRECTLY TO THIS EMAIL

VIVANT

Liz Demi Aguilar <liz.aguilar@vivant.com.ph>

Fw: SEC eFast Final Acceptance

Gwen Dela Rosa <gwen.delarosa@vivant.com.ph> Tue, Mar 31, 2026 at 5:07 AM
To: Liz Demi Aguilar <liz.aguilar@vivant.com.ph>

Get Outlook for iOS

From: noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>
Sent: Tuesday, March 31, 2026 3:39:27 AM
Subject: SEC eFast Final Acceptance

Dear **VIVANT CORPORATION**,

Greetings!

Your submission has been reviewed and accepted. Please see attached file as proof of acceptance. You can also generate your QR Code page in your account.

SEC Registration No: 0000175222
Company Name: VIVANT CORPORATION
Document Code: AFS

Please be reminded that no requests for reconsideration will be entertained if, during monitoring, the submission is tagged as not filed for lack of proof of BIR receipt. Upon filing, you confirmed through the system that the Annual Financial Statements (AFS) were accompanied by either (a) a copy stamped “Received” by the BIR or its authorized banks, or acceptable alternative proof of submission, or (b) for eAFS filings, the system-generated Transaction Reference Number/Confirmation Receipt in lieu of the manual stamp.

Thank you.

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

REMINDER:

TO ALL FILERS OF REPORTS IN THE e-FAST

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COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

					1	7	5	2	2	2

COMPANY NAMEs

VIVANT CORPORATION AND SUBSIDI
ARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

9th Floor Oakridge IT Center 3
, Oakridge Business Park, A
Fortuna Street, Brgy. Banilad
, Mandaue City, Cebu, Philippi
nes 6014

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
vivant@vivant.com.ph	(032) 234-2256	N/A
No. of Stockholders	**Annual Meeting (Month / Day)**	**Fiscal Year (Month / Day)**
1,398	June 20	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Joan A. Giduquio-Baron	jbaron@jpgarcialaw.com	(032) 232-0253	0917-5356692

CONTACT PERSON's ADDRESS

9th Floor Oakridge IT Center 2, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines, 6014

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

VIVANT

Creating Solutions for Our Changing World
vivant.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **VIVANT CORPORATION AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2025, and 2024, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

FRANCIS DAMASUS A. GARCIA
Chairman of the Board

ARLO ANGELO G. SARMIENTO
Chief Executive Officer

MINUEL CARMELA N. FRANCO
Treasurer/Group Chief Financial Officer

Signed this 26th day of March, 2026.

Headquarters – Cebu
9/F Oakridge IT Center 3, Oakridge Business Park
A.S. Fortuna St., Mandaue City, Cebu Philippines 6014
Tel. no.: +63 (32) 243 2256, +63 (32) 243 2285

Manila Office
19/F Alveo Financial Tower,
6794 Ayala Avenue, Makati, Philippines 1229
Tel. no.: +63 (02) 7001-1154 , +63 (02) 7001-1155

REPUBLIC OF THE PHILIPPINES)
CITY OF MANDAUE MAKATI CITY) S.S

ACKNOWLEDGEMENT

BEFORE ME, a Notary Public for and in Mandaue City appeared on MAR 2 6 2026 the following:

Name	Competent Evidence of Identification	
	Type/Number	Date of Expiry/Place of Issue
FRANCIS DAMASUS A. GARCIA	Passport No. P0768103C	01 JUL 2032 / PCG San Francisco
ARLO ANGELO G. SARMIENTO	Passport No. P6592337A	28 MAR 2028 / DFA Cebu
MINUEL CARMELA N. FRANCO	Passport No. P9523819B	05 Apr 2032 / DFA Manila

known to me and to me known be the same persons who executed the foregoing instrument, and who acknowledged to me that the same is their true and voluntary act and deed and that of the Corporation which they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and in the place above given.

Doc. No. 27
Page No. 7
Book No. 2
Series of 2026.

JOSE MARI [illegible] BORROMEO
Notarial [illegible] for and the City of Makati
[illegible] December 31, 2026
Appt. No. [illegible] (2025-2025)
[illegible]
PTR No. [illegible] Cebu City
IBP No. [illegible] Cebu City
MCLE Compliance [illegible] until 4/14/2028
[illegible] Tower
[illegible] Philippines

SyCip Gorres Velayo & Co.
8th Floor JEG Tower @ One Acacia
Acacia Street corner Archbishop Reyes Avenue
Brgy. Kamputhaw, Cebu City 6000
Philippines

Tel: (032) 266 2947
Fax: (032) 266 2313
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City, Cebu, Philippines 6014

Opinion

We have audited the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of the financial statements of public interest entities in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounting for the Investment in Visayan Electric Company, Inc. (VECO)

As disclosed in Notes 1 and 10 to the consolidated financial statements, the Group owns 34.81% of VECO, an associate engaged in power distribution services, as at December 31, 2025 and accounts for the investment under the equity method. The application of the equity method of accounting to the Group's investment in VECO is significant to our audit because the carrying value of the investment accounted for 5% of the consolidated total assets and its equity in net earnings contributed 33% to the consolidated net income of the Group as at and for the year ended December 31, 2025, respectively. VECO's net income is significantly affected by the electricity revenue which depends on the electric consumption captured, the rates applied across different customer groups, and the systems involved in the billing process. The electric consumption captured is based on the meter readings taken on various dates for the different groups of customers (i.e., industrial, commercial, and residential customers) within the franchise area of operation.

The disclosures relating to the investment in VECO are included in Note 10 to the consolidated financial statements.

Audit Response

We obtained the relevant financial information of VECO and recomputed the Group's share in the net income of VECO for the year ended December 31, 2025. We evaluated the design and tested the controls over VECO's billing and revenue process. These include the capture and accumulation of meter data in the billing system as well as a calculation of the billed amounts, and uploading of the billed amounts from the billing system to the financial reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in the billing statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Margem A. Tagalog.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
Tax Identification No. 206-544-506
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 98098-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-156-2024, October 2, 2024, valid until October 1, 2027
PTR No. 10765132, January 2, 2026, Makati City

March 26, 2026

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱4,891,721,318**	₱4,789,149,921
Trade and other receivables (Note 7)	**2,439,912,793**	1,799,335,635
Current portion of concession contract assets (Note 12)	**211,993,329**	–
Advances to associates and stockholders (Note 17)	**118,969,897**	104,097,107
Inventories - at cost (Note 8)	**666,446,233**	595,840,474
Prepayments and other current assets (Note 9)	**1,104,233,084**	907,115,027
Total Current Assets	**9,433,276,654**	8,195,538,164
Noncurrent Assets		
Investments in associates (Note 10)	**11,430,365,523**	11,219,286,328
Property, plant and equipment (Note 11)	**8,783,205,413**	9,025,459,481
Concession contract assets - net of current portion (Note 12)	**1,686,591,618**	–
Right-of-use assets (Note 26)	**85,969,767**	108,776,076
Investment properties (Note 13)	**1,329,541,059**	1,102,959,000
Deferred income tax assets - net (Note 21)	**81,886,633**	33,273,899
Other noncurrent assets (Note 14)	**2,441,237,440**	2,281,352,455
Total Noncurrent Assets	**25,838,797,453**	23,771,107,239
TOTAL ASSETS	**₱35,272,074,107**	₱31,966,645,403
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of trade and other payables (Note 15)	**₱2,148,816,847**	₱1,938,829,178
Current portion of long-term notes payable (Note 16)	**1,982,955,268**	229,522,887
Current portion of lease liabilities (Note 26)	**23,446,771**	21,466,995
Short-term notes payable (Note 16)	**1,216,000,000**	1,076,000,000
Income tax payable	**163,956,280**	147,939,807
Total Current Liabilities	**5,535,175,166**	3,413,758,867
Noncurrent Liabilities		
Long-term notes payable - net of current portion (Note 16)	**4,320,477,493**	5,499,482,910
Lease liabilities - net of current portion (Note 26)	**72,798,672**	95,492,294
Pension liability (Note 20)	**253,836,648**	247,729,738
Deferred income tax liabilities - net (Note 21)	**398,493,802**	328,533,671
Other noncurrent liabilities - net of current portion (Notes 15 and 24)	**839,109,949**	861,499,544
Total Noncurrent Liabilities	**5,884,716,564**	7,032,738,157
Total Liabilities	**11,419,891,730**	10,446,497,024
Equity Attributable to Equity Holders of the Parent		
Capital stock - ₱1 par value (Note 22)		
Authorized - 2,000,000,000 shares		
Issued - 1,023,456,698 shares	**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 (Note 10)	**(125,169,500)**	(125,169,500)

(Forward)

	December 31	
	2025	2024
Remeasurement loss on employee benefits (Note 20)	**(₱94,268,512)**	(₱95,882,899)
Unrealized valuation gain on financial assets at fair value through other comprehensive income (FVOCI)	**4,643,039**	4,643,039
Equity reserves (Note 22)	**(30,252,298)**	(30,252,298)
Retained earnings (Notes 10 and 22):		
Appropriated for business expansion	**8,299,494,483**	7,767,262,174
Unappropriated	**13,096,193,224**	11,507,811,991
Equity Attributable to Equity Holders of the Parent	**22,182,436,586**	20,060,208,657
Equity Attributable to Non-controlling Interests (Note 22)	**1,669,745,791**	1,459,939,722
Total Equity	**23,852,182,377**	21,520,148,379
TOTAL LIABILITIES AND EQUITY	**₱35,272,074,107**	₱31,966,645,403

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
REVENUE			
Revenue from contracts with customers:			
Sale of power (Note 24):			
Generation	**₱8,299,006,072**	₱8,036,164,300	₱3,954,062,040
Retail electricity supply	**1,506,210,717**	1,436,457,998	1,112,675,663
Ancillary services	**15,431,518**	9,231,211	467,544,939
Concession (Notes 12 and 24)			
Finance income	**246,633,982**	–	–
Construction of concession asset	**70,783,933**	–	–
Management and service fees (Notes 17 and 24)	**51,900,000**	202,900,000	545,976,930
Engineering service income	**2,510,206**	38,700,715	17,208,763
	10,192,476,428	9,723,454,224	6,097,468,335
EQUITY IN NET EARNINGS OF ASSOCIATES (Note 10)	**2,038,325,774**	2,305,656,054	2,044,341,881
INTEREST INCOME (Notes 6 and 17)	**178,548,329**	172,592,773	123,006,939
	12,409,350,531	12,201,703,051	8,264,817,155
COSTS OF SERVICES			
Generation costs (Notes 18 and 26)	**6,993,027,484**	7,294,064,274	4,478,178,345
Water generation costs (Note 18)	**70,783,934**	–	–
Engineering service fees (Note 18)	**60,848,793**	29,871,786	52,472,919
	7,124,660,211	7,323,936,060	4,530,651,264
OPERATING EXPENSES			
Salaries and employee benefits (Notes 19 and 20)	**769,669,031**	639,889,951	414,809,133
Outside services	**178,654,068**	256,683,812	102,578,608
Taxes and licenses (Note 13)	**168,705,107**	137,813,727	101,499,369
Professional fees (Note 17)	**146,764,936**	192,819,317	100,068,964
Depreciation and amortization (Notes 11 and 26)	**92,127,686**	74,127,507	63,488,151
Travel	**76,240,684**	68,147,869	47,517,479
Management fees (Note 17)	**21,760,531**	23,844,444	43,843,882
Communication and utilities	**18,353,125**	16,486,017	13,208,805
Representation	**15,664,322**	10,964,589	14,949,673
Rent and association dues	**9,993,634**	12,566,598	5,286,490
Other operating expenses (Note 18)	**257,913,796**	167,052,568	102,031,954
	1,755,846,920	1,600,396,399	1,009,282,508
INCOME FROM OPERATIONS	**3,528,843,400**	3,277,370,592	2,724,883,383
OTHER INCOME (CHARGES)			
Finance costs on loans (Note 16)	**(404,964,170)**	(431,396,575)	(363,678,611)
Unrealized gain on fair value remeasurement of investment properties (Note 13)	**281,859,900**	57,489,200	121,433,200
Rent income (Notes 11, 13 and 17)	**80,576,970**	84,172,352	14,147,457
Gain on fair value measurement of associates (Note 25)	**41,987,270**	–	69,189,016
Gain on bargain purchase (Note 25)	**11,148,799**	–	36,325,297
Unrealized foreign exchange gains (losses) - net	**9,051,074**	2,855,387	(9,673,851)
Finance costs on lease liabilities (Note 26)	**(7,127,324)**	(8,500,565)	(1,108,626)
Loss on disposal of a subsidiary (Note 1)	**–**	(36,910,784)	–
Other income (loss) - net (Notes 11, 13 and 18)	**109,734,265**	58,720,467	(13,104,163)
	122,266,784	(273,570,518)	(146,470,281)

(Forward)

	Years Ended December 31		
	2025	2024	2023
INCOME BEFORE INCOME TAX	**₱3,651,110,184**	₱3,003,800,074	₱2,578,413,102
PROVISION FOR INCOME TAX (Note 21)	**373,058,273**	380,140,242	172,870,310
NET INCOME	**3,278,051,911**	2,623,659,832	2,405,542,792
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in future periods:			
Remeasurement gain (loss) on employee benefits (Note 20)	**4,199,358**	(20,806,050)	(104,392,805)
Income tax effect	**(1,368,099)**	4,262,556	16,390,977
	2,831,259	(16,543,494)	(88,001,828)
Unrealized valuation gain on financial assets at FVOCI (Note 14)	**–**	–	28,865,324
Income tax effect	**–**	–	(4,329,799)
	–	–	24,535,525
Share in the remeasurement losses on employee benefits of associates, net of tax (Note 10)	**–**	–	(31,585,867)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**2,831,259**	(16,543,494)	(95,052,170)
TOTAL COMPREHENSIVE INCOME	**₱3,280,883,170**	₱2,607,116,338	₱2,310,490,622
NET INCOME			
Attributable to:			
Equity holders of the parent	**₱2,709,368,135**	₱2,355,018,369	₱2,295,804,486
Non-controlling interests	**568,683,776**	268,641,463	109,738,306
	₱3,278,051,911	₱2,623,659,832	₱2,405,542,792
TOTAL COMPREHENSIVE INCOME			
Attributable to:			
Equity holders of the parent	**₱2,710,982,523**	₱2,339,011,875	₱2,201,753,746
Non-controlling interests	**569,900,647**	268,104,463	108,736,876
	₱3,280,883,170	₱2,607,116,338	₱2,310,490,622
EARNINGS PER SHARE			
Basic and diluted, for net income for the year attributable to equity holders of the parent (Note 23)	**₱2.647**	₱2.301	₱2.243

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

	Equity Attributable to Equity Holders of the Parent										
							Retained Earnings (Note 22)				
	Capital Stock (Note 22)	Additional Paid-in Capital	Share in Remeasurement Losses on Employee Benefits of Associates	Remeasurement Gain (Loss) on Employee Benefits	Unrealized Valuation Gain (Loss) on Financial Assets at FVOCI	Equity Reserves	Appropriated	Unappropriated	Total	Equity Attributable to Non-controlling Interests	Total Equity
Balances at January 1, 2025	**₱1,023,456,698**	**₱8,339,452**	**(₱125,169,500)**	**(₱95,882,899)**	**₱4,643,039**	**(₱30,252,298)**	**₱7,767,262,174**	**₱11,507,811,991**	**₱20,060,208,657**	**₱1,459,939,722**	**₱21,520,148,379**
Total comprehensive income	–	–	–	**1,614,388**	–	–	–	**2,709,368,135**	**2,710,982,523**	**569,900,647**	**3,280,883,170**
Appropriation for business expansion	–	–	–	–	–	–	**2,920,029,807**	**(2,920,029,807)**	–	–	–
Reversal of appropriation for business expansion	–	–	–	–	–	–	**(2,387,797,498)**	**2,387,797,498**	–	–	–
Acquisition of a subsidiary of a subsidiary (Note 1)	–	–	–	–	–	–	–	–	–	**31,905,422**	**31,905,422**
Disposal of investment measured at FVOCI (Note 14)	–	–	–	–		–	–	–	–	–	–
Cash dividends	–	–	–	–	–	–	–	**(588,754,594)**	**(588,754,594)**	**(392,000,000)**	**(980,754,594)**
Balances at December 31, 2025	**₱1,023,456,698**	**₱8,339,452**	**(₱125,169,500)**	**(₱94,268,512)**	**₱4,643,039**	**(₱30,252,298)**	**₱8,299,494,483**	**₱13,096,193,224**	**₱22,182,436,586**	**₱1,669,745,791**	**₱23,852,182,377**
Balances at January 1, 2024	₱1,023,456,698	₱8,339,452	(₱125,169,500)	(₱79,876,405)	₱51,053,039	(₱30,252,298)	₱7,354,810,254	₱10,089,924,381	₱18,292,285,621	₱1,357,374,380	₱19,649,660,001
Total comprehensive income	–	–	–	(16,006,494)	–	–	–	2,355,018,369	2,339,011,875	268,104,463	2,607,116,338
Appropriation for business expansion	–	–	–	–	–	–	1,800,000,000	(1,800,000,000)	–	–	–
Reversal of appropriation for business expansion	–	–	–	–	–	–	(1,387,548,080)	1,387,548,080	–	–	–
Disposal of a subsidiary (Note 1)	–	–	–	–	–	–	–	–	–	58,460,879	58,460,879
Disposal of investment measured at FVOCI (Note 14)	–	–	–	–	(46,410,000)	–	–	46,410,000	–	–	–
Cash dividends	–	–	–	–	–	–	–	(571,088,839)	(571,088,839)	(224,000,000)	(795,088,839)
Balances at December 31, 2024	₱1,023,456,698	₱8,339,452	(₱125,169,500)	(₱95,882,899)	₱4,643,039	(₱30,252,298)	₱7,767,262,174	₱11,507,811,991	₱20,060,208,657	₱1,459,939,722	₱21,520,148,379
Balances at January 1, 2023	₱1,023,456,698	₱8,339,452	(₱94,016,067)	₱7,123,993	₱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	–	–	(31,585,867)	(87,000,398)	24,535,525	–	–	2,295,804,486	2,201,753,746	108,736,876	2,310,490,622
Appropriation for business expansion	–	–	–	–	–	–	2,400,000,000	(2,400,000,000)	–	–	–
Reversal of appropriation for business expansion	–	–	–	–	–	–	(1,866,087,228)	1,866,087,228	–	–	–
Acquisition of noncontrolling interests	–	–	–	–	–	(5,123,744)	–	–	(5,123,744)	(164,501,590)	(169,625,334)
Transfer of accumulated share in other comprehensive income of joint ventures upon step-acquisition (Note 10)	–	–	432,434	–	–	–	–	(432,434)	–	–	–
Cash dividends	–	–	–	–	–	–	–	(398,841,075)	(398,841,075)	(1,060,000)	(399,901,075)
Balances at December 31, 2023	₱1,023,456,698	₱8,339,452	(₱125,169,500)	(₱79,876,405)	₱51,053,039	(₱30,252,298)	₱7,354,810,254	₱10,089,924,381	₱18,292,285,621	₱1,357,374,380	₱19,649,660,001

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱3,651,110,184**	₱3,003,800,074	₱2,578,413,102
Adjustments for:			
Equity in net earnings of associates (Note 10)	**(2,038,325,774)**	(2,305,656,054)	(2,044,341,881)
Depreciation and amortization (Notes 11 and 26)	**662,671,721**	638,596,730	537,675,565
Finance costs on loans (Note 16)	**404,964,170**	431,396,575	363,678,611
Finance income from concession (Note 12)	**(246,633,982)**	–	–
Unrealized gain on fair value remeasurement of investment properties (Note 13)	**(281,859,900)**	(57,489,200)	(121,433,200)
Interest income (Note 6)	**(178,548,329)**	(172,592,773)	(123,006,939)
Gain on sale of investment property (Note 13)	**(140,158,500)**	–	–
Casualty loss on property, plant and equipment (Note 11)	**126,213,581**	–	–
Pension expense (Note 20)	**61,110,312**	47,994,586	22,261,768
Gain on fair value remeasurement of associates (Note 25)	**(41,987,270)**	–	(69,189,016)
Gain on bargain purchase (Note 25)	**(11,148,799)**	–	(36,325,297)
Unrealized foreign exchange (gain) loss	**(9,051,074)**	(2,855,387)	9,673,851
Finance costs on lease liabilities (Note 26)	**7,127,324**	8,500,565	1,108,626
Gain on disposal of property and equipment (Note 18)	**(1,266,028)**	(3,782,805)	(650,300)
Loss on disposal of a subsidiary (Note 1)	**–**	36,910,784	–
Operating income before working capital changes	**1,964,217,636**	1,624,823,095	1,117,864,890
Decrease (increase) in:			
Trade and other receivables	**(365,211,507)**	(217,418,124)	477,966,796
Inventories	**(70,605,759)**	(225,003,766)	26,802,524
Prepayments and other current assets	**(232,383,078)**	(138,020,687)	(238,018,513)
Increase (decrease) in trade and other payables	**196,816,450**	290,360,409	(780,116,821)
Net cash generated from operations	**1,492,833,742**	1,334,740,927	604,498,876
Interest paid	**(402,823,893)**	(435,993,704)	(262,129,493)
Income taxes paid	**(368,976,901)**	(274,677,597)	(133,301,800)
Contributions to the retirement fund (Note 20)	**(52,153,043)**	(6,200,962)	(6,718,787)
Benefits paid out of operating funds (Note 20)	**–**	–	(327,000)
Net cash flows from operating activities	**668,879,905**	617,868,664	202,021,796
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates (Note 10)	**2,128,686,597**	1,682,225,633	1,788,544,553
Additions to:			
Property, plant and equipment (Note 11)	**(1,813,275,855)**	(1,210,204,558)	(1,678,727,744)
Investments and advances to associates (Note 10)	**(397,452,749)**	–	(251,169,255)
Concession assets (Note 12)	**(70,783,933)**	–	–
Investment properties	**(133,659)**	–	–
Proceeds from:			
Disposal of property, plant and equipment (Note 11)	**2,072,934**	4,794,331	650,300
Disposal of financial assets at FVOCI (Note 14)	–	355,809,875	–
Interest received	**182,558,119**	180,656,575	111,720,696
Net cash flow from business combinations (Note 25)	**9,739,109**	–	(3,035,775)
Cash in subsidiary whose control was lost (Note 1)	**–**	(30,447,472)	–
Increase in other noncurrent assets	**(172,121,585)**	(201,525,537)	(595,496,058)
Net cash flows generated from (used in) investing activities	**(130,711,023)**	781,308,847	(627,513,283)

(Forward)

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans (Note 16)	**₱1,324,067,268**	₱963,154,790	₱1,785,384,762
Payments of:			
Cash dividends (Note 22)	**(979,888,335)**	(794,232,899)	(401,876,299)
Loans (Note 16)	**(743,019,766)**	(1,179,140,432)	(1,450,528,534)
Lease liabilities (Note 26)	**(30,934,936)**	(33,786,786)	(17,474,599)
Net proceeds (payments) of advances from related parties	**(14,872,790)**	48,581,574	73,466,973
Acquisition of noncontrolling interests (Note 22)	**–**	–	(64,623,415)
Net cash flows used in financing activities	**(444,648,559)**	(995,423,753)	(75,651,112)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**93,520,323**	403,753,758	(501,142,599)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**9,051,074**	2,855,387	(9,673,851)
TOTAL CASH AT BEGINNING OF YEAR			
Cash and cash equivalents (Note 6)	**4,789,149,921**	4,382,540,776	4,893,357,226
Restricted cash (Notes 9 and 14)	**29,242,364**	2,003,880	2,003,880
	4,818,392,285	4,384,544,656	4,895,361,106
TOTAL CASH AT END OF YEAR			
Cash and cash equivalents (Note 6)	**4,891,721,318**	4,789,149,921	4,382,540,776
Restricted cash (Notes 9 and 14)	**59,297,065**	29,242,364	2,003,880
	₱4,951,018,383	₱4,818,392,285	₱4,384,544,656

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Vivant Corporation (the "Parent Company" or "Vivant") was incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on May 28, 1990. The Parent Company is listed in the Philippine Stock Exchange using the symbol VVT. Vivant is the ultimate parent of the Group.

The Parent Company's primary purpose is to invest in and manage the general business of any other corporation or corporations except management of fund securities portfolios and other similar assets of a managed entity.

The Parent Company is owned by Mai-I Resources Corporation (MRC) and JEG Development Corporation (JDC) with a combined ownership of 75.86%. MRC and JDC are entities incorporated and domiciled in the Philippines.

The Parent Company and its Subsidiaries (collectively referred to as the Group) are engaged in various business activities, through its subsidiaries and affiliates, namely electric power generation (both renewable and non-renewable energy), electric power distribution, retail electricity supply, electrical engineering services, water infrastructure and real estate.

The principal office address of the Parent Company is currently located at 9th Floor Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Barangay Banilad, Mandaue City, Cebu.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries and associates, all incorporated in the Philippines, as at December 31:

	2025		2024	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Subsidiaries				
Hijos De F. Escaño (HDFE)	**50.94**	**–**	50.94	–
Southern Grove Properties and Development Corp. (SGPDC)	**100.00** [n]	**–**	100.00 [n]	–
Vivant Realty Ventures Corporation (VRVC)	**–**	**100.00** [q] [r]	–	100.00 [q] [r]
Vivant Corporate Center, Inc. (VCCI)	**–**	**100.00** [q] [w]	–	100.00 [q] [w]
Vivant Infracore Holdings Inc. (VIHI)	**100.00** [v]	**–**	100.00 [v]	–
Vivant Hydrocore Holdings Inc. (VHHI)	**–**	**100.00** [y] [aa]	–	100.00 [y] [aa]
Vivant Transcore Holdings Inc. (VTHI)	**–**	**100.00** [y] [aa]	–	100.00 [y] [aa]
Isla Mactan Cordova Corporation (IMCC)	**–**	**100.00** [p] [bb]	–	100.00 [p] [bb]
Northern Metro Cebu Water Corporation (NMCWC)	**–**	**100.00**[bb] [gg]	–	100.00[bb] [gg]
Bantayan Island Water Solutions Corporation (BIWSC)	**–**	**100.00**[aa] [rr]	–	100.00[aa] [rr]
Isla Busuanga Water Corporation (IBWC)	**–**	**100.00**[aa] [rr]	–	100.00[aa] [rr]
Western Cebu Water Services Corporation (WCWSC)	**–**	**100.00**[aa] [rr]	–	100.00[aa] [rr]
Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS)	**–**	**90.00**[bb] [cc]	–	–
Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC)	**–**	**80.62**[hh] [ii]	–	–
Vivant Energy Corporation (VEC)	**100.00**	**–**	100.00	–
Vivant Integrated Generation Corporation (VIGC)	**–**	**100.00** [a]	–	100.00 [a]
Vivant Solenergy Anilao Corp. (VSAC)	**–**	**100.00** [b] [g]	–	100.00 [b] [g]

(Forward)

	2025		2024	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Delta P Hybrid, Inc. (DPHI; formerly Vivant Isla Inc.)	–	**100.00** [a] [h]	–	100.00 [a] [h]
Vivant Renewable Energy Corporation (VREC)	–	**100.00** [a] [f]	–	100.00 [a] [f]
Corenergy Inc. (Core)	–	**100.00** [a]	–	100.00 [a]
Vivant Integrated Diesel Corporation (VIDC)	–	**100.00** [a] [i]	–	100.00 [a] [i]
Isla Norte Power Corp. (INPC)	–	**100.00** [e] [jj]	–	100.00 [e] [jj]
Southern Powercore Holding Corp. (SPHC)	–	**100.00** [b] [s]	–	100.00 [b] [s]
Amberdust Holding Coproration (AHC)	–	**100.00** [a] [t]	–	100.00 [a] [t]
Vivant-Malogo Hydropower, Inc. (VMHI)	–	**67.00** [a]	–	67.00 [a]
1590 Energy Corp. (1590 EC)	–	**55.20** [a]	–	55.20 [a]
Vivant Solar Corporation (VSC)	–	**100.00** [a] [x]	–	100.00 [a] [x]
Corenergy Solar Solutions Corporation (CSSC)	–	**100.00** [a] [d]	–	100.00 [a] [d]
Bukidnon Power Corporation (BPC)	–	**90.00**[dd] [ff]	–	90.00[dd] [ff]
North Bukidnon Power Corporation (NBPC)	–	**90.00**[ee] [ff]	–	90.00[ee] [ff]
Calamian Islands Power Corp. (CIPC)	–	**100.00** [a]	–	100.00 [a]
Delta P, Inc. (Delta P)	–	**100.00** [a]	–	100.00 [a]
La Pampanga Energy Corp (LPEC)	–	**100.00** [a] [l]	–	100.00 [a] [l]
Culna Renewable Energy Corp. (CREC)	–	**100.00** [b] [u]	–	100.00 [b] [u]
San Ildefonso Alternative Energy Corp (SIAEC)	–	**100.00** [a] [kk]	–	100.00 [a] [kk]
Meridian Power, Inc. (MPI)	–	**100.00** [a] [ll]	–	100.00 [a] [ll]
San Pablo Renewable Energy Corp (SPREC)	–	**100.00** [a] [mm]	–	100.00 [a] [mm]
Spark Grid Corp (SGC)	–	**100.00** [a] [nn]	–	100.00 [a] [nn]
Adequate Power, Inc. (API)	–	**100.00** [a] [oo]	–	100.00 [a] [oo]
Avant Energy Corp (AEC)	–	**100.00** [a] [pp]	–	100.00 [a] [pp]
Vivant Solenergy Bukidnon Corporation (VSBC)	–	**100.00** [a] [qq]	–	100.00 [a] [qq]
SolEnergy Generation Corp (SEGC)	–	**100.00** [a] [m]	–	100.00 [a] [m]
South Cebu Energy Corp. (SCEC)	–	**100.00** [a] [j]	–	100.00 [a] [j]
Isla Este Renewables Corporation (IERC)	–	**100.00** [a] [ss]	–	100.00 [a] [ss]
Vivant Solenergy Cebu Corp. (VSCC)	–	**100.00** [a] [tt]	–	100.00 [a] [tt]
Vivant Solenergy Ubay Corp. (VSUC)	–	**100.00** [a] [tt]	–	100.00 [a] [tt]
One Solar Energy Aglao Corp. (OSAC)	–	**100.00** [a] [uu]	–	100.00 [a] [uu]
Vivant Vienergy Antique Corp. (VVAC)	–	**100.00** [a] [vv]	–	100.00 [a] [vv]
Isla Ada Energy Corporation (ISLA ADA)	–	**100.00** [a] [ww]	–	–
Isla Dagyab Energy Corporation (ISLA DAGYAB)	–	**100.00** [a] [ww]	–	–
Isla Dilaab Energy Corporation (ISLA DILAAB)	–	**100.00** [a] [ww]	–	–
Associates				
Visayan Electric Company, Inc. (VECO)	**34.81**	–	34.81	–
Prism Energy, Inc. (PEI)	–	**40.00** [a]	–	40.00 [a]
Abovant Holdings, Inc. (AHI)	–	**40.00** [c]	–	40.00 [c]
Cebu Private Power Corporation (CPPC)	–	**40.00** [a]	–	40.00 [a]
Minergy Power Corporation (MPC)	–	**40.00** [c]	–	40.00 [c]
Therma Visayas, Inc. (TVI)	–	**20.00** [c]	–	20.00 [c]
Lunar Power Core Inc. (LPCI)	–	**42.50** [c] [k]	–	42.50 [c] [k]
Global Luzon Energy Development Corporation (GLEDC)	–	**42.50** [c] [o]	–	42.50 [c] [o]
Lihangin Wind Energy Corp (LWEC)	–	**40.00** [b] [z]	–	40.00 [b] [z]
Samal Solar Renewable Energy Corporation (SSREC)	–	**40.00** [b]	–	–
Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS)	–	–	–	45.00 [bb] [cc]
Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC)	–	–	–	40.31[hh] [ii]

a. Indirect ownership through VEC.
b. Indirect ownership through VREC
c. Indirect ownership through VIGC
d. Incorporated January 11, 2017. Ownership interest in CSSC is through VSC.
e. Indirect ownership through VIDC
f. Incorporated January 8, 2010
g. Incorporated April 23, 2014
h. Incorporated July 11 2014
i. Incorporated August 7, 2015
j. Incorporated May 23, 2023
k. Incorporated June 10, 2016
l. Incorporated May 26, 2016

	2025		2024	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect

m. Incorporated June 21, 2023
n. Incorporated on December 8, 2004
o. Incorporated on January 31, 2013. Ownership interest in GLEDC is through LPCI.
p. Incorporated on August 14, 2020
q. Indirect ownership through SGPDC
r. Incorporated May 19, 2017
s. Incorporated April 20, 2017
t. Incorporated August 16, 2017
u. Incorporated April 12, 2017
v. Incorporated December 18, 2018
w. Incorporated October 10, 2018
x. Incorporated April 4, 2018
y. Incorporated May 20, 2019
z. Incorporated January 24, 2017
aa. Indirect ownership through VIHI
bb. Indirect ownership through VHHI
cc. Incorporated August 31, 2018. The Group acquired additional equity interest on December 31, 2025.
dd. Incorporated September 23, 2014
ee. Incorporated October 10, 2016
ff. Indirect ownership through AHC
gg. Incorporated March 18, 2021
hh. Incorporated November 8, 2018
ii. Indirect ownership through FLOWS. The Group acquired additional equity interest on December 31, 2025.
jj. Incorporated February 14, 2022
kk. Incorporated February 18, 2016
ll. Incorporated April 11,2023. Changed its Corporate name from Central Cebu Transitional Power Corporation.
mm. Incorporated March 29, 2023
nn. Incorporated April 12, 2023
oo. Incorporated June 7, 2023
pp. Incorporated May 17, 2023
qq. Incorporated June 13, 2023. Changed its Corporate name from Bai Energy Corporation.
rr. Incorporated July 9, 2024
ss. Incorporated March 21, 2022. Changed its Corporate name from Bohol Renewable Power Corp.
tt. Incorporated December 10, 2024
uu. Incorporated November 28, 2024
vv. Incorporated November 29, 2024
ww. Incorporated October 29, 2025

Subsidiaries

The subsidiaries are all incorporated in the Philippines. Except for 1590 EC, VMHI, INPC, BPC, NBPC, Core, CSSC, Delta P, CIPC, SIAEC, MPI, LPEC, CREC, IMCC and NMCWC, all subsidiaries are also operating as holding and investing companies, which are primarily engaged in power generation and distribution, and water infrastructure. 1590 EC is operating a diesel power plant, while VMHI is in its pre-operating stage of building a hydro power plant in Silay, Negros Occidental. INPC is operating a diesel power plant in Bantayan, Cebu. BPC and NBPC are operating diesel-fired power plants in Bukidnon. Core is operating as a retail electricity supplier and engineering services provider. Delta P is operating an oil-fired power generation plant in Puerto Princesa, Palawan. CIPC is operating diesel-fired power generation plants in Coron and Busuanga. SIAEC is in its development stage of solar plant facility in Bulacan. MPI is operating an oil-fired power plant in Cebu. LPEC is in its pre-operating stage of building an oil-fired plant in Pampanga. CREC is in its pre-operating stage of building hybrid facilities in Culion and Linapacan islands. IMCC is in the advanced stages of testing and commissioning of its utility scale seawater desalination plant in Cebu. VSC and CSSC are engaged in the solar rooftop business. PPWRLC is operating a sewerage and septage treatment facility in Puerto Princesa. SPREC, SGC, AEC, API, IERC, VSBC, SCEC, SEGC, VSCC, VSUC, OSAC and VVAC are in its pre-operating stage. NMCWC is in its pre-operating stage of building a seawater desalination facility.

The following sets out brief information of the Parent Company's subsidiaries and associates:

HDFE
HDFE was incorporated on December 24, 1926, which registration was renewed for another 50 years effective November 26, 1974. The primary purpose of HDFE is to invest in, hold, own, purchase, acquire, lease, contract, operate, improve, develop, grant, sell, exchange, or otherwise dispose of real and personal properties of every kind and description including shares of stocks, bonds and other securities or evidence of indebtedness of any other corporation, association, firm, or entity, domestic or foreign, where necessary or appropriate, and to process and exercise in respect thereof of all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, without acting as, or engaging in the business of an investment company, or dealer or broker in securities. On June 26, 2012, the SEC approved the latest renewal of the HDFE's registration for another 25 years effective April 2, 2023, or until April 2, 2038.

SGPDC
SGPDC was incorporated on December 8, 2004 with a primary purpose to invest in, purchase, or otherwise acquire and own, hold, develop, use, sell, lease, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description for whatever purpose the same may have been organized. It has also direct equity shareholdings in VRVC and VCCI, both real estate companies.

On March 5, 2015, during the Special Stockholders' Meeting and Special Board Meeting, the stockholders and BOD approved that one of SGPDC's secondary purposes is to conduct and transact any and all lawful business, and to do or cause to be done any one or more of the acts and things set forth as its purposes, within or without the Philippines, and in any and all foreign countries, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers of the Company under the Corporation Code of the Philippines, or which shall at any time appear conducive to or expedient for its protection or benefit. These amendments made in SGPDC's Articles of Incorporation (AOI) were approved by the SEC on October 8, 2015.

On January 6, 2016, the SEC approved the amendment to its AOI changing its name from VC Ventures Net, Inc. to Southern Grove Properties and Development Corp. and its primary purpose is to engage in real estate business, to hold, construct, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of all kinds of real property or to act as real estate broker for such fees as may be legal and proper.

VRVC
VRVC was incorporated on May 19, 2017. Its primary purpose is to engage in the real estate business. On July 3, 2017, VRVC purchased from HDFE, a company under common control, a parcel of land located at M.J. Cuenco Ave., Tinago Central, Barangay San Roque, Cebu City amounting to ₱27.9 million, with the intention of holding the land for capital appreciation. As of December 31, 2025, VRVC is recognizing rental income from the purchased investment property (see Note 13).

VCCI
VCCI was incorporated on October 10, 2018 and its primary purpose is to engage in the real estate business. As of December 31, 2025, VCCI has not yet started its operations.

VIHI
VIHI was incorporated on December 18, 2018 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2025, VIHI is operating as a holding company for VTHI and VHHI.

VHHI
VHHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2025, VHHI is operating as a holding company for IMCC, NMCWC, and FLOWS, a holding company.

VTHI
VTHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2025, VTHI has not yet started its operations.

IMCC
IMCC was incorporated on August 14, 2020 and its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, wastewater treatment facility and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.

As of December 31, 2025, IMCC is at its testing and commissioning phase.

NMCWC
NMCWC was incorporated and registered with the SEC on March 18, 2021. Its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, wastewater treatment facility, and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers. As of December 31, 2025, NMCWC has not yet started operations.

The registered office of the Company is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Philippines.

BIWSC
BIWSC was incorporated on July 9, 2024. Its primary purpose is to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, ground water treatment facilities, seawater desalination plants, and wastewater treatment facilities, water infrastructure and related facilities; and in furtherance of this purpose, to build, finance, operate, and maintain the same; to sell and distribute treated water to residential, commercial, government, and institutional customers; and to sell bulk water to water districts and/or private entities. Provided that the corporation shall only engage in activities within the limits allowed by law. As of December 31, 2025, BIWSC has not yet started its operations.

The registered office of BIWSC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

IBWC
IBWC was incorporated on July 9, 2024. Its primary purpose is to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, ground water treatment facilities, seawater desalination plants, and wastewater treatment facilities; and in furtherance of this purpose, to hire the services of professionals and duly licensed engineers to plan, and layout various water infrastructure and related facilities, as well as to build, finance, operate and maintain the same; to sell and distribute treated water to residential, commercial, government and institutional customers; and to sell bulk water to water districts and/or private entities. As of December 31, 2025, IBWC has not yet started its operations.

The registered office of IBWC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

WCWSC
WCWSC was incorporated on July 9, 2024. Its primary purpose is to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, ground water treatment facilities, seawater desalination plants, and wastewater treatment facilities; and in furtherance of this purpose, to hire the services of professionals and duly licensed engineers to plan, and layout various water infrastructure and related facilities, as well as to build, finance, operate and maintain the same; to sell and distribute treated water to residential, commercial, government and institutional customers; and to sell bulk water to water districts and/or private entities.

As of December 31, 2025, WCWSC has not yet started its operations.

The registered office of WCWSC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VEC
VEC was incorporated on January 25, 2005 and its primary purpose is to establish, maintain and operate power plants of any kind and such other sources that may be a viable source of electric light, heat and power system and to sell to the general public, electricity as the corporation may determine. VEC currently exists as a holding company with direct equity shareholdings in CPPC, Delta P, 1590 EC, CIPC, VMHI, TVI, DPHI, INPC, LPEC, and VIDC, entities engaged in the power generation business, and PEI and Core, entities engaged in the retail electricity supply. Core is also engaged in engineering services. VEC also has direct equity shareholdings on holding entities namely VIGC and VREC.

VIGC
VIGC was incorporated on November 5, 2008 with the primary purpose of holding investments in power generation companies. It has direct equity shareholdings in MPC, TVI and LPCI, entities engaged in the power generation business and AHI, a holding entity.

VSAC
VSAC, formerly Vivant Geo Power Corp. (VGPC), was incorporated on April 23, 2014. Its primary purpose is to establish, maintain, own, and operate geothermal, thermal, hydroelectric, solar, wind, coal, diesel power plants and such other sources that may be viable source of electric light, heat and power system and to sell and/or trade electricity for light, heat and power purposes within cities, municipalities and provinces of the Philippines as the corporation may determine and enter into business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2025, VSAC is still in the pre-operating stage.

On May 9, 2025, the application to change the name of VGPC to Vivant Solenergy Anilao Corp. was approved by the SEC.

DPHI
DPHI, formerly VII, was incorporated on July 11, 2014. Its primary purpose is to engage in business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, constructing, holding, and selling power generation facilities and related facilities, or any other business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2025, DPHI is still in the pre-operating stage.

On February 16, 2022, the application to change the name of VII to Delta P Hybrid, Inc. was approved by the SEC.

VREC
VREC was incorporated on January 8, 2010 with the primary purpose of holding investments in power generation companies. On October 2, 2015, the SEC approved its application for change in corporate name from Vics Bakun Holdings Corporation to VREC. It also has direct equity shareholdings in VGPC, SPHC, AHC, VSC, CREC, and LWEC as of December 31, 2025.

Core
Core was incorporated on December 14, 2012. Its primary purpose is to buy, source and obtain electricity from generating companies or from the wholesale electricity spot market to sell, broker, market or aggregate electricity to the end-users, to provide services necessary in connection with the supply or delivery of electricity thereof, distribution utilities and other entities in the electric systems by a duly licensed electrical engineer, the conduct of energy examinations, inspections, assessments, maintenance, testing and commissioning, as amended dated May 31, 2019.

As of December 31, 2025, Core has entered into retail supply contracts and engineering service contracts with various customers.

VIDC
VIDC was incorporated on August 7, 2015. Its primary purpose is to establish, maintain, acquire, own, hold, and operate diesel powered generating facilities. As of December 31, 2025, VIDC is the holding company of INPC.



INPC

Isla Norte Power Corporation (INPC) was incorporated on February 14, 2022, and carried on the operations of Isla Norte Energy Corporation after the merger of said entity with INPC was approved by the SEC on December 29, 2022. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power purposed within the cities, municipalities, and provinces of the Philippines.

In 2023, VEC and VIDC acquired the remaining interest of Gigawatt Power, Inc. (GPI) in INPC for a total consideration of ₱169.6 million, resulting in 100% ownership by the Group in INPC (see Note 22).

The registered office of INPC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

SPHC

SPHC was incorporated on April 20, 2017. Its primary purpose is to engage in the business of holding investments in power generation companies. As of December 31, 2025, SPHC has not yet started its commercial operations.

The registered office of SPHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

AHC

AHC was incorporated on August 16, 2017. Its primary purpose is to engage in the business of a holding company. As of December 31, 2025, AHC is the holding company of BPC and NBPC.

In May 2021, AHC in partnership with VEC acquired 9% ownership in BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively. Further, AHC acquired 9% ownership in NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

On June 28, 2021, VREC assigned its 45,000 common shares in AHC with par value of ₱1.00 per share to VEC.

The registered office of AHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

VMHI

VMHI was incorporated on June 8, 2012. Its primary purpose is to engage in the business of owning, acquiring, operating, generating, collecting and distributing electricity.

VMHI is in its starting phase or pre-operational stage as a power generating entity that will implement a greenfield power plant project, involving the construction and operation of a series of run-of-river hydropower facility in Barangay Capitan Ramon in Silay City, Negros Occidental. VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a six (6) MW power plant facility along the Malogo river. The project has concluded its detailed engineering design. A tender process is underway for the construction to coincide with the project timetable, but subject to adjustments that may be brought about by regulations from the grid system operator.

On March 8, 2017, bidding for the award of the Engineering, Procurement, Construction and Commissioning ("EPCC") contract was conducted. However, the National Grid Corporation of the Philippines (NGCP) issued a prohibition to the power plants from connecting to the Negros Island Grid. Such prohibition is expected to be in place until NGCP's 230 kV backbone project is expected to be completed and ready to accommodate new capacity.

In April 2024, NGCP's 230 kV backbone project was energized. Following this energization, the Company re-engaged with NGCP to discuss interconnection matters and requested for an initial technical assessment. However, the results of the assessment indicate a potential risk of congestion at the proposed interconnection, should the 3-phase project proceed. Hence, the need to perform and update certain studies to evaluate the viability of the interconnection for the project. With this, VMHI has withheld the awarding of the EPCC contract to implement the detailed engineering design as of December 31, 2024.

Following interconnection-related constraints and delays, the Company requested approval of a revised Work Program from the Department of Energy (DOE), which was approved in March 2025. Project activities during Year 1 (2025) primarily focused on the maintenance and updating of permits and technical studies, including the System Impact Study (SIS). Accordingly, further engineering activities, including detailed design review and the awarding of the EPCC, were deferred to the succeeding period.

The registered office of VMHI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

1590 EC

1590 EC was incorporated and started operations on July 30, 2010. It is primarily engaged in power generation and operates a 225 MW diesel-fired power plant in Bauang, La Union. 1590 EC is also partly-owned by GPI, Eco Utilities Ventures Holdings Company, Inc. (EUVHCI) and ICS Renewables Holdings, Inc. (ICS), among others.

The registered office of 1590 EC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

On April 6, 2022, 1590 EC acquired the Buang Diesel Power Plant (BDPP) as the highest bidder during the public auction of the power plant following a post qualification evaluation. On April 19, 2022, 1590 EC and the PGLU signed the deed of transfer and conveyance.

VSC

VSC, formerly ET-Vivant Solar Corporation, was incorporated on April 4, 2018 primarily to engage in developing and constructing solar power generation and related facilities for lighting and power purposes and whole-selling the electric power to the wholesale electricity spot market, private distribution utilities, private electric cooperatives and other off-takers and selling and/or trading electricity for light, heat and power purposes. VSC has direct equity shareholding in CSSC, an entity engaged in the solar power generation business. In 2021, VSC has started its commercial operations.

The registered office of the Company is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S, Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

CSSC

CSSC, formerly ET Energy Island Corporation (ETEI), was incorporated on January 11, 2017 with the primary purpose to explore, develop, build, construct, install, commission, rehabilitate, maintain, own, manage, operate and invest in, bid for or otherwise acquire power generating plants and related facilities and to engage in the business of generating, marketing, selling and supplying electricity generated from solar photovoltaic systems and components; planning and construction of photovoltaic power plants and to provide consulting services associated with photovoltaic power plants, provided that it shall not operate a public utility. In January 2019, CSSC has started its commercial operations.

The registered office of the Company is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

BPC

BPC was incorporated to develop, construct, erect assemble, commission, own, operate, maintain, rehabilitate, and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. BPC has two (2) operating power plants in Bukidnon and have started commercial operations on February 26, 2016 for Plant 1 and February 26, 2017 for Plant 2.

On October 16, 2014, BPC entered into a PSA with First Bukidnon Electric Cooperative (FIBECO) to supply a maximum of 4.4 MW from its 2 x 2.4 MW power plant located at Barangay Barandias, Bukidnon at a specific contract rate for a period of 15 years commencing from March 15, 2015. ERC has granted a provisional approval on its rate application on August 3, 2015. The second power supply agreement was entered into with FIBECO on July 24, 2015 for a contracted capacity of 2 MW from its 2.5 MW Fuel power plant located at Barangay Mabuhay, San Fernando, Bukidnon, for a period of 15 years starting from April 15, 2016. ERC's final approval on its rate application was dated June 6, 2017.

In May 2021, VEC and AHC acquired 81% and 9% ownership of BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively.

The registered office address of BPC is at National Highway Barandias, Pangantucan, Bukidnon.

NBPC

NBPC was incorporated to develop, construct, erect, assemble, commission, own, operate, maintain, rehabilitate and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. NBPC has started its commercial operations on September 26, 2018.

In May 2021, 2021, VEC and AHC acquired 81% and 9% ownership of NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

The registered office address of NBPC is at 2nd Floor Z-Gas Building, Purok 6A, South Poblacion, Maramag, Bukidnon.

CIPC
CIPC was incorporated on October 19, 2010 primarily to engage in the business of owning, acquiring, commissioning, operating and selling power generation facilities and related facilities, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. Currently, CIPC operates an 8 MW bunker and 0.75 MW diesel-fired power generation plants in the municipalities of Coron and Busuanga, respectively.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in CIPC for a consideration of ₱172.0 million, which resulted to a 100% ownership of the Group. The Group has assessed that the set of assets and activities that it has acquired in CIPC constitutes a business and has accounted for the acquisition as a business combination.

The registered principal office of CIPC is at Sitio Lilibutin, Barangay Guadalupe Coron, Palawan, Philippines 5316.

Delta P
Delta P was registered with SEC on September 20, 2002 primarily to operate and maintain a 16 MW heavy fuel oil-fired generating power station in Puerto Princesa, Palawan.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in Delta P for a consideration of ₱272.9 million, which resulted to an increase in the Group's ownership interest in Delta P to 100%. The Group has assessed that the set of assets and activities that it has acquired in Delta P constitutes a business and has accounted for the acquisition as a business combination.

The registered principal office of Delta P is at Km. 13 North National Highway, Sta. Lourdes, Puerto Princesa City, Palawan.

LPEC
La Pampanga Energy Corp (LPEC), formerly Vivant Enercore Integrated, Inc. (VEII), was incorporated on May 26, 2016. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system. As of December 31, 2025, LPEC is still in the pre-operating stage.

On June 1, 2023, the Group entered into a share purchase agreement with GPI to acquire its shares equivalent to 6,250,000 common shares and 51,750,000 preferred shares with par value of ₱1 per share for a consideration of ₱41.1 million, which resulted to 100% ownership of the Group. The Group has assessed that the set of assets it has acquired in LPEC does not constitute a business and has accounted for the acquired net assets at cost.

CREC
CREC, an associate through VREC, was registered on April 12, 2017 primarily to engage in the business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, and constructing conventional renewable energy and/or hybrid power generation, distribution and related facilities, and distributing and selling power, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in the furtherance of or otherwise relating to such purpose. As of December 31, 2025, CREC has not yet started its commercial operations.



On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its shares equivalent to 9,375 preferred shares with par value of ₱1,000 per share for a consideration of ₱6.5 million resulting to an increase of the Group's ownership interest to 100%. The Group has assessed that the group of assets it has acquired in CREC does not constitute a business and has accounted for the acquired net assets at cost.

The registered principal office of CREC is at Sitio Lilibutin, Barangay Guadalupe, Coron, Palawan 5316.

SIAEC

SIAEC was incorporated on February 18, 2016 with the primary purpose to engage in the business of development, investment, acquisition, construction, operation and maintenance, and sale of renewable energy facilities including generation of heat and power, sales and distribution. As of December 31, 2025, SIAEC has not yet started its commercial operations.

On February 3, 2023, VEC acquired 100% ownership of SIAEC from Cleantech Global Renewables, Inc. representing 1,250,004 common shares for a consideration of ₱5.0 million and advanced ₱381.8 million to be applied against future issuance of common stock.

The registered office of SIAEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

MPI

MPI, formerly Central Cebu Transitional Power Corporation, was incorporated on April 11, 2023 with the primary purpose to engage in the business of establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. MPI started its commercial operations in August 2023.

The registered office of MPI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SPREC

SPREC was incorporated on March 29, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2025, SPREC has not yet started its commercial operations.

The registered office of SPREC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SGC

SGC was incorporated on April 12, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2025, SGC has not yet started its commercial operations.

The registered office of SGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

API
API was incorporated on June 7, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2025, API has not yet started its commercial operations.

The registered office of API is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

AEC
AEC was incorporated on May 17, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2025, AEC has not yet started its commercial operations.

The registered office of AEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VSBC
VSBC, formerly Bai Energy Corporation (BEC), was incorporated on June 13, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2025, VSBC has not yet started its commercial operations.

On February 12, 2025, the application to change the name of BEC to Vivant Solenergy Bukidnon Corp. was approved by the SEC.

The registered office of VSBC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SEGC
SEGC was incorporated on June 21, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2025, SEGC has not yet started its commercial operations.

The registered office of SEGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SCEC
SCEC was incorporated on May 23, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2025, SCEC has not yet started its commercial operations.

The registered office of SCEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.



IERC
IERC, formerly Bohol Renewable Power Corporation (BRPC), was incorporated on March 21, 2022 with the primary purpose to operate, manage, and engage in the business of electric power generation, transmission and distribution that includes operation of generation facilities, transmission and distribution systems as well as electricity and transmission capacity exchanges for sale of electricity to its end users except production of electricity through incineration of waste.

On January 22, 2024, VEC entered into a share purchase agreement to acquire 1,000,000 common shares in IERC with par value of ₱1 per share for a consideration of ₱1.0 million. As of December 31, 2025, IERC has not yet started its commercial operations.

On April 22, 2025, the application to change the name of BRPC to Isla Este Renewables Corp. was approved by the SEC.

The registered office of the Company is located at 0716 1st Floor Ocean Suites Hotel, VP Inting Ave., Bool, Tagbilaran City, Bohol, Region VII (Central Visayas), 6300.

VSCC
VSCC was incorporated on December 10, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy strorage systems capable of absorbing energy from the grid or distribution system or from a renewable energy facility or conventional facility, to be stored for a period of time and injected as needed, and to sell to the general public electricity for light, heat and power. As of December 31, 2025, VSCC has not yet started its commercial operations.

The registered office of VSCC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VSUC
VSUC was incorporated on December 10, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy strorage systems capable of absorbing energy from the grid or distribution system or from a renewable energy facility or conventional facility, to be stored for a period of time and injected as needed, and to sell to the general public electricity for light, heat and power. As of December 31, 2025, VSUC has not yet started its commercial operations.

The registered office of VSUC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

OSAC
OSAC was incorporated on November 28, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy strorage systems capable of absorbing energy from the grid or distribution system or from a renewable energy facility or conventional facility, to be stored for a period of time and injected as needed, and to sell to the general public electricity for light, heat and power. As of December 31, 2025, OSAC has not yet started its commercial operations.

The registered office of OSAC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.



VVAC
VVAC was incorporated on November 29, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy strorage systems capable of absorbing energy from the grid or distribution system or from a renewable energy facility or conventional facility, to be stored for a period of time and injected as needed, and to sell to the general public electricity for light, heat and power. As of December 31, 2025, VVAC has not yet started its commercial operations.

ISLA ADA
ISLA ADA was incorporated on October 29, 2025 with the primary purpose to engage in the business of exploring, developing, and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power purposes within cities, municipalities, and provinces of the Philippines, as the Corporation may determine and any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in the furtherance of or otherwise relating to such purpose. As of December 31, 2025, ISLA ADA has not yet started its commercial operations.

The registered office of ISLA ADA is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

ISLA DAGYAB
ISLA DAGYAB was incorporated on October 29, 2025 with the primary purpose to engage in the business of exploring, developing, and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power purposes within cities, municipalities, and provinces of the Philippines, as the Corporation may determine and any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in the furtherance of or otherwise relating to such purpose. As of December 31, 2025, ISLA DAGYAB has not yet started its commercial operations.

The registered office of ISLA DAGYAB is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

ISLA DILAAB
ISLA DILAAB was incorporated on October 29, 2025 with the primary purpose to engage in the business of exploring, developing, and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power purposes within cities, municipalities, and provinces of the Philippines, as the Corporation may determine and any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in the furtherance of or otherwise relating to such purpose. As of December 31, 2025, ISLA DILAAB has not yet started its commercial operations.

The registered office of ISLA DILAAB is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

FLOWS
FLOWS was incorporated on August 31, 2018 primarily to engage in the activities of a holding company except as a stockbroker or dealer of securities, provided that, FLOWS shall not solicit, accept or take investments/placements from the public neither shall it issue investments contracts.

On December 31 2025, the Group acquired additional equity interest in FLOWS, resulting in the Group obtaining control over the entity. Accordingly, FLOWS has been accounted for as a subsidiary of the Group from the date control was obtained.

As at December 31, 2024, FLOWS was classified as an associate of VHHI.

FLOWS has an 89.58% direct ownership interest in PPWRLC.

The registered principal office of FLOWS is at 37 Taft Street, Barangay Maligaya, Puerto Princesa City, Palawan.

PPWRLC
PPWRLC was incorporated under the laws of the Republic of the Philippines and registered with the SEC on November 8, 2018. The Company's primary purpose is to engage in the activities of an operator, contractor and/or agent of the City of Puerto Princesa in providing septage, sewerage and sanitation services and to engage in the development, construction, operation, and maintenance of sewage and/or septage treatment plants which may also act as a tourist attraction and learning center for environmental protection.

PPWRLC already started its commercial operations on January 1, 2022. The registered principal place of business is at Maligaya, Puerto Princesa City (Capital), Palawan, Region IV-B, Philippines, 5300.

Associates. VECO, PEI, AHI, CPPC, MPC, TVI, LPCI, GLEDC, LWEC and SSREC qualify as associates of the Group.

VECO
VECO was incorporated on February 22, 1961 and whose corporate term was extended for another 50 years after the expiration on February 23, 2012. VECO is a power distribution entity, the primary activities of which are to establish, maintain and operate electric light, heat and power systems and to sell to the general public electricity for light, heat and power purposes.

VECO serves the electrical power needs of four cities (Cebu, Mandaue, Talisay and Naga) and four municipalities (Minglanilla, San Fernando, Consolacion and Lilo-an) of the greater part of Metro Cebu by virtue of legislative franchise grants.

The registered office address of VECO is at J. Panis Street, Banilad, Cebu City, Philippines.

PEI
PEI was incorporated on March 24, 2009 as a retail electricity supplier. On April 26, 2017, PEI began its operations providing qualified contestable customers the opportunity to select a contract structure that will meet their generation supply requirement.

PEI's registered principal office address is at Aboitiz Corporate Center, Gov. Manuel A. Cuenco Ave., Kasambagan, Cebu City, Philippines.



AHI
AHI was incorporated on November 28, 2007 primarily to manage entities and to provide management, investment and technical advice for enterprises engaged in electricity generation and/or distribution.

AHI and Global Formosa Power Holdings, Inc., a joint venture between Global Business Power Corp. (Global Power) and Formosa Heavy Industries (Global Formosa), signed a shareholders' agreement to develop, construct and own Cebu Energy Development Corporation (CEDC), a 246 MW coal-fired power plant in Toledo City, Cebu. AHI has a 44% direct ownership interest in CEDC.

Its principal place of business is located at Aboitiz Corporate Center, Gov. Manuel Cuenco Avenue, Kasambagan, Cebu City, Philippines.

CPPC
CPPC was incorporated on July 13, 1994 and its primary purpose is to build, construct or own power generation plants and related facilities. It operates a 70 MW bunker "C" diesel-fired power generating plant, prior to the acquisition by the Group of the assets in 2023 (see Note 17).

On July 8 2025, SEC has approved an amendment to its Articles of Incorporation shortening its corporate term to until December 31, 2026.

The registered office address of CPPC, which is also its principal place of business, is Old VECO Compound, Barangay Ermita, Carbon, Cebu City.

MPC
MPC (formerly Minergy Coal Corporation) was registered with SEC on February 18, 2013, primarily to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the generation and supply of power utilizing any fuel or energy source.

MPC operates 3x55 MW coal-fired power plants in Balingasag, Misamis Oriental.

The registered office of MPC is at Brgy. Mandangoa, Balingasag, Misamis Oriental.

TVI
TVI was registered with SEC on October 15, 1997, primarily to acquire by purchase, lease, contract, concession, or otherwise any and all real estate, land, land patents, opinions, grants, concessions, franchises, water and other rights, privileges, easements, estates, interests and mineral properties of every kind and description. The power plant started its operations in April 2019.

The registered principal office of TVI is at Barangay Bato, Toledo City, Cebu.

LPCI
LPCI was registered with SEC on June 10, 2016 and is primarily engaged in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources. As of December 31, 2025, LPCI has not started its commercial operations.

The registered office of LPCI is at 22F GT Tower International 6813 Ayala Avenue cor. H.V. dela Costa St, Makati City 1227.



GLEDC
GLEDC, a wholly owned subsidiary of LPCI, was registered with SEC on January 31, 2013. It is primarily engaged in the general business of generating power derived from coal, fossil fuel, geothermal, nuclear, natural gas, hydroelectric, and other viable sources of power, for lighting and power purposes and whole selling the electric power to electric cooperatives, distribution utilities, and industrial customers. As of December 31, 2025, GLEDC has not started its commercial operations.

The registered office of GLEDC is at 22nd Flr GT Tower International, Ayala Avenue Corner H.V. Dela Costa St. Bel-air, Makati City.

LWEC
LWEC, formerly 6 Barracuda, an associate through VREC, was incorporated and registered in the Philippine SEC on January 24, 2017. It is engaged in all aspects of exploration, assessment, development and utilization of renewable energy resources, including the procurements, acquisition, importation, construction, installation, erection, ownership, lease, operation and maintenance of edifices, structures, facilities, materials, machinery and equipment, for or related to generation and sale of power.

As of December 31, 2025, LWEC has not started commercial operations.

The registered office of LWEC is at 21/F Tower 6789 Ayala Ave., Bel-Air Makati, Metro Manila.

SSREC
SSREC was incorporated on July 6, 2021 with the primary purpose to explore, discover, develop, extract, harvest, dig and drill, produce, utilize, store, treat, process, transport, market, use, experiment with, distribute, manufacture, or otherwise deal in any renewable energy source, which by itself or in combination with others substances, or after sorting, processing, harvesting or the application to it of technology, produces, gives of, generates or causes the generation of heat or power or energy, such as but not limited to, solar radiation, wind, biomass, hydro, run-of-river, tidal force, wave energy, industrial waste heat, ocean thermal gradients, and other renewable energy sources, and to promote, offer, negotiate, execute, sell, engage, in and/or render technical consultancy services, to build, own, operate, power plants in the Philippines, to engage in the business of generating and supplying electricity and other forms of thermal energy, such as heat or steam, to distribute utilities as end-users, to conduct business in other areas of the power industry under EPIRA Law, and to establish, operate, and maintain light and power systems inside Economic Zones.

The registered office of SSREC is located at TECO Industrial Park, Bundagul, Mabalacat City, Pampanga, Philippines.

Its commercial operations commenced in August 2025.

Authorization to Issue the Consolidated Financial Statements. The consolidated financial statements of the Group as of and for the years ended December 31, 2025, 2024 and 2023 were approved and authorized for issuance by the Board of Directors (BOD) on March 26, 2026.

2. **Basis of Preparation, Statement of Compliance and Basis of Consolidation**

Basis of Preparation
The consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at FVOCI and investment properties which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All amounts are rounded to the nearest Peso, except as otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries.

The consolidated financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Profit or loss and each component of Other Comprehensive Income (OCI) comprise income from the date the Group gains control until the date the Group ceases to control the subsidiary. The Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income and attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Accounting for Loss of Control
When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the former subsidiary, including any non-controlling interests in the former subsidiary at the date control is lost, and components of other comprehensive income attributable to them. The Group also recognizes any investment retained in the former subsidiary at its fair value when control is lost. The Group subsequently accounts for any retained interests and for any amount owed by or to the former subsidiary in accordance with other relevant PFRS Accounting Standards. The fair value shall be regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of an investment in an associate or joint venture. The Group recognizes a gain or loss associated with the loss of control attributable to the former controlling interest.



The Group accounts for all amounts previously recognized in other comprehensive income in relation to former subsidiaries on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Transactions with Non-controlling Interests
Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the parent. Transactions with non-controlling interests are accounted for as equity transactions. On acquisitions of non-controlling interests, the difference between the consideration and the book value of the share of the net assets acquired is reflected as being a transaction between owners and recognized directly in equity. Gain or loss on disposals to non-controlling interest is also recognized directly in equity.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments standards effective in 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

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

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

  These amendments had no impact on the consolidated financial statements of the Group.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, *Financial Instruments: Disclosures, PFRS 18, Presentation and Disclosure in Financial Statements*, PAS 1, *Presentation of Financial Statements*, PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* PAS 26, *Accounting and Reporting by Retirement Benefit Plans,* and PAS 37*, Provisions, Contingent Liabilities and Contingent Assets, Disclosures about Uncertainties in the Financial Statements*

The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

- Amendments to PFRS 9, *Financial Instruments* and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of nonrecourse assets and contractually linked instruments.

  Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

- Amendments to PFRS 9 and PFRS 7*, Contracts Referencing Nature-dependent Electricity*

  The amendments only apply to contracts that reference nature-dependent electricity such as contracts to buy or sell nature-dependent electricity, as well as financial instruments that reference such electricity. This amendment cannot be applied by analogy to other contracts, items or transactions.

  The amendments clarify the application of the 'own-use' requirements for in-scope contracts, amend the designation requirements for a hedge item in a cash flow hedging relationship for in-scope contracts and include new disclosure requirements.

  These amendments had no impact on the consolidated financial statements of the Group.



- *Annual Improvements to PFRS Accounting Standards – Volume 11*

  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

  - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*, *Hedge Accounting by a First-time Adopter*

    The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

    These amendments had no impact on the consolidated financial statements of the Group.

  - Amendments to PFRS 7, *Gain or Loss on Derecognition*

    The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

  - Amendments to PFRS 9

    - *Lessee Derecognition of Lease Liabilities*

      The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

    - *Transaction Price*

      The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15, *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

  - Amendments to PFRS 10, *Consolidated Financial Statements*, *Determination of a 'De Facto Agent'*

    The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

  - Amendments to PAS 7, *Statement of Cash Flows, Cost Method*

    The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.



Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1 and responds to investors' demand for better information about companies' financial performance. The new requirements include:

  - Required totals, subtotals and new categories in the statement of profit or loss;
  - Disclosure of management-defined performance measures; and
  - Guidance on aggregation and disaggregation.

  The Group is currently assessing the impact of adopting PFRS 18 and plans to adopt the new standard on the required effective date.

- PFRS 19, *Subsidiaries without Public Accountability: Disclosures*

  The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.

  In 2025, PFRS 19 was amended to provide reduced disclosure requirements for new or amended PFRS Accounting Standards adopted by the FSRSC from the issuances of the IASB between February 2021 and May 2024.

  The application of the standard is optional for eligible entities.

- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

  The amendments introduce translation requirements for entities translating their financial statements, or the results and financial position of a foreign operation, from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy.

Deferred Effectivity

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

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

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



4. **Material Accounting Policy Information**

Current and Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Group measures financial instruments, such as, cash on hand and in banks, short-term placements, trade and other receivables, trade and other payables, notes payable and non-financial assets such as investment properties and AFS investments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as cash on hand and in banks, short-term investments, trade and other receivables, advances to associates and stockholders, financial assets at FVOCI, trade and other payables, advances from related parties, notes payable and investment properties.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Valuers are normally rotated every 3–6 years. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

On an interim basis, the management and the Group's external valuers present the valuation results to the audit committee. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Assets and Financial Liabilities

Financial Instruments - Initial Recognition and Subsequent Measurement

- *Classification of Financial Assets*. Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:
  - Financial assets measured at amortized cost;



- Financial assets measured at fair value through profit or loss (FVPL);
- Financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss
- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

- *Contractual Cash Flows Characteristics*. If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

  In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

- *Business Model*. The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

  The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

- *Financial Assets at Amortized Cost.* A debt financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the consolidated statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "Provision for bad debts" in the consolidated statement of comprehensive income.



As at December 31, 2025 and 2024, the Group has financial assets at amortized cost consisting of cash and cash equivalents, trade and other receivables, advances to associates and stockholders, and other receivables included under "Other noncurrent assets" such as advances to suppliers and other parties, due from RFM Corporation, security deposits under "Prepayments and other current assets" and restricted cash under "Other current assets" and "Other noncurrent assets" (see Notes 6, 7, 9, 14 and 17).

- *Financial Assets at FVPL.* Financial assets at FVPL are measured at FVPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

  Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

  The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. An embedded derivative is separated from the host financial liability or nonfinancial contract and accounted for as a derivative if all of the following conditions are met:

  - the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics of the host contract;
  - a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
  - the hybrid or combined instrument is not recognized as at FVPL.

  For derivatives embedded in financial asset host contracts, the Group applies the financial asset classification and measurement requirements to the entire instrument. No embedded derivatives in financial asset host contracts are recognized separately in the financial statements.

  Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

  Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL, and the gains or losses from disposal of financial investments.

  As at December 31, 2025 and 2024, the Group has no financial assets at FVPL.



- *Financial Assets at FVOCI.* A financial asset is measured at FVOCI if (a) it is held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized.

  Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

  The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

  Dividends are recognized in profit or loss only when:
  - the Group's right to receive payment of the dividend is established;
  - it is probable that the economic benefits associated with the dividend will flow to the Group; and,
  - the amount of the dividend can be measured reliably.

  As at December 31, 2025 and 2024, the Group has financial assets at FVOCI amounting to ₱8.0 million, and is presented as part of "Other noncurrent assets" account in Group's consolidated statements of financial position (see Note 14).

- *Classification of Financial Liabilities*. Financial liabilities are measured at amortized cost, except for the following:
  - Financial liabilities measured at fair value through profit or loss;
  - Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
  - Financial guarantee contracts;
  - Commitments to provide a loan at a below-market interest rate; and,
  - Contingent consideration recognized by an acquirer in accordance with PFRS 3.

  A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

  - if a host contract contains one or more embedded derivatives; or,

  - if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVPL, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group's financial liabilities include trade and other payables, notes payable and advances from related parties.

- *Impairment of Financial Assets.* Upon adoption of PFRS 9, the standard introduces the single, forward-looking "expected loss" impairment model, replacing the "incurred loss" impairment model under PAS 39.

  The Group recognizes ECL on debt instruments that are measured at amortized cost.

  No ECL is recognized on equity investments.

  ECLs are measured in a way that reflects the following:

  - an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
  - the time value of money; and,
  - reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

  Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

  - *Stage 1: 12-month ECL*. For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.
  - *Stage 2: Lifetime ECL - not credit-impaired*. For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.
  - *Stage 3: Lifetime ECL - credit-impaired*. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.



Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; or,
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

- *Determination of the Stage for Impairment*. At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

  An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

- *Simplified Approach.* The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to 'Trade receivables'. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

  The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Offsetting Financial Instruments. Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derecognition of Financial Assets and Liabilities

- *Financial Assets.* A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

  - the rights to receive cash flows from the asset have expired;

  - the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or



- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

  Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

- *Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.



The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing the inventory to its present location and condition is determined primarily on the basis of the weighted average method. NRV is the current replacement cost. An allowance for inventory obsolescence is provided for slow-moving, defective or damaged goods based on analyses and physical inspection.

Prepayments and Other Current Assets

Prepayments and other current assets are recognized and carried at cost, less any impairment in value. These are recognized as assets when it is probable that any future economic benefit associated with the item will flow to or from the entity and the item has a cost or value that can be measured with reliability. An asset is not recognized in the consolidated statement of financial position when expenditure has been incurred for which it is considered improbable that economic benefits will flow to the entity beyond the current accounting period. Instead, such a transaction results in the recognition of an expense in the consolidated statement of comprehensive income.

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost less accumulated depreciation and amortization, and impairment losses, if any.

Initially, an item of property, plant and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred. Land is measured at cost less any impairment losses. For land transferred from investment properties carried at fair value, the land's deemed cost is its fair value at the date of change in use.

Depreciation and amortization are computed using the straight-line method over the assets' estimated useful lives. Leasehold improvements are amortized using the straight-line method over the estimated useful life of the improvements or the term of the lease, whichever is shorter. The estimated useful lives are as follows:

	Number of Years
Plant machineries and equipment	5–10
Condominium units, building and improvements	5–40
Transportation equipment	5
Office furniture, fixtures and equipment	2–10
Tools and other assets	3–5
Leasehold and land improvements	3–10

The useful lives and depreciation and amortization method are reviewed at each reporting date to ensure that such useful lives and depreciation and amortization method are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect to those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and the related accumulated depreciation and amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

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

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period.

Investment Properties

Investment properties, which pertain to land and buildings, are properties held by the Group either to earn rentals or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are initially measured at cost. Subsequently, investment properties are measured at fair value with any change therein recognized in profit or loss following the fair value model.

The fair value of the Group's investment properties measured using the fair value model is based on the valuation carried out by independent appraisers. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices of similar properties.

Any gain or loss resulting from either a change in the fair value or the sale of investment properties is recognized in profit or loss in the year of change or derecognition.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or the start of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by start of owner-occupation or of development with a view to sell.

Service Concession Arrangements

A service concession arrangement exists when the Group operates and maintains infrastructure to provide public services on behalf of a grantor, and the grantor controls or regulates (i) the services provided, (ii) the recipients of the services, and (iii) the pricing, and controls any significant residual interest in the infrastructure at the end of the term of the arrangement.

The consideration received or receivable for construction or upgrade services is recognized as either:

- a financial asset, where the Group has an unconditional contractual right to receive cash or another financial asset from the grantor;
- an intangible asset, where the
- Group receives a right to charge users of the public service; or
- a combination of both, where applicable.

Where the arrangement gives rise to:
- a financial asset model – the financial asset is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.
- an intangible asset model – the intangible asset is initially recognized at fair value and subsequently amortized on a systematic basis over the concession period.

The Group accounts for its service concession agreements using financial asset model, as the Group has an unconditional contractual right to receive cash from the grantor for construction and operating services.

Accordingly, the consideration for construction and upgrade services is recognized as a financial asset at fair value upon initial recognition. The financial asset represents the Group's contractual right to receive cash from the grantor and is subsequently measured at amortized cost using the effective interest method.

Interest income is recognized over the term of the concession using the effective interest rate specific to the contract and is presented as "Finance income" under "Concession" in the consolidated statement of comprehensive income.

Cash flows from the financial asset that are expected to be received within twelve (12) months from the reporting date are presented as current financial assets, while amounts expected to be received beyond twelve (12) months are classified as noncurrent financial assets in the consolidated statement of financial position.

The Group identifies performance obligations associated with service concession arrangement and allocates the transaction price in the contract to the performance obligations. Revenues on the performance obligations are recognized as "Revenues from contracts with customers" as the Group satisfies the performance obligations.

Costs incurred in fulfilling operating obligations under the concession arrangement are recognized as incurred and presented as "Water generation costs" in the consolidated statement of comprehensive income.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree pertaining to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets.

All other components of non-controlling interest are measured at fair value unless another measurement basis is required by PFRS Accounting Standards. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PAS 39 either in the consolidated statement of comprehensive income or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the Group's interest in the fair values of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of Goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized.



Impairment of Nonfinancial Assets

As at December 31, 2025 and 2024, the Group has investments in associates, property, plant and equipment, intangible assets and right-of-use assets which are classified as nonfinancial assets subject to impairment.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, including impairment of inventories, are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital Stock. Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value for all issued shares.

Additional Paid-in Capital. Consideration received in excess of par value are recognized as additional paid-in capital, net of incremental costs that are directly attributable to the issuance of new shares.

Retained Earnings. Retained earnings consist of appropriated and unappropriated balances. Appropriated retained earnings are restricted for specific purposes and/or are not available for dividend declaration. Unappropriated retained earnings are not restricted and include the cumulative balance of net income or loss, any dividend distributions, prior period adjustments and effects of any change in accounting policy.



Equity Reserves. Equity reserves pertain to the difference between the consideration transferred and the book value of interest acquired from non-controlling interest without loss of control.

Revenue Recognition
Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before these goods or services are transferred to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Contracts with Customers

- *Sale of Power*. For power generation and ancillary services where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity. The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer.

  Revenue from power generation and ancillary services is recognized in the period actual capacity is delivered. Revenue is to be recognized over time since the customer simultaneously receives and consumes the benefits as the seller supplies power.

  Power retail supply also qualify as a series of distinct goods or services that are substantially the same and have the same pattern of transfer accounted for as one performance obligation. Revenue should be recognized over time based on amounts billed.

- *Construction Revenue*. When the Group provides construction or upgrade services on concession arrangements accounted for as service concession arrangements within IFRIC 12, the transaction price, measured at the fair value of the construction services, is recognized as revenue as the underlying asset is constructed.

- *Management and Service Fees.* Revenue from management fees, arising from services involving consultancy, management and technical services covered by Service Level Agreements (SLAs), are recognized over time when the related services are rendered based on the terms of the management and service contracts.

- *Engineering Service Income.* Revenue from engineering services, arising from engagement with customers availing technical and engineering expertise and covered by service contracts, are recognized overtime when the services are rendered.



For the years ended December 31, 2025, 2024 and 2023, the Group has no variable consideration and the timing of revenue recognition currently does not result in any contract assets or liabilities and there are no unfulfilled performance obligations at any point in time.

Interest Income. Interest income is recognized as interest accrues taking into account the effective yield on the assets.

Other Income. Other income includes proceeds from insurance claims, rental income and gain on disposal of property and equipment. These are generally recognized when earned. Rental income is recognized on a straight-line basis over the term of the lease while gain on disposal of property, plant and equipment is recognized as the difference between the consideration and the book value of the property, plant and equipment disposed.

Cost and Expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized in the consolidated statements of comprehensive income when incurred.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Pension Benefits

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statement of comprehensive income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Taxes

Current Income Tax. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax. Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the reporting date. Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group records uncertain tax positions on the basis of a two-step process whereby the Group determines whether it is more likely than not that the tax positions will be sustained based on technical merits of the position, and for those tax positions that meet the more likely than not criteria, the Group recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with related tax authority. The Group records interest and penalties on uncertain tax positions in “Income tax expense (benefit)” account in the consolidated statement of comprehensive income.

Value-Added Tax (VAT). Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.



Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessor. Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Group as a Lessee. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follow.

	Number of Years
Office space	1–5
Plant and equipment	5
Land	4–5

Right-of-use assets are subject to impairment. Refer to the accounting policies in section on impairment of non-financial assets.

Lease Liabilities. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets. The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱0.25 million). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Foreign-currency-denominated Transactions

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at reporting date. Exchange gains and losses arising from foreign currency transactions and translations of foreign-currency-denominated monetary assets and liabilities are credited or charged to current operations.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period

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

Earnings Per Share

Basic earnings per common share is calculated by dividing net income for the year attributable to the common stockholders of the Group by the weighted average number of common shares issued and outstanding during the year, after retroactive adjustments for any stock dividends declared.

Diluted earnings per share is calculated by dividing the net income for the year attributable to the common stockholders of the Group by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued for outstanding common stock equivalents.

As at December 31, 2025 and 2024, the Group does not have dilutive common stock equivalents.



5. Significant Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRS Accounting Standards requires the Group to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. In preparing these consolidated financial statements, the Group made its best estimates of certain amounts, giving due consideration to materiality. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Group believes that the following represent a summary of these significant accounting estimates and the related impact and associated risks in the consolidated financial statements.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Measurement of Service Concession Asset. The Group's service concession arrangement with Metropolitan Cebu Water District (MCWD), a local water district, is accounted for under the financial asset model in accordance with IFRIC 12. The concession asset is measured at amortized cost using the effective interest method.

The measurement of the concession asset requires management to make significant estimates and assumptions, including:

- timing and amount of expected cash receipts from the grantor over the concession period;
- assessment of collectability of amounts due from the grantor, including expected credit losses;
- determination and application of the effective interest rate specific to the contract; and
- the expected duration of the concession arrangement.

These estimates are based on contractual terms, historical experience, and management's expectations about future events. Changes in assumptions regarding the timing or amount of cash flows, or in the assessment of credit risk, may materially affect the carrying amount of the concession asset and the related finance income.

As at December 31, 2025, the carrying amount of the concession asset amounted to ₱1.9 billion. Finance income and construction revenue recognized for the year then ended amounted to ₱246.6 million and ₱70.8 million, respectively.

Management believes that the assumptions used are reasonable and supportable based on available information as at the reporting date. However, actual results may differ from these estimates, and such differences may be material to the consolidated financial statements.



Determining Fair Value of Concession Contract Asset as part of a Business Combination. In 2025, the Group entered into a share purchase agreement which resulted to an increase in the Group's ownership interest from 45% to 90% in FLOWS and its subsidiary, PPWRLC (see Note 25). As at acquisition date, PPWRLC has a signed concession agreement with the local government of Puerto Princesa City, which is accounted for under the financial asset model under IFRIC 12 (see Notes 12 and 24). Management determined the fair value of the concession contract asset by discounting future cash flows from the concession asset. The discount rate used to discount these adjusted cash flows was based on the prevailing risk-free rates at the acquisition-date for a government security of a similar tenor as the remaining term of the concession agreement, and adjusted for an incremental spread to reflect customer-specific risks.

The acquisition-date fair value of the concession contract asset amounted to ₱261.5 million. The concession contract asset continues to be accounted for using the financial asset model in the consolidated financial statements. The carrying amount of the concession asset as at December 31, 2025 is ₱261.5 million (see Note 12).

Management has assessed that no reasonably possible change in the forecasted cash flows, the contributory asset charges, or the components of the discount rate estimate would result in material changes to the fair value of customer contracts determined as of the acquisition date.

Determining Fair Value of Investment Properties. The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statements of comprehensive income. While the Group has opted to rely on independent appraisers to determine the fair value of its investment properties, such fair value was determined based on recent prices of similar properties with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Group made different judgments and estimates or utilized different basis in determining fair value.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 27.

Any gain or loss from a change in the fair value of each investment property is included in the consolidated statement of comprehensive income in the year in which the change arises.

As of December 31, 2025, and 2024, the carrying value of the Group's investment properties amounted to ₱1,329.5 million and ₱1,103.0 million, respectively (see Note 13).

Determining Non-Controlling Interest (NCI) that is Material to the Group. The Group assesses whether an NCI is material by considering factors such as the carrying amount of the NCI relative to the net equity of the Group, the profit or loss or OCI of the subsidiary attributable to the NCI, the assets and liabilities of the related subsidiary, or the amount of dividends paid by the subsidiary to the NCI, and the proportion that these amounts bear to the Group's financial position or results of operations. The Group also considers the nature of activities of the subsidiary and its relative importance or risk compared to other operations of the Group.

Based on management's assessment, it has determined that the NCI in 1590 EC is material to the Group. Information about this subsidiary with material NCI are disclosed in Notes 1 and 22.

Estimating Useful Lives of Property, Plant and Equipment and Intangible Assets. The Group reviews annually the estimated useful lives of property, plant and equipment and intangible assets and updates the estimates based on expected asset utilization, market demands and future technological developments consistent with the Group's pursuit of constant modernization of its machineries, equipment and software. However, it is possible that the factors mentioned above may change in the future which could change the estimated useful lives of the property, plant and equipment and intangible assets. The estimated useful lives are also updated if expectations differ from previous estimates due to physical wear and tear, technical obsolescence and legal or other limits on the use of the assets. A reduction in the estimated useful lives could result in a significant increase in depreciation and amortization of property, plant and equipment and intangible assets.

The carrying value of the property, plant and equipment amounted to ₱8,783.2 million and ₱9,025.5 million as of December 31, 2025 and 2024, respectively (see Note 11). The carrying value of intangible assets (relating to customer contracts under "Other noncurrent assets") amounted ₱159.8 million and ₱187.6 million as of December 31, 2025 and 2024, respectively (see Note 14).

Estimating Impairment of Nonfinancial Assets. Internal and external sources of information are reviewed at each reporting date to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may be decreased:

- Investments in associates
- Property, plant and equipment
- Right-of-use assets

PFRS Accounting Standards require that an impairment review be performed when certain impairment indicators are present. Determining the recoverable amount, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect its consolidated financial statements. Future events could cause the Group to conclude that the investments in associates and property, plant and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

Assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators) are as follows:

	2025	2024
Investments in associates (see Note 10)	**₱11,430,365,523**	₱11,219,286,328
Property, plant and equipment (see Note 11)	**8,783,205,413**	9,025,459,481
Right-of-use assets (see Note 26)	**85,969,767**	108,776,076

In 2025 and 2024, there were no impairment indicators on the Group's nonfinancial assets. In 2023, impairment indicators were present for certain property, plant and equipment of a subsidiary. However, no impairment loss was recognized as a result of the impairment test.

Estimating Impairment of Goodwill. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. In estimating the value in use, the Group estimated revenue based on existing customer contracts, anticipated projects and projected demand, and assumed, for one CGU, a consistent gross margin during the five-year horizon based on the mix of business model arrangements with current and expected customers, and for two other CGUs, a gross margin that varies depending on anticipated demand. The interest rate used to discount the net free cash flows from operations is the weighted average cost of capital (WACC) of 7.22% as of December 31, 2025 and 8.97% as of December 31, 2024.

As at December 31, 2025 and 2024, the carrying amount of goodwill amounted to ₱47.5 million (see Note 14).

Estimating Realizability of Deferred Income Tax Assets. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of such deferred income tax assets to be utilized. The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Group.

Gross deferred income tax assets amounted to ₱114.4 million and ₱61.9 million as of December 31, 2025 and 2024, respectively (see Note 21).

Deferred income tax assets have not been recognized on net operating loss carry-over (NOLCO) of ₱1,625.0 million and ₱1,564.0 million as of December 31, 2025 and 2024, respectively, and minimum corporate income tax (MCIT) of ₱10.2 million and ₱5.0 million as of December 31, 2025 and 2024, respectively (see Note 21).

Estimating Legal Contingencies. The estimate of probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. Management, in consultation with its legal counsel, believes that the likely outcome of these proceedings will not have a material adverse effect on the Group's financial position and operating results.

Management also believes that the current provisions in the accounts are adequate to cover the possible claims that may arise under the current circumstances. Existing circumstances and assumptions about future developments related to these proceedings may still change. Such changes are reflected in the assumptions when they occur.

6. Cash and Cash Equivalents

	2025	2024
Cash on hand and in banks	**₱832,825,077**	₱744,554,772
Short-term investments	**4,058,896,241**	4,044,595,149
	₱4,891,721,318	₱4,789,149,921

Cash in banks earn interest at the respective bank deposit rates.

Short-term investments are cash equivalents and are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates.

Interest income earned from cash in banks and short-term investments amounted to ₱174.7 million, ₱167.5 million and ₱119.2 million in 2025, 2024 and 2023, respectively. Accrued interest receivable amounted to ₱8.9 million and ₱12.9 million as of December 31, 2025 and 2024, respectively (see Note 7).

7. Trade and Other Receivables

	2025	2024
Trade receivables:		
Third parties	**₱2,191,693,652**	₱1,659,633,638
Related parties (see Notes 17 and 24)	**7,978,427**	100,671,437
Advances to officers and employees	**12,870,328**	14,412,359
Accrued interest receivable (see Note 6)	**8,872,226**	12,882,015
Accounts receivable (see Note 17)	**154,032,590**	100,750
Others	**141,487,297**	88,657,163
	2,516,934,520	1,876,357,362
Less allowance for impairment losses	**77,021,727**	77,021,727
	₱2,439,912,793	₱1,799,335,635

Trade receivables represent receivables from Independent Electricity Market Operator of the Philippines (IEMOP) for sales to the Wholesale Electricity Spot Market (WESM), Ancillary Services Procurement Agreement (ASPA) with NGCP and bilateral sales contracts with other parties, Power Supply Agreements (PSAs), Distribution Wheeling Service (DWS), and Retail Supply Contracts (see Note 24). Trade receivables are noninterest-bearing and generally have credit terms of 30 days (see Note 24). Trade receivables with carrying amount of ₱606.6 million and ₱360.1 million as of December 31, 2025 and 2024, respectively, are held as collateral for Delta P's long-term debt (see Note 16).

Advances to officers and employees pertain to unliquidated cash advances for operating expenses. These are noninterest-bearing and are recoverable through direct salary deduction (e.g., through final pay) or liquidation of business-related expenses incurred by the employees.

Other receivables are mainly composed of receivables from former related parties and receivable from government agencies and others.

The following table shows the movement in the allowance for impairment losses of receivables:

	2025	2024
At January 1	**₱77,021,727**	₱36,404,072
Provision (see Note 18)	**–**	40,617,655
At December 31	**₱77,021,727**	₱77,021,727

Significant portion of the impairment losses pertain to individually impaired accounts.

8. Inventories - at Cost

	2025	2024
Heavy fuel oil	**₱251,008,171**	₱295,927,062
Light fuel oil	**43,612,064**	28,467,561
Lube oil	**14,836,658**	22,342,254
Spare parts	**356,989,340**	249,103,597
	₱666,446,233	₱595,840,474

The total cost of inventories recognized under "Generation costs" in the consolidated statements of comprehensive income amounted to ₱3,819.6 million, ₱4,499.9 million and ₱2,536.0 million in 2025, 2024 and 2023, respectively (see Note 18).

9. Prepayments and Other Current Assets

	2025	2024
Creditable withholding taxes - current	**₱381,179,493**	₱116,776,027
Input VAT - current	**340,604,941**	478,643,531
Prepaid expenses	**212,714,749**	213,768,673
Security deposits	**74,507,497**	57,630,383
Advances to suppliers and other parties	**71,662,550**	8,221,388
Others (see Note 24)	**23,563,854**	32,075,025
	₱1,104,233,084	₱907,115,027

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 14).

Input VAT represents the VAT imposed by the Group's suppliers and contractors for the acquisition 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 14).

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.

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

Others include cash restricted amounting to ₱22.5 million and ₱2.0 million as of December 31, 2025 and 2024, respectively. This relates to implementing environmental and community projects pursuant to the agreement entered with the Department of Environment and Natural Resources and Provincial Government of La Union (PGLU), and represents the maintaining balance of Energy Regulation (ER) 1-94 accounts of the Group intended for disbursement to certain beneficiaries as mandated by the Department of Energy. As of December 31, 2025, the amount also includes ₱18.1 million that is held in escrow in connection with the acquisition of the Group's interest in SSREC (see Note 10).

10. **Investments in Associates**

The Group's associates, which are all incorporated in the Philippines, and the corresponding equity ownership as of December 31 follow:

		Percentage of Ownership		
	Nature of Business	**2025**	2024	2023
VECO	Power distribution	**34.81**	34.81	34.81
LPCI	Power generation	**42.50**	42.50	42.50
GLEDC	Power generation	**42.50**	42.50	42.50
CPPC	Power generation	**40.00**	40.00	40.00
PEI	Power generation	**40.00**	40.00	40.00
AHI	Holding company	**40.00**	40.00	40.00
MPC	Power generation	**40.00**	40.00	40.00
TVI	Power generation	**20.00**	20.00	20.00
LWEC	Power generation	**40.00**	40.00	40.00
FLOWS*	Holding company	**90.00**	45.00	45.00
PPWRLC*	Water treatment	**89.58**	40.31	40.31
SSREC	Power generation	**40.00**	–	–

**Became subsidiaries on December 31, 2025*

	2025	2024
Acquisition cost:		
At January 1	**₱7,599,083,102**	₱7,599,083,102
Additions	**397,452,749**	–
Step acquisitions (see Note 25)	**(65,000,000)**	–
At December 31	**7,931,535,851**	7,599,083,102
Accumulated share in net earnings:		
At January 1	**3,745,372,726**	3,121,942,305
Equity in net earnings of associates	**2,038,325,774**	2,305,656,054
Cash dividends received and receivable	**(2,128,686,597)**	(1,682,225,633)
Step acquisitions (see Note 25)	**(31,012,731)**	–
At December 31	**3,623,999,172**	3,745,372,726
Share in remeasurement losses on employee benefits of associates:		
At January 1 and December 31	**(125,169,500)**	(125,169,500)
	₱11,430,365,523	₱11,219,286,328

As of December 31, 2025 and 2024, the undistributed earnings of the associates included in the Group's retained earnings amounting to ₱3,624.0 million and ₱3,745.4 million, respectively, are not available for distribution to the stockholders unless declared as dividends by the associates.

CPPC

The carrying value of the Group's investment in Cebu Private Power Corporation (CPPC), an associate, as at December 31, 2025 amounted to ₱45.7 million. In 2025, SEC has approved an amendment to its Articles of Incorporation shortening its corporate term up to December 31, 2026. Management assessed its investment in CPPC to be recoverable and thus, no impairment allowance was recognized as of December 31, 2025.

LWEC

VEC made additional investments to LWEC amounting to ₱251.1 million in 2023. The additional infusions did not result in a change in ownership interest in LWEC.

SSREC

On September 10, 2025, VREC acquired 40% ownership of SSREC from Tigon Power Corporation (Tigon) representing 40,000 common shares for a consideration of ₱174.9 million, and advanced ₱204.5 million to be applied against future issuance of common stock.

Part of the consideration for the acquisition is a purchase price adjustment amounting to ₱18.1 million (see Note 9) deposited in an escrow account in accordance with the terms of the share purchase agreement. The escrowed amount shall be released to Tigon or returned to SSREC depending on the outcome of certain conditions specified in the share purchase and investment agreement. As at December 31, 2025, the amount remains in the escrow as the conditions are not yet met.

On October 17, 2025, the Securities and Exchange Commission approved the application for the increase in the authorized capital stock of SSREC. Accordingly, ₱151.5 million of the advances for future stock subscription, representing 151,535 common shares with a par value of ₱1,000 per share, was applied to VREC's subscription.

The following are selected financial information of the material associates of the Group as of and for the years ended December 31:

VECO

	2025	2024	2023
Total current assets	**₱6,657,662,080**	₱5,363,213,230	₱4,920,551,073
Total noncurrent assets	**21,333,014,205**	20,391,707,635	18,884,862,791
Total current liabilities	**13,025,172,029**	10,894,022,715	9,561,717,515
Total noncurrent liabilities	**5,215,315,989**	5,011,736,465	4,709,554,881
Total equity	**9,750,188,267**	9,849,161,685	9,534,141,468
Gross revenue	**30,825,135,681**	29,175,473,983	26,357,988,539
Operating profit	**3,868,454,491**	4,255,341,137	3,333,551,909
Net income	**3,080,743,136**	3,352,246,055	2,883,498,348
Other comprehensive loss	–	–	(86,106,592)
Total comprehensive income	**3,080,743,136**	3,352,246,055	2,797,391,756
Group's share in net income	**1,072,406,686**	1,166,916,852	1,003,745,775
Proportion of Group's ownership	**34.81%**	34.81%	34.81%
Group's share in equity of associate	**3,394,040,536**	3,428,493,183	3,318,834,645
Share in revaluation increment and other adjustments	**(1,476,357,838)**	(1,537,703,624)	(1,599,039,464)
Carrying amount of the investment	**₱1,917,682,698**	₱1,890,789,559	₱1,719,795,181
Dividends received from VECO	**₱1,045,513,546**	₱995,922,474	₱763,687,641

MPC

	2025	2024	2023
Total current assets	**₱3,575,411,104**	₱3,551,112,704	₱3,435,863,836
Total noncurrent assets	**13,785,291,153**	14,611,369,796	15,377,943,371
Total current liabilities	**1,645,533,094**	1,634,275,293	1,992,286,194
Total noncurrent liabilities	**6,489,258,577**	7,456,089,566	7,894,261,494
Total equity	**9,225,910,586**	9,072,117,641	8,927,259,519
Gross revenue	**1,482,088,168**	6,353,822,536	6,695,432,008
Operating profit	**1,249,698,192**	1,174,903,122	1,409,635,000
Net income	**505,955,263**	440,019,776	607,440,019
Total comprehensive income	**505,955,263**	440,019,776	607,440,019
Group's share in net income	**202,382,105**	176,007,910	242,976,008
Proportion of Group's ownership	**40.00%**	40.00%	40.00%
Group's share in equity of associate	**3,690,364,234**	3,628,847,056	3,570,903,808
Goodwill and other adjustments	**19,005,140**	18,140,211	20,075,548
Carrying amount of investment	**₱3,709,369,374**	₱3,646,987,267	₱3,590,979,356
Dividends received from MPC	**₱139,999,998**	₱120,000,000	₱200,000,016

TVI

	2025	2024	2023
Total current assets	**₱16,494,222,993**	₱12,613,818,802	₱10,478,856,901
Total noncurrent assets	**31,126,548,057**	26,684,098,429	31,745,707,936
Total current liabilities	**5,435,795,569**	3,408,273,771	4,572,615,329
Total noncurrent liabilities	**24,224,005,254**	18,493,684,644	22,285,635,538
Total equity	**17,960,970,227**	17,395,958,816	15,366,313,970
Gross revenue	**10,912,569,050**	14,376,851,877	15,294,820,389
Operating income	**2,919,206,346**	4,827,095,772	3,256,629,869
Net income	**1,240,206,454**	2,575,796,311	1,386,782,325
Other comprehensive income (loss)	**–**	–	(8,060,814)
Total comprehensive income	**1,240,206,454**	2,575,796,311	1,378,721,511
Group's share in net income	**248,041,291**	515,159,262	277,356,465
Proportion of Group's ownership	**20.00%**	20.00%	20.00%
Group's share in equity of associate	**3,592,194,045**	3,479,191,763	3,073,262,794
Goodwill and other adjustments	**(228,081,040)**	(63,120,217)	27,649,545
Carrying amount of the investment	**₱3,364,113,005**	₱3,416,071,546	₱3,100,912,339
Dividends received from TVI	**₱299,999,832**	₱200,000,055	₱180,000,000

AHI

	2025	2024	2023
Total current assets	**₱6,666,906**	₱5,512,568	₱884,440,906
Total noncurrent assets	**4,029,022,040**	4,182,143,388	3,008,643,439
Total current liabilities	**57,749**	67,571	–
Total equity	**4,035,631,197**	4,187,588,385	3,893,084,345
Gross revenue	**1,310,746,329**	1,173,234,141	1,035,267,658
Operating profit	**1,310,678,048**	1,173,111,520	1,035,189,193
Net income	**1,311,910,488**	1,174,238,228	1,035,069,070
Total comprehensive income	**1,311,910,488**	1,174,238,228	1,035,069,070
Group's share in net income	**524,764,195**	469,695,291	414,027,628
Proportion of Group's ownership	**40.00%**	40.00%	40.00%
Group's share in equity of associate	**1,614,252,479**	1,675,035,354	1,557,233,738
Goodwill and other adjustments	**6,494,073**	1,747,003	1,853,328
Carrying amount of the investment	**₱1,620,746,552**	₱1,676,782,357	₱1,559,087,066
Dividends received from AHI	**₱580,800,000**	₱352,000,000	₱404,800,000

Individually Immaterial Associates

The carrying amounts of the Group's interest in all individually immaterial associates that are accounted for using the equity method as of and for the year ended December 31 follows:

	2025*	2024*	2023*
Income/(loss) from continuing operations	**(₱9,268,503)**	(₱22,123,261)	₱106,236,005
Net income	**(9,268,503)**	(22,123,261)	106,236,005
Total comprehensive income (loss)	**(9,268,503)**	(22,123,261)	106,236,005
Aggregate carrying amounts	**818,453,895**	588,655,599	625,081,965

*The amounts include the contributions from CIPC, Delta P and LPEC, which were accounted for as joint ventures prior to their acquisition in 2023, and FLOWS and PPWRLC, which were accounted for as associates prior to their acquisition in 2025.

The associates had no contingent liabilities or capital commitments as of December 31, 2025 and 2024.

11. **Property, Plant and Equipment**

	2025								
	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	**₱810,130,801**	**₱5,698,613,327**	**₱586,058,578**	**₱168,220,653**	**₱152,594,477**	**₱376,251,165**	**₱110,531,933**	**₱3,037,039,163**	**₱10,939,440,097**
Additions	**453,291,092**	**99,603,879**	**224,614,661**	**35,245,345**	**41,888,150**	**6,195,941**	**16,024,982**	**936,411,806**	**1,813,275,856**
Reclassification (see Note 12)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,319,647,578)**	**(1,319,647,578)**
Acquisition of a subsidiary (see Notes 10 and 25)	**–**	**–**	**–**	**–**	**98,182**	**–**	**–**	**–**	**98,182**
Disposal (see Note 18)	**–**	**(268,924,292)**	**–**	**(9,597,837)**	**(91,663)**	**(68,474)**	**–**	**–**	**(278,682,266)**
At December 31	**1,263,421,893**	**5,529,292,914**	**810,673,239**	**193,868,161**	**194,489,146**	**382,378,632**	**126,556,915**	**2,653,803,391**	**11,154,484,291**
Accumulated Depreciation and Amortization									
At January 1	**–**	**1,513,805,953**	**70,499,912**	**77,061,828**	**107,972,686**	**67,007,376**	**77,632,861**	**–**	**1,913,980,616**
Depreciation and amortization	**–**	**422,610,659**	**94,866,333**	**31,181,145**	**24,428,825**	**28,218,250**	**7,654,830**	**–**	**608,960,042**
Disposal	**–**	**(142,710,711)**	**–**	**(8,843,430)**	**(91,662)**	**(15,977)**	**–**	**–**	**(151,661,780)**
At December 31	**–**	**1,793,705,901**	**165,366,245**	**99,399,543**	**132,309,849**	**95,209,649**	**85,287,691**	**–**	**2,371,278,878**
Net Book Value	**₱1,263,421,893**	**₱3,735,587,013**	**₱645,306,994**	**₱94,468,618**	**₱62,179,297**	**₱287,168,983**	**₱41,269,224**	**₱2,653,803,391**	**₱8,783,205,413**

	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	₱5,535,974,060	₱222,330,442	₱129,498,077	₱118,530,200	₱335,231,053	₱94,714,880	₱2,638,666,130	₱9,763,725,263
Additions	121,350,380	162,639,267	363,728,136	56,857,819	37,178,203	38,936,152	16,333,691	413,180,910	1,210,204,558
Reclassification	–	–	–	–	–	14,807,877	–	(14,807,877)	–
Disposal of a subsidiary (see Note 1)	–	–	–	(2,289,805)	(3,113,926)	(12,723,917)	(516,638)	–	(18,644,286)
Disposal	–	–	–	(15,845,438)	–	–	–	–	(15,845,438)
At December 31	810,130,801	5,698,613,327	586,058,578	168,220,653	152,594,477	376,251,165	110,531,933	3,037,039,163	10,939,440,097
Accumulated Depreciation and Amortization									
At January 1	–	1,012,176,125	58,339,305	69,758,166	96,140,825	56,641,529	69,993,398	–	1,363,049,348
Depreciation and amortization	–	501,629,828	12,160,607	24,543,982	14,369,899	11,969,996	8,153,728	–	572,828,040
Disposal of a subsidiary	–	–	–	(2,406,408)	(2,538,038)	(1,604,149)	(514,265)	–	(7,062,860)
Disposal	–	–	–	(14,833,912)	–	–	–	–	(14,833,912)
At December 31	–	1,513,805,953	70,499,912	77,061,828	107,972,686	67,007,376	77,632,861	–	1,913,980,616
Net Book Value	₱810,130,801	₱4,184,807,374	₱515,558,666	₱91,158,825	₱44,621,791	₱309,243,789	₱32,899,072	₱3,037,039,163	₱9,025,459,481

The construction in progress account includes costs for the on-going construction of a water desalination plant, solar panel installations, and mobilization fee and engineering detailed design fees paid to a third-party contractor for the construction of a subsidiary's run-of-river hydropower facility in Negros Occidental.

Following the execution of the Joint Venture Agreement with the Metropolitan Cebu Water District (MCWD) on April 8, 2025, a portion of the construction in progress balance relating to the water desalination plant was reclassified to concession contract assets account as the arrangement was determined to meet the criteria for service concession accounting under IFRIC 12. Accordingly, costs previously capitalized under the construction in progress account amounting to ₱1,319.6 million were transferred to concession contract assets (see Note 12).

On May 18, 2025, cylinders of Unit DG1 of Delta P's 47 MW bunker-fired power plant sustained unexpected mechanical failure. The carrying amount of ₱126.2 million was derecognized and the casualty loss presented as part of "Other income (loss) - net" in the 2025 consolidated statement of comprehensive income.

In 2024, a subsidiary entered into a lease agreement with a fuel supplier, granting the supplier the right to utilize the subsidiary's fuel tanks for storage and related operational purposes. Rental income in 2024 amounted to ₱79.8 million.

In 2023, the Group purchased a 70.59 MW bunker-fired power plant located in Barangay Ermita, Cebu City for a total cash price of ₱282.3 million (see Note 17i and 17j).

Property, plant and equipment with carrying amount as of December 31, 2025 and 2024 of ₱2,498.5 million and ₱2,039.2 million, respectively, have been pledged as security for the Group's long-term liabilities (see Note 16).

Depreciation and amortization are recognized in the consolidated statements of comprehensive income as follows:

	2025	2024	2023
Generation costs (see Note 18)	**₱528,082,531**	₱517,991,694	₱435,979,418
Operating expenses	**80,877,511**	54,836,346	47,795,352
	₱608,960,042	₱572,828,040	₱483,774,770

12. Concession Contract Assets

The Group has entered into service concession agreements with local government units for the planning, financing, development, design, engineering, construction, operation, and maintenance of a seawater reverse osmosis desalination facility in Cordova, Cebu and a water treatment facility in Puerto Princesa City, Palawan. These agreements are accounted for under IFRIC 12 *Service Concession Arrangements* under the financial asset model. Details about the service concession agreements are discussed in Note 24.

The contracts normally include the performance obligation to construct the facility to be used in performing the service and then operating and maintaining the facility throughout the specified contract period. Revenues from these performance obligations are recognized over time.

Below is the movement of the concession contract assets in 2025:

As at January 1	₱–
Reclassified from property, plant and equipment (see Note 11)	1,319,647,578
Additions	70,783,933
Acquired through business combination (see Note 25)	261,519,454
Accretion	246,633,982
As at December 31	1,898,584,947
Less current portion	211,993,329
Noncurrent portion	₱1,686,591,618

In 2025, the Group reclassified amounts relating to the Cordova desalination project, which were previously classified under "Construction in progress" under "Property, plant and equipment" to concession contract assets, following the execution of a Joint Venture Agreement (JVA) with the Metropolitan Cebu Water District (MCWD) on April 8, 2025.

Additions during the year amounted to ₱70.7 million represent further construction and development costs incurred in 2025 in relation to the concession arrangement. As of December 31, 2025, the project is already in the final stages of testing and commissioning.

The amount of the total transaction price allocated to unsatisfied or partly satisfied performance obligations as at year-end amounts to ₱22.9 billion, which the Group expects to recognize as revenue over the following periods:

Less than one year	₱465,581,786
More than one year to five years	1,952,595,940
More than five years	20,446,325,460
Total	₱22,864,503,186

As at December 31, 2025, the Group's concession contract assets are not subject to any contractual restrictions on use and have not been pledged or otherwise encumbered as security for any of the Group's liabilities.

13. Investment Properties

	2025		
	Land	Condominium Units	Total
At January 1	**₱1,074,002,267**	**₱28,956,733**	**₱1,102,959,000**
Additions	**133,659**	**–**	**133,659**
Disposals	**(55,411,500)**	**–**	**(55,411,500)**
Unrealized gain on fair value remeasurement	**281,548,900**	**311,000**	**281,859,900**
At December 31	**₱1,300,273,326**	**₱29,267,733**	**₱1,329,541,059**

	2024		
	Land	Condominium Units	Total
At January 1	₱1,018,548,067	₱26,921,733	₱1,045,469,800
Unrealized gain on fair value remeasurement	55,454,200	2,035,000	57,489,200
At December 31	₱1,074,002,267	₱28,956,733	₱1,102,959,000

Some of the Group's properties are leased out to outside parties to earn rental income, for a lease period of three years. Total rental income amounting to ₱10.5 million, ₱3.2 million, ₱2.1 million in 2025, 2024 and 2023, respectively, were recognized as part of "Other income (charges)" in the consolidated statements of comprehensive income.

In 2025, a subsidiary sold to a third party a parcel of land with a cost of ₱55.4 million, which resulted to a gain amounting to ₱140.2 million. Proceeds from said transaction previously received in 2024 amounting to ₱195.6 million were recognized as "Refundable deposits" under "Trade and other payables" in the statement of financial position as of December 31, 2024 (see Note 15), pending completion of the conditions agreed with the buyer. In 2025, said conditions were met and the sale was appropriately recognized, with the derecognition of the subject property.

In 2025 and 2024, an appraisal was carried out on the Group's investment properties which resulted to an increase in the fair value amounting to ₱281.9 million and ₱57.5 million, respectively. Net unrealized gain on fair value remeasurement of investment properties, recognized under "Other income (charges)" in the consolidated statements of comprehensive income, amounted to ₱281.9 million, ₱57.5 million, and ₱121.4 million, in 2025, 2024, and 2023, respectively.

Direct costs pertain to real property taxes amounting to ₱1.3 million, ₱2.0 million and ₱1.5 million in 2025, 2024 and 2023, respectively, are included under "Taxes and licenses" account in the consolidated statements of comprehensive income. No other direct operating costs were incurred relating to investment properties in 2025, 2024, and 2023.

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

Fair value hierarchy disclosures and description of the valuation techniques used and key inputs to valuation for investment properties have been provided in Note 27.

14. **Other Noncurrent Assets**

	2025	2024
Advances to suppliers and other parties	**₱1,319,159,328**	₱1,293,727,872
Creditable withholding taxes - noncurrent (see Note 9)	**320,743,664**	296,271,941
Input VAT - noncurrent (see Note 9)	**268,555,345**	241,069,162
Customer contracts	**159,750,828**	187,562,429
Security deposits	**149,106,528**	64,142,319
Goodwill	**47,462,510**	47,462,510
Restricted fund	**36,754,226**	27,238,484
Financial assets at FVOCI	**8,000,000**	8,000,000
Others - net of allowance for impairment loss of ₱46.01 million (see Note 24)	**131,705,011**	115,877,738
	₱2,441,237,440	₱2,281,352,455

Advances to Suppliers and Other Parties
Advances to suppliers pertain to cash advances given to contractors and project partners to finance the cost of project study, site development, plant rehabilitation, among others and to certain parties to comply with certain contractual obligations.

Customer Contracts
BPC and NBPC have existing power supply agreements with its customers when these subsidiaries were acquired in 2021. In 2023, Delta P and CIPC have signed contracts with customers for the sale of power which qualify for recognition as intangible assets separate from goodwill. Intangible assets pertaining to these customer relationships were recognized by the Group as identifiable assets part of the business combination. These assets are being amortized over their expected useful lives of 5–12 years, based on the remaining terms of the agreements as of the acquisition date. The movement of the intangible assets are as follows:

	2025	2024
Cost		
At January 1 and December 31	**₱286,932,002**	₱286,932,002
Accumulated Amortization		
At January 1	**99,369,571**	71,557,969
Amortization for the year	**27,811,603**	27,811,602
At December 31	**127,181,174**	99,369,571
Net Book Value	**₱159,750,828**	₱187,562,431

Security Deposits
Security deposits pertain to the bill deposit payment made in advance to an electricity supplier for the electric power service connection requirements of the Group's seawater desalination facility, rental, construction bonds for lease agreements, bidding securities and performance bonds paid to various counterparties to guarantee the Group's compliance with contractual obligations. These deposits are recoverable upon completion of the related projects or expiration of the agreements.

Goodwill
Goodwill arose from the acquisition of NBPC in 2021. As of December 31, 2025 and 2024, the recoverable amount of the cash generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering at least a five-year period.

Revenue forecasts are based on existing contracts, anticipated increases in demand, anticipated new projects that will be serviced by existing assets, and other economic factors. Key assumptions to the forecasts and inputs to the value-in-use calculation are as follows:

	2025	2024
Discount rate (WACC)	**7.22%**	8.97%
Forecast gross margins	**16–51%**	16–45%
Long-term growth rate	**0%**	0%
Terminal value	**Remaining EUL of the plant**	Remaining EUL of sthe plant

Based on the impairment testing, management believes there is no impairment on goodwill in 2025 and 2024. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

Restricted Fund

Restricted fund pertains to the cash in an escrow account for the eventual return of refundable deposits to customers.

Financial Assets at FVOCI

Investments In Club Shares. These are irrevocably designated at FVOCI as the Group intends to hold these investments in the foreseeable future. As of December 31, 2025 and 2024, the carrying values of these financial assets are as follows:

Cost:	
Cebu Country Club, Inc.	₱3,400,000
Tower Club, Inc.	300,000
	3,700,000
Fair value remeasurement gain (loss):	
Cebu Country Club, Inc.	4,600,000
Tower Club, Inc.	(300,000)
	4,300,000
	₱8,000,000

- *Cebu Country Club, Inc.* In 2012, the Group acquired proprietary ownership shares in the Cebu Country Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares.

- *Tower Club, Inc.* In 2014, the Group acquired proprietary ownership shares in the Tower Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares. On September 25, 2020, the shareholders of Tower Club agreed to shorten its corporate life and permanently close by January 2022.

Investment in Buskowitz Finance, Inc. or BFI [now Buskowitz Energy, Inc. (BEI)]. In 2021, VREC made an investment amounting to ₱94.0 million, which represents initial subscription to 200,000 common shares of BFI at ₱20 per share or for a total of ₱4.0 million, representing 16.81% ownership in BFI, and advances for future stock subscription amounting to ₱90.0 million, pending approval by the SEC of BFI's application for the increase in authorized capital stock. In June 2022, VREC made an additional investment amounting to ₱270.0 million.

In 2024, the Group sold its investment in BFI for a total consideration equal to the carrying value of the investment amounting to ₱418.6 million. The previously recognized remeasurement gain on FVOCI was reclassified to unappropriated retained earnings amounting to ₱46.4 million. On November 12, 2024, the Group collected ₱355.8 million from the sale. Outstanding receivable from the transaction amounted to ₱62.8 million as of December 31, 2024, and was presented as part of "Others" under "Trade and other receivables" in the 2024 statement of financial position (see Note 7). The outstanding balance was subsequently settled in 2025.

In 2023, the Group recognized unrealized valuation gain on financial assets at FVOCI, net of deferred income tax, amounting to ₱24.5 million.

Fair value hierarchy disclosures for the Group's financial assets at FVOCI are provided in Note 27.

Others
Others include receivable amounting to ₱46.1 million from RFM Corporation, the Group's previous owner, which has been fully provided with allowance for impairment losses as of December 31, 2025 and 2024. It also includes deposits for future subscription in an entity that is yet to be incorporated and others.

15. Trade and Other Payables

	2025	2024
Trade payables	**₱1,875,573,874**	₱1,472,344,720
Accounts payable	**293,954,593**	100,675,439
Deferred output VAT	**236,199,497**	253,195,123
Accrued expenses	**180,222,670**	423,940,459
Refundable deposits (see Note 13)	**91,532,326**	195,570,000
Accrued interest (see Note 16)	**29,144,020**	31,690,574
Accrued taxes payable	**25,477,460**	31,394,465
Unearned income	**21,846,255**	18,093,416
Dividends payable	**8,574,071**	7,707,813
Output VAT	**6,235,475**	242,806,085
Statutory payables	**4,731,338**	3,822,997
Others (see Note 24)	**214,435,217**	19,087,631
	2,987,926,796	2,800,328,722
Less noncurrent portion (see Note 24)	**839,109,949**	861,499,544
	₱2,148,816,847	₱1,938,829,178

Trade payables significantly consist of liabilities for a subsidiary's purchases of inventories from its suppliers and advances from a supplier. Trade payables for purchases of inventories are noninterest-bearing and are normally settled on a 30 to 45-day term.

Accounts payable consist mainly of liabilities for payroll, professional fees and other expenses.

Prior to effectivity of Republic Act No. 11976 or the Ease of Paying Taxes (EOPT) Act in April 2024, deferred output VAT is related to the recognition of the Group's revenue from bilateral contracts, and its corresponding receivable. The deferred output VAT is eventually closed to output VAT upon collection of the related receivable.

Accrued expenses mainly consist of accruals for fuel, audit fees, contracted services, legal fees, securities and transfer fees, benefits and other expenses.

Refundable deposits pertain to deposits received from the Group's customers in connection with its retail supply contracts and proceeds received from counterparties. The Group can draw from the deposit in case the counterparty commits a breach of its obligations.

Accrued taxes payable are accruals for documentary stamp tax, VAT, and withholding taxes on wages and on certain income tax payments.

Unearned income consists of a refundable deposit received from a local government unit in relation to a land transaction and advance payments from customers.

Dividends payable consists of dividends to the non-controlling interests of the Group arising from dividend declaration made by the Parent Company. Dividends declared relating to non-controlling interests amounted to ₱392.0 million, ₱224.0 million and ₱1.1 million in 2025, 2024 and 2023, respectively (see Note 22).

16. Notes Payable

Short-term Notes Payable

1590 EC. On August 2022, 1590 EC obtained a one-year loan from various local banks amounting to ₱950.0 million which bears interest ranging from 4.5%–5%. On the same date, 1590 EC secured a six-month loan from a local bank amounting to ₱176.0 million which bears an interest rate of 4.75%. Upon maturity of the loans in 2023, 1590 EC made a partial payment of ₱10.0 million and further renewed the loans at interest rates ranging from 6.75%–7.15%. On February 5, 2024, ₱90.0 million of the loans were settled upon maturity and the rest were renewed. In 2025, ₱250.0 million of the loans were settled and the rest were renewed.

VEC. On various dates in 2023, VEC secured short-term Notes Facility Agreement to issue ₱1.0 billion in Fixed Rate Corporate Notes (FRCN) bearing interest rates of 6.50–6.95% per annum to fund its working capital and future investments. The notes are unsecured. Short-term notes amounting to ₱170.0 million matured and were settled in November 2023. The short-term notes amounting to ₱848.0 million matured and settled in January 2024.

In December 2025, VEC secured a short-term loan of ₱365.0 million to fund its working capital. The loan is unsecured and bears an interest of 5.0% per annum. In January 2026, VEC secured an additional short-term loan of ₱530.0 million. Both loans were supposed to mature on February 26, 2026, but prior to the maturity date, on February 25, 2026, VEC consolidated these obligations and secured an additional ₱287.0 million in short-term financing to further support its working capital requirements. As a result, the maturity of the combined loan amounting to ₱1,182.0 million was extended to June 30, 2026, bearing an interest rate of 4.9% per annum.

CIPC. In 2024, CIPC obtained a loan from a local bank amounting to ₱75.0 million. A portion of the loan amounting to ₱25.0 million was also settled in 2024. In 2025, ₱25 million of the loan was settled and the rest were renewed. On February 23, 2026, CIPC obtained additional short-term loan financing amounting to ₱185.7 million to fund its working capital requirements.

Core. In 2023, Core obtained a loan from a local bank amounting to ₱50.0 million at an annual interest rate of 6.95% for additional working capital financing. The loan was also settled in 2023.

On November 19, 2025, and December 11, 2025, the Company obtained unsecured 47-day and 32-day loans, respectively, from a local bank amounting to ₱25.0 million each, which bear an interest rate of 5.20% per annum.

On March 12, 2026, Core obtained additional short-term loan financing amounting to ₱66.0 million to fund its working capital requirements.

Delta P. In January and February 2026, Delta P obtained short-term loan facilities totalling ₱310.0 million to support its working capital requirements.

Interest expense recognized in the consolidated statements of comprehensive income on these loans in 2025, 2024 and 2023, amounted to ₱60.8 million, ₱76.0 million and ₱122.3 million, respectively. Accrued interest on these loans as of December 31, 2025 and 2024 is nil.

Long-term Notes Payable

	Interest Rates	**2025**	2024
Parent Company - unsecured	4.1856%—4.7416%	**₱1,800,000,000**	₱1,850,000,000
VEC - unsecured	6.29%—7.03%	**1,550,000,000**	1,450,000,000
INPC - secured	6.0117%—8.3556%	**1,138,823,530**	1,211,294,117
Delta P - secured	6.0162%—6.59%	**1,425,146,894**	755,066,002
NBPC - secured	7.322%	**152,640,000**	169,600,000
BPC - secured	7.2386%	**130,980,000**	145,140,000
FLOWS - unsecured	7.80%	**128,287,037**	–
Core - secured	7.3921%—7.6921%	**–**	175,878,988
		6,325,877,461	5,756,979,107
Less unamortized debt issue costs		**22,444,700**	27,973,310
		6,303,432,761	5,729,005,797
Less current portion - net of unamortized debt issue costs of ₱1.3 million in 2025 and ₱6.2 million in 2024		**1,982,955,268**	229,522,887
		₱4,320,477,493	₱5,499,482,910

Parent Company. The Parent Company issued Fixed Rate Corporate Notes (FRCN) on January 27, 2021 amounting to ₱3.0 billion 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 ₱50.0 million for the first four years and a balloon payment of ₱1.8 billion on maturity. On January 27, 2023, the first tranche of the loan matured and was settled. Loan amortizations in 2025 and 2024 amounting to ₱50.0 million, were settled upon maturity. On January 27, 2026, ₱1.8 billion of the principal amount was settled upon maturity.

On November 26, 2025, the Parent Company entered into a term loan facility agreement amounting to ₱3.0 billion to refinance the maturing loan obligation and other general corporate purposes, including but not limited to, capital expenditures for investments in power and water infrastructure projects. On January 23, 2026, the Parent Company drew ₱1.2 billion from the facility. The loan bears interest at 5.49% per annum for the first year, and thereafter, at a variable rate based on prevailing market rates. The loan is payable over a period of three (3) years and is unsecured.

INPC. In 2021, INPC entered into a loan agreement with Security Bank Corporation (SBC) whereby the latter agreed to provide INEC an aggregate principal amount of loan up to ₱1.32 billion to finance the construction of its 23.3 MW diesel power plant in Bantayan, Cebu. In 2022, INEC was merged into INPC, the surviving corporation.

The loan has a term of fifteen (15) years, inclusive of a two (2)-year grace period on principal repayment. Seventy percent (70%) of the loan is payable in fifty-one (51) quarterly installments commencing on the 9th quarter from the date of initial borrowing until the maturity date, while the remaining thirty percent (30%) shall be paid on the maturity date. The loan bears interest which is payable quarterly.

The loan is collateralized by the following: (a) debt service reserve account letter of credit, (b) first ranking mortgage on all present and future immovable properties, (c) assignment by way of security of the company's rights, titles and interest in project documents, insurance policies, performance bonds, receivables and other revenues from the Power Supply Agreement (see Note 24), and operating account; (d) pledge of shares; (e) personal property assignment on all present and movable assets.

Delta P. In 2016, Delta P entered into a loan agreement with a local bank whereby the latter agreed to provide Delta P an aggregate principal amount of loan up to ₱1.2 billion to finance the construction of its 30-MW oil-fired power plant in Puerto Princesa, Palawan.

The term of the loan is for fifteen (15) years, inclusive of a two (2)-year grace period on principal repayment. Seventy percent (70%) of the loan is payable in one hundred fifty-six (156) monthly installments commencing on the 25th month from the date of initial borrowing until the maturity date, while the thirty percent (30%) shall be paid on the maturity date. The loan bears annual interest of 6.20% which is payable monthly.

The loan is collateralized by a deed of assignment of the trade receivables, deed of chattel mortgage over the machinery and equipment, deed of real estate mortgage over the leasehold improvements and buildings, and deed of assignment over the lease contracts on land covering the plant site (see Notes 7 and 11).

In March and November 2025, Delta P made an additional loan drawdown amounting to ₱570.6 million and ₱162.5 million, which bears an interest of 6.59% and 6.0162%, respectively. These long-term loans will mature in March 2040.

On March 4, 2026, Delta P obtained additional loan amounting to ₱259 million to partially finance its construction of 15MW expansion of the existing oil-fired power plant in Puerto Princesa, Palawan.

VEC. In December 2023, VEC entered into long-term Notes Facility Agreement (Agreement) with two local banks to issue ₱6.25 billion in Fixed Rate Corporate Notes (FRCN or the Notes) as standby facility for future investments. Total drawdowns on the notes in 2023 amounted to ₱600.0 million. The notes are unsecured. These long-term notes will mature in December 2028.

On January 24, 2024, VEC made the second drawdown on the Agreements amounting to ₱850.0 million to fund future investments. These loans bear an average interest of 7.03% per annum and are subject to repricing in December 2026.

On November 26, 2025, VEC made its third drawdown on one of the Term Loan Facility Agreements amounting to ₱100.0 million. This loan bears an interest rate of 6.29% per annum and is subject to repricing in December 2026. The loan is unsecured and will mature on December 2028.

NBPC. On June 2017, NBPC availed of a 10-year loan payable in quarterly installments commencing on September 27, 2017 up to September 27, 2027. In May and June 2018, NBPC availed of additional loans payable in quarterly installments commencing on March 27, 2019 up to September 27, 2027.

The loans carry an interest rate based on 1-year benchmark rate plus spread, repriceable annually, with a floor rate of 5%.



In June 2022, NBPC refinanced its existing loan with a new term of 9 years payable in quarterly equal installments commencing on June 22, 2022 up to June 20, 2031. The loans carry an interest rate based on 3-year benchmark rate plus spread, repriceable every three years, with a floor rate of actual interest rate from the previous drawdown or the applicable BVAL plus spread, whichever is higher. The loan is secured by real estate mortgage, pledge of shares and assignment of project accounts.

BPC. In September 2016, BPC availed of a 10-year loan payable in quarterly installments commencing on September 2, 2016 up to September 2, 2026. The long-term debt carries an interest rate based on 3-month benchmark rate plus spread, repriceable quarterly, with a floor rate of 5%.

On August 31, 2022, BPC refinanced its existing loan with a new term of 9 years payable in quarterly installments commencing on August 31, 2022 up to August 29, 2031. The long-term loan carries an interest rate based on 3-year benchmark rate plus spread, repriceable every 3 years, with a floor rate of actual interest rate from the previous drawdown or the applicable BVAL plus spread, whichever is higher. The loan is secured by real estate mortgage, pledge of shares and assignment of project accounts.

Core. In 2023, Core entered into an agreement with a local bank for the latter to make available a term loan facility amounting to ₱350 million to partially fund Core's solar projects. The loan is secured by a guaranty executed by VEC.

The loan is subject to one-year grace period on principal amortization of payments, after which the amount shall be amortized based on an equal quarterly basis.

In 2023, Core has drawn ₱131.3 million from the facility at an interest rate of 7.6921% per annum. In 2024, Core drew an additional ₱44.5 million from the facility with an annual interest rate of 7.3921%.

As of December 31, 2025, Core has already settled the long-term loan payable.

Maturity Analysis

Repayments of outstanding principal amounts as at December 31 are scheduled as follows:

	2025	2024
Within one year	**₱1,984,220,613**	₱235,682,543
More than one year but not more than five years	**2,397,208,251**	4,060,004,102
More than five years	**1,944,448,597**	1,461,292,462
	₱6,325,877,461	₱5,756,979,107

Interest

Interest expense from long-term debt, including those that matured or were settled at yearend, recognized in the statements of comprehensive income amounted to ₱344.2 million, ₱355.4 million and ₱241.4 million in 2025, 2024 and 2023, respectively. The related accrued interest expense as of December 31, 2025 and 2024 amounted to ₱29.1 million and ₱31.7 million, respectively (see Note 15).

Covenants

The Parent Company and its subsidiaries are required to maintain certain liquidity and leverage ratios under the terms of their respective loan agreements. As of December 31, 2025 and 2024, the Group has complied with these required covenants. In 2024, two subsidiaries have obtained waivers from their respective lenders prior to yearend tolerating any breach in the required ratios.

17. Related Party Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

In the normal course of business, the Group enters into transactions with related parties principally consisting of the following:

		2025			
		Outstanding Balance			
Category	Volume	Receivables	Payables	Terms	Conditions
Associates					
Sale of power:					
VECO (see Note 17g)	**₱–**	**₱7,948,609**	**₱–**	30 days; noninterest-bearing	Unsecured; no impairment
Leases					
VECO (see Note 17n)	**30,101,010**	–	–	On-demand; noninterest-bearing	Unsecured
Technical service fees (see Note 17d)					
CEDC	**51,300,000**	–	–	30 days; noninterest-bearing	Unsecured; no impairment
PPWRLC	**600,000**	–	–	On-demand; noninterest-bearing	Unsecured; no impairment
GLEDC	–	**6,000,000**	–	30 days; noninterest-bearing	Unsecured; no impairment
Advances to (see Note 17h):					
GLEDC	**57,312**	**1,445,879**	–	On-demand; noninterest-bearing	Unsecured; no impairment
LPCI	**14,815,479**	**117,524,018**	–	On-demand; noninterest-bearing	Unsecured; no impairment
Purchase of power (see Note 17o)					
SSREC	**83,023,822**	–	**20,003,270**	noninterest-bearing	Unsecured
Distribution and wheeling charges (see Note 17m)					
VECO	**161,169,716**	–	**25,050,740**	On-demand; noninterest-bearing	Unsecured; no impairment
Dividends (see Note 17f):					
VECO	**1,045,513,546**	–	–	noninterest-bearing	Unsecured; no impairment
AHI	**580,800,000**	–	–	noninterest-bearing	Unsecured; no impairment
MPC	**139,999,998**	–	–	noninterest-bearing	Unsecured; no impairment
TVI	**299,999,832**	–	–	noninterest-bearing	Unsecured; no impairment
CPPC	**62,373,221**	–	–	noninterest-bearing	Unsecured; no impairment
Stockholder with Significant Influence					
Revenue (see Note 17l)					
JDC One Acacia Corporation:	**354,861**	**29,818**	–	On-demand; noninterest-bearing	Unsecured; no impairment
Stockholder with No Significant Influence					
Advances to (see Note 17c):					
Individual stockholder	–	**42,676**	–	payable on demand; noninterest-bearing	Unsecured; no impairment

		2024			
		Outstanding Balance			
Category	Volume	Receivables	Payables	Terms	Conditions
Associates					
Sale of power:					
VECO (see Note 17g)	₱–	₱7,952,341	₱–	30 days; noninterest-bearing	Unsecured; no impairment
Leases					
VECO (see Note 17n)	20,189,371		58,521,944	On demand; noninterest-bearing	Unsecured
Technical service fees (see Note 17d)					
VECO	60,000,000	66,000,000	–	30 days; noninterest-bearing	Unsecured; no impairment
CEDC	46,300,000	4,244,167	–	30 days; noninterest-bearing	Unsecured; no impairment
PPWRLC	600,000	448,000	–	On-demand; noninterest-bearing	Unsecured; no impairment
Engineering service fees (see Note 17d):					
VECO	20,000,000	22,000,000	–	30 days; noninterest-bearing	Unsecured; no impairment
Interest income on advances (see Note 17a)					
CPPC	2,279,000	–	–	On demand	Unsecured; no impairment
Advances to (see Note 17a):					
PEI	–	–	50	noninterest-bearing	Unsecured; no impairment
Advances to (see Note 17h):					
GLEDC	–	1,388,568	–	30-60 days; noninterest-bearing	Unsecured; no impairment
LPCI	–	102,708,539	–	30-60 days; noninterest-bearing	Unsecured; no impairment
Purchase of Power (see note 17k)					
TVI	233,167,200	–	21,003,720	noninterest-bearing	Unsecured
Technical services fees (see Note 17j)					
CPPC	4,375,000	–	4,375,000	noninterest-bearing	Unsecured
Distribution and wheeling charges (see Note 17m)					
VECO	128,472,081	–	43,453,563	noninterest-bearing	Unsecured
Dividends (see Note 17f):					
VECO	995,922,474	–	–	noninterest-bearing	Unsecured; no impairment
AHI	352,000,000	–	–	noninterest-bearing	Unsecured; no impairment
MPC	120,000,000	–	–	noninterest-bearing	Unsecured; no impairment
TVI	200,000,055	–	–	noninterest-bearing	Unsecured; no impairment
CPPC	14,303,104	–	–	noninterest-bearing	Unsecured; no impairment
Stockholder with Significant Influence					
Revenue (see Note 17l)					
JDC One Acacia Corporation:	398,190	26,929	₱–	On-demand; noninterest-bearing	Unsecured; no impairment
Stockholder with No Significant Influence					
Advances to (see Note 17c):					
Individual stockholder	–	42,676	–	On-demand; noninterest-bearing	Unsecured; no impairment

a. Advances to related parties are generally noninterest-bearing cash advances to associates and stockholders. The outstanding advances, presented as "Advances to associates and stockholders" account in the consolidated statements of financial position, are noninterest-bearing and are due on demand. These advances are for project and working capital requirements.

On February 14, 2020, the Parent Company entered into an Interim Financing Agreement (IFA) with FLOWS for the development of a combined sewerage and septage facility serving the City of Puerto Princesa. The IFA was initially for a term of four months but were later extended. On January 13, 2023, the Parent Company collected the outstanding receivable of ₱150.0 million, and recognized interest income amounting to ₱17.9 million, presented as part of "Other income - net" in the 2023 consolidated statement of comprehensive income (see Note 18).

In 2023, VEC extended a 2-year interest-bearing promissory note to CPPC payable in lump-sum with a 7.74% interest rate per annum to cover for its working capital requirements. In 2024, CPPC settled in full its outstanding obligation to VEC.

b. Advances from related parties are cash advances bearing 6% interest rate which are payable on demand from the Group's stockholders.

c. Advances to a "Stockholder with no significant influence" pertains to the life insurance plan advanced by the Parent Company for a member of its BOD.

d. Technical service fees represent the compensation for the services rendered by the Group to its associates. These are governed by service-level contracts executed by the Group and its associates. These are recognized as "Management and service fees" presented as part of the Group's revenue in the consolidated statements of comprehensive income.

Outstanding receivables for management fees and service fees presented as part of "Trade receivables" under "Trade and other receivables" account in the consolidated statements of financial position as of December 31, 2025 and 2024 (see Note 7).

e. In 2023, the Group also entered into consultancy and management service agreements with its stockholders to avail of management consultancy services. Expenses incurred related to the consultancy and management service agreements are recognized as part of "Professional fees" under "Generation costs" (see Note 18) and "Operating expenses" in the consolidated statements of comprehensive income.

f. In 2025 and 2024, the Group's associates declared dividends to the Group.

g. The Group had an Energy Supply Agreement (ESA) with VECO executed in October 2014, whereby the Group supplied contract energy to VECO from the 17 MW of the contracted capacity of the Unified Leyte Geothermal Power Plant administered by the Group. The ESA was terminated in October 2019. Outstanding receivables for management fees and service fees presented as part of "Trade receivables" under "Trade and other receivables" account in the consolidated statements of financial position as of December 31, 2025 and 2024 (see Note 7).

h. Working capital advances to GLEDC and LPCI are noninterest-bearing, collateral-free and are due on demand.

i. On August 18, 2023, a subsidiary of the Group purchased power plant assets for a total cash consideration of ₱282.3 million (see Note 11).

j. The Group generated income from the interim lease of the power plant to CPPC in 2024 and 2023, which are presented as part of "Rent income" in the consolidated statements of comprehensive income. In 2025 and 2024, the Group also incurred expenses from its interim technical services agreement with CPPC for its operation, management and maintenance (see Note 18).

k. In 2022, a subsidiary entered into a PSA with Therma Visayas, Inc. to purchase power for a fixed fee per MW hour. The PSA is valid from December 26, 2022 to December 25, 2024 for a contracted capacity of 5 MW.

l. In 2024, the Group entered into a contract for solar services with JDC One Acacia Corporation, a subsidiary of JDC, a stockholder with significant influence. Revenue from solar services is presented as part of "Generation" under "Sale of power" in the consolidated statements of comprehensive income.

m. The Group entered into a Wheeling Services Agreement with VECO, on May 22, 2024. Under the agreement, which was effective starting June 1, 2024 until terminated, VECO permits the use of its sub-transmission system to wheel the electricity output of one of MPI's generating facilities. However, from April to November 2025, DWS charges were temporarily postponed pending the execution of a supplemental agreement covering the change in the billing basis from Php/kW to Php/kWh. On December 29, 2025, VECO initiated a refund of the Company's overpayments for wheeling charges paid from January to March 2025, following the finalization of the reduced wheeling fees applicable from October 2024 to November 2025. Wheeling charges are presented as "Purchased power" under "Generation costs" in the consolidated statement of comprehensive income (see Note 18).

   One of the Company's generating facilities enters into Distribution Wheeling Service Agreements (DWSA) with VECO to tap their distribution services for the conveyance of electricity, through its distribution system, to the Company's contestable customers.

   Based on the DWSA, the Company shall pass on all applicable distribution wheeling services charges namely distribution, transmission, system loss, metering, ancillary, universal and other charges, including applicable taxes, as billed by the distribution utility to the contestable customer.

   Wheeling charges are presented as "Purchased power" under "Generation costs" in the 2025 statement of comprehensive income (see Note 18).

n. In 2024, the Group entered into a five-year contract of lease as a lessee with VECO to lease a parcel of land (see Note 26).

o. On June 26, 2025, the Company entered into an agreement with Samal Solar Renewable Energy Corporation (SSREC) for the purchase of power from June 2025 to June 2045. Amounts payable are presented as part of "Trade and other payables" in the 2025 statement of financial position.

The above transactions are generally settled through cash.

Compensation and Benefits of Key Management Personnel

The compensation of the Group's key management personnel by benefit type follows:

	2025	2024	2023
Short-term employee benefits	**₱292,138,181**	₱221,311,355	₱180,751,811
Post-employment pension benefits (see Note 20)	**28,253,606**	23,097,078	7,083,033
	₱320,391,787	₱244,408,433	₱187,834,844

18. Costs of Services and Other Operating Expenses

Generation Costs

The Group's cost of services pertains to the costs incurred in the operation of the power plants, as follows:

	2025	2024	2023
Heavy fuel oil (see Notes 8 and 24)	**₱3,135,147,724**	₱3,971,661,278	₱2,242,942,536
Purchased power (see Notes 17m and 24)	**1,968,639,764**	1,763,565,909	1,089,061,079
Depreciation and amortization (see Notes 11 and 26)	**569,864,591**	560,524,992	470,765,582
Light fuel oil (see Notes 8 and 24)	**491,392,895**	294,371,274	176,508,800
Repairs and maintenance	**143,376,182**	66,546,137	58,236,538
Salaries, wages and employee benefits (see Note 19)	**134,334,742**	137,371,920	133,227,396
Materials and supplies (see Note 8)	**130,484,619**	144,497,863	49,673,410
Contractual and outside services (see Note 17j)	**97,249,777**	89,711,694	98,510,858
Insurance	**61,300,376**	40,669,870	62,863,885
Lube oil (see Notes 8 and 24)	**58,581,959**	77,227,533	49,413,286
Supply and metering charges	**48,916,700**	22,088,416	15,896,360
Light and power	**30,824,590**	11,249,445	278,351
Rent (see Note 26)	**19,407,302**	66,504,104	5,274,872
Market fees	**12,432,228**	7,279,480	376,899
Taxes and licenses	**10,112,681**	11,005,143	10,611,963
Transportation	**7,604,582**	1,385,439	1,676,502
Professional fees (see Note 17e)	**4,974,222**	6,426,750	–
Others	**68,382,550**	21,977,027	12,860,028
	₱6,993,027,484	₱7,294,064,274	₱4,478,178,345

Amounts recognized related to the Group's participation in WESM trading, are presented as "Purchased power" and "Market fees" aggregating to ₱372.3 million, ₱329.6 million, and ₱68.2 million in 2025, 2024 and 2023, respectively.

Water generation costs

The Group's cost pertains to the costs of construction of a water desalination plant (see Notes 12 and 24).

Other Operating Expenses

	2025	2024	2023
Dues and subscriptions	**₱59,664,457**	₱35,290,292	₱18,489,875
Insurance expense	**48,338,800**	49,677,272	4,756,117
Corporate social responsibility	**42,837,961**	19,602,891	22,346,535
Office supplies	**23,330,165**	4,565,279	4,024,591
Marketing expenses	**31,560,872**	2,217,720	6,573,917
Repairs and maintenance	**14,030,474**	8,244,843	5,970,244
Regulatory expenses	**2,210,887**	5,258,169	1,730,616
Stockholders' meeting expenses	**691,079**	438,268	953,366
Directors' per diem (see Note 19)	**–**	23,844,444	26,883,333
Stand-by letter of credit	**–**	2,295,351	4,214,971
Others	**35,249,101**	15,618,039	6,088,389
	₱257,913,796	₱167,052,568	₱102,031,954

Regulatory expenses include payments of administrative fees charged by the Philippine Stock Exchange (PSE) and SEC and other charges.

Others include sponsorships and contributions, brokerage fees, insurance expenses, medical and health expenses, outing expenses, and bank charges, among others.

Engineering Service Fees

The Group's cost of providing technical and engineering services in its retail electricity, and water treatment and desalination revenue generating activities are as follows:

	2025	2024	2023
Materials and supplies (see Note 8)	**₱3,990,548**	₱12,187,463	₱17,448,008
Contractual and outside services	**219,967**	9,122,761	7,209,090
Salaries, wages and employee benefits (see Note 19)	**47,070,610**	3,465,260	11,630,956
Transportation	**1,963,733**	566,985	5,603,021
Depreciation and amortization (see Notes 11 and 26)	**679,444**	3,944,232	3,421,833
Rent (see Note 26)	**–**	393,641	6,604,078
Insurance	**–**	20,849	70,438
Repairs and maintenance	**–**	4,548	20,400
Others	**6,924,491**	166,047	465,095
	₱60,848,793	₱29,871,786	₱52,472,919

Other Income (Loss) - Net

	2025	2024	2023
Gain on disposal of property, plant and equipment and investment properties (see Notes 11 and 13)	**₱141,424,528**	₱3,782,805	₱650,300
Casualty loss (see Note 11)	**(126,213,581)**	–	–
Reversal of provision for fuel costs	–	98,503,087	–
Provision for doubtful accounts (see Note 7)	–	(40,617,655)	(410,049)
Receivables written off	–	–	(24,000,000)
Interest from a related party (see Note 17a)	**–**	–	17,857,143
Recovery of previously written-off receivables (see Note 7)	**–**	–	6,000,000
Others	**94,523,318**	(2,947,770)	(13,201,557)
	109,734,265	₱58,720,467	(₱13,104,163)

Provision for doubtful accounts mainly pertain to long-outstanding trade receivables from a customer.

Receivables written off pertains to the disputed receivables from a customer which were finally determined to be unrecoverable by virtue of the settlement of the court case with the customer in December 2023.

Interest income from a related party pertains to interest on the settlement of the IFA with FLOWS (see Note 17a).

Recovery of previously written-off receivables in 2023 and 2022 pertains to recovery by VEC and VREC of its receivables from the sale of one of the Group's joint ventures in 2017. The receivables were previously fully provided with an allowance (see Note 7).

Others include non-recurring incomes recognized by a subsidiary related to the reversal of a cost accrued in prior years and rebates on past years' fuel expenses, reimbursements from third parties for equipment station use, and billings to related parties for the shared expenses initially paid by the Group on behalf of related parties (see Note 17).

19. Personnel Expenses

	2025	2024	2023
Salaries, wages and employee benefits	**₱889,964,071**	₱732,732,545	₱537,405,717
Pension expense (see Note 20)	**61,110,312**	47,994,586	22,261,768
Directors' per diem (see Note 18)	**21,760,531**	23,844,444	26,883,333
	₱972,834,914	₱804,571,575	₱586,550,818

20. Retirement Plans

The Group has a funded, noncontributory, defined benefit pension plan covering all regular, permanent employees of the Parent Company, 1590 EC, CIPC, Delta P, VEC, INPC, Core, NBPC, BPC and VIHI. The plans provide lump sum benefits upon a member's normal retirement. The benefits are based on the member's final monthly salary and length of service with the Group.

The Fund for the Group's employees is administered by a trust and investment entity in the Philippines under the supervision of a trustee. The trustee is responsible for the investment strategy of the plan.

The following tables summarize the components of pension expense recognized in the consolidated statements of comprehensive income and the funded status and amounts recognized in the consolidated statements of financial position for the pension plan.

The components of the pension expense recognized under "Generation costs" and "Operating expenses" in the consolidated statements of comprehensive income follow:

	2025	2024	2023
Current service cost	**₱46,755,572**	₱37,724,433	₱18,369,797
Net interest cost	**14,354,740**	10,270,153	3,891,971
Pension expense	**₱61,110,312**	₱47,994,586	₱22,261,768

Remeasurement effects recognized in the consolidated statements of comprehensive income follow:

	2025	2024	2023
Remeasurement gain (loss) on defined benefit plan	**₱4,224,072**	(₱19,293,684)	(₱102,653,494)
Return on assets excluding amount included in net interest cost	**(24,714)**	(1,512,366)	(1,739,311)
	₱4,199,358	(₱20,806,050)	(₱104,392,805)

The pension liability pertaining to the Parent Company's group retirement plan, and 1590 EC's and Delta P's funded retirement plans as at December 31 follows:

	2025	2024
Present value of defined benefit obligation	**₱394,377,131**	₱336,369,535
Fair value of plan assets	**(140,540,483)**	(88,639,797)
Pension liability	**₱253,836,648**	₱247,729,738

Changes in the present value of the defined benefit obligation follow:

	2025	2024
At January 1	**₱336,369,535**	₱265,342,115
Current service cost	**46,755,572**	37,724,433
Interest cost on defined benefit obligation	**21,250,520**	15,875,221
Remeasurement loss due to:		
Changes in financial assumptions	**(20,946,431)**	14,052,043
Experience adjustments	**16,722,359**	5,241,641
Benefits paid from retirement fund	**(5,969,518)**	(1,865,918)
Net acquired obligation due to employee transfers	**195,094**	–
At December 31	**₱394,377,131**	₱336,369,535

Changes in the fair value of plan assets representing the funded retirement plan of the Group follow:

	2025	2024
At January 1	**₱88,639,797**	₱80,212,051
Contributions to the retirement fund	**52,153,043**	6,200,962
Interest income included in net interest cost	**5,741,875**	5,605,068
Return on assets excluding amount included in net interest cost	**(24,714)**	(1,512,366)
Benefits paid from retirement fund	**(5,969,518)**	(1,865,918)
At December 31	**₱140,540,483**	₱88,639,797

Changes in the amounts recognized in the consolidated statements of financial position for pension liability follows:

	2025	2024
At January 1	**₱247,729,738**	₱185,506,597
Pension expense for the year	**61,110,312**	47,994,586
Contributions to retirement fund	**(52,153,043)**	(6,200,962)
Remeasurement loss recognized for the year	**(4,199,358)**	20,806,050
Reclassification from pension asset	**–**	(376,533)
Net acquired obligation due to employee transfers	**195,094**	**–**
At December 31	**₱252,682,743**	₱247,729,738

The major categories of the plan assets as a percentage of the fair value of the total plan assets are as follows:

	2025	2024
Investments	**46.65%**	–
Equity securities	**50.75%**	9.95%
Fixed income securities:		
Unitized investment trust funds	**1.16%**	89.56%
Cash and cash equivalents	**0.06%**	–
Other receivable	**1.44%**	0.49%
Total plan assets	**100.00%**	100.00%

All equity instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

The control and administration of the fund vest on the trustee. The trustee shall have the full and complete power and authority to hold, manage, administer, convert, sell, assign, alter, divide, invest and reinvest the fund without distinction between principal and income, to the same extent and with the same effect as might be lawfully done by persons who own and control property and may thus exercise every power and right with respect to each item of property in this trust authority specified in the agreement and expressly conferred upon it by law.

The overall investment policy and strategy of the Group's defined benefit plan is guided by the objective of providing the necessary funding for the benefits payable under the plan and achieving such liquidity as the trustee shall, in its discretion, deem appropriate in the circumstances. The Group's current investment strategy consists substantially of fixed income securities.
The principal assumptions used in determining pension obligation for the Group's pension plan as of December 31 follow:

	2025	2024
Discount rate	**6.37%–6.57%**	6.08%–6.20%
Future salary increase rate	**10.00%**	10.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of the defined benefit obligation of the most recent actuarial valuation report, as of December 31, 2025 and 2024, assuming all other assumptions were held constant:

	Increase (Decrease)	Present Value Change of Defined Benefit Obligation **2025**	2024
Discount rate	+100 basis points	**(₱210,701,094)**	(₱33,085,424)
	−100 basis points	**266,908,849**	39,137,665
Future salary increase rate	+100 basis points	**267,489,608**	38,408,353
	−100 basis points	**(210,415,160)**	(33,170,901)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the defined benefit obligation at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date), while all other assumptions remained unchanged.

The average duration of the defined benefit obligation is 10.33–21.15 years and 14.73–20.00 years as of December 31, 2025 and 2024, respectively.

The Group expects to contribute to the defined benefit plan in 2025.

The expected benefit payment assumes that all actuarial assumptions will materialize. Shown below is the maturity analysis of the undiscounted benefit payments as at December 31:

	2025	2024
Less than one year	**₱19,650,709**	₱5,185,372
More than one year to five years	**67,860,828**	36,476,513
More than five years to 10 years	**242,534,867**	158,882,752
More than 10 years to 15 years	**585,174,632**	518,270,045
More than 15 years to 20 years	**606,946,512**	435,954,385
More than 20 years	**2,004,492,397**	1,597,121,726
Total	**₱3,526,659,945**	₱2,751,890,793

21. Income Taxes

	2025	2024	2023
Current	**₱381,419,594**	₱378,943,981	₱155,180,434
Deferred	**(8,361,321)**	1,196,261	17,689,876
	₱373,058,273	₱380,140,242	₱172,870,310

The reconciliation of income tax expense computed at the applicable statutory rates to income tax expense follows:

	2025	2024	2023
Income before income tax	**₱3,651,110,184**	₱3,003,800,074	₱2,578,413,102
Tax calculated at statutory rate (25%)	**₱912,777,546**	₱750,950,019	₱644,603,276
Adjustments for the tax effects of:			
Equity in net earnings of associates	**(509,581,444)**	(576,414,014)	(511,085,470)
Non-taxable gain	**(177,696,869)**	(49,932)	(31,858,491)
Movements in unrecognized deferred income tax assets	**143,030,749**	135,328,148	27,370,900
Non-deductible expenses	**69,253,242**	57,199,864	37,119,050
Interest income subject to final tax	**(43,703,339)**	(33,268,246)	(29,838,120)
Difference of OSD over deductible expenses	**38,566**	286,434	(3,176,938)
Others	**(21,060,178)**	46,107,969	39,736,103
	₱373,058,273	₱380,140,242	₱172,870,310

The components of the Group's net deferred income tax assets as at December 31 are as follows:

	2025	2024
Deferred income tax assets on:		
Net pension liability	**₱62,164,304**	₱27,537,685
Allowance for impairment losses	**11,602,774**	11,602,774
Lease liabilities	**11,438,916**	–
NOLCO carry-over	**9,092,498**	–
Allowance for inventory losses	**1,082,708**	1,082,708
Unamortized past service costs	**477,942**	353,266
Unrealized foreign exchange loss	**70,142**	84,180
	95,929,284	40,660,613
Deferred income tax liabilities on:		
Right-of-use assets	**20,302,104**	14,655,154
Unrealized foreign exchange gain	**11,712,499**	11,435,632
Unamortized debt issue costs	**388,250**	1,809,923
	32,402,853	27,900,709
Deferred income tax asset (liabilities) recognized in other comprehensive income:		
Remeasurement loss (gain) on employee benefits	**19,005,202**	21,158,995
Unrealized valuation gain on FVOCI investments	**(645,000)**	(645,000)
	18,360,202	20,513,995
Net deferred income tax assets	**₱81,886,633**	₱33,273,899

The components of the Group's net deferred income tax liabilities are as follows:

	2025	2024
Deferred income tax liabilities on:		
Unrealized fair value gain on investment property	**₱335,199,613**	₱244,264,903
Fair value adjustments upon acquisition of subsidiaries (see Note 25)	**62,787,028**	83,206,465
Unamortized debt issue costs	**438,583**	964,796
Unrealized foreign exchange gain	**87,901**	83,649
Accrued rent	**58,122**	88,071
	398,571,247	328,607,884
Deferred income tax assets on:		
Pension liability	**115,992**	74,213
	115,992	74,213
Deferred income tax liability (asset) recognized in other comprehensive income:		
Remeasurement loss on employee benefits	**38,547**	–
	38,547	–
Net deferred income tax liabilities	**₱398,493,802**	₱328,533,671

In 2025 and 2024, the Group has deductible temporary differences and tax credits for which deferred tax assets have not been recognized since management believes that no sufficient taxable income will be available in the year these are expected to be reversed, settled or realized. These unrecognized deductible temporary differences and tax credits follow:

	2025	2024
NOLCO	**₱1,625,024,911**	₱1,564,037,718
MCIT	**10,206,909**	4,960,283

On September 30, 2020, the BIR issued RR No. 25-2020 to implement Section 4(bbbb) of Republic Act No. 11494, otherwise known as the "Bayanihan to Recover as One Act". This RR provides that net operating loss of the business enterprise for taxable years 2020 and 2021 to be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

NOLCO and MCIT as of December 31, 2025 and 2024, except for the NOLCO incurred in 2020 and 2021, can be claimed as a deduction against future taxable income and income tax due within three years from the year of incurrence from 2022–2024 and 2021–2023, respectively.

22. **Equity**

Capital Stock

There were no changes in the Parent Company's authorized, issued and outstanding common shares as of December 31, 2025 and 2024.

Authorized capital stock - ₱1 par value	2,000,000,000
Issued and outstanding shares	1,023,456,698
Unissued shares	976,543,302

The Parent Company's issued capital stock originally consists of 224,880,067 common shares and 600,000,000 preferred shares that were listed in the Philippine Stock Exchange (PSE) since 2003, and 198,576,631 preferred shares that were approved for listing by the PSE on June 29, 2004. In June 2005, the SEC approved the amendment to Article VII that relates to the conversion of the Parent Company's preferred shares to common shares. As of December 31, 2025 and 2024, the Parent Company's issued capital stock all consists of common shares.

The Parent Company has 1,398 stockholders as of December 31, 2025, 1,404 stockholders as of December 31, 2024, and 1,406 stockholders as of December 31, 2023, and has complied with the Minimum Public Ownership requirement of the PSE for listed entities as of the same dates.

Dividends

The BOD declared cash dividends to its stockholders as follows:

	2025	2024	2023
Date of declaration	**May 27, 2025**	May 24, 2024	May 18, 2023
Date of record	**June 10, 2025**	June 7, 2024	June 1, 2023
Date of payment	**June 18, 2025**	June 21, 2024	June 16, 2023
Dividends declared	**₱588,754,594**	₱571,088,839	₱398,841,075
Dividends per share	**₱0.5753**	₱0.5580	₱0.3897

Appropriation of Retained Earnings for Business Expansion
In the BOD meeting held on November 11, 2022, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.3 billion to be used for the investment in the on-going and new infrastructure projects in the Visayas, and new power generation projects in Luzon and the Visayas starting in 2023. This increased the total appropriation for the said projects to ₱6.8 billion as of December 31, 2022.

Out of the 2022 retained earnings appropriation, the Parent Company made additional investments of ₱1.9 billion in 2023 for the said projects, which amount was then reverted to unappropriated retained earnings in 2023.

In a BOD meeting held on November 24, 2023, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱4.9 billion to provide appropriations for the investment on the solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.4 billion to be used for the investment in the ongoing new infrastructure projects in the Visayas and new power generation projects in Luzon and the Visayas, and a new real estate project in the Visayas starting in 2024.

Out of the 2023 retained earnings appropriation, the Parent Company made additional investments of ₱1.4 billion in 2024 on the infrastructure projects in the Visayas, power generation projects in Luzon, the Visayas and Mindanao, which amount was then reverted to unappropriated retained earnings in 2024.

In a BOD meeting held on December 23, 2024, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱6.0 billion to provide appropriations for the investment on the solar installation projects in Luzon and the Visayas, infrastructure projects in the Visayas and the real estate project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱1.8 billion to be used for the investment in the ongoing expansion of power generation project in Luzon, solar generation projects in Luzon and the Visayas, and the working capital requirements of a wholly owned subsidiary starting in 2025.

Out of the 2024 retained earnings appropriation, the Parent Company has made additional investments of ₱2.4 billion in 2025 on the infrastructure project in the Visayas, power generation projects in the Luzon and Visayas, which was then reverted to unappropriated earnings in 2025.

In a BOD meeting held on November 21, 2025, the BOD has determined that the Parent Company's operations require to continue the existing appropriations amounting to ₱5.4 billion to provide appropriations for investment on the solar installation projects in Luzon and the Visayas, infrastructure projects in the Visayas and a real estate project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.9 billion to be used for the investment of ongoing power generation projects in Luzon and the Visayas, solar generation projects in Luzon and the Visayas, and the Parent Company's digital transformation initiatives starting in 2026.

Unappropriated Retained Earnings
The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries and associates, including unrealized fair value adjustments on investment properties, amounting to ₱12.3 billion and ₱10.5 billion as of December 31, 2025 and 2024, respectively. Such amounts are not available for dividend distribution until such time that the Parent Company receives the dividends from the respective subsidiaries and associates.



Non-controlling Interests

On June 1, 2023, VEC and VIDC acquired the remaining interest of GPI in INPC for a total consideration of ₱169.6 million, resulting in 100% ownership by the Group in INPC. The transaction has been accounted for as an equity transaction with non-controlling interests, resulting to a reduction in non-controlling interests by ₱164.5 million and a decrease in "Equity reserves" by ₱5.1 million.

Material Partly-Owned Subsidiary - 1590 EC

The following are selected financial information of the material partly-owned subsidiary of the Group as of and for the years ended December 31:

	2025	2024	2023
Total current assets	**₱971,805,828**	₱1,157,748,228	₱805,761,615
Total noncurrent assets	**3,314,083,670**	3,352,739,223	3,569,277,736
Total current liabilities	**1,268,175,513**	1,560,498,767	1,570,496,589
Total noncurrent liabilities	**833,135,314**	835,888,126	834,220,259
Total equity	**2,184,578,671**	2,114,100,558	1,970,322,503
Sale of power	**2,415,363,087**	2,891,515,765	1,907,736,709
Operating profit	**1,182,510,297**	864,244,823	341,215,108
Net income	**941,808,755**	642,818,607	204,139,608
Total comprehensive income	**946,370,705**	641,594,504	202,205,139
Net income attributable to non-controlling interests	**423,799,999**	287,982,736	91,454,544
Total comprehensive income attributable to non-controlling interests	**423,974,076**	287,434,338	90,587,902
Dividends paid to non-controlling interests	**392,000,000**	224,000,000	–
Accumulated non-controlling interest	**976,217,053**	944,242,977	880,808,639

23. Earnings Per Share (EPS)

The amounts of EPS are computed as follows:

	2025	2024	2023
Net income attributable to shareholders of the parent	**₱2,709,368,135**	₱2,355,018,369	₱2,295,804,486
Weighted average number of outstanding common shares	**1,023,456,698**	1,023,456,698	1,023,456,698
Basic and diluted EPS	**₱2.647**	₱2.301	₱2.243

There are no potential dilutive shares as of December 31, 2025, 2024 and 2023.

24. Contracts, Commitments and Contingencies

Sale of Power

Power Supply Agreements (PSAs)

- *INPC PSA.* On March 30, 2022, Bantayan Electric Cooperative (BANELCO) and INPC entered into a PSA. According to the terms of the PSA, INPC shall provide the entire energy requirements of BANELCO and its franchise area. The agreement is for a period of 15 years, reckoned from commercial operations date. On May 5, 2022, pending final resolution of INPC's application for approval of the PSA, the ERC granted provisional authority to INPC to implement the PSA, subject to certain conditions. Commercial operations in relation to the provisional authority commenced on May 6, 2022.

  On August 8, 2023, the ERC granted an Interim Relief (IR) for the continued implementation of the PSA. This IR is subject to the same terms and conditions as provided in the Order dated May 5, 2022, until revoked or until the issuance of a decision.

- *CIPC PSA*. On August 8, 2011, CIPC entered into a 15-year PSA with Busuanga Island Electric Cooperative (BISELCO), an electric cooperative engaged in the distribution of electricity, light, heat and power. CIPC shall provide a portion of the energy requirements of BISELCO, for which CIPC is entitled to receive a payment equal to the total fee which is calculated using a specified formula.

  The PSA also allows CIPC to collect from NPC a subsidy fee equivalent to the difference between the total fee and the subsidized/approved generation rate billed to BISELCO. The subsidized/approved generation rate charged shall be that approved by the Energy Regulatory Commission (ERC) for Coron, Palawan expressed in Php/kWh.

  - *Emergency PSA.* On May 9, 2023, CIPC entered into a one-year Emergency PSA with BISELCO for a contracted capacity of 615,600 kWh/month at a tariff specified in the contract.

    On July 29, 2024, BISELCO and CIPC signed an EPSA for the supply of a total contracted capacity of 4MW. The total contracted capacity is delivered in two (2) phases: 1) 1MW with a monthly minimum contracted energy of 615,600 kWh, to commence immediately after the execution of the agreement; and 2) 3MW with a monthly minimum contracted energy of 800,000 kWh, starting on September 28, 2024, or upon synchronization of additional units at the plant site, whichever is earlier. The EPSA is valid for one (1) year from its execution.

    On July 30, 2025, BISELCO and CIPC signed an EPSA for the supply of a total contracted capacity of 5MW with a monthly minimum contracted energy of 1,228,000 kWh. This extension is valid valid for one (1) year from its execution.

- *Delta P PSA*. On February 6, 2009, Delta P entered into a PSA with Palawan Electric Cooperative (PALECO), an electric cooperative engaged in the distribution of electricity, light, heat and power for the phase I of the PSA which ended on April 3, 2021. On March 18, 2016, Delta P and PALECO entered into another PSA for the second phase of the energy supply agreement for 18 MW for 15 years. The agreement was terminated on October 3, 2023.

In November 2024, Delta P won the bidding for a 15-year PSA following the conduct of a successful Competitive Selection Process.

On February 28, 2025, PALECO and Delta P filed a Joint Application dated December 17, 2024, docketed under ERC Case No. 2025-053 RC, for the approval of their PSA executed on November 18, 2024, for a contract capacity of 40 MW (baseload), which shall remain in force and effect for fifteen (15) years from the delivery date, which shall be later of either October 1, 2024 or the next immediate twenty-sixth (26th) day of the month following the ERC's issuance of a Provisional Authority or Interim Relief as well as the fulfilment of several conditions.

In an ERC Order promulgated on September 3, 2025, the ERC granted an Interim Relief for the implementation of the PSA, subject to the conditions set forth in the Order.

- *Emergency PSA*. On October 3, 2023, Delta P entered into an Emergency Power Supply Agreement ("EPSA") with PALECO for a maximum term of one (1) year from the commercial operations date ("COD") for a minimum contracted energy of 11,896,560 kWh monthly at the total fee in the Emergency PSA.

- *Transitory PSA*. Upon expiration of the EPSA on October 3, 2024, Delta P entered into a Transitory PSA with contracted capacity of 26,650 kW for a period of (i) twelve (12) months, or (ii) until the delivery date is achieved under the PSA, or (iii) upon termination of this agreement, whichever occurs first.

On September 29, 2025, the ERC issued a Decision in ERC Case No. 2025-008 RC approving the TPSA and the applicable generation rates. The Decision authorizes recovery of the Universal Charge-Missionary Electrification subsidy corresponding to the difference between the Delta P's approved True Cost of Generation Rate (TCGR) and the approved Subsidized Approved Generation Rate (SAGR). The ERC Decision provides that the subsidy recovery shall be reckoned from the TPSA delivery date of October 4, 2024 and shall be paid by the National Power Corporation - Small Power Utilities Group (NPC-SPUG) in installments corresponding to the period when such costs were incurred. The Decision further provides that upon receipt of the subsidy amounts, Delta P shall remit the same to PALECO for pass-through to its member-consumers as a reduction in generation charges in subsequent billing periods.

- *Subsidy Agreements*. Due to the subsidized nature of the PSAs of INPC, Delta P and CIPC, the subsidiaries enter into Subsidy Agreements (SA) with NPC. The SAs allow the subsidiaries to collect the difference between the Subsidized/Approved Generation Rate (SAGR) charged to the off-taker and True Cost Generation Rate (TCGR).

  On September 23, 2025, the ERC, in ERC Case No. 2023-133 RC, promulgated an Order granting interim relief to NPC and approving the implementation of the adjusted SAGR for Small Power Utilities Group (SPUG) areas, including the service area of BANELCO, effective November 2025 billing. The adjusted SAGR applies to Commercial and Industrial customers, while the Residential SAGR and other customer classes continue to be implemented at the previously approved rate of ₱8.2582 per kWh. The final SAGR for Residential and Commercial/Industrial consumers in large NPC-SPUG and other missionary areas remains subject to the ERC's final Decision on the Petition.



Accordingly, beginning November 2025 billing, the Company adopted the provisionally approved SAGR for Commercial and Industrial customers pursuant to the ERC Order. Prior to such effectivity, the previously approved SAGR of ₱8.2582 per kWh was applied to all customer classes. The adjusted SAGR is being implemented on an interim basis pending the ERC's final determination in the main case.

In connection with the implementation of the TPSA, the ERC, in its Decision dated September 29, 2025 in ERC Case No. 2025-008 RC, directed the NPC-SPUG to execute a UC-ME Subsidy Agreement (UCME-SA) with the Company and PALECO to facilitate the recovery of the subsidy corresponding to the difference between the approved TCGR and the SAGR under the TPSA. As of December 31, 2025, the UCME-SA remains pending execution.

- *NBPC PSA.* On January 17, 2017, NBPC entered into a PSA with Bukidnon Second Electric Cooperative (BUSECO) to supply a maximum of 5 MW from its 2 x 3.1 MW power plant located at Barangay Bugcaon, Lantapan, Bukidnon at a specific contract rate for a period of 15 years commencing from commercial operation date in the second quarter of 2018, under a Build Operate Maintain (BOMT) scheme. With the BOMT agreement, NBPC's power plant will be transferred to BUSECO upon termination of the PSA.

  ERC has granted a provisional approval on its rate application on August 31, 2017 effective for only twelve (12) months. Upon expiration of the provisional authority on August 31, 2018, ERC extended the provisional authority in an order dated September 21, 2019. NBPC and BUSECO filed a motion for reconsideration for rates adjustment from the provisionally approved amounts and was partially granted by ERC on October 8, 2019. As of December 31, 2025, no decision is received yet from ERC on the matter.

- *BPC PSA*. On October 16, 2014, BPC entered into a PSA with First Bukidnon Electric Cooperative (FIBECO) to supply a maximum of 4.4 MW from its 2 x 2.4 MW power plant located at Barangay Barandas, Bukidnon at a specific contract rate for a period of 15 years commencing from March 15, 2015. ERC has granted a provisional approval on its rate application on August 3, 2015. The second PSA was entered into with FIBECO on July 24, 2015 for a contracted capacity of 2 MW from its 2.5 MW fuel power plant located at Barangay Mabuhay, San Fernando, Bukidnon, for a period of 15 years starting from April 15, 2016. ERC's final approval on its rate application was dated June 6, 2017.

- *1590 EC PSA*. On April 2023, 1590 EC entered into a PSA with a customer for a contracted capacity of 30 MWh at an agreed tariff specified in the PSA. The contract is effective from April 26, 2023 to December 25, 2023.

  In January 2024, 1590 EC entered into another PSA with the customer for a contracted capacity of at 70MWh from January 26, 2024 to August 25, 2024. In August 2024, the parties agreed to the amendment of the existing PSA with the contract expiring on September 25, 2025. In September 2025, the parties agreed to the amendment of the existing PSA with the contract expiring on September 25, 2028.

Revenue from sale of power in relation to the above PSAs amounted to ₱3,672.3 million, ₱4,333.3 million and ₱2,582.8 million in 2024, 2023 and 2022, respectively.



Solar Solutions. The Group enters into power purchase agreements with various customers for the development, engineering, procurement, construction, operation and maintenance of solar generation facilities at the customers' premises. Revenue from these agreements amounted to ₱41.0 million, ₱39.3 million, and ₱35.0 million in 2025, 2024 and 2023, respectively.

Retail Electricity Supply. A subsidiary enters into various retail supply contracts with contestable customers for the supply of energy at an agreed price on a per kilowatt-hour basis. The contracts are for a period of 2 years and for a contracted capacity of 0.75–2.50 MW. Total retail electricity sales from these contracts amounted to ₱1,506.2 million, ₱1,436.5 million, and ₱1,112.7million in 2025, 2024, and 2023, respectively.

In connection with the contracts, the subsidiary received refundable deposits from customers amounting to ₱39.6 million and ₱23.7 million as of December 31, 2025 and 2024. These are presented as part of "Other noncurrent liabilities" in the statements of financial position (see Note 15).

Ancillary Services. In January 2017, a subsidiary entered into an ASPA with NGCP to be its service provider, whereby the entity will provide dispatchable reserve to NGCP to maintain power quality, reliability, and security of the nationwide grid. The term of agreement is in force for five (5) years. Actual transactions such as nominations and scheduling started in November 2017 when the access and technical requirements were finally fulfilled. The contract expired in September 2022 subject to monthly renewal pending the result of the competitive selection process. The contract was renewed until February 25, 2023.

On August 18, 2023, CPPC executed a deed of assignment to a subsidiary of the Group with the effect that all obligations of CPPC under the ASPA for the generation facility shall be turned over to a subsidiary of the Group. The NGCP confirmed the assignment on October 25, 2023. The ASPA is effective for a period of five (5) years, commencing November 16, 2023 up to November 15, 2028.

Revenue from ASPA with NGCP amounted to ₱15.4 million, ₱9.2 million, and ₱467.5 million in 2025, 2024, and 2023, respectively.

Participation in WESM. To avail of the opportunities in the competitive electricity market, certain entities of the Group registered as direct participants of the wholesale electricity spot market (WESM). The revenue from sale of power on the WESM recognized by the Group amounting to ₱3,858.8 million, ₱3,663.5 million, and ₱1,336.3million, in 2025, 2024, and 2023, respectively, were generated from its participation in the trading of electricity at the WESM.

On March 6, 2014, the ERC rendered an Order voiding the WESM prices for the supply months of November and December 2013 and in lieu thereof, substituting regulated prices. The Order came after the ERC formed an Investigating Unit to investigate the unusual increase in WESM prices and the seemingly simultaneous withholding of capacity by electric power generators during the supply months of November and December 2013.

On March 28, 2014, a subsidiary filed its Motion for Reconsideration (MR) to the Order. In an Order dated October 15, 2014, the ERC denied the MR.



On December 10, 2014, as a result of the denial of the MR by the ERC, the subsidiary filed a Petition for Review with Application for Injunction and Temporary Restraining Order with the CA requesting for the (a) issuance of a Temporary Restraining Order and Writ of Preliminary Injunction enjoining ERC and PEMC from implementing all orders, decisions, and resolutions in ERC Case No. 2014-021 MC and (b) reversal of the Order of the ERC in ERC Case No. 2014-021 MC and (c) reinstating the November and December 2013 WESM market prices.

On November 8, 2017, the CA in the consolidated Petitions for Review, rendered a decision declaring the Orders of the ERC dated March 3, 2014, March 27, 2014, May 9, 2014 and October 15, 2014 (the "ERC Orders") for having been rendered without any factual and legal basis. Accordingly, the CA nullified the regulated prices imposed by the ERC in the ERC Orders that were to prevail in lieu of the WESM prices for the November and December 2013 supply months.

Thereafter, the ERC and Intervenor, filed their respective MRs to which the subsidiary duly filed its respective Oppositions thereto. Moreover, as of March 14, 2018, twelve (12) entities who are not original parties to the consolidated Petitions for Review but claim legal interest in the consolidated Petitions for Review filed their respective Motions for Leave to file intervention and admit the attached MRs. On September 7, 2020, the subsidiary received a Notice from the Supreme Court (Third Division) that required its Comments to a Petition for Review on Certiorari. The subsidiary was able to file its Comment and Opposition within the allowed extended period.

On August 3, 2021, the Supreme Court issued a decision declaring null and void the March 2014 Order of the ERC. The Order in the December 2013 Letter Order was affirmed. An Entry of Judgement was subsequently issued stating that on October 11, 2022, the decision has become final and executory.

Management and Service Fees

The Group renders consultancy, management and technical services to various parties, including related parties for technical service fees (see Note 17). These services are governed by service-level contracts executed by the Group and the counterparties. These are recognized as "Management and service fees" presented as part of the Group's revenue in the consolidated statements of comprehensive income amounting to ₱51.9 million, ₱202.9 million and ₱546.0 million in 2025, 2024, and 2023, respectively.

Generation Costs

Fuel Supply Agreements. The Group, through its power generation subsidiaries, enters into supply agreements with various suppliers for the supply of the Group's petroleum product requirements. The supply agreements are effective for various periods up to December 31, 2030.

- *Heavy Fuel Oil.* Heavy fuel oil expense recognized in the consolidated statements of comprehensive income amounted to ₱3,135.1 million, ₱3,971.7 billion, and ₱2,242.9 million n in 2025, 2024, and 2023, respectively (see Note 18).

- *Light Fuel Oil.* Light fuel oil recognized in the consolidated statements of comprehensive income amounted to ₱491.4 million, ₱294.4 million, and ₱176.5 million in 2025, 2024, and 2023, respectively (see Note 18).

- *Lube Fuel Oil.* Lube fuel oil recognized under "Generation costs" in the statements of comprehensive income amounted to ₱58.6 million, ₱77.2 million, and ₱49.4 million in 2025, 2024, and 2023, respectively (see Note 18).

Purchased Power

- *Bilateral Agreements.* A subsidiary of the Group enters into PSAs with generation companies to purchase power for a fixed fee per MW per hour. The PSAs are for a period of one to two years with a contract capacity of up to 10MW.

  The total cost of power purchased during the year from PSAs amounted to ₱1,129.4 million, ₱1,013.7 million, and ₱781.6 million in December 2025, 2024, and 2023, respectively (see Note 18).

- *Distribution Wheeling Services.* A subsidiary of the Group enters into Distribution Wheeling Service Agreements (DWSA) with various distribution utilities to tap their distribution services for the conveyance of electricity, through its distribution system, to the subsidiary's contestable customers.

  Based on the DWSA, the subsidiary shall pass on all applicable distribution wheeling services charges namely distribution, transmission, system loss, metering, ancillary, universal and other charges, including applicable taxes, as billed by the distribution utility to the contestable customers. Total costs incurred for distribution wheeling services amounted to ₱479.3 million, ₱427.6 million, and ₱239.7 million in 2025, 2024, and 2023, respectively, which are presented as part of "Purchased power" under "Generation costs" (see Note 18).

  A bill deposit equivalent to one month of the estimated billing is usually paid to the distribution utility prior to the commencement of wheeling services to the contestable customer. As at December 31, 2025 and 2024 security deposit under this agreement amounted to ₱72.2 million and ₱35.1 million, respectively, and is presented as "Others" under "Prepayments and other current assets" account in the statements of financial position (see Note 9).

Open Access Transmission Service. Pursuant to the provision on Credit Support under Section A8.1 of the Open Access Transmission Service Rules as well as the condition set under Billing and Payments of the Transmission Service Agreement, 1590 EC provided additional credit support in the form of a security deposit presented as "Other noncurrent assets" in the consolidated statements of financial position amounting to ₱2.3 million as of December 31, 2025 and 2024 (see Note 14).

Concession Arrangements

- *Service Agreement with City Government of Puerto Princesa (PP LGU)*. On March 22, 2019, PPWRLC entered into a Service Agreement with the PP LGU. The Service Agreement is pursuant to Article IX of the JVA dated September 27, 2018 by and among the PP LGU and Eco-System Technologies, Inc. (ESTI), Eco-System Technologies International, Inc. (ESTII) and JCA 1221 as the Private Sector Partner (PSP). Under the Service Agreement, the PP LGU grants to PPWRLC, as its contractor, agent, and operator for the exercise of certain rights of the PP LGU, the sole and exclusive franchise, right and discretion during the cooperation period to: (a) design, construct and commission, operate and maintain the treatment facilities during the cooperation period; (b) provide and manage the services; and (c) bill and collect payment from the customers for all services. The treatment facilities shall be located at the Baywalk Reclamation Area of Puerto Princesa, Barangay Matahimik, Puerto Princesa City, Palawan, Island of Palawan.

The cooperation period is for a period of 25 years, starting from the commencement date, which shall be the date that the construction of the treatment facilities has been completed and the treatment facilities have commenced commercial operation as certified in writing by PPWRLC. The cooperation period is renewable for another 25 years, subject to the terms of the Service Agreement.

At the end of the cooperation period, PPWRLC shall hand-over the title of the treatment facilities and transfer all rights and obligations with regard to the facilities and the services to the PP LGU at no cost except for termination payments, save that all taxes and expenses related to the process of transfer and delivery of assets shall be for the account of the PP LGU.

Pursuant to the Service Agreement, PPWRLC shall be entitled to collect sewerage service fees and septage service fees. Sewerage service fees are charged to the PP LGU based on the raw wastewater treated, based on graduated rates stipulated in the Service Agreement. Septage service fees are charged to the customers of the Puerto Princesa City Water District (PPCWD) based on a user fee per cubic meter of water consumption. Residents not connected to the PPCWD availing the septage services are charged on a "per transaction" basis at market rates to be reasonably determined based on comparative prices of private service providers in other cities in the Philippines.

As at December 31, 2024, the construction of the treatment facilities was completed, with total construction cost amounting to ₱209.4 million, which formed part of the concession asset, presented as "Concession contracts assets" account in the consolidated statements of financial position, and is amortized over the cooperation period using the effective interest method.

- *Joint Venture Agreement with the Local Government of Cordova (Cordova LGU).* On August 13, 2020, VHHI entered into a JVA with the Local Government of Cordova for the Cordova Desalination Project. The project involves the planning, financing, development, design, engineering, construction, operation, and maintenance of a seawater desalination facility with a capacity of 10 million-liters-per-day (MLD) up to a maximum of 50 MLD. Under the JVA, Cordova LGU granted the Project's Special Purpose Vehicle (SPV) the exclusive concession to operate, maintain, and sell bulk water from the project. IMCC is the SPV formed to undertake and implement the Project, where all rights and obligations of VHHI under the JVA with Cordova LGU were assigned and transferred to IMCC.

  The concession period commences from the Commercial Operation Date (COD) of the first phase until 25 years from the COD of the final expansion phase, but in no case to exceed a total of 35 years, subject to renewal. At the end of the concession period, the SPV is required to turn over the Project to Cordova LGU in good working condition. In consideration for the LGU's contribution, the SPV shall pay the agreed concession fee per cubic meter of water sold, with an escalation every five (5) years starting from the 16th year.

- *Joint Venture Agreement with Metropolitan Cebu Water District (MCWD).* On April 8, 2025, a Consortium led by VHHI (the "Consortium") entered into a contractual JVA with MCWD for the Cordova Water Supply project. Under this agreement, the Consortium is responsible for the design, development, construction, operation, and maintenance of the facilities to treat and deliver a minimum of 20,000 cubic meters of potable bulk water per day to MCWD. The latter, in turn, is responsible for receiving and distributing the water to consumers within its franchise area.



The contract duration is for a period of 25 years from the "Day One of Delivery," which is defined as 12 months from contract signing or receipt of the Notice to Proceed. MCWD shall pay the Consortium the agreed contract price per cubic meter, inclusive of VAT, subject to monthly adjustments for power cost and consumer price index after the first year of delivery. Upon expiration of the term, there is no transfer of assets; ownership of the desalination facilities remains with the Consortium.

As at December 31, 2025, the carrying amount of the concession asset related to the above agreements amounted to ₱1.9 billion, and finance income and construction revenue recognized for the year then ended amounted to ₱246.6 million and ₱70.8 million, respectively.

Contingencies

The Group is a party to certain proceedings and assessments in the normal course of business. The ultimate outcome of these proceedings cannot be presently determined. The Group's position has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. As allowed by PAS 37, no further disclosures were provided as this might prejudice the Group's position on this matter. Management believes, based on information currently available and professional legal advice, that the ultimate resolution of these proceedings would not likely have a material, adverse effect on the results of operations, financial position or liquidity of the Group. Existing circumstances and assumptions about future developments related to these proceedings may still change. Such changes are reflected in the assumptions when they occur.

25. **Business Combinations**

Acquisition of controlling interest in FLOWS and PPWRLC in 2025

On October 15, 2025, VHHI entered into a share purchase agreement with JCA 1221 Holdings Inc. (JCA 1221), to acquire its shares in FLOWS for a consideration of ₱138.0 million, which resulted to an increase in the Group's ownership interest in the entities from 45% to 90%.

FLOWS has a direct ownership interest in PPWRLC (see Note 1). The Group obtained control over FLOWS on December 31, 2025, resulting to consolidation of the entity, including PPWRLC, commencing on the same date.

The Group acquired control of FLOWS and PPWRLC to strengthen its strategic position and to expand its operations from the integration of resources, operations, and expertise. The acquisition is expected to contribute to revenue growth, operational efficiencies and long-term value creation to the Group.

The Group has assessed that the set of assets and activities that it has acquired in FLOWS and PPWRLC constitutes a business and has accounted for the acquisition as a business combination.

The following is the final purchase price allocation for the business combinations:

	FLOWS	PPWRLC	Total
Cash and cash equivalents	₱8,557,555	₱14,981,554	₱23,539,109
Trade and other receivables	151,312,500	34,563,450	185,875,950
Prepayments and other current assets	2,158,586	11,189,126	13,347,712
Property, plant and equipment	–	98,182	98,182
Concession asset	–	261,519,454	261,519,454
Other noncurrent assets	–	15,575,000	15,575,000
Total assets	162,028,641	337,926,766	499,955,407
Less:			
Trade and other payables	9,505,731	19,667,969	29,173,700
Long-term notes payable	128,287,037	–	128,287,037
Income tax payable	–	3,573,781	3,573,781
Deferred income tax liabilities	–	19,866,668	19,866,668
Total net assets	24,235,873	294,818,348	319,054,221
Non-controlling interest (10%)			31,905,422
Gain on bargain purchase			(11,148,799)
Purchase consideration transferred			₱276,000,000
Fair value of previously held equity interest			₱138,000,000
Cash and cash equivalents			13,800,000
Unpaid portion of the cash consideration			124,200,000
Total consideration transferred			₱276,000,000
Cash flow on acquisition:			
Cash acquired with the subsidiary			₱23,539,109
Cash paid as part of purchase consideration			(13,800,000)
Net cash inflow			₱9,739,109

The Group completed the fair value measurement of the identifiable assets acquired and liabilities assumed of FLOWS and PPWRLC as of the acquisition date.

Acquired receivables are measured at their contractual amounts, which management expects to be fully collectible, as the main customers are government agencies, which are considered to have low credit risk. No expected credit losses have been recognized in respect of these receivables.

The non-controlling interest in FLOWS and PPWRLC has been measured at the non-controlling shareholders' proportionate share of the acquiree's identifiable net assets at fair value as of the acquisition date.

The Group recognized a gain on the remeasurement of its previously held equity interest in FLOWS and PPWRLC amounting to ₱42.0 million, which is presented as "Gain on fair value measurement of associates" under "Other income (charges)" in the 2025 consolidated statement of comprehensive income.

FLOWS and PPWRLC did not contribute to the consolidated revenue and net income to the Group for the year ended December 31, 2025. Had the acquisition occurred at the beginning of the reporting period, management estimates that the Group's consolidated revenue and net income for the year would have been ₱12.5 billion and ₱3.3 billion, respectively.

The gain on bargain purchase is presented as part of "Other income (charges)" in the consolidated statement of comprehensive income for the year ended December 31, 2025. The gain on bargain purchase arose from the seller's partial disposal of its ownership interest as part of a broader strategic reallocation of its investment portfolio to support expansion initiatives in other locations. This resulted in a negotiated purchase price below the fair value of the identifiable net assets acquired.

Acquisition of Delta P and CIPC in 2023

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common shares and preferred shares in Delta P and CIPC for a consideration of ₱272.9 million and ₱172.0 million, respectively, which resulted to an increase in the Group's ownership interest in the entities from 50% to 100%. The Group has assessed that the set of assets and activities that it has acquired in Delta P and CIPC constitutes a business and has accounted for the acquisition as a business combination, which resulted to a gain on bargain purchase amounting to ₱36.3 million. The gain on bargain purchase is presented as part of "Other income (charges)" in the 2023 consolidated statement of comprehensive income. The gain on this acquisition arose from changes to the fair value of the net identifiable assets during the period prior to the closing date.

26. **Lease Agreements**

- The Group has lease contracts for office space used in its operations, which generally have lease terms between 2–5 years. Leases of land from newly acquired subsidiaries in 2023 have a remaining lease term of 4–5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

- On August 16, 2024, the Group leased a parcel of land and related lease improvements from a related party for a period of five years until August 18, 2028 (see Note 17). The leased assets are currently being used as the site for the operation of the Group's 70 MW diesel-fired power plant in Brgy. Ermita, Cebu City (see Note 17).

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year ended December 31:

	Right-of-use Assets				
	Office Space	**Plant and Equipment**	**Land**	**Total**	**Lease Liabilities**
As at January 1, 2025	**₱44,324,779**	**₱2,172,752**	**₱62,278,545**	**₱108,776,076**	**₱116,959,289**
Additions	**313,231**	**–**	**2,780,535**	**3,093,766**	**3,093,766**
Depreciation expense	**(9,639,112)**	**(581,297)**	**(15,679,666)**	**(25,900,075)**	**–**
Interest expense	**–**	**–**	**–**	**–**	**7,127,324**
Payments	**–**	**–**	**–**	**–**	**(30,934,936)**
As at December 31, 2025	**₱34,998,898**	**₱1,591,455**	**₱49,379,414**	**₱85,969,767**	**₱96,245,443**

	Right-of-use Assets				
	Office Space	Plant and Equipment	Land	Total	Lease Liabilities
As at January 1, 2024	₱14,716,903	₱2,809,601	₱7,012,564	₱24,539,068	₱29,840,959
Additions	48,065,050	–	74,084,200	122,149,250	122,583,101
Disposal of a subsidiary (see Note 1)	(594,739)	–	–	(594,739)	(1,677,985)
Depreciation expense	(17,862,435)	(636,849)	(18,818,219)	(37,317,503)	–
Interest expense	–	–	–	–	8,500,565
Payments	–	–	–	–	(42,287,351)
As at December 31, 2024	₱44,324,779	₱2,172,752	₱62,278,545	₱108,776,076	₱116,959,289

Set out below are the amounts recognized in the consolidated statements of comprehensive income for the years ended December 31:

	2025	2024	2023
Rent expense - short-term leases and variable lease payments	**₱22,526,769**	₱79,464,343	₱17,165,440
Depreciation expense of right-of-use assets:			
Costs of services (see Note 18)	**14,649,901**	18,665,927	371,495
Operating expenses	**11,250,175**	18,651,576	15,090,892
Interest expense on lease liabilities	**7,127,324**	8,500,565	1,108,626
	₱55,554,169	₱125,282,411	₱33,736,453

Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

	2025	2024
Within one year	**₱30,743,483**	₱29,497,231
After one year but not more than five years	**74,328,221**	103,572,884
More than five years	**10,389,416**	10,591,139
	₱115,461,120	₱143,661,254

27. Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash and cash equivalents, trade and other receivables, advances to associates and stockholders, financial assets at FVOCI, trade and other payables, notes payable and advances from related parties. The main purpose of these financial instruments is to raise funds for the Group's operations.

The main risks from the Group's financial instruments are credit risk, liquidity risk and foreign currency risk. The BOD reviews and agrees policies for managing each of these risks and these policies are summarized below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

With respect to cash investments, the risk is mitigated by the short-term and/or liquid nature of its investments mainly in bank deposits and placements, which are placed with financial institutions of high credit standing. Receivable balances are actively monitored on an ongoing basis and acted upon regularly to avoid significant concentrations of credit risk.

Except for the trade receivables of 1590 EC from an electric cooperative and other receivables which were provided with allowance (see Note 7), management evaluated that the Group's consolidated financial assets as summarized below are of high grade and of good credit quality.

The maximum exposure to credit risk, net of allowance for impairment losses, amounted to ₱9,629.7 million and ₱6,843.5 million as of December 31, 2025 and 2024, respectively.

There are no significant concentrations of credit risk within the Group.

The Group writes off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The Group writes off an account when all of the following conditions are met:

- the asset is in past due for over 90 days, or is already an item-for-forfeiture
- contract restructuring is no longer possible

The Group may also write off financial assets that are still subject to enforcement activity. The Group has not written off outstanding loans and receivables that are still subject to enforcement activity as of December 31, 2025 and 2024.

The following are the details of the Group's assessment of credit quality and the related ECLs as at December 31, 2025 and 2024:

- *General Approach*

  - *Cash and Cash Equivalents.* As of December 31, 2025 and 2024, the ECL relating to the cash and cash equivalents of the Group is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.

  - *Concession Contract Assets, Advances to Associates and Stockholders, Receivables from Related Parties and Other Receivables and Security Deposits.* No ECL is recognized for the concession contract assets since these pertain to receivables from government agencies, thus credit risk exposure is minimal. No ECL is also recognized for related party receivables since there were no history of default payments. As of December 31, 2025 and 2024, allowance for impairment losses pertain to individually impaired accounts of other receivables. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

- *Simplified Approach*

  - *Trade and Accounts Receivable* - The Group applied the simplified approach under PFRS 9, using a 'provision matrix'. As of December 31, 2025 and 2024, the allowance for impairment losses as a result from performing collective impairment test amounted to ₱2.4 million. Management evaluated that the Group's trade receivables are of high grade and of good credit quality.

The tables below show the maximum exposure to credit risk based on the Group's year-end stage classification.

	2025				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	**₱7,189,826,168**	**₱–**	**₱120,679,818**	**₱2,442,332,765**	**₱9,752,838,751**
Loss allowance	–	–	**(120,679,818)**	**(2,419,972)**	**(123,099,790)**
Carrying amount	**₱7,189,826,168**	**₱–**	**₱–**	**₱2,439,912,793**	**₱9,629,738,961**

	2024				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱5,044,142,092	₱–	₱120,679,818	₱1,801,755,608	₱6,966,577,518
Loss allowance	–	–	(120,679,818)	(2,419,972)	(123,099,790)
Carrying amount	₱5,044,142,092	₱–	₱–	₱1,799,335,636	₱6,843,477,728

The following tables set out the aging analysis per class of financial assets as at December 31:

	2025						
		Past Due					
	Not Past Due	**Less than 30 Days**	**31-60 Days**	**61-90 Days**	**Over 90 days**	**Impaired**	**Total**
Financial Assets at Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	**₱4,889,360,233**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱4,889,360,233**
Trade and other receivables	**624,950,459**	**1,034,388,776**	**80,501,576**	**59,874,828**	**640,197,154**	**77,021,727**	**2,516,934,520**
Concession contract assets	**1,898,584,947**	**–**	**–**	**–**	**–**	**–**	**1,898,584,947**
Advances to associates and stockholders	**118,969,897**	**–**	**–**	**–**	**–**	**–**	**118,969,897**
Due from RFM Corporation (under "Other noncurrent assets")	**–**	**–**	**–**	**–**	**–**	**46,078,063**	**46,078,063**
Restricted cash (under "Other current and noncurrent assets")	**59,297,065**	**–**	**–**	**–**	**–**	**–**	**59,297,065**
Security deposits (under "Prepayments and other current assets")	**223,614,025**	**–**	**–**	**–**	**–**	**–**	**223,614,025**
	₱7,814,776,626	**₱1,034,388,776**	**₱80,501,576**	**₱59,874,828**	**₱640,197,154**	**₱123,099,790**	**₱9,752,838,750**

	2024						
		Past Due					
	Not Past Due	Less than 30 Days	31-60 Days	61-90 Days	Over 90 days	Impaired	Total
Financial Assets at Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	₱4,789,029,921	₱–	₱–	₱–	₱–	₱–	₱4,789,029,921
Trade and other receivables	1,147,436,197	152,512,470	221,127,064	87,285,884	190,974,020	77,021,727	1,876,357,362
Advances to associates and stockholders	104,097,107	–	–	–	–	–	104,097,107
Due from RFM Corporation (under "Other noncurrent assets")	–	–	–	–	–	46,078,063	46,078,063
Restricted cash (under "Other current and noncurrent assets")	29,242,364	–	–	–	–	–	29,242,364
Security deposits (under "Prepayments and other current assets")	121,772,701	–	–	–	–	–	121,772,701
	₱6,191,578,290	₱152,512,470	₱221,127,064	₱87,285,884	₱190,974,020	₱123,099,790	₱6,966,577,518

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 maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements and the Group's trade receivables are maintained to meet maturing obligations. The Group, in general, matches the appropriate long-term funding instruments with the general nature of its equity instruments.

The following tables summarize the Group's financial assets that can be used to manage its liquidity risk and the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as of December 31:

	2025				
	Contractual Undiscounted Payments				
	Total	**On Demand**	**Less than 1 Year**	**1 to 5 Years**	**More than 5 Years**
Financial Assets					
At amortized cost:					
Cash and cash equivalents	**₱4,891,721,318**	**₱4,891,721,318**	**₱ –**	**₱ –**	**₱ –**
Trade and other receivables	**2,439,912,793**	**175,775,144**	**1,623,940,494**	**640,197,155**	**–**
Advances to associates and stockholders	**118,969,897**	**118,969,897**	**–**	**–**	**–**
Restricted cash (under "Other current assets" and "Other noncurrent assets")	**59,297,06**	**22,542,839**	**–**	**36,754,226**	**–**
Security deposits (under "Other current assets")	**223,614,025**	**–**	**74,507,497**	**149,106,528**	**–**
	7,733,515,098	**5,209,009,198**	**1,698,447,991**	**826,057,909**	**–**
Financial Liabilities					
Trade and other payables*	**1,867,599,055**	**717,756,550**	**1,149,842,505**	**–**	**–**
Short-term notes payable	**1,216,000,000**	**–**	**1,216,000,000**	**–**	**–**
Long-term notes payable**	**6,325,877,460**	**–**	**1,984,220,614**	**2,397,208,251**	**1,944,448,595**
Lease liabilities	**115,461,120**	**–**	**30,743,483**	**74,328,221**	**10,389,416**
	9,524,937,635	**717,756,550**	**4,380,806,602**	**2,471,536,472**	**1,954,838,011**
Net Financial Assets (Liabilities)	**(₱1,791,422,537)**	**₱4,491,252,648**	**(₱2,682,358,611)**	**(₱1,645,478,563)**	**(₱1,954,838,011)**

** Excluding nonfinancial liabilities*
*** Includes contractual interest payments*

	2024				
	Contractual Undiscounted Payments				
	Total	On Demand	Less than 1 Year	1 to 5 Years	More than 5 Years
Financial Assets					
At amortized cost:					
Cash and cash equivalents	₱4,789,149,921	₱4,789,149,921	₱ –	₱ –	₱ –
Trade and other receivables	1,799,335,635	27,395,124	1,771,940,511	–	–
Advances to associates and stockholders	104,097,107	104,097,107	–	–	–
Restricted cash (under "Other current assets" and "Other noncurrent assets")	29,242,364	2,003,880	–	27,238,484	–
Security deposits (under "Other current assets")	121,772,701	–	38,827,012	82,945,689	–
	6,843,597,728	4,922,646,032	1,810,767,523	110,184,173	–
Financial Liabilities					
Trade and other payables*	1,399,902,695	575,394,103	824,508,592	–	–
Short-term notes payable	1,076,000,000	–	1,076,000,000	–	–
Long-term notes payable**	5,756,979,107	–	235,682,543	4,060,004,102	1,461,292,462
Lease liabilities	143,661,254	–	29,497,231	103,572,884	10,591,139
	8,376,543,056	575,394,103	2,165,688,366	4,163,576,986	1,471,883,601
Net Financial Assets (Liabilities)	(₱1,532,945,328)	₱4,347,251,929	(₱354,920,843)	(₱4,053,392,813)	(₱1,471,883,601)

** Excluding nonfinancial liabilities*
*** Includes contractual interest payments*

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenue or expense is denominated in a different currency from the Group's functional currency.

The foreign-currency-denominated monetary assets and their Philippine Peso equivalents follow:

	2025		
	USD	**EUR**	**Php Equivalent**
Financial Asset			
Cash	**US$2,221,035**	**€359,113**	**₱155,404,090**

	2024		
	USD	EUR	Php Equivalent
Financial Asset			
Cash	US$1,281,198	€581,315	₱109,269,422

The December 31 exchange rates used follows:

	2025	2024
US Dollar	**₱58.79 to US$1**	₱57.85 to US$1
Euro Dollar	**₱69.25 to €1**	₱60.47 to €1

The Group recognized net foreign exchange gain of ₱9.1 million in 2025, net foreign exchange gain of ₱2.9 million in 2024 and net foreign exchange loss of ₱9.7 million in 2023.

The Group manages the timing of settlements or payments to ensure that the Group is not unfavourably exposed to fluctuations of foreign exchange rates. Likewise, the Group maintains adequate PHP, US, and EUR bank deposits to fund major expenditures or payments in foreign currencies.

The tables below demonstrate the sensitivity to a reasonably possible change in the Philippine Peso, with all other variables held constant, of the Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as at December 31.

	Change in Philippine Peso to US Dollar	
	Appreciation	Depreciation
Effect in income before income tax:		
2025 (at 2.00% appreciation and 2.00% depreciation)	**(₱2,611,583)**	**₱2,611,583**
2024 (at 2.22% appreciation and 2.45% depreciation)	(₱1,645,404)	₱1,815,874

	Change in Philippine Peso to Euro	
	Appreciation	Depreciation
Effect in income before income tax:		
2025 (at 2.00% appreciation and 2.00% depreciation)	**(₱496,501)**	**₱496,501**
2024 (at 2.34% appreciation and 2.70% depreciation)	(₱822,560)	₱949,107

There is no other impact on the Group's equity other than those already affecting the consolidated income before income tax.

Interest Rate Risk
The Group is not exposed to interest rate risk since its loans are subject to fixed interest rates and are therefore not subject to interest rate risk. Accounts receivable and other significant liabilities are noninterest-bearing. The Group has achieved a balanced mix of cash balances with various deposit rates.

Fair Value Measurement
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

Fair Value Hierarchy
The Group uses the following hierarchy for determining the fair value of assets and liabilities:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As of December 31, 2025 and 2024, the carrying values of the Group's financial instruments, except for the Group's long-term debt, approximate fair values due to their relatively short-term maturity.

The Group considers the long-term notes payable with fair value of ₱6.3 billion and ₱5.0 billion as of December 31, 2025 and 2024, respectively, as under Level 3 classification. The fair values were determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

The Group's financial assets at FVOCI and investment properties, which are classified under Level 2 and 3, respectively, are measured at fair value.

As of December 31, 2025 and 2024, there were no transfers into and out of Level 3 fair value measurements.

Changes in Valuation Techniques
There were no changes in the valuation techniques used by the Group in determining the fair value of its financial assets at FVOCI and investment properties during the year.

Highest and Best Use
As at December 31, 2025 and 2024, the current use of the Group's investment properties is considered its highest and best use.

Fair Value Hierarchy

The following tables show an analysis of the Group's assets measured at fair value recognized in the consolidated statements of financial position by level of the fair value hierarchy as of December 31:

	2025			
		Fair Value Measurement Using		
	Total	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets Measured at Fair Value				
Financial assets at FVOCI (see Note 14)	**₱8,000,000**	**₱–**	**₱8,000,000**	**₱–**
Investment properties (see Note 13):				
Land	**1,300,273,326**	**–**	**–**	**1,300,273,326**
Condominium units	**29,267,733**	**–**	**–**	**29,267,733**

	2024			
		Fair Value Measurement Using		
	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value				
Financial assets at FVOCI (see Note 14)	₱8,000,000	₱–	₱8,000,000	₱–
Investment properties (see Note 13):				
Land	1,074,002,267	–	–	1,074,002,267
Condominium units	28,956,733	–	–	28,956,733

Valuation Techniques Used to Derive Level 3 Fair Values

The following tables show an analysis of the Group's concession assets and long-term notes payable for which fair values are disclosed at Level 3 of the fair value hierarchy as at December 31:

Description	**Carrying Value as of December 31, 2025**	**Fair Value as of December 31, 2025**	**Valuation Technique**	**Key Observable Inputs**	**Range (Weighted Average)**
Concession assets	**₱1,898,584,947**	**₱1,993,925,427**	**Discounted Cash Flow Approach**	**Risk-free interest rate**	**5.24%–6.13%**
Long-term debt	**6,303,432,761**	**6,728,664,594**	**Discounted Cash Flow Approach**	**Risk-free interest rate**	**4.79%–7.02%**

Description	Carrying Value as of December 31, 2024	Fair Value as of December 31, 2024	Valuation Technique	Key Observable Inputs	Range (Weighted Average)
Long-term debt	₱5,729,005,797	₱6,254,936,255	Discounted Cash Flow Approach	Risk-free interest rate	5.25%-7.62% (5.87%-7.59%)

The table below presents the following for each class of the Group's investment properties as at December 31:

	2025			
Class of Property	**Fair Value**	**Valuation Technique**	**Key Unobservable Inputs**	**Range**
Investment properties (see Note 13):				
Land	**₱1,300,273,326**	**Sales Comparison Approach**	**Price per square meter**	**₱3,311–₱180,000**
Condominium units	**29,267,733**	**Sales Comparison Approach**	**Price per square meter**	**₱127,782–₱195,868**

(Forward)

	2024			
Class of Property	Fair Value	Valuation Technique	Key Unobservable Inputs	Range
Investment properties (see Note 13):				
Land	₱1,074,002,267	Sales Comparison Approach	Price per square meter	₱4,160-₱122,075
Condominium units	28,956,733	Sales Comparison Approach	Price per square meter	₱180,000–₱270,270

Unrealized gain on fair value remeasurement of investment properties, recognized in the consolidated statements of comprehensive income amounted to ₱281.9 million in 2025, ₱57.5 million in 2024, and ₱121.4 million in 2023 (see Note 13). All gains and losses recorded in the consolidated statements of comprehensive income for recurring fair value measurement categorized within Level 3 of the fair value hierarchy are attributable to changes in unrealized gain on fair value remeasurement of investment properties held at the end of the reporting period.

The fair values of financial assets at FVOCI is determined based on the available selling price in the market for identical assets under Level 2 as of December 31, 2025 and 2024. The Group recognized an unrealized gain on financial assets at FVOCI under "Other comprehensive income" in the consolidated statements of comprehensive income amounting to nil in 2025 and 2024, ₱24.5 million in 2023 (see Note 14).

There were no transfers between Levels 1 and 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Descriptions and Definitions

The table above includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values:

Sales Comparison Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The appraiser gathers data on actual sales and/or listings, offers, and renewal options, and identifies the similarities and differences in the data, ranks the data according to their relevance, adjusts the sales prices of the comparable to account for the dissimilarities with the unit being appraised, and forms a conclusion as to the most reasonable and probable market value of the subject property.

The elements of comparison include location, physical characteristics, available utilities, zoning, and highest and best use. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography and location.

The fair value of the investment properties was based on valuations performed by an accredited independent appraiser, with a recognized and relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued, conducted on various dates in 2025 and 2024. The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied.



Significant increases (decreases) in price per square meter in isolation would result in a significantly higher (lower) fair value measurement.

Capital Management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 2025, 2024 and 2023.

The Parent Company and certain subsidiaries are required to maintain financial ratios, such as current ratio, debt-to-equity ratio and debt service coverage ratio, as part of the covenants on their notes payable (see Note 16).

The Parent Company is also subject to the Minimum Public Ownership requirement of the PSE. As of December 31, 2025 and 2024, this requirement has been complied with.

The Parent Company and other entities in the Group are not subject to other externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group determines net debt as the sum of short-term and long-term notes payable less cash and cash equivalents.

Gearing ratios of the Group as of December 31 are as follows:

	2025	2024
Notes payable	**₱7,519,432,761**	₱6,805,005,797
Less cash and cash equivalents	**4,891,721,318**	4,789,149,921
Net debt (a)	**2,627,711,443**	2,015,855,876
Equity attributable to equity holders of the parent	**22,182,436,586**	20,060,208,657
Equity and net debt (b)	**₱24,810,148,029**	₱22,076,064,533
Gearing ratio (a/b)	**0.11:1.00**	0.09:1.00

28. Notes to the Consolidated Statement of Cash Flows

Changes in Liabilities arising from Financing Activities (in thousands)

	2025					
	Long-term Notes Payable	**Advances from Related Parties**	**Lease Liabilities**	**Dividends Payable**	**Short-term Notes Payable**	**Total Liabilities from Financing Activities**
January 1, 2025	**₱5,729,006**	**₱–**	**₱116,959**	**₱7,708**	**₱1,076,000**	**₱6,929,673**
Non-cash changes:						
Dividends declared	**–**	**–**	**–**	**588,755**	**–**	**588,755**
Share of non-controlling interest to dividends declared by subsidiary	**–**	**–**	**–**	**392,000**	**–**	**392,000**
Amortization of debt issue cost	**5,092**	**–**	**–**	**–**	**–**	**5,092**
Additions and modifications	**–**	**14,873**	**–**	**–**	**–**	**14,873**
Acquisition of a subsidiary (Note 1)	**128,287**	**–**	**10,221**	**–**	**–**	**138,508**
Net cash flows	**441,048**	**(14,873)**	**(30,935)**	**(979,888)**	**140,000**	**(444,648)**
December 31, 2025	**₱6,303,433**	**₱–**	**₱96,245**	**₱8,575**	**₱1,216,000**	**₱7,624,253**

	2024					
	Long-term Notes Payable	Advances from Related Parties	Lease Liabilities	Dividends Payable	Short-term Notes Payable	Total Liabilities from Financing Activities
January 1, 2024	₱5,048,356	₱2,350	₱29,841	₱6,852	₱1,963,547	₱7,050,946
Non-cash changes:						
Dividends declared	–	–	–	571,089	–	571,089
Share of non-controlling interest to dividends declared by subsidiary	–	–	–	224,000	–	224,000
Amortization of debt issue cost	8,652	–	–	–	453	9,105
Collections of advances to related parties	–	(50,932)	–	–	–	(50,932)
Additions and modifications	–	–	122,583	–	–	122,583
Disposal of a subsidiary (Note 1)	(16)	–	(1,678)	–	–	(1,694)
Net cash flows	672,014	48,582	(33,787)	(794,233)	(888,000)	(995,424)
December 31, 2024	₱5,729,006	₱–	₱116,959	₱7,708	₱1,076,000	₱6,929,673

	2023					
	Long-term Notes Payable	Advances from Related Parties	Lease Liabilities	Dividends Payable	Short-term Notes Payable	Total Liabilities from Financing Activities
January 1, 2023	₱4,623,624	₱10,886	₱26,810	₱8,827	₱1,170,300	₱5,840,447
Non-cash changes:						
Dividends declared	–	–	–	399,901	–	399,901
Amortization of debt issue cost	8,871	–	–	–	453	9,324
Collections of advances to related parties	–	(82,003)	–	–	–	(82,003)
Additions and modifications	–	–	20,506	–	–	20,506
Acquired from business combination	873,799	–	–	–	–	873,799
Net cash flows	(457,938)	73,467	(17,475)	(401,876)	792,794	(11,028)
December 31, 2023	₱5,048,356	₱2,350	₱29,841	₱6,852	₱1,963,547	₱7,050,946

Non-cash Change in Investing and Financing Activities

Of the total transaction price of ₱169.6 million to acquire the remaining interest in INPC in 2023, ₱ 105.1 million remains unpaid until post-closing conditions on the transfer are met (see Note 22). The final payment was settled in February 2025.

29. **Operating Segment Information**

The Group is currently organized into three operating segments: (1) power generation, (2) infrastructure and water treatment and desalination and (3) investing in shares of stock. These operating segments are consistent with those reported to the BOD, the Group's Chief Operating Decision Maker (CODM).

The operating segments and their corresponding principal activities are as follows:

Power Generation

1590 EC operates a diesel power plant wherein power generated is primarily traded at WESM. Core operates as a retail electricity supplier. INPC, Delta P and CIPC operate diesel-fired power plants in Bantayan Island, Mainland Palawan, and Coron and Busuanga Islands, respectively. BPC and NBPC are operating diesel-fired power plants in Bukidnon. MPI acquired in 2023 a diesel-fired power plant in Cebu City intended to generate power for ancillary services and WESM. CSSC and VSC are engaged in providing solar rooftop solutions to customers. VMHI is in its pre-operating stage of building a hydro power plant in Silay, Negros Occidental. LPEC is also in the pre-development stage of building a diesel-fired power plant in Pampanga. CREC, SIAEC and SPREC are entities in various stages of pre-development of solar generation facilities in various parts of Luzon. DPHI, VSAC, SGC, AEC, API, VSBC, SCEC and SGEC are intended to undertake various power generation activities of the Group.

Infrastructure and Water Treatment and Desalination

IMCC is in its pre-operating stage of building a water desalination plant in Cordova, Cebu. PPWRLC is operating sewerage and septage treatment plants in Puerto Princesa, Palawan. NMCWC is also in its pre-operating stage of building a water treatment plant.

Investing in Shares of Stock

As disclosed in Note 1, except for the other entities mentioned above, the Parent Company and all other subsidiaries are operating as holding and investing companies. Revenue from this segment principally comes from equity in net earnings and management fees from investee companies.

VECO, an associate of the Group, is involved in the distribution and sale of electricity, while the other associates are engaged in the generation and supply of power to various entities and parties.

The segment results for the years ended December 31 follow:

	2025				
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Eliminations	Consolidated
Revenue from external customers	₱9,820,648,307	₱317,417,915	₱–	₱–	₱10,138,066,222
Equity in net earnings of associates	–	–	2,038,325,774	–	2,038,325,774
Revenue from inter-segment, associates and affiliates	12,623,850	85,210,718	5,007,148,923	(5,050,573,285)	54,410,206
Interest income	76,473,449	5,773,945	96,300,935	–	178,548,329
Inter-segment revenues	(12,400,047)	(82,924,315)	(4,955,248,923)	5,050,573,285	–
	9,897,345,559	325,478,263	2,186,526,709	–	12,409,350,531
Income from operations	2,372,828,082	175,030,448	980,984,870	–	3,528,843,400
Finance costs on loans	(211,745,005)	–	(193,219,165)	–	(404,964,170)
Finance costs on lease liabilities	(4,356,292)	(21,131)	(2,749,901)	–	(7,127,324)
Unrealized foreign exchange gains (losses)	(830,742)	3,743,029	6,138,787	–	9,051,074
Other income (charges)	(116,985,246)	21,482	642,270,968	–	525,307,204
Income before income tax	2,038,910,797	178,773,828	1,433,425,559	–	3,651,110,184
Income tax expense	(306,951,094)	–	(66,107,179)	–	(373,058,273)
Net income	₱1,731,959,703	₱178,773,828	₱1,367,318,380	₱–	₱3,278,051,911

	2024				
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Eliminations	Consolidated
Revenue from external customers	₱9,481,853,509	₱–	₱–	₱–	₱9,481,853,509
Equity in net earnings of associates	–	–	2,305,656,054	–	2,305,656,054
Revenue from inter-segment, associates and affiliates	464,402,849	96,663,160	183,081,316	(502,546,610)	241,600,715
Interest income	68,047,627	9,009,271	95,535,875	–	172,592,773
Inter-segment revenues	(234,558,875)	(85,506,419)	(182,481,316)	502,546,610	–
	9,779,745,110	20,166,012	2,401,791,929	–	12,201,703,051
Income from operations	2,713,546,704	(45,090,984)	608,914,872	–	3,277,370,592
Finance costs on loans	(345,184,666)	(1,665,290)	(84,546,619)	–	(431,396,575)
Finance costs on lease liabilities	(7,374,350)	(341,666)	(784,549)	–	(8,500,565)
Unrealized foreign exchange gains (losses)	(742,405)	3,032,689	565,103	–	2,855,387
Other income (charges)	191,049,748	582,981	(28,161,494)	–	163,471,235
Income before income tax	2,551,295,031	(43,482,270)	495,987,313	–	3,003,800,074
Income tax expense	(378,522,127)	58,799	(1,676,914)	–	(380,140,242)
Net income	₱2,172,772,904	(₱43,423,471)	₱494,310,399	₱–	₱2,623,659,832

	2023				
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Eliminations	Consolidated
Revenue from external customers	₱5,544,141,487	₱7,369,267	₱472,693,599	₱–	₱6,024,204,353
Equity in net earnings of associates			2,044,341,881	–	2,044,341,881
Revenue from inter-segment, associates and affiliates	88,436,201	404,339,123	419,794,340	(839,305,682)	73,263,982
Interest income	24,847,896	12,693,418	85,465,625	–	123,006,939
Inter-segment revenues	(76,436,201)	(404,339,123)	(358,530,358)	839,305,682	–
	5,580,989,383	20,062,685	2,663,784,436	–	8,264,817,155
Income from operations	746,718,330	(51,988,790)	2,030,153,843	–	2,724,883,383
Finance costs on loans	(212,801,218)	(769,412)	(150,107,981)	–	(363,678,611)
Finance costs on lease liabilities	–	(539,748)	(568,878)	–	(1,108,626)
Unrealized foreign exchange gains (losses)	(787,652)	2,074,872	(10,961,071)	–	(9,673,851)
Other income (charges)	15,262,342	1,512,196	211,216,269	–	227,990,807
Income before income tax	548,391,802	(49,710,882)	2,079,732,182	–	2,578,413,102
Income tax expense	(104,182,136)	(61,705)	(68,626,469)	–	(172,870,310)
Net income	₱444,209,666	(₱49,772,587)	₱2,011,105,713	₱–	₱2,405,542,792

The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

In 2025, revenue from sale of power to a major customer amounted to ₱926.9 million, representing 7% of the total revenue from sale of power and 6% of total revenues. In 2024, revenue from sale of power to a major customer amounted to ₱1,020.4 million, representing 11% of the total revenue from sale of power and 8% of total revenues. In 2023, revenue from sale of power to a major customer amounted to ₱988.8 million, representing 18% of the total revenue from sale of power and 16% of total revenues.

Geographical business information is not required since the Group has only one geographical segment as all of its assets is located in the Philippines, and it operates or derives all of its revenue from domestic operations.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'inter-segment revenues' row.

Other segment information included in the consolidated statements of financial position as at December 31 is as follows:

	2025			
	Power Generation	**Infrastructure and Water Treatment and Desalination**	**Investing in Shares of Stock**	**Consolidated**
Assets	**₱6,985,188,865**	**₱1,127,536,519**	**₱27,159,348,723**	**₱35,272,074,107**
Liabilities	**5,455,538,028**	**1,309,337,945**	**4,655,015,757**	**11,419,891,730**
Capital expenditures	**1,681,619,305**	**37,131,396**	**94,525,154**	**1,813,275,855**

	2024			
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Assets	₱25,584,833,342	₱2,077,050,287	₱4,304,761,774	₱31,966,645,403
Liabilities	5,431,222,243	1,515,460,839	3,499,813,942	10,446,497,024
Capital expenditures	481,608,116	287,813,778	440,782,664	1,210,204,558

	2023			
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Assets	₱24,062,996,806	₱1,876,902,902	₱4,098,491,039	₱30,038,390,747
Liabilities	7,836,878,365	180,547,245	2,371,305,136	10,388,730,746
Capital expenditures	966,377,588	504,664,350	207,685,806	1,678,727,744

Other segment information included in the consolidated statements of comprehensive income for the years ended December 31 is as follows:

	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Depreciation and amortization:				
2025	**₱586,101,299**	**₱1,990,764**	**₱74,579,658**	**₱662,671,721**
2024	578,094,666	6,205,829	54,296,235	638,596,730
2023	480,138,756	4,597,506	52,939,303	572,828,040

The Management Committee monitors the operating results of each business unit separately for the purpose of determining resource allocation and assessing performance. Performance is evaluated based on (i) net income for the year, (ii) consolidated earnings before interest, taxes, and depreciation and amortization ("consolidated EBITDA"); and (iii) consolidated core net income ("CCNI"). Net income for the year is measured consistent with reported net income in the consolidated statement of comprehensive income.

Consolidated EBITDA is measured as total net income excluding interest, provision for income taxes, depreciation and amortization, finance costs, foreign exchange gains and losses, and other one-off gains and losses.

CCNI for the year is measured as consolidated net income attributable to equity holders of the parent adjusted for foreign exchange gain or loss and certain other non-recurring gain or loss, if any, net of tax effect of the foregoing adjustments.

The following table shows the reconciliation of the EBITDA to net income:

	2025	2024	2023
EBITDA	**₱4,381,826,356**	₱4,058,860,141	₱3,263,602,242
Add (deduct):			
Depreciation and amortization (see Notes 11 and 14)	**(662,671,721)**	(638,596,730)	(537,675,565)
Finance costs on loans (see Note 16)	**(404,964,170)**	(431,396,575)	(363,678,611)
Gain on fair value remeasurement of investment properties (see Note 13)	**281,859,900**	57,489,200	121,433,200
Loss on disposal of investments	**–**	(36,910,784)	–
Finance costs on lease liabilities (see Note 26)	**(7,127,324)**	(8,500,565)	(1,108,626)
Gain on bargain purchase	**11,148,799**	–	36,325,297
Foreign exchange gains (losses) - net	**9,051,074**	2,855,387	(9,673,851)
Gain on fair value remeasurement of investment in associates (Note 25)	**41,987,270**	–	69,189,016
Income before income tax	**3,651,110,184**	3,003,800,074	2,578,413,102
Provision for income tax (see Note 21)	**(373,058,273)**	(380,140,242)	(172,870,310)
Net income	**₱3,278,051,911**	₱2,623,659,832	₱2,405,542,792

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City, Cebu, Philippines 6014

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated March 26, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
Tax Identification No. 206-544-506
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 98098-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-156-2024, October 2, 2024, valid until October 1, 2027
PTR No. 10765132, January 2, 2026, Makati City

March 26, 2026

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE A - FINANCIAL ASSETS

DECEMBER 31, 2025

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet/Notes	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial assets at amortized cost:				
Cash and cash equivalents	–	₱4,891,721,318	₱4,891,721,318	₱174,707,265
Trade and other receivables:				
Trade receivables	–	2,122,650,352	2,122,650,352	10,192,476,428
Accrued interest	–	8,872,226	8,872,226	–
Advances to officers and employees	–	12,870,328	12,870,328	–
Accounts receivable	–	154,032,590	154,032,590	–
Others	–	141,487,297	141,487,297	–
		2,439,912,793	2,439,912,793	10,192,476,428
Advances to associates, joint ventures and stockholders	–	118,969,897	118,969,897	–
Restricted cash	–	59,297,065	59,297,065	–
Security deposits	–	223,614,025	223,614,025	–
		401,880,987	401,880,987	–
		7,733,515,098	7,733,515,098	10,367,183,693
Financials assets under Service Concession Arrangements:				
Concession asset	–	1,898,584,947	1,898,584,947	–
Financial assets at fair value through other comprehensive income:				
Cebu Country Club, Inc.	–	8,000,000	8,000,000	–
Total financial assets	–	₱9,640,100,045	₱9,640,100,045	₱10,367,183,693

See Notes 6, 7, 9, 12, 14 and 17 of the Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2025

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Adjustments	Write Offs	Balance at End of Period		
						Current	Noncurrent	Total
Lunar Power Core Inc.	₱102,708,540	₱14,815,478	₱ –	₱ –	₱ –	₱117,524,018	₱ –	₱117,524,018
Visayan Electric Company, Inc.	95,952,341	1,045,513,546	(1,133,517,278)	–	–	7,948,609	–	7,948,609
Cebu Energy Development Corp.	4,244,167	51,300,000	(55,544,167)	–	–	–	–	–
Global Luzon Energy Development Corporation	1,388,567	57,312	–	–	–	1,445,879	–	1,445,879
Puerto Princesa Water Reclamation and Learning Center, Inc.	448,000	600,000	(1,048,000)	–	–	–	–	–
JDC One Acacia Corporation	26,929	354,861	(351,972)	–	–	29,818	–	29,818
Cebu Private Power Corp.	–	62,373,221	(62,373,221)	–	–	–	–	–
Abovant Holdings, Inc.	–	580,800,000	(580,800,000)	–	–	–	–	–
Minergy Power Corporation	–	139,999,998	(139,999,998)	–	–	–	–	–
Therma Visayas Inc.	–	299,999,832	(299,999,832)	–	–	–	–	–
Advances to stockholders	42,676	–	–	–	–	42,676	–	42,676
	₱204,811,220	₱2,195,814,248	(₱2,273,634,468)	₱ –	₱ –	₱126,991,000	₱ –	₱126,991,000

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2025

	Balance at Beginning of Period	Additions	Collections	Conversion to Equity	Write Offs	Balance at End of Period		
						Current	Noncurrent	Total
Isla Mactan Cordova Corporation	₱1,281,626,978	₱122,899,523	(₱13,653,226)	₱–	₱–	₱1,390,873,275	₱–	₱1,390,873,275
San Ildefonso Alternative Energy Corp	1,080,225,586	70,290,610	(164,490,452)	–	–	986,025,744	–	986,025,744
Vivant Infracore Holdings Inc.	229,997,810	368,122,146	(73,059,257)	–	–	525,060,699	–	525,060,699
Vivant Solenergy Anilao Corporation	–	418,982,988	(54,968,714)	–	–	364,014,274	–	364,014,274
Vivant Energy Corporation	42,668,804	645,243,877	(458,412,046)	–	–	229,500,635	–	229,500,635
Corenergy Inc.	71,002,427	580,175,436	(472,080,279)	–	–	179,097,584	–	179,097,584
Faith Lived Out Visions 2 Ventures Holdings, Inc.	–	92,448,991	–	–	–	92,448,991	–	92,448,991
Bantayan Island Water Solutions Corporation	70,076,753	8,007,950	(252,788)	–	–	77,831,915	–	77,831,915
Vivant Renewable Energy Corporation	44,968,788	500	–	–	–	44,969,288	–	44,969,288
Calamian Island Power Corp	8,686,211	53,807,055	(21,488,545)	–	(181,756)	40,822,965	–	40,822,965
Adequate Power, Inc.	13,672	30,614,490	–	–	–	30,628,162	–	30,628,162
Vivant Integrated Diesel Corporation	27,818,533	1,000,000	(2,500,030)	–	–	26,318,503	–	26,318,503
Culna Renewable Energy Corp.		993,647	–	–	(476,824)	23,017,624	–	23,017,624
Isla Este Renewables Corporation (formerly Bohol Renewable Power Corp.)	10,859,903	9,078,228	(434,142)	–	–	19,503,989	–	19,503,989
Delta P, Inc.	44,422,544	19,479,589	(46,423,748)	–	(822,372)	16,656,013	–	16,656,013
La Pampanga Energy Corporation	15,274,675	909,026	–	–	–	16,183,701	–	16,183,701
Southern Grove Properties and Development Corp.	9,923,235	224,433	(115,804)	–	–	10,031,864	–	10,031,864
Amberdust Holding Corp.	9,685,256	–	–	–	–	9,685,256	–	9,685,256
1590 Energy Corp.	952,757	545,913,017	(537,847,101)	–	(43,609)	8,975,064	–	8,975,064
North Bukidnon Power Corp.	2,941,359	7,598,780	(6,793,086)	–	–	3,747,053	–	3,747,053
Corenergy Solar Solutions Corp.	137,024,825	353,351	(134,649,739)	–	–	2,728,437	–	2,728,437
Isla Norte Power Corp.	819,776	51,304,103	(49,558,745)	–	–	2,565,134	–	2,565,134
Meridian Power Inc.	13,925,030	1,742,916	(13,824,384)	–	–	1,843,562	–	1,843,562
Bukidnon Power Corp.	5,314,490	655,605	(4,473,676)	–	–	1,496,419	–	1,496,419
Puerto Princesa Water Reclamation and Learning Center, Inc.	–	1,230,237	–	–	–	1,230,237	–	1,230,237
Hijos de F. Escaño, Inc.	364,906	1,193,770	(999,701)	–	–	558,975	–	558,975
Vivant Solenergy Cebu Corp.	–	465,915	–	–	–	465,915	–	465,915
Vivant Realty Ventures Corp.	–	259,727	(29,856)	–	–	229,871	–	229,871
Vivant Solenergy Ubay Corp.	–	204,564	-	–	–	204,564	–	204,564
Vivant -Malogo Hydropower, Inc.	–	181,514	(10)	–	–	181,504	–	181,504
Vivant Integrated Generation Corporation	3,217	99,990	(3,217)	–	–	99,990	–	99,990
Vivant Solenergy Bukidnon Corporation (formerly Bai Energy)	1,443	106,952	(34,286)	–	–	74,109	–	74,109
SolEnergy Generation Corporation	13,749	69,817	(15,592)	–	–	67,974	–	67,974
Northern Metro Cebu Water Corp.	–	26,558	–	–	–	26,558	–	26,558
One Solar Energy Aglao Corporation	2,500	18,039	–	–	–	20,539	–	20,539
Vivant Solar Corporation	23,399,590	9,863	(23,388,992)	–	–	20,461	–	20,461
Vivant Vienergy Antique Corp.	2,500	17,474	0	–	–	19,974	–	19,974
Isla Dagyab Energy Corporation	–	3,136	–	–	–	3,136	–	3,136
Isla Ada Energy Corporation	–	3,136	–	–	–	3,136	–	3,136
Isla Dilaab Energy Corporation	–	1,895	–	–	–	1,895	–	1,895
Avant Energy Corporation	1,443	–	–	–	–	1,443	–	1,443

(Forward)

	Balance at Beginning of Period	Additions	Collections	Conversion to Equity	Write Offs	Balance at End of Period		
						Current	Noncurrent	Total
South Cebu Energy Corporation	₱4,014	₱–	(₱2,571)	₱–	₱–	₱1,443	₱–	₱1,443
Southern Powercore Holdings Corp.	1,443	560	(1,443)	–	–	560	–	560
Vivant Hydrocore Holdings Inc.	1,386,737	12,200,501	(13,586,737)	–	–	501	–	501
Spark Grid Corporation	58,190	–	(58,190)	–	–	–	–	–
Western Cebu Water Services Corporation	2,500	–	(2,500)	–	–	–	–	–
Isla Busuanga Water Corporation	2,500	–	(2,500)	–	–	–	–	–
Vivant Corporate Center Inc.	1,288	–	(1,288)	–	–	–	–	–
	₱3,155,976,233	₱3,045,939,909	(₱2,093,152,645)	₱–	(₱1,524,561)	₱4,107,238,936	₱–	₱4,107,238,936

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS

DECEMBER 31, 2025

Description	Beginning Balance	Additions of Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes	Ending Balance
Customer Contracts	₱187,562,431	₱–	(₱27,811,603)	₱–	₱–	₱159,750,828
Goodwill	47,462,510	–	–	–	–	47,462,510
	₱235,024,941	₱–	(₱27,811,603)	₱–	₱–	₱207,213,338

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE E - LONG-TERM DEBT

DECEMBER 31, 2025

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Current Portion of Long-term Debt	Long-term Debt
Fixed Rate Corporate Notes (FRCN) – Vivant Corp	₱1,800,000,000	₱1,800,000,000	₱–
FRCN – Vivant Energy Corp	1,550,000,000	–	1,550,000,000
15-Year Project Financing Facility – Delta P., Inc.	1,425,146,894	62,518,912	1,362,627,982
15-Year Project Financing Facility – Isla Norte Power Corp	1,138,823,530	72,470,588	1,066,352,942
Loans Payable – North Bukidnon Power Corp	152,640,000	16,960,000	135,680,000
Loans Payable – Bukidnon Power Corp	130,980,000	14,160,000	116,820,000
Loans Payable – Faith Lived Out Visions 2 Ventures Holdings, Inc.	128,287,037	18,111,111	110,175,926
Unamortized debt issue cost	(22,444,700)	(1,265,343)	(21,179,357)
	₱6,303,432,761	₱1,982,955,268	₱4,320,477,493

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

DECEMBER 31, 2025

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
-Not applicable-	-Not applicable-	

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2025

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
– Not applicable –		– Not applicable –		

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE H - CAPITAL STOCK

DECEMBER 31, 2025

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown under Related Consolidated Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares held by Related Parties	Directors, Officers and Employees	Others
Capital stock	2,000,000,000	1,023,456,698	–	776,356,210	274,542	246,825,946

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE I – EXTERNAL AUDITOR FEE- RELATED INFORMATION

DECEMBER 31, 2025

	2025	2024
Total Audit Fees	**₱3,168,090**	₱2,698,795
Non-audit services fees:		
Risk Advisory	1,750,000	–
Tax services	2,007,750	3,860,500
All other services	2,233,580	91,400
Total Non-audit Fees	**5,991,330**	3,951,900
Total Audit and Non-audit Fees	**₱9,159,420**	₱6,650,695

VIVANT CORPORATION

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2025

Items		Amount
Unappropriated Retained Earnings, Beginning		**₱889,821,431**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	2,387,797,498	
Effect of restatements or prior-period adjustments	—	
Others	—	2,387,797,498
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	588,754,594	
Retained Earnings appropriated during the reporting period	2,920,029,807	
Effect of restatements or prior-period adjustments	—	
Others	—	3,508,784,401
Unappropriated Retained Earnings, as adjusted		**(231,165,472)**
Add/Less: Net Income for the current year		**1,220,316,290**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Unrealized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	(141,760,245)	
Subtotal		**(141,760,245)**
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	—
Subtotal		—

(Forward)

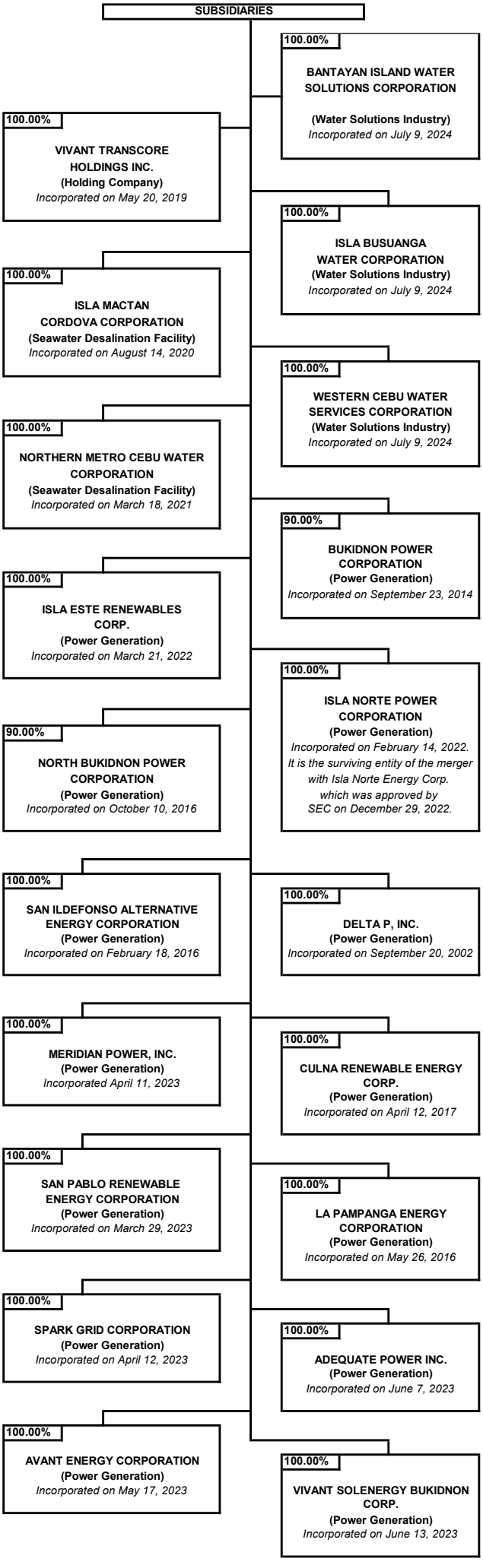
Items		Amount
Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	₱—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	—
Subtotal		—
Adjusted Net Income/Loss		
Add: Category D: Non-actual loss recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	—	
Subtotal		—
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	—	
Total amount of reporting relief granted during the year	—	
Others	—	
		—
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	—	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(2,500,073)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	—	
Adjustment due to deviation from PFRS/GAAP – gain(loss)	—	
Others	—	
Subtotal		(2,500,073)
TOTAL RETAINED EARNINGS, END OF THE YEAR FOR DIVIDEND DECLARATION		**₱844,890,500**

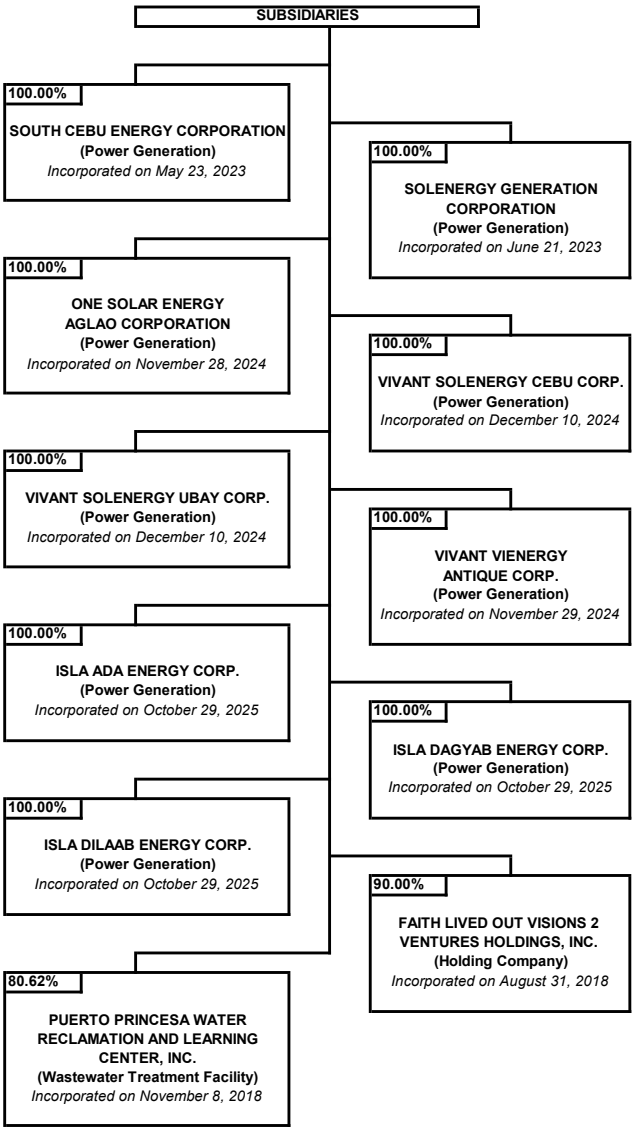
VIVANT CORPORATION AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

DECEMBER 31, 2025




SUBSIDIARIES
100.00%
BANTAYAN ISLAND WATER SOLUTIONS CORPORATION
(Water Solutions Industry)
Incorporated on July 9, 2024
100.00%
VIVANT TRANSCORE HOLDINGS INC.
(Holding Company)
Incorporated on May 20, 2019
100.00%
ISLA BUSUANGA WATER CORPORATION
(Water Solutions Industry)
Incorporated on July 9, 2024
100.00%
ISLA MACTAN CORDOVA CORPORATION
(Seawater Desalination Facility)
Incorporated on August 14, 2020
100.00%
WESTERN CEBU WATER SERVICES CORPORATION
(Water Solutions Industry)
Incorporated on July 9, 2024
100.00%
NORTHERN METRO CEBU WATER CORPORATION
(Seawater Desalination Facility)
Incorporated on March 18, 2021
90.00%
BUKIDNON POWER CORPORATION
(Power Generation)
Incorporated on September 23, 2014
100.00%
ISLA ESTE RENEWABLES CORP.
(Power Generation)
Incorporated on March 21, 2022
100.00%
ISLA NORTE POWER CORPORATION
(Power Generation)
Incorporated on February 14, 2022.
It is the surviving entity of the merger with Isla Norte Energy Corp. which was approved by SEC on December 29, 2022.
90.00%
NORTH BUKIDNON POWER CORPORATION
(Power Generation)
Incorporated on October 10, 2016
100.00%
SAN ILDEFONSO ALTERNATIVE ENERGY CORPORATION
(Power Generation)
Incorporated on February 18, 2016
100.00%
DELTA P, INC.
(Power Generation)
Incorporated on September 20, 2002
100.00%
MERIDIAN POWER, INC.
(Power Generation)
Incorporated April 11, 2023
100.00%
CULNA RENEWABLE ENERGY CORP.
(Power Generation)
Incorporated on April 12, 2017
100.00%
SAN PABLO RENEWABLE ENERGY CORPORATION
(Power Generation)
Incorporated on March 29, 2023
100.00%
LA PAMPANGA ENERGY CORPORATION
(Power Generation)
Incorporated on May 26, 2016
100.00%
SPARK GRID CORPORATION
(Power Generation)
Incorporated on April 12, 2023
100.00%
ADEQUATE POWER INC.
(Power Generation)
Incorporated on June 7, 2023
100.00%
AVANT ENERGY CORPORATION
(Power Generation)
Incorporated on May 17, 2023
100.00%
VIVANT SOLENERGY BUKIDNON CORP.
(Power Generation)
Incorporated on June 13, 2023


SUBSIDIARIES
100.00%
SOUTH CEBU ENERGY CORPORATION
(Power Generation)
Incorporated on May 23, 2023
100.00%
ONE SOLAR ENERGY AGLAO CORPORATION
(Power Generation)
Incorporated on November 28, 2024
100.00%
VIVANT SOLENERGY UBAY CORP.
(Power Generation)
Incorporated on December 10, 2024
100.00%
ISLA ADA ENERGY CORP.
(Power Generation)
Incorporated on October 29, 2025
100.00%
ISLA DILAAB ENERGY CORP.
(Power Generation)
Incorporated on October 29, 2025
80.62%
PUERTO PRINCESA WATER RECLAMATION AND LEARNING CENTER, INC.
(Wastewater Treatment Facility)
Incorporated on November 8, 2018
100.00%
SOLENERGY GENERATION CORPORATION
(Power Generation)
Incorporated on June 21, 2023
100.00%
VIVANT SOLENERGY CEBU CORP.
(Power Generation)
Incorporated on December 10, 2024
100.00%
VIVANT VIENERGY ANTIQUE CORP.
(Power Generation)
Incorporated on November 29, 2024
100.00%
ISLA DAGYAB ENERGY CORP.
(Power Generation)
Incorporated on October 29, 2025
90.00%
FAITH LIVED OUT VISIONS 2 VENTURES HOLDINGS, INC.
(Holding Company)
Incorporated on August 31, 2018

SyCip Gorres Velayo & Co.
8th Floor JEG Tower @ One Acacia
Acacia Street corner Archbishop Reyes Avenue
Brgy. Kamputhaw, Cebu City 6000
Philippines

Tel: (032) 266 2947
Fax: (032) 266 2313
ey.com/ph

INDEPENDENT AUDITOR'S REPORT
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City, Cebu, Philippines 6014

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated March 26, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
Tax Identification No. 206-544-506
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 98098-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-156-2024, October 2, 2024, valid until October 1, 2027
PTR No. 10765132, January 2, 2026, Makati City

March 26, 2026

VIVANT CORPORATION

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Ratio	Formula	2025	2024
Current Ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets ₱9,433,276,654 Divide by: Total Current Liabilities 5,535,175,166 Current Ratio 1.70	**1.70**	2.40
Acid Test Ratio/Quick Ratio	Quick Assets (*Total Current Assets less Inventories and Prepayment and Other Current Assets*) divided by Total Current Liabilities Total Current Assets ₱9,433,276,654 Less: Inventories 666,446,233 Prepayments and Other Current Assets 1,104,233,084 Quick Assets ₱7,662,597,337 Divide by: Total Current Liabilities 5,535,175,166 Acid Test Ratio 1.38	**1.38**	1.96
Solvency Ratio/Debt-to-Equity Ratio	Total Liabilities divided by Total Equity Total Liabilities ₱11,419,891,730 Divide by: Total Equity 23,852,182,377 Debt-to-Equity Ratio 0.48	**0.48**	0.49
Net Debt-to-Equity Ratio	Net Debt (*Total Notes Payable less Cash and Cash Equivalents, Short-term investments and Financial Assets at FVTPL)* divided by Total Equity Total Notes Payable ₱7,519,432,761 Less: Cash and Cash Equivalents 832,825,077 Short-term Investments 4,058,896,241 Financial Assets at FVTPL – Net Debt ₱2,627,711,443 Divide by: Total Equity 23,852,182,377 Net Debt-to-Equity Ratio 0.11	**0.11**	0.09
Asset-to-Equity Ratio	Total Assets divided by Total Equity Total Assets ₱35,272,074,107 Divide by: Total Equity 23,852,182,377 Asset-to-Equity Ratio 1.48	**1.48**	1.49

Ratio	Formula	2025	2024
Interest Rate Coverage Ratio	Earnings before Income Tax, Depreciation and Amortization (*Net Income Less Non-recurring income plus Provision for Income Tax, Finance Cost on Loans and Lease Liabilities, Depreciation and Amortization)* divided by Finance Costs on Loans and Lease Liabilities Net Income ₱3,278,051,911 Less: Non-recurring income* (344,047,043) Add: Provision for Income Tax 373,058,273 Finance costs on loans and on lease liabilities 412,091,494 EBIT ₱3,719,154,635 Add: Depreciation and Amortization 662,671,721 EBITDA ₱4,381,826,356 Finance costs on loans and on lease liabilities 412,091,494 Interest Expense Coverage Ratio 10.63 **Non-recurring income includes Gain on fair value measurement of investment properties, Gain on fair value measurement of associates and Gain on bargain purchase and gain on foreign exchange*	**10.63**	9.23
Return on Equity	Net Income attributable to Parent divided by Average Total Equity (*Equity attributable to Parent Prior Year(PY) + Equity attributable to Parent Current Year (CY) divided by 2)* Net Income attributable to Parent ₱2,709,368,135 Equity attributable to Parent CY ₱22,182,436,586 Equity attributable to Parent PY 20,060,208,657 Average Total Equity ₱21,121,322,622 Return on Equity 12.83%	**12.83%**	12.28%
Return on Assets	Net Income attributable to Parent divided by Average Total Assets (*Total Assets PY + Total Assets CY divided by 2)* Net Income attributable to Parent ₱2,709,368,135 Total Assets CY ₱35,272,074,107 Total Assets PY 31,966,645,403 Average Total Assets ₱ 33,619,359,755 Return on Assets 8.06%	**8.06%**	7.60%
Net Income Margin	Net Income Attributable to Parent divided by Revenue Net Income Attributable to Parent ₱2,709,368,135 Revenue 12,409,350,531 Net Income Margin 21.83%	**21.83%**	19.30%

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

Receiving: ICTD ERMD
Receipt Date and Time: April 10, 2025 08:00:00 AM

Company Information

SEC Registration No.: 0000175222
Company Name: VIVANT CORPORATION
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

Document ID: OST10410202583155535
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2024
Submission Type: Parent, Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

					1	7	5	2	2	2

COMPANY NAME

VIVANT CORPORATION

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

9th Floor, Oakridge IT Center
3, Oakridge Business Park, A.S.
. Fortuna Street, Brgy. Banila
D, Mandaue City, Cebu, Philipp
Ines 6014

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
vivant@vivant.com.ph	(032) 234-2256	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,404	June 20	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Maila Lourdes G. De Castro	jbaron@jpgarcialaw.com	(032) 232-0253	0917-5356692

CONTACT PERSON's ADDRESS

9th Floor, Oakridge IT Center 2, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

VIVANT

Creating Solutions
for Our Changing World
vivant.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **VIVANT CORPORATION** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2024 and 2023, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

FRANCIS DAMASUS A. GARCIA
Chairman of the Board

ARLO ANGELO G. SARMIENTO
Chief Executive Officer

MINUEL CARMELA N. FRANCO
Chief Finance Officer

Signed this **27th** day of **March**, 2025.

Headquarters – Cebu
9/F Oakridge IT Center 3, Oakridge Business Park
A.S. Fortuna St., Mandaue City, Cebu Philippines 6014
Tel. no.: +63 (32) 243 2256, +63 (32) 243 2285

Makati
3/F La Paz Centre Bldg., Salcedo St., cor. V.A. Rufino St.,
Legazpi Village, Makati City, Philippines 1229
Tel. no.: +63 (02) 840 36551, +63 (02) 840 36566

REPUBLIC OF THE PHILIPPINES)
MANDAUE CITY) S.S.

ACKNOWLEDGMENT

BEFORE ME, a Notary Public for and in Mandaue City appeared on MAR 2 7 2025 the following:

Name	Competent Evidence of Identification	
	Type/Number	Date of Expiry/ Place of Issue
FRANCIS DAMASUS A. GARCIA	Passport No. P0768103C	01 JUL 2032 / PCG San Francisco
ARLO ANGELO G. SARMIENTO	Passport No. P6592337A	28 MAR 2028 / DFA Cebu
MINUEL CARMELA N. FRANCO	Passport No. P9523819B	05 Apr 2032/DFA Manila

known to me and to me known to be the same persons who executed the foregoing instrument, and who acknowledged to me that the same is their true and voluntary act and deed and that of the Corporation which they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and in the place above given.

Doc. No. 3;
Page No. 2;
Book No. I;
Series of 2025.

"DOCUMENTARY STAMP TAX AFFIXED"
03315411 (Serial Number) 3/27/25 (Date of Affixture)

ALTHEA A. VERGARA-YONGCO
Notary Public for and in the City of Mandaue and Municipalities of Cordova, Consolacion, Lilo-an, and Compostela, Cebu
Notarial Commission No. 2025-98 until December 31, 2026
Roll of Attorneys No. 72451
IBP Service Invoice No.: 481804; 12/09/2024
PTR No. 1395117; 01/14/2025; Cebu Province
MCLE Exemption No. VIII-BEP000278
Valid until April 14, 2028
2nd Floor One Centro Building, C. Ouano Street, Centro, Mandaue City, Cebu, Philippines

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City, Cebu, Philippines

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Vivant Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2024 and 2023, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for each of the three years in the period ended December 31, 2024 and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

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

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 22 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Vivant Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
Tax Identification No. 206-544-506
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-156-2024, October 2, 2024, valid until October 1, 2027
PTR No. 10465387, January 2, 2025, Makati City

March 21, 2025

VIVANT CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱1,208,294,623**	₱1,469,938,367
Trade and other receivables (Notes 7 and 14)	**1,443,750,149**	1,504,483,327
Prepaid expenses and other current assets (Note 8)	**44,696,094**	28,934,758
Total Current Assets	**2,696,740,866**	3,003,356,452
Noncurrent Assets		
Investments in and advances to subsidiaries and associate (Note 9)	**8,492,306,128**	8,269,541,845
Property and equipment (Note 10)	**499,483,131**	100,160,377
Right-of-use assets (Note 21)	**51,806,416**	19,296,042
Deferred income tax assets - net (Note 16)	**27,224,227**	28,306,431
Other noncurrent assets (Note 11)	**206,840,968**	167,265,409
Total Noncurrent Assets	**9,277,660,870**	8,584,570,104
TOTAL ASSETS	**₱11,974,401,736**	₱11,587,926,556
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other current liabilities (Notes 12 and 14)	**₱163,748,493**	₱119,649,599
Current portion of notes payable (Note 13)	**45,054,514**	45,144,790
Current portion of lease liabilities (Note 21)	**8,177,001**	16,202,865
Total Current Liabilities	**216,980,008**	180,997,254
Noncurrent Liabilities		
Notes payable - net of current portion (Note 13)	**1,799,619,079**	1,844,673,593
Lease liabilities - net of current portion (Note 21)	**44,549,755**	5,367,662
Pension liability (Note 15)	**124,625,069**	101,890,724
Other noncurrent liabilities (Notes 14 and 15)	**15,452,978**	14,898,744
Total Noncurrent Liabilities	**1,984,246,881**	1,966,830,723
Total Liabilities	**2,201,226,889**	2,147,827,977
Equity		
Capital stock (Note 17)	**1,023,456,698**	1,023,456,698
Additional paid-in capital	**8,339,452**	8,339,452
Remeasurement of employee benefits (Note 15)	**(44,858,229)**	(43,562,321)
Remeasurement of financial assets at fair value through other comprehensive income (FVOCI; Note 11)	**3,655,000**	3,655,000
Retained earnings (Note 17)		
Appropriated for business expansion	**7,767,262,174**	7,354,810,254
Unappropriated	**1,015,319,752**	1,093,399,496
Total Equity	**9,773,174,847**	9,440,098,579
TOTAL LIABILITIES AND EQUITY	**₱11,974,401,736**	₱11,587,926,556

See accompanying Notes to Financial Statements.

VIVANT CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023	2022
REVENUES			
Dividend income (Note 9)	**₱1,205,877,874**	₱996,075,661	₱1,557,905,614
Revenues from contracts with customers:			
Management and service fees (Note 14)	**185,481,315**	392,012,951	160,078,728
Service income (Note 14)	**8,737,884**	3,811,069	9,878,094
Interest income (Notes 6 and 14)	**152,947,051**	77,599,998	37,863,232
	1,553,044,124	1,469,499,679	1,765,725,668
EXPENSES			
Salaries and employee benefits (Notes 15 and 18)	**302,442,991**	218,081,842	238,382,868
Outside services	**90,515,124**	25,561,314	10,383,229
Depreciation (Notes 10 and 21)	**45,321,924**	40,253,118	39,724,356
Professional fees (Note 14)	**28,520,738**	47,344,044	37,186,086
Travel	**24,084,474**	21,666,209	17,840,670
Dues and subscriptions	**22,532,713**	14,773,480	8,840,066
Directors' per diem	**11,869,444**	16,475,000	14,862,500
Communication and utilities	**11,006,665**	8,841,943	8,581,895
Taxes and licenses	**10,865,542**	4,213,582	6,225,589
Rent and association dues	**6,475,374**	3,674,762	3,614,242
Repairs and maintenance	**2,540,389**	3,418,882	4,102,732
Representation	**2,100,248**	6,184,864	6,517,601
Marketing	**1,692,046**	510,694	490,017
Supplies	**1,575,636**	3,885,492	3,531,407
Meetings and conferences	**422,866**	774,727	595,910
Corporate social responsibility	**88,304**	93,567	125,731
Others (Note 7)	**7,423,316**	14,027,108	14,000,498
	569,477,794	429,780,628	415,005,397
INCOME FROM OPERATIONS	**983,566,330**	1,039,719,051	1,350,720,271
FINANCE CHARGES			
Interest expense (Notes 13 and 21)	**88,671,298**	94,752,182	135,242,080
Other financing charges	**461,612**	613,070	349,479
	89,132,910	95,365,252	135,591,559
OTHER INCOME			
Gain on reversal of impairment loss (Note 9)	**27,219,365**	45,741,149	29,018,552
Other income (Note 14)	**4,214,310**	20,480,504	35,921,029
	31,433,675	66,221,653	64,939,581
INCOME BEFORE INCOME TAX	**925,867,095**	1,010,575,452	1,280,068,293
PROVISION FOR INCOME TAX (Note 16)	**20,406,080**	15,571,516	9,459,315
NET INCOME	**905,461,015**	995,003,936	1,270,608,978

(Forward)

	Years Ended December 31		
	2024	2023	2022
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss:			
Remeasurement gain (loss) on employee benefits (Note 15)	**(₱1,727,877)**	(₱60,518,231)	₱5,587,983
Income tax effect	**431,969**	15,129,558	(1,396,996)
Other comprehensive income (loss) for the year, net of tax	**(1,295,908)**	(45,388,673)	4,190,987
TOTAL COMPREHENSIVE INCOME	**₱904,165,107**	₱949,615,263	₱1,274,799,965
EARNINGS PER SHARE (BASIC/DILUTED) (Note 17)	**₱0.885**	₱0.972	₱1.241

See accompanying Notes to Financial Statements.

VIVANT CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Capital Stock	Additional Paid-in Capital	Remeasurement of Employee Benefits (Note 15)	Remeasurement of Financial Assets at FVOCI (Note 11)	Retained Earnings (Note 17)		Total
					Appropriated	Unappropriated	
At January 1, 2024	**₱1,023,456,698**	**₱8,339,452**	**(₱43,562,321)**	**₱3,655,000**	**₱7,354,810,254**	**₱1,093,399,496**	**₱9,440,098,579**
Net income	–	–	–	–	–	**905,461,015**	**905,461,015**
Other comprehensive loss	–	–	**(1,295,908)**	–	–	–	**(1,295,908)**
Total comprehensive income	–	–	**(1,295,908)**	–	–	**905,461,015**	**904,165,107**
Reversal of appropriation for business expansion	–	–	–	–	**(1,387,548,080)**	**1,387,548,080**	–
Appropriation for business expansion	–	–	–	–	**1,800,000,000**	**(1,800,000,000)**	–
Cash dividends declared	–	–	–	–	–	**(571,088,839)**	**(571,088,839)**
At December 31, 2024	**₱1,023,456,698**	**₱8,339,452**	**(₱44,858,229)**	**₱3,655,000**	**₱7,767,262,174**	**₱1,015,319,752**	**₱9,773,174,847**
At January 1, 2023	₱1,023,456,698	₱8,339,452	₱1,826,352	₱3,655,000	₱6,820,897,482	₱1,031,149,407	₱8,889,324,391
Net income	–	–	–	–	–	995,003,936	995,003,936
Other comprehensive loss	–	–	(45,388,673)	–	–	–	(45,388,673)
Total comprehensive income	–	–	(45,388,673)	–	–	995,003,936	949,615,263
Reversal of appropriation for business expansion	–	–	–	–	(1,866,087,228)	1,866,087,228	–
Appropriation for business expansion	–	–	–	–	2,400,000,000	(2,400,000,000)	–
Cash dividends declared	–	–	–	–	–	(398,841,075)	(398,841,075)
At December 31, 2023	₱1,023,456,698	₱8,339,452	(₱43,562,321)	₱3,655,000	₱7,354,810,254	₱1,093,399,496	₱9,440,098,579
At January 1, 2022	₱1,023,456,698	₱8,339,452	(₱2,364,635)	₱3,655,000	₱6,198,363,882	₱827,356,579	₱8,058,806,976
Net income	–	–	–	–	–	1,270,608,978	1,270,608,978
Other comprehensive income	–	–	4,190,987	–	–	–	4,190,987
Total comprehensive income	–	–	4,190,987	–	–	1,270,608,978	1,274,799,965
Reversal of appropriation for business expansion	–	–	–	–	(1,627,466,400)	1,627,466,400	–
Appropriation for business expansion	–	–	–	–	2,250,000,000	(2,250,000,000)	–
Cash dividends declared	–	–	–	–	–	(444,282,550)	(444,282,550)
At December 31, 2022	₱1,023,456,698	₱8,339,452	₱1,826,352	₱3,655,000	₱6,820,897,482	₱1,031,149,407	₱8,889,324,391

See accompanying Notes to Financial Statements.

VIVANT CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱925,867,095**	₱1,010,575,452	₱1,280,068,293
Adjustments for:			
Dividend income (Note 9)	**(1,205,877,874)**	(996,075,661)	(1,557,905,614)
Interest income (Notes 6 and 14)	**(152,947,051)**	(77,599,998)	(37,863,232)
Interest expense (Notes 13 and 21)	**88,671,298**	94,752,182	135,242,080
Depreciation (Notes 10 and 21)	**45,321,924**	40,253,118	39,724,356
Gain on reversal of impairment loss (Note 9)	**(27,219,365)**	(45,741,149)	(29,018,552)
Pension expense (Note 15)	**21,560,702**	8,349,126	9,753,930
Gain on disposal of property and equipment (Note 10)	**(3,782,805)**	(1,409,227)	(574,734)
Unrealized foreign exchange loss (gain)	**37,777**	(696,665)	(33,907,730)
Operating income (loss) before working capital changes	**(308,368,299)**	32,407,178	(194,481,203)
Decrease (increase) in:			
Trade and other receivables	**45,147,666**	(537,205,321)	(532,784,226)
Input VAT under "Other noncurrent assets"	**(7,242,814)**	–	–
Prepaid expenses and other current assets	**(15,761,335)**	(8,691,448)	(3,253,909)
Creditable tax withheld under other noncurrent assets	**(12,129,845)**	(8,220,395)	(2,469,905)
Increase (decrease) in trade and other current liabilities	**43,492,547**	72,172,652	(22,285,605)
Net cash used in operations	**(254,862,080)**	(449,537,334)	(755,274,848)
Interest paid	**(84,065,679)**	(94,496,696)	(124,799,388)
Net cash flows used in operating activities	**(338,927,759)**	(544,034,030)	(880,074,236)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from subsidiaries and associate (Note 9)	**1,205,877,874**	1,726,485,617	827,495,658
Additions to:			
Property and equipment (Note 10)	**(430,101,530)**	(43,685,958)	(21,431,326)
Investments in and advances to subsidiaries and associate (Note 9)	**(195,544,919)**	(228,404,554)	(316,635,956)
Interest received	**130,473,986**	66,907,949	28,011,300
Proceeds from disposal of property and equipment	**4,794,331**	1,409,231	752,413
Other noncurrent assets - Others	**(1,036,230)**	(211,701)	–
Net cash flows from investing activities	**714,463,512**	1,522,500,584	518,192,089
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Cash dividends (Notes 17 and 20)	**(570,232,899)**	(398,264,828)	(443,594,871)
Notes payable (Notes 13 and 20)	**(50,000,000)**	(1,050,000,000)	(50,000,000)
Principal portion of lease liabilities (Notes 20 and 21)	**(16,908,821)**	(15,748,226)	(13,562,669)
Net cash flows used in financing activities	**(637,141,720)**	(1,464,013,054)	(507,157,540)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(261,605,967)**	(485,546,500)	(869,039,687)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(37,777)**	696,665	33,907,730
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,469,938,367**	1,954,788,202	2,789,920,159
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱1,208,294,623**	₱1,469,938,367	₱1,954,788,202

See accompanying Notes to Financial Statements.

1. Corporate Information

Vivant Corporation (the "Parent Company" or "Vivant") was incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on May 28, 1990. The Parent Company's shares are listed in the Philippine Stock Exchange (PSE) with the symbol VVT.

The Parent Company's primary purpose is to invest in and manage the general business of any other corporation or corporations except management of fund securities portfolios and other similar assets of a managed entity.

The Parent Company is owned by Mai-I Resources Corporation (MRC) and JEG Development Corporation (JDC) with a combined ownership of 75.84% in 2024, 2023 and in 2022. MRC and JDC are entities incorporated and domiciled in the Philippines.

The principal office address of the Parent Company is currently located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

Details of the Parent Company's equity interests in its subsidiaries and associate as of December 31 are shown below:

	2024		2023	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Subsidiaries				
Hijos De F. Escaño (HDFE)	**50.94**	**–**	50.94	–
Southern Grove Properties and Development Corp. (SGPDC)	**100.00**	**–**	100.00	–
Vivant Realty Ventures Corporation (VRVC)	**–**	**100.00** [e]	–	100.00 [e]
Vivant Corporate Center, Inc. (VCCI)	**–**	**100.00** [e]	–	100.00 [e]
Vivant Infracore Holdings Inc. (VIHI)	**100.00**	**–**	100.00	–
Vivant Hydrocore Holdings Inc. (VHHI)	**–**	**100.00** [f]	–	100.00 [f]
Vivant Transcore Holdings Inc. (VTHI)	**–**	**100.00** [f]	–	100.00 [f]
Isla Mactan Cordova Corporation (IMCC)	**–**	**100.00** [g]	–	100.00 [g]
Watermatic Philippines Corporation (WMP)	**–**	**–** [g] [v]	–	60.00 [g] [v]
Watermatic Southeast Asia, Ltd. (WMP SEA)	**–**	**–** [i] [v]	–	60.00 [i] [v]
Northern Metro Cebu Water Corporation (NMCWC)	**–**	**100.00** [g]	–	100.00 [g]
Bantayan Island Water Solutions Corporation (BIWSC)	**–**	**100.00** [g] [r]	–	–
Isla Busuanga Water Corporation (IBWC)	**–**	**100.00** [g] [r]	–	–
Western Cebu Water Services Corporation (WCWSC)	**–**	**100.00** [g] [r]	–	–
Vivant Energy Corporation (VEC)	**100.00**	**–**	100.00	–
Vivant Integrated Generation Corporation (VIGC)	**–**	**100.00** [a]	–	100.00 [a]
Vivant Geo Power Corp. (VGPC)	**–**	**100.00** [b]	–	100.00 [b]
Delta P Hybrid, Inc. (DPHI; formerly Vivant Isla Inc.)	**–**	**100.00** [a]	–	100.00 [a]
Vivant Renewable Energy Corporation (VREC)	**–**	**100.00** [a]	–	100.00 [a]
Southern Powercore Holding Corp. (SPHC)	**–**	**100.00** [b]	–	100.00 [b]
Amberdust Holding Corporation (AHC)	**–**	**100.00** [a]	–	100.00 [a]
Corenergy Inc. (Core)	**–**	**100.00** [a]	–	100.00 [a]

(Forward)

	2024		2023	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Vivant Integrated Diesel Corporation (VIDC)	**–**	**100.00** [a]	–	100.00 [a]
Isla Norte Power Corp. (INPC)	**–**	**100.00** [d]	–	65.00 [d]
Vivant-Malogo Hydropower, Inc. (VMHI)	**–**	**67.00** [a]	–	67.00 [a]
1590 Energy Corp. (1590 EC)	**–**	**55.20** [a]	–	55.20 [a]
Vivant Solar Corporation (VSC)	**–**	**100.00** [a]	–	100.00 [a]
Corenergy Solar Solutions Corporation (CSSC)	**–**	**100.00** [c]	–	100.00 [c]
Bukidnon Power Corporation (BPC)	**–**	**90.00** [h]	–	90.00 [h]
North Bukidnon Power Corporation (NBPC)	**–**	**90.00** [h]	–	90.00 [h]
Culna Renewable Energy Corp. (CREC)	**–**	**100.00** [b]	–	35.00 [b]
Calamian Islands Power Corp. (CIPC)	**–**	**100.00** [a]	–	50.00 [a]
Delta P, Inc. (Delta P)	**–**	**100.00** [a]	–	50.00 [a]
La Pampanga Energy Corp (LPEC)	**–**	**100.00** [a]	–	50.00 [a]
San Ildefonso Alternative Energy Corp (SIAEC)	**–**	**100.00** [a]	–	100.00 [a]
Meridian Power, Inc. (MPI)	**–**	**100.00** [a] [j]	–	100.00 [a] [j]
San Pablo Renewable Energy Corp (SPREC)	**–**	**100.00** [a] [k]	–	100.00 [a] [k]
Spark Grid Corp (SGC)	**–**	**100.00** [a] [l]	–	100.00 [a] [l]
Avant Energy Corp (AEC)	**–**	**100.00** [a] [n]	–	100.00 [a] [n]
Adequate Power, Inc. (API)	**–**	**100.00** [a] [m]	–	100.00 [a] [m]
Bohol Renewable Power Corp (BRPC)	**–**	**100.00** [a]	–	–
Bai Energy Corp (BEC)	**–**	**100.00** [a] [o]	–	100.00 [a] [o]
South Cebu Energy Corp. (SCEC)	**–**	**100.00** [a] [p]	–	100.00 [a] [p]
SolEnergy Generation Corp (SEGC)	**–**	**100.00** [a] [q]	–	100.00 [a] [q]
Vivant Solenergy Cebu Corp (VSCC)	**–**	**100.00** [a] [u]	–	–
Vivant Solenergy Ubay Corp (VSUC)	**–**	**100.00** [a] [u]	–	–
One Solenergy Aglao Corp (OSAC)	**–**	**100.00** [a] [s]	–	–
Vivant Vienergy Antique Corp (VVAC)	**–**	**100.00** [a] [t]	–	–
Associate				
Visayan Electric Company, Inc. (VECO)	**34.81**	**–**	34.81	–

a. Indirect ownership through VEC
b. Indirect ownership through VREC
c. Ownership interest in CSSC is through VSC.
d. Indirect ownership through VIDC.
e. Indirect ownership through SGPDC
f. Indirect ownership through VIHI
g. Indirect ownership through VHHI
h. Indirect ownership through AHC
i. Indirect ownership through WMP
j. Incorporated April 11,2023. Changed its Corporate name from Central Cebu Transitional Power Corporation.
k. Incorporated March 29, 2023
l. Incorporated April 12, 2023
m. Incorporated June 7, 2023.
n. Incorporated May 17, 2023
o. Incorporated June 13, 2023
p. Incorporated May 23, 2023
q. Incorporated June 21, 2023
r. Incorporated July 9, 2024
s. Incorporated November 28, 2024
t. Incorporated November 29, 2024
u. Incorporated December 10, 2024
v. VIHI divested on October 11, 2024.

Subsidiaries

The subsidiaries are all incorporated in the Philippines. Except for 1590 EC, VMHI, INPC, BPC, NBPC, Core, CSSC, Delta P, CIPC, SIAEC, MPI, LPEC, CREC, IMCC and NMCWC, all subsidiaries are also operating as holding and investing companies, which are primarily engaged in power generation and distribution, and water infrastructure. 1590 EC is operating a diesel power plant, while VMHI is in its pre-operating stage of building a hydro power plant in Silay, Negros Occidental. INPC is operating a diesel power plant in Bantayan, Cebu. BPC and NBPC are operating diesel-fired power plants in Bukidnon. Core is operating as a retail electricity supplier and engineering services provider. Delta P is operating an oil-fired power generation plant in Puerto

Princesa, Palawan. CIPC is operating diesel-fired power generation plants in Coron and Busuanga. SIAEC is in its development stage of solar plant facility in Bulacan. MPI is operating an oil-fired power plant in Cebu. LPEC is in its pre-operating stage of building an oil-fired plant in Pampanga. CREC is in its pre-operating stage of building hybrid facilities in Culion and Linapacan islands. IMCC and NMCWC are in its pre-operating stage of building a seawater desalination facility.

The following sets out a brief information of the Parent Company's subsidiaries and associate:

HDFE
HDFE was incorporated on December 24, 1926, which registration was renewed for another 50 years effective November 26, 1974. The primary purpose of HDFE is to invest in, hold, own, purchase, acquire, lease, contract, operate, improve, develop, grant, sell, exchange, or otherwise dispose of real and personal properties of every kind and description including shares of stocks, bonds and other securities or evidence of indebtedness of any other corporation, association, firm, or entity, domestic or foreign, where necessary or appropriate, and to process and exercise in respect thereof of all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, without acting as, or engaging in the business of an investment company, or dealer or broker in securities. On June 26, 2012, the SEC approved the latest renewal of the HDFE's registration for another 25 years effective April 2, 2023, or until April 2, 2038.

SGPDC
SGPDC was incorporated on December 8, 2004 with a primary purpose to invest in, purchase, or otherwise acquire and own, hold, develop, use, sell, lease, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description for whatever purpose the same may have been organized. It has also direct equity shareholdings in VRVC and VCCI, both real estate companies.

On March 5, 2015, during the Special Stockholders' Meeting and Special Board Meeting, the stockholders and BOD approved that one of SGPDC's secondary purposes is to conduct and transact any and all lawful business, and to do or cause to be done any one or more of the acts and things set forth as its purposes, within or without the Philippines, and in any and all foreign countries, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers of the Company under the Corporation Code of the Philippines, or which shall at any time appear conducive to or expedient for its protection or benefit. These amendments made in SGPDC's Articles of Incorporation (AOI) were approved by the SEC on October 8, 2015.

On January 6, 2016, the SEC approved the amendment to its AOI changing its name from VC Ventures Net, Inc. to Southern Grove Properties and Development Corp. and its primary purpose is to engage in real estate business, to hold, construct, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of all kinds of real property or to act as real estate broker for such fees as may be legal and proper.

VRVC
VRVC was incorporated on May 19, 2017. Its primary purpose is to engage in the real estate business. On July 3, 2017, VRVC purchased from HDFE, a company under common control, a parcel of land located at M.J. Cuenco Ave., Tinago Central, Barangay San Roque, Cebu City amounting to ₱27.9 million, with the intention of holding the land for capital appreciation. As of December 31, 2024, VRVC continues to recognize rental income from the purchased investment property.

VCCI
VCCI was incorporated on October 10, 2018 and its primary purpose is to engage in the real estate business. As of December 31, 2024, VCCI has not yet started its operations.

VIHI
VIHI was incorporated on December 18, 2018 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2024, VIHI is operating as a holding company for VTHI and VHHI.

VHHI
VHHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2024, VHHI is operating as a holding company for IMCC, NMCWC and FLOWS, a holding company.

VTHI
VTHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2024, VTHI has not yet started its operations.

IMCC
IMCC was incorporated on August 14, 2020 and its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, wastewater treatment facility and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.

As of December 31, 2024, IMCC is in its development stage.

WMP
WMP was incorporated on July 23, 2019 as a water treatment engineering company primarily engaged in the design, supply (which includes detailed design, procurement, and assembly), installation, commission, operation and maintenance of water treatment and waste water treatment plant to be owned by WMP or for third parties. WMP also engages in bulk water supply agreements using water sourced from ground water, surface water, or desalinated water.



In 2024, VIHI entered into a Share Sale and Purchase Agreement (SSPA) with Watermatic International Ltd. resulting to the derecognition of VIHI's total investment in WMP.

WMP SEA
WMP SEA was incorporated on July 1, 2021 according to the Companies Law 5769-1999, as a limited liability company under the laws of the Republic of Israel. Its primary purpose is to buy and sell products for waste water and waste water treatment projects. In 2024, VIHI derecognized its interest in WMP SEA, along with its divestment in WMP.

NMCWC
NMCWC was incorporated on March 18, 2021. Its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, waste water treatment facility, and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.

The registered office of NMCWC is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

As of December 31, 2024, NMCWC has not yet started operations.

BIWSC
BIWSC was incorporated on July 9, 2024 with the primary purpose to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, groundwater treatment facilities, seawater desalination plants, and wastewater treatment facilities, water infrastructure and related facilities. As of December 31, 2024, BIWSC has not yet started its commercial operations.

The registered office of BIWSC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

IBWC
IBWC was incorporated on July 9, 2024 with the primary purpose to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, groundwater treatment facilities, seawater desalination plants, and wastewater treatment facilities. As of December 31, 2024, IBWC has not yet started its operations.

The registered office of IBWC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

WCWSC
WCWSC was incorporated on July 9, 2024 with the primary purpose to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, groundwater treatment facilities, seawater desalination plants, and wastewater treatment facilities. As of December 31, 2024, WCWSC has not yet started its operations.

The registered office of WCWSC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VEC
VEC was incorporated on January 25, 2005 and its primary purpose is to establish, maintain and operate power plants of any kind and such other sources that may be a viable source of electric light, heat and power system and to sell to the general public, electricity as the corporation may determine.

VEC currently exists as a holding company with direct equity shareholdings in CPPC, Delta P, 1590 EC, CIPC, VMHI, TVI, DPHI, INEC, INPC, LPEC, and VIDC entities engaged in the power Generation business and PEI and Core, entities engaged in the retail electricity supply. Core is also engaged in engineering services. VEC also has direct equity shareholdings on holding entities namely VIGC and VREC.

VIGC
VIGC was incorporated on November 5, 2008 with the primary purpose of holding investments in power generation companies. It has direct equity shareholdings in Minergy Power Corporation (MPC), Therma Visayas, Inc. (TVI) and LPCI, entities engaged in the power generation business and Abovant Holdings, Inc. (AHI), a holding entity.

VGPC
VGPC was incorporated on April 23, 2014. Its primary purpose is to establish, maintain, own, and operate geothermal, thermal, hydroelectric, solar, wind, coal, diesel power plants and such other sources that may be viable source of electric light, heat and power system and to sell and/or trade electricity for light, heat and power purposes within cities, municipalities and provinces of the Philippines as the corporation may determine and enter into business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2024, VGPC is still in the pre-operating stage.

DPHI
DPHI, formerly VII, was incorporated on July 11, 2014. Its primary purpose is to engage in business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, constructing, holding, and selling power generation facilities and related facilities, or any other business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2024, DPHI is still in the pre-operating stage.

On February 16, 2022, the application to change the name of VII to Delta P Hybrid, Inc. was approved by the SEC.

VREC
VREC was incorporated on January 8, 2010 with the primary purpose of holding investments in power generation companies. On October 2, 2015, the SEC approved its application for change in corporate name from Vics Bakun Holdings Corporation to VREC. It also has direct equity shareholdings in VGPC, SPHC, AHC, VSC, CREC, and LWEC as of December 31, 2024.

Core
Core was incorporated on December 14, 2012. Its primary purpose is to buy, source and obtain electricity from generating companies or from the wholesale electricity spot market to sell, broker, market or aggregate electricity to the end-users, to provide services necessary in connection with the supply or delivery of electricity thereof, distribution utilities and other entities in the electric systems by a duly licensed electrical engineer, the conduct of energy examinations, inspections, assessments, maintenance, testing and commissioning, as amended dated May 31, 2019. As of December 31, 2024 Core has entered into retail supply contract and engineering service contracts with various customers.

VIDC
VIDC was incorporated on August 7, 2015. Its primary purpose is to establish, maintain, acquire, own, hold, and operate diesel powered generating facilities. As of December 31, 2024, VIDC is the holding company of INPC.



INPC
INPC was incorporated on February 14, 2022, and carried on the operations of Isla Norte Energy Corporation after the merger of said entity with INPC was approved by the SEC on December 29, 2022. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power purposed within the cities, municipalities, and provinces of the Philippines.

In 2023, VEC and VIDC acquired the remaining interest of GPI in INPC resulting in 100% ownership by the Group in INPC.

The registered office of INPC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

SPHC
SPHC was incorporated on April 20, 2017. Its primary purpose is to engage in the business of holding investments in power generation companies. As of December 31, 2024 SPHC has not yet started its commercial operations.

The registered office of SPHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

AHC
AHC was incorporated on August 16, 2017. Its primary purpose is to engage in the business of a holding company. As of December 31, 2024, AHC is the holding company of BPC and NBPC.

In May 2021, VEC and AHC acquired 81% and 9% ownership of BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively. In May 2021, VEC and AHC also acquired 81% and 9% ownership of NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

On June 28, 2021, VREC assigned its 45,000 common shares in AHC with par value of ₱1.00 per share to VEC.

The registered office of AHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

VMHI
VMHI was incorporated on June 8, 2012. Its primary purpose is to engage in the business of owning, acquiring, operating, generating, collecting and distributing electricity.

VMHI is in its starting phase or pre-operational stage as a power generating entity that will implement a greenfield power plant project, involving the construction and operation of a series of run-of-river hydropower facility in Barangay Capitan Ramon in Silay City, Negros Occidental. VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a six (6) MW power plant facility along the Malogo river. The project has concluded its detailed engineering design. A tender process is underway for the construction to coincide with the project timetable, but subject to adjustments that may be brought about by regulations from the grid system operator.

On March 8, 2017, bidding for the award of the Engineering, Procurement, Construction and Commissioning ("EPCC") contract was conducted. However, the National Grid Corporation of the Philippines (NGCP) issued a prohibition to the power plants from connecting to the Negros Island Grid.

In April 2024, NGCP's 230 kV backbone project was energized. Following this energization, the Company re-engaged with NGCP to discuss interconnection matters and requested for an initial technical assessment. However, the results of the assessment indicate a potential risk of congestion at the proposed interconnection, should the 3-phase project proceed hence, the need to perform and update certain studies to evaluate the viability of the interconnection for the project. With this, the Company has withheld the awarding of the EPCC contract to implement the detailed engineering design as of December 31, 2024.

The registered office of VMHI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

1590 EC

1590 EC was incorporated and started operations on July 30, 2010. It is primarily engaged in power generation and operates a 225 MW diesel-fired power plant in Bauang, La Union. 1590 EC is also partly-owned by GPI, Eco Utilities Ventures Holdings Company, Inc. (EUVHCI) and ICS Renewables Holdings, Inc. (ICS), among others.

The registered office of the Company is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

On April 6, 2022, 1590 EC acquired the Buang Diesel Power Plant (BDPP) as the highest bidder during the public auction of the power plant following a post qualification evaluation. On April 19, 2022, 1590 EC and the PGLU signed the deed of transfer and conveyance.

VSC

VSC, formerly ET Vivant, was incorporated on April 4, 2018 primarily to engage in developing and constructing solar power generation and related facilities for lighting and power purposes and whole-selling the electric power to the wholesale electricity spot market, private distribution utilities, private electric cooperatives and other off-takers and selling and/or trading electricity for light, heat and power purposes. VSC has direct equity shareholding in CSSC, an entity engaged in the solar power generation business. As of December 31, 2021, VSC has started its commercial operations.

CSSC

CSSC, formerly ETEI, was incorporated on January 11, 2017 with the primary purpose to explore, develop, build, construct, install, commission, rehabilitate, maintain, own, manage, operate and invest in, bid for or otherwise acquire power generating plants and related facilities and to engage in the business of generating, marketing, selling and supplying electricity generated from solar photovoltaic systems and components; planning and construction of photovoltaic power plants and to provide



consulting services associated with photovoltaic power plants, provided that it shall not operate a public utility. In January 2019, CSSC has started its commercial operations.

BPC
BPC was incorporated to develop, construct, erect assemble, commission, own, operate, maintain, rehabilitate, and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. BPC has two (2) operating power plants in Bukidnon and have started commercial operations on February 26, 2016 for Plant 1 and February 26, 2017 for Plant 2.

On October 16, 2014, BPC entered into a PSA with First Bukidnon Electric Cooperative (FIBECO) to supply a maximum of 4.4 MW from its 2 x 2.4 MW power plant located at Barangay Barandias, Bukidnon at a specific contract rate for a period of 15 years commencing from March 15, 2015. ERC has granted a provisional approval on its rate application on August 3, 2015. The second power supply agreement was entered into with FIBECO on July 24, 2015 for a contracted capacity of 2 MW from its 2.5 MW Fuel power plant located at Barangay Mabuhay, San Fernando, Bukidnon, for a period of 15 years starting from April 15, 2016. ERC's final approval on its rate application was dated June 6, 2017.

In May 2021, VEC and AHC acquired 81% and 9% ownership of BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively.

The registered office address of BPC is at National Highway Barandias, Pangantucan, Bukidnon.

NBPC
NBPC was incorporated to develop, construct, erect, assemble, commission, own, operate, maintain, rehabilitate and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. NBPC has started its commercial operations on September 26, 2018.

In May 2021, VEC and AHC acquired 81% and 9% ownership of NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

The registered office address of NBPC is at 2nd Floor Z-Gas Building, Purok 6A, South Poblacion, Maramag, Bukidnon.

CIPC
CIPC was incorporated on October 19, 2010 primarily to engage in the business of owning, acquiring, commissioning, operating and selling power generation facilities and related facilities, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. Currently, CIPC operates an 8 MW bunker and 0.75 MW diesel-fired power generation plants in the municipalities of Coron and Busuanga, respectively.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in CIPC for a consideration of ₱172.0 million, which resulted to a 100% ownership of the Group in CIPC.

The registered principal office of CIPC is at Sitio Lilibutin, Barangay Guadalupe Coron, Palawan, Philippines 5316.

Delta P
Delta P was registered with SEC on September 20, 2002 primarily to operate and maintain a 16 MW heavy fuel oil-fired generating power station in Puerto Princesa, Palawan.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in Delta P which resulted to an increase in the Group's ownership interest in Delta P to 100%.

The registered principal office of Delta P is at Km. 13 North National Highway, Sta. Lourdes, Puerto Princesa City, Palawan.

LPEC
La Pampanga Energy Corp (LPEC), formerly Vivant Enercore Integrated, Inc. (VEII), was incorporated on May 26, 2016. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system. As of December 31, 2024, LPEC is still in the pre-operating stage.

On June 1, 2023, the Group entered into a share purchase agreement with GPI to acquire its shares equivalent to 6,250,000 common shares and 51,750,000 preferred shares with par value of ₱1 per share, which resulted to 100% ownership by the Group in LPEC.

CREC
CREC, an associate through VREC, was registered on April 12, 2017 primarily to engage in the business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, and constructing conventional renewable energy and/or hybrid power generation, distribution and related facilities, and distributing and selling power, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in the furtherance of or otherwise relating to such purpose. As of December 31, 2024, CREC has not yet started its commercial operations.

On June 1, 2023, VEC entered into a share purchase agreement with Gigawatt Power, Inc. (GPI) to acquire the latter's shares in CREC equivalent to 9,375 preferred shares with par value of ₱1,000 per share resulting to an increase of the Group's ownership interest in CREC to 100%.

The registered principal office of CREC is at Sitio Lilibutin, Barangay Guadalupe, Coron, Palawan 5316.

SIAEC
SIAEC was incorporated on February 18, 2016 with the primary purpose to engage in the business of development, investment, acquisition, construction, operation and maintenance, and sale of renewable energy facilities including generation of heat and power, sales and distribution.

On February 3, 2023, VEC acquired 100% ownership of SIAEC from Cleantech Global Renewables, Inc. representing 1,250,004 common shares for a consideration of ₱5.0 million and advanced ₱381.8 million to be applied against future issuance of common stock.

As of December 31, 2024, SIAEC has not yet started its commercial operations.

The registered office of SIAEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

MPI
MPI, formerly Central Cebu Transitional Power Corporation, was incorporated on April 11, 2023 with the primary purpose to engage in the business of establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. MPI started its commercial operations in August 2023.

The registered office of MPI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SPREC
SPREC was incorporated on March 29, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, SPREC has not yet started its commercial operations.

The registered office of SPREC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SGC
SGC was incorporated on April 12, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, SGC has not yet started its commercial operations.

The registered office of SGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

API
API was incorporated on June 7, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, API has not yet started its commercial operations.

The registered office of API is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

AEC
AEC was incorporated on May 17, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, AEC has not yet started its commercial operations.

The registered office of AEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

BEC
BEC was incorporated on June 13, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2024, BEC has not yet started its commercial operations.

The registered office of BEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

In February 2025, the application to change the name of BEC to Vivant Solenergy Bukidnon Corp. was approved by the SEC.

SEGC
SEGC was incorporated on June 21, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, SEGC has not yet started its commercial operations.

The registered office of SEGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SCEC
SCEC was incorporated on May 23, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2024, SCEC has not yet started its commercial operations.

The registered office of SCEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

BRPC
BRPC was incorporated on March 21, 2022 with the primary purpose to operate, manage, and engage in the business of electric power generation, transmission and distribution that includes operation of generation facilities, transmission and distribution systems as well as electricity and transmission capacity exchanges for sale of electricity to its end users except production of electricity through incineration of waste.

On January 22, 2024, VEC entered into a shares purchase agreement to acquire 1,000,000 common shares in BRPC with par value of ₱1 per share. As of December 31, 2024, BRPC has not yet started its operations.

The registered office of BRPC is at 0716 1st Floor Ocean Suites Hotel, VP Inting Ave., Bool, Tagbilaran City, Bohol, Region VII (Central Visayas), 6300.

VSCC
VSCC was incorporated on December 10, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy storage systems and to sell to the general public electricity for light, heat and power. As of December 31, 2024, VSCC has not yet started its commercial operations.

The registered office of VSCC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VSUC
VSUC was incorporated on December 10, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy storage systems and to sell to the general public electricity for light, heat and power. As of December 31, 2024, VSUC has not yet started its commercial operations.

The registered office of VSUC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

OSAC
OSAC was incorporated on November 9, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy storage systems and to sell to the general public electricity for light, heat and power. As of December 31, 2024, OSAC has not yet started its commercial operations.

The registered office of OSAC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VVAC
VVAC was incorporated on November 9, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy storage systems and to sell to the general public electricity for light, heat and power. As of December 31, 2024, VVAC has not yet started its commercial operations.

The registered office of VVAC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

Associate. VECO qualifies as an associate of the Parent Company.

VECO
VECO was incorporated on February 22, 1961 and whose corporate term was extended for another 50 years after the expiration on February 23, 2012. VECO is a power distribution entity, the primary activities of which are to establish, maintain and operate electric light, heat and power systems and to sell to the general public electricity for light, heat and power purposes.

VECO serves the electrical power needs of four cities (Cebu, Mandaue, Talisay and Naga) and four municipalities (Minglanilla, San Fernando, Consolacion and Lilo-an) of the greater part of Metro Cebu by virtue of legislative franchise grants.

The registered office address of VECO is at J. Panis Street, Banilad, Cebu City, Philippines.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The parent company financial statements have been prepared on a historical cost basis except for financial assets at FVOCI, which have been measured at fair value. The financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All values are rounded to the nearest Peso except as otherwise indicated.

The Parent Company also prepares and issues consolidated financial statements for the same period as these separate financial statements presented in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. These may be obtained at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

Statement of Compliance

The parent company financial statements have been prepared in compliance with PFRS Accounting Standards.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments to the standards effective in 2024. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these amendments did not have an impact on the financial statements of the Parent Company.

- Amendments to PAS 1, *Presentation of Financial Statements, Classification of Liabilities as Current or Noncurrent*

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or noncurrent;
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Leases, Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7, *Statement of Cash Flows,* and PFRS 7, *Financial Instruments: Disclosures, Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

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

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9, *Financial Instruments* and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of nonrecourse assets and contractually linked instruments.

- *Annual Improvements to PFRS Accounting Standards – Volume 11*

  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

  - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards, Hedge Accounting by a First-time Adopter*

    The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- Amendments to PFRS 7, *Gain or Loss on Derecognition*

  The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9

  - *Lessee Derecognition of Lease Liabilities*. The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

  - *Transaction Price*. The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15, *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

  - Amendments to PFRS 10, *Consolidated Financial Statements, Determination of a 'De Facto Agent'*. The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

  - Amendments to PAS 7, *Cost Method.* The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1 and responds to investors' demand for better information about companies' financial performance. The new requirements include:

  - Required totals, subtotals and new categories in the statement of profit or loss;
  - Disclosure of management-defined performance measures; and
  - Guidance on aggregation and disaggregation.

- PFRS 19, *Subsidiaries without Public Accountability*

  The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.

Deferred Effectivity

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

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

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

4. **Material Accounting Policy Information**

Current and Noncurrent Classification

The Parent Company presents assets and liabilities in the parent company statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Parent Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Parent Company measures financial instruments, such as, cash on hand and in banks, short-term placements, trade and other receivables, trade and other payables, notes payable and non-financial assets such as investment properties and financial assets at FVOCI, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Parent Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Parent Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments

Initial Recognition and Subsequent Measurement

- *Classification of Financial Assets*. Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Parent Company's business model for managing the financial assets. The Parent Company classifies its financial assets into the following measurement categories:

    - Financial assets measured at amortized cost;
    - Financial assets measured at fair value through profit or loss (FVPL);



- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss; and
- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss.

- *Contractual Cash Flows Characteristics*. If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Parent Company assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

  In making this assessment, the Parent Company determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

- *Business Model*. The Parent Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Parent Company's business model does not depend on management's intentions for an individual instrument.

  The Parent Company's business model refers to how it manages its financial assets in order to generate cash flows. The Parent Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Parent Company in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Parent Company's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

- *Financial Assets at Amortized Cost.* A financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the Effective Interest Rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized



cost of the financial asset. Losses arising from impairment are recognized in "Expenses - Others" account in the parent company statement of comprehensive income.

As at December 31, 2024 and 2023, the Parent Company has financial assets at amortized cost consisting of cash and cash equivalents, trade and other receivables, and receivable from RFM Corporation included under "Other noncurrent assets" (see Notes 6, 7 and 11).

- *Financial Assets at FVPL.* Financial assets at FVPL are measured at FVPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

  Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Parent Company may choose at initial recognition to designate the financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

  The Parent Company assesses whether embedded derivatives are required to be separated from host contracts when the Parent Company first becomes party to the contract. An embedded derivative is separated from the host financial liability or nonfinancial contract and accounted for as a derivative if all of the following conditions are met:

  - the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics of the host contract;
  - a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
  - the hybrid or combined instrument is not recognized as at FVPL.

  For derivatives embedded in financial asset host contracts, the Parent Company applies the financial asset classification and measurement requirements to the entire instrument. No embedded derivatives in financial asset host contracts are recognized separately in the financial statements.

  Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

  Trading gains or losses are calculated based on the results arising from trading activities of the Parent Company, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL, and the gains or losses from disposal of financial investments.

  As at December 31, 2024 and 2023, the Parent Company has no financial assets at FVPL.

- *Financial Assets at FVOCI.* A financial asset is measured at FVOCI if (a) it is held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

  The Parent Company may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Parent Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

  Dividends are recognized in profit or loss only when:

  - the Parent Company's right to receive payment of the dividend is established;
  - it is probable that the economic benefits associated with the dividend will flow to the Parent Company; and
  - the amount of the dividend can be measured reliably.

  As at December 31, 2024 and 2023, the Parent Company has financial assets at FVOCI amounting to ₱8.0 million which is presented as part of "Other noncurrent assets" (see Note 11).

  Classification of Financial Liabilities. Financial liabilities are measured at amortized cost, except for the following:

  - Financial liabilities measured at fair value through profit or loss;
  - Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Parent Company retains continuing involvement;
  - Financial guarantee contracts;
  - Commitments to provide a loan at a below-market interest rate; and
  - Contingent consideration recognized by an acquirer in accordance with PFRS 3.

  A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

  - if a host contract contains one or more embedded derivatives; or
  - if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVPL, the movement in fair value attributable to changes in the Parent Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. This category also includes derivative financial instruments entered into by the Parent Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Parent Company's financial liabilities include accrued expenses, accounts payable, accrued interest, dividends payable and advances from related parties (under "Trade and other current liabilities"), interest-bearing loans (under "Notes payable") and lease liabilities (see Notes 12, 13 and 21).

Impairment of Financial Assets. The Parent Company recognizes ECL for the following financial assets that are not measured at FVPL:

- Debt instruments that are measured at amortized cost and FVOCI;
- Loan commitments; and
- Financial guarantee contracts.

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

- *Stage 1: 12-month ECL*. For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

- *Stage 2: Lifetime ECL - not credit-impaired*. For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

- *Stage 3: Lifetime ECL - credit-impaired*. Financial assets are credit-impaired when one or *more* events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; or
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Parent Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

- *Determination of the Stage for Impairment*. At each reporting date, the Parent Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

  An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

- *Simplified Approach.* The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to accounts and other receivables under "Trade and other receivables". The Parent Company has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

  The Parent Company considers a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

- *Offsetting Financial Instruments.* Financial assets and financial liabilities are offset and the net amount is reported in the parent company statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derecognition of Financial Assets and Liabilities

- *Financial Assets.* A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

  - the rights to receive cash flows from the asset have expired;
  - The Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

- The Parent Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  Where the Parent Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

  Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Parent Company's continuing involvement is the amount of the transferred asset that the Parent Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Parent Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

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

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from dates of acquisition and that are subject to an insignificant risk of changes in value.

Prepaid Expenses and Other Current Assets

Prepayments and other current assets are recognized and carried at cost, less any impairment in value. These are recognized as assets when it is probable that any future economic benefit associated with the item will flow to or from the entity and the item has a cost or value that can be measured with reliability. An asset is not recognized in the parent company statement of financial position when expenditure has been incurred for which it is considered improbable that economic benefits will flow to the entity beyond the current accounting period. Instead, such a transaction results in the recognition of an expense in the parent company statement of comprehensive income.

Investments in and Advances to Subsidiaries and Associate

A subsidiary is an entity over which the Parent Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent Company controls another entity.

An associate is an entity over which the Parent Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investments in and advances to subsidiaries and associate are carried at cost, less impairment in value, in the parent company financial statements.

The Parent Company recognizes income from the investments only to the extent that the Parent Company receives distributions or establishes a right to receive distributions from accumulated profits of the subsidiaries and associate arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of per performance, will flow to the Parent Company. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Depreciation is computed using the straight-line method over the assets' estimated useful lives. Leasehold improvements are depreciated using the straight-line method over the estimated useful life of the improvements or the term of the lease, whichever is shorter. The estimated useful lives are as follows:

	Number of Years
Condominium units and improvements	5–40
Transportation equipment	5
Office furniture and equipment	2–10
Leasehold improvements	3–10
Other equipment	3–5

The useful lives and depreciation method are reviewed at each reporting date to ensure that such useful lives and depreciation method are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect to those assets.

When an asset is disposed of or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and the related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

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

Construction in progress represents structures under construction and is stated at cost. This includes the cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Property and equipment under construction are not depreciated until such time as the relevant assets are completed and put into operational use.

Leases

The Parent Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Parent Company as a Lessee. The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets. The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Unless the Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

	Number of Years
Land	15
Office space	1–4
Vehicle	5

Right-of-use assets are subject to impairment. Refer to the accounting policies in section Impairment of Nonfinancial Assets.

Lease Liabilities. At the commencement date of the lease, the Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases. The Parent Company applies the short-term lease recognition exemption to its short-term leases of office space and lot (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Foreign-currency-denominated Transactions

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at reporting date. Exchange gains and losses arising from foreign currency transactions and translations of foreign-currency-denominated monetary assets and liabilities are credited or charged to current operations.

Impairment of Nonfinancial Assets

As at December 31, 2024 and 2023, the Parent Company has investments in subsidiaries and associate, property and equipment and right-of-use assets which are classified as nonfinancial assets subject to impairment.

The Parent Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognized in the parent company statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Parent Company estimates the assets or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital Stock. Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscribing agreement and is measured at par value for all issued shares.



Additional Paid-in Capital. Consideration received in excess of par value are recognized as additional paid-in capital, net of incremental costs that are directly attributable to the issuance of new shares.

Retained Earnings. Retained earnings consist of appropriated and unappropriated balances. Appropriated retained earnings are restricted for specific purposes and/or are not available for dividend declaration. Unappropriated retained earnings are not restricted and include the cumulative balance of net income or loss, any dividend distributions, prior period adjustments and effects of any change in accounting policy.

Revenue Recognition

Revenue is measured based on the consideration to which the Parent Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Parent Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The Parent Company has concluded that it is the principal in its revenue arrangements because it controls the goods or services before these goods or services are transferred to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenues from Contracts with Customers

- *Management and Service Fees.* Revenue from management and service fees, arising from services involving consultancy, management, technical, and services covered by Service Level Agreements (SLAs), are recognized over time when the related services are rendered based on the terms of the management and service contracts.

- *Service Income.* Revenue from service income arising from intercompany charges are recognized over time when the related services are rendered based on agreed hourly billing rates.

For the years ended December 31, 2024, 2023 and 2022, the Parent Company has no variable consideration and the timing of revenue recognition currently does not result in any contract assets or liabilities and there are no unfulfilled performance obligations at any point in time.

Dividends. Dividends are recognized when the Parent Company's right to receive the payment is established.

Interest Income. Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Other Income. Other income includes services to third party, rental income from short-term leases and gain on disposal of property and equipment. These are generally recognized when earned. Rental income is recognized on a straight-line basis over the term of the lease while gain on disposal of property and equipment is recognized as the difference between the consideration and the book value of the property and equipment disposed.

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized in the parent company statement of comprehensive income when incurred.

Provisions
Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Parent Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the parent company statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Pension Benefits
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.
The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost;
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the parent company statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the parent company statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to parent company statement of comprehensive income in subsequent periods.



Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Taxes

Current Income Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax. Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the reporting date. Income tax relating to items recognized directly in equity is recognized in equity and not in the parent company statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-Added Tax (VAT). Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the parent company statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the parent company statement of financial position to the extent of the recoverable amount.

Earnings Per Share

Basic earnings per common share is calculated by dividing net income for the year attributable to the common stockholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year, after retroactive adjustments for any stock dividend declared.

Diluted earnings per share is calculated by dividing the net income for the year attributable to the common stockholders of the Parent Company by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued for outstanding common stock equivalents.

As of December 31, 2024 and 2023, the Parent Company does not have dilutive common stock equivalents.

Contingencies

Contingent liabilities are not recognized in the parent company financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period

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

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the parent company financial statements in compliance with PFRS Accounting Standards requires the Parent Company to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and related notes. In preparing these parent company financial statements, the Parent Company made its best judgments and estimates of certain amounts, giving due consideration to materiality. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

The Parent Company believes that the following represent a summary of these significant accounting estimates and the related impact and associated risks in the parent company financial statements.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating Allowance for Impairment of Losses on Investments in and Advances to Subsidiaries and Associate. Investments in and advances to subsidiaries and associate are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In 2024 and 2023, there was an increase in the carrying value of HDFE's investment properties being appraised. Thus, a reversal of prior impairment was recognized in 2024 and 2023 amounting to ₱27.2 million and ₱45.7 million, respectively.

Estimating Provision for Pension Liability. The costs of defined benefit pension plans, as well as the present value of the pension obligation, are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The pension liability as of December 31, 2024 and 2023 amounted to ₱124.6 million and ₱101.9 million, respectively (see Note 15).

Further details about the assumptions used are provided in Note 15.

Estimating Realizability of Deferred Income Tax Assets. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of such deferred income tax assets to be utilized. The Parent Company's assessment on the recognition of deferred income tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Parent Company.

Deferred income tax assets amounted to ₱53.6 million and ₱47.8 million as of December 31, 2024 and 2023, respectively. Deferred income tax assets have not been recognized on net operating loss carry-over (NOLCO) of ₱1.4 billion and ₱1.1 billion as of December 31, 2024 and 2023, respectively, and excess minimum corporate income tax (MCIT) of ₱1.0 million as of December 31, 2024 and 2023, because management believes that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized (see Note 16).

Estimating the Incremental Borrowing Rate for Lease Liability. The Parent Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Parent Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Parent Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Parent Company estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

The Parent Company's lease liabilities amounted to ₱52.7 million and ₱21.6 million as of December 31, 2024 and 2023, respectively (see Note 21).

6. Cash and Cash Equivalents

	2024	2023
Cash on hand and in banks	**₱18,747,926**	₱54,191,369
Short-term investments	**1,189,546,697**	1,415,746,998
	₱1,208,294,623	₱1,469,938,367

Cash in banks earn interest at the respective bank deposit rates. Short-term investments are cash equivalents and made for varying periods of up to three months depending on the immediate cash requirements of the Parent Company and earn interest at the respective short-term investment rates.

Interest income recognized from cash in banks and short-term investments amounted to ₱90.4 million, ₱63.2 million, and ₱37.9 million in 2024, 2023 and 2022, respectively. Accrued interest receivable amounted to ₱10.0 million and ₱6.4 million as of December 31, 2024 and 2023, respectively (see Note 7).

7. Trade and Other Receivables

	2024	2023
Trade receivables:		
Related parties (see Note 14)	**₱36,158,272**	₱120,760,306
Third parties	**2,701,404**	252,155,992
Advances to related parties (see Note 14)	**1,358,944,912**	1,103,140,188
Accrued interest receivable (see Note 6)	**9,960,019**	6,378,861
Advances to employees	**5,114,073**	–
Others (see Note 14)	**33,291,441**	24,467,952
	1,446,170,121	1,506,903,299
Less allowance for impairment and credit losses	**2,419,972**	2,419,972
	₱1,443,750,149	₱1,504,483,327

Trade receivables represent amounts owed by third parties and related parties for consultancy, management, technical and other related services rendered by the Parent Company. These are noninterest-bearing and collectible within 10 to 30 days.

Advances to employees pertain to cash advanced to the Parent Company's employees for official business expenses which are subject to liquidation upon completion of the purpose for which the cash is advanced.

Other receivables arise from transactions other than those related to the Parent Company's normal course of business such as nontrade intercompany charges, receivable from government agencies and others.

The Parent Company has an allowance for impairment losses of receivables amounting to ₱2.4 million in 2024 and 2023.

The Parent Company did not recognize provision for estimated credit losses in 2024 and 2023 as a result of performing collective impairment tests using the simplified approach.

8. Prepaid Expenses and Other Current Assets

	2024	2023
Input VAT	**₱22,783,400**	₱11,026,541
Prepayments	**16,991,279**	9,637,945
Others	**4,921,415**	8,270,272
	₱44,696,094	₱28,934,758

Prepayments include prepaid rentals and advance payments for health insurance coverage and all risks of direct physical loss or damage to the Parent Company's properties. Others include advance payment to suppliers and unused office supplies.

9. Investments in and Advances to Subsidiaries and Associate

The components of the carrying values of investments accounted for under the cost method and advances to subsidiaries and associate are as follows:

	Nature of Business	Ownership	**2024**	2023
Investments in Subsidiaries				
VEC	Holding Company/ Power generation	100.00	**₱5,532,915,995**	₱5,532,915,995
VIHI	Holding company	100.00	**1,436,915,948**	605,336,770
HDFE	Holding company	50.94	**760,507,362**	760,507,362
SGPDC	Real estate	100.00	**66,900,000**	66,750,000
VRVC*	Real estate	–	**26,156,250**	26,156,250
			7,823,395,555	6,991,666,377
Less allowance for impairment loss			**267,593,789**	294,813,154
			7,555,801,766	6,696,853,223
Investments in Associate				
VECO	Power distribution	34.81	**919,693,137**	919,693,137
Advances for Future Stock Subscription				
HDFE			**16,811,225**	16,811,225
VIHI			–	636,184,260
			16,811,225	652,995,485
			₱8,492,306,128	₱8,269,541,845

**Preferred shares*

Subsidiaries

VEC, VIHI, HDFE, and SGPDC qualify as the Parent Company's subsidiaries. The relevant operations of the subsidiaries are as follows:

VEC. VEC is a holding company with the following direct and indirect equity shareholdings:

	2024		2023	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Subsidiaries				
VIGC	**100.00**	**–**	100.00	–
VREC	**100.00**	**–**	100.00	–
Core	**100.00**	**–**	100.00	–
DPHI	**100.00**	**–**	100.00	–
VIDC	**100.00**	**–**	100.00	–
AHC	**100.00**	**–**	100.00	–
INPC	**55.00**	**45.00**	55.00	45.00
1590 EC	**55.20**	**–**	55.20	–
VMHI	**20.00**	**47.00**	20.00	47.00
VGPC	**–**	**100.00**	–	100.00
BPC	**81.00**	**9.00**	81.00	9.00
NBPC	**81.00**	**9.00**	81.00	9.00
SPHC	**–**	**100.00**	–	100.00
VSC	**–**	**100.00**	–	100.00
CSSC	**–**	**100.00**	–	100.00
CREC		**100.00**		100.00
CIPC	**100.00**	**–**	100.00	–
Delta P	**100.00**	**–**	100.00	–
LPEC	**100.00**	**–**	100.00	–
SIAEC	**100.00**	**–**	100.00	–
MPI	**100.00**	**–**	100.00	–
SPREC	**–**	**100.00**	–	100.00
SGC	**100.00**	**–**	100.00	–
API	**100.00**	**–**	100.00	–
AEC	**100.00**	**–**	100.00	–
BRPC	**100.00**	**–**	**–**	–
BEC	**100.00**	**–**	100.00	–
SEGC	**100.00**	**–**	100.00	–
SCEC	**100.00**	**–**	100.00	–
OSAC	**100.00**	**–**	–	–
VVAC	**100.00**	**–**	–	–
VSCC	**100.00**	**–**	–	–
VSUC	**100.00**	**–**	–	–
Associates				
Cebu Private Power Corporation	**40.00**	**–**	40.00	–
Prism Energy, Inc. (PEI)	**40.00**	**–**	40.00	–
LPCI	**–**	**42.50**	–	42.50
Global Luzon Energy Development Corporation (GLEDC)	**–**	**42.50**	–	42.50
AHI	**–**	**40.00**	–	40.00
MPC	**–**	**40.00**	–	40.00
LWEC	**–**	**40.00**	–	40.00
TVI	**18.00**	**2.00**	18.00	2.00

VEC declared dividends to the Parent Company amounting to ₱210.0 million in 2024, ₱232.3 million in 2023, and ₱730.4 million in 2022 (see Note 14). As of December 31, 2024 and 2023, there are no dividends receivable from VEC (see Note 7).

HDFE. As of December 31, 2024 and 2023, an appraisal of HDFE's investment properties showed an increase in their fair market values, thereby increasing the carrying value of the Parent Company's investment in HDFE. Reversal of allowance for impairment loss was recognized in the parent company statements of comprehensive income amounting to ₱27.2 million and ₱45.7 million in 2024 and 2023, respectively.

VIHI. VIHI is a holding company with the following direct and indirect equity shareholdings:

	2024		2023	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Subsidiaries				
VHHI	**100.00**	**–**	100.00	–
WMP	**–**	**–**	–	60.00
WMP SEA	**–**	**–**	–	60.00
IMCC	**–**	**100.00**	–	100.00
NMCWC	**–**	**100.00**	–	100.00
VTHI	**100.00**	**–**	100.00	–
BIWSC	**–**	**100.00**	**–**	**–**
IBWC	**–**	**100.00**	**–**	**–**
WCWSC	**–**	**100.00**	**–**	**–**
Associates				
Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS)	**–**	**45.00**	–	45.00
Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC)	**–**	**40.31**	–	40.31

In 2023 and 2022, the Parent Company made additional investments in VIHI amounting to ₱228.4 million and ₱316.6 million, respectively, which represent advances for future stock subscriptions for a total issuance of 54,504,054 common shares and 490,536,456 preferred shares, both with par value of ₱1.00 per share. In 2024, the ACS increase of VIHI is already approved, thus, advances for future stock subscriptions were converted to issued shares.

In 2024, the Parent Company made additional investments in VIHI amounting to ₱195.4 million for the issuance of 19,539,495 common shares and 175,855,423 preferred shares, both with par value of ₱1.00 per share.

Associate

VECO. VECO declared cash dividends to the Parent Company amounting to ₱995.9 million, ₱763.7 million, and ₱827.5 million in 2024, 2023 and 2022, respectively (see Note 14).

10. **Property and Equipment**

	2024						
	Condominium Units and Improvements	**Transportation Equipment**	**Office Furniture and Equipment**	**Leasehold Improvements**	**Other Equipment**	**Construction in Progress**	**Total**
Cost							
At January 1	**₱36,421,603**	**₱71,305,220**	**₱100,314,047**	**₱53,531,886**	**₱14,115,248**	**₱12,808,921**	**₱288,496,925**
Additions	**363,161,282**	**19,351,786**	**23,693,104**	**16,433,678**	**6,451,404**	**1,010,276**	**430,101,530**
Disposals	–	**(15,845,437)**	–	–	–	–	**(15,845,437)**
At December 31	**399,582,885**	**74,811,569**	**124,007,151**	**69,965,564**	**20,566,652**	**13,819,197**	**702,753,018**
Accumulated Depreciation							
At January 1	**25,630,223**	**39,258,157**	**76,334,491**	**38,641,999**	**8,471,678**	**–**	**188,336,548**
Additions	**499,527**	**12,150,922**	**8,990,387**	**7,592,841**	**533,573**	**–**	**29,767,250**
Disposals	–	**(14,833,911)**	–	–	–	–	**(14,833,911)**
At December 31	**26,129,750**	**36,575,168**	**85,324,878**	**46,234,840**	**9,005,251**	**–**	**203,269,887**
Net Book Value	**₱373,453,135**	**₱38,236,401**	**₱38,682,273**	**₱23,730,724**	**₱11,561,401**	**₱13,819,197**	**₱499,483,131**

	2023						
	Condominium Units and Improvements	Transportation Equipment	Office Furniture and Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Cost							
At January 1	₱36,421,603	₱56,325,959	₱84,942,878	₱53,475,723	₱8,711,461	₱9,111,493	₱248,989,117
Additions	–	19,117,857	15,410,723	56,163	5,403,787	3,697,428	43,685,958
Disposals	–	(4,138,596)	(39,554)	–	–	–	(4,178,150)
At December 31	36,421,603	71,305,220	100,314,047	53,531,886	14,115,248	12,808,921	288,496,925
Accumulated Depreciation							
At January 1	25,143,096	33,594,627	67,379,899	31,239,974	8,336,301	–	165,693,897
Additions	487,127	9,802,123	8,994,145	7,402,025	135,377	–	26,820,797
Disposals	–	(4,138,593)	(39,553)	–	–	–	(4,178,146)
At December 31	25,630,223	39,258,157	76,334,491	38,641,999	8,471,678	–	188,336,548
Net Book Value	₱10,791,380	₱32,047,063	₱23,979,556	₱14,889,887	₱5,643,570	₱12,808,921	₱100,160,377

In 2024, the Parent Company acquired condominium units in Makati that will be used as the new office amounting to ₱363.2 million.

Construction in progress mainly includes costs for renovation and improvements of the office in 2024 and 2023.

11. **Other Noncurrent Assets**

	2024	2023
Creditable tax withheld	**₱160,724,388**	₱148,594,543
Loans receivable	**19,166,667**	–
Financial assets at FVOCI	**8,000,000**	8,000,000
Input VAT - noncurrent	**7,242,814**	–
Others - net of allowance for impairment loss of ₱46.1 million	**11,707,099**	10,670,866
	₱206,840,968	₱167,265,409

Creditable Tax Withheld

These pertain to taxes withheld by customers on income payments to the Parent Company for sales of services that can be applied against its income tax liabilities.

Loans receivable

This pertains to loans receivable from WMP as of December 31, 2024 which are collectible in two years at an annual interest rate of 10.82%.

Financial Assets at FVOCI

As of December 31, 2024 and 2023, the carrying value of the financial assets at FVOCI are as follows:

Cost:	
Cebu Country Club, Inc.	₱3,400,000
Tower Club, Inc.	300,000
	3,700,000
Fair value remeasurement gain (loss):	
Cebu Country Club, Inc.	4,600,000
Tower Club, Inc.	(300,000)
	4,300,000
	₱8,000,000

Cebu Country Club, Inc. In 2012, the Parent Company acquired proprietary ownership shares in the Cebu Country Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares.

Tower Club, Inc. In 2014, the Parent Company acquired proprietary ownership shares in the Tower Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares. On September 25, 2020, the shareholders of Tower Club agreed to shorten its corporate life and permanently close by January 2022.

Fair value hierarchy disclosures for the Parent Company's financial assets at FVOCI are provided in Note 19.

Others

Others include receivable from RFM Corporation, the Parent Company's previous owner, which has been fully provided with allowance for impairment losses as of December 31, 2024 and 2023. Also included in this account are security deposits with various tenants and other parties.

12. Trade and Other Current Liabilities

	2024	2023
Accrued expenses	**₱101,270,662**	₱21,312,256
Accounts payable	**20,587,577**	20,162,752
Accrued interest (see Note 13)	**12,615,769**	12,865,361
Accrued taxes payable	**8,488,813**	5,081,370
Dividends payable	**6,446,873**	5,590,933
Advances from related parties (see Note 14)	**4,633,338**	3,160,865
Deferred output VAT - net	**1,833,104**	43,044,346
Advances from employees	**–**	1,030,821
Others	**7,872,357**	7,400,895
	₱163,748,493	₱119,649,599

Accrued expenses includes accruals for legal fees, securities and transfer fees and other expenses.

Accounts payable consist mainly of liabilities for payroll, professional fees and other expenses.

Accrued taxes payable are accruals for documentary stamp tax, VAT, and withholding taxes on wages and on certain income tax payments.

Others include contributions payable to government agencies and unearned income related to consideration received for transactions pending execution of the contracts.

13. Notes Payable

	2024	2023
2021 Fixed Rate Corporate Notes (FRCN)		
₱2.0 billion at 4.3000% interest per annum	**₱1,850,000,000**	₱1,900,000,000
Less unamortized debt issue costs	**5,326,407**	10,181,617
	1,844,673,593	1,889,818,383
Less current portion - net of unamortized debt issue costs of ₱4.9 million in 2022 and ₱10.8 million in 2021	**45,054,514**	45,144,790
	₱1,799,619,079	₱1,844,673,593

On December 4, 2020, the Parent Company signed an Agreement to issue ₱3.0 billion 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 Parent Company issued an FRCN last January 27, 2021 amounting to ₱3.0 billion to fund its equity investments in power generation and 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 ₱50.0 million for the first four years and a balloon payment of ₱1.8 billion on maturity. On January 27, 2023, the first tranche of the loan matured and was settled. Loan amortizations in 2024 and 2023 amounting to ₱50 million and ₱1.1 billion, respectively, were settled upon maturity. On January 27, 2025, ₱50.0 million of the total principal amount was settled upon maturity.

Repayments of outstanding principal amounts are scheduled as follows:

	2024	2023
Within one year	**₱50,000,000**	₱50,000,000
More than one year but not more than five years	**1,800,000,000**	1,850,000,000
	₱1,850,000,000	₱1,900,000,000

The Agreement requires that the Parent Company shall not permit its debt-to-equity ratio to exceed 2.5:1. The debt-to-equity ratio is based on the Parent Company's debt and consolidated equity. In addition, the Agreement requires the current ratio to not fall below 1.25:1 and is based on the consolidated current assets and consolidated current liabilities. The Parent Company has complied with these ratio requirements as of December 31, 2024 and 2023.

Interest expense recognized in the parent company statements of comprehensive income related to these notes payable amounted to ₱87.6 million, ₱93.8 million, and ₱122.7 million in 2024, 2023 and 2022, respectively, and the related accrued interest expense as of December 31, 2024 and 2023 amounted to ₱12.6 million and ₱12.9 million, respectively (see Note 12).

Debt issue costs were incurred in connection with the financing arrangements. These costs are amortized, using the EIR method, over the term of the related loans. The Parent Company has recognized amortization of debt issue costs amounting to ₱4.9 million, ₱5.2 million, and ₱10.8 million in 2024, 2023 and 2022, respectively. These are presented under "Interest expense" in the parent company statements of comprehensive income.

14. Related Party Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

In the normal course of business, the Parent Company enters into transactions with related parties principally consisting of the following:

		2024			
		Outstanding Balance			
Category	Volume	Receivable	Payable	Terms	Conditions
Subsidiaries					
Dividend income (see Note 9):					
VEC	**₱209,955,400**	**₱–**	**₱–**	**15-30 days; noninterest-bearing**	**Unsecured**
Management and service fees income (see Note 14a):					
VEC	**123,979,100**	**11,374,651**		**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
VIHI	**53,252,215**	**24,224,451**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
HDFE	**840,000**	**67,900**	**–**	**15-30 days; noninterest-bearing**	**Unsecured**
Delta P	**–**	**491,270**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
Service income (see Note 14a):					
VEC	**3,181,383**	**4,279,901**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
VIHI	**2,443,527**	**1,949,876**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
CORE	**445,242**	**339,433**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
SGPDC	**437,670**	**481,437**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
VHHI	**322,089**	**360,740**	**125,563**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
INPC	**267,949**	**1,873,180**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
NMCWC	**259,265**	**–**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
VRVC	**197,330**	**217,063**		**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
HDFE	**172,000**	**189,200**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
MPI	**157,234**	**149,511**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**

(Forward)

	2024				
		Outstanding Balance			
Category	Volume	Receivable	Payable	Terms	Conditions
IMCC	₱148,509	₱539,483	₱–	15-30 days; noninterest-bearing	Unsecured; no impairment
BPC	33,137	970,056	–	15-30 days; noninterest-bearing	Unsecured; no impairment
NBPC	18,000	893,367	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CIPC	80,954	107,632	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Delta P	53,919	4,383,893	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SIAEC	1,474	₱2,513	–	15-30 days; noninterest-bearing	Unsecured; no impairment
PPWRLC	5,670	6,237	–	15-30 days; noninterest-bearing	Unsecured; no impairment
1590 EC	92	29,289	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CSSC	–	2,704,021	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VMHI	–	154,311	–	15-30 days; noninterest-bearing	Unsecured; no impairment
LPEC	–	104,833	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Advances (see Note 14c):					
IMCC	205,476,259	501,374,908	–	Within one year; 9.08%-10.82% interest	Unsecured; no impairment
BIWSC	70,000,000	70,000,000	–	Within one year; 10.82% interest	Unsecured; no impairment
VEC	706,799	4,342,945	3,288,638	15-30 days; noninterest-bearing	Unsecured; no impairment
HDFE	237,636	297,006	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VIHI	116,520	203,581,938	822,790	15-30 days; noninterest-bearing	Unsecured; no impairment
IMCC	6,200	568,274,941	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CORE	29,057	214,157	10,105	15-30 days; noninterest-bearing	Unsecured; no impairment
INPC	10,477	183,358	6	15-30 days; noninterest-bearing	Unsecured; no impairment
BPC	21,557	117,462	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Delta P	19,427	425,636	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CIPC	749	31,583	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SGPDC	59	9,923,235	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SIAEC	19,468	34,468	–	15-30 days; noninterest-bearing	Unsecured; no impairment
1590 EC	10,057	23,611	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VHHI	30	30	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VCCI	1,288	1,288	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VTHI	762	762	–	15-30 days; noninterest-bearing	Unsecured; no impairment
NBPC	500	9,282	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CSSC (Formerly ETEI)	30	9,505	–	15-30 days; noninterest-bearing	Unsecured; no impairment
DPHI (Formerly VII)	30	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment

(Forward)

	2024				
		Outstanding Balance			
Category	Volume	Receivable	Payable	Terms	Conditions
VIDC	₱30	₱30	₱–	15-30 days; noninterest-bearing	Unsecured; no impairment
NMCWC	30	30	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VREC	290	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
LPEC	30	2,319	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CREC	–	258	–	15-30 days; noninterest-bearing	Unsecured; no impairment
AEC	1,443	1,443	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SCEC	1,443	1,443	–	15-30 days; noninterest-bearing	Unsecured; no impairment
API	1,443	1,443	–	15-30 days; noninterest-bearing	Unsecured; no impairment
BEC	1,443	1,443	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SEGC	1,443	1,443	–	15-30 days; noninterest-bearing	Unsecured; no impairment
MPI	500	500	–	15-30 days; noninterest-bearing	Unsecured; no impairment
BIWSC	2,500	2,500	–	15-30 days; noninterest-bearing	Unsecured; no impairment
WCWSC	2,500	2,500	–	15-30 days; noninterest-bearing	Unsecured; no impairment
IBWC	2,500	2,500	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VVAC	2,500	2,500	–	15-30 days; noninterest-bearing	Unsecured; no impairment
OSAC	2,500	2,500	–	15-30 days; noninterest-bearing	Unsecured; no impairment
BRPC	2,360	2,360	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Interest income on advances (see Note 14c)					
IMCC	57,642,453	10,497,589	–	On Demand	Unsecured; no impairment
HDFE	77,980	–	–	On Demand	Unsecured; no impairment
Transferred pension obligations (see Note 14d)					
VEC	200,292	19,883	14,050,726	On Demand; noninterest-bearing	Unsecured
VIHI	754,526	1,101,069	1,414,737	On Demand; noninterest-bearing	Unsecured
Lease liabilities (see Note 14e)					
SGPDC	433,848	–	3,060,810	15-30 days; noninterest-bearing	Unsecured
Associates					
Dividend income (see Note 9)					
VECO	995,922,474	–	–	15-30 days; noninterest-bearing	Unsecured
Advances (see Note 14c):					
GLEDC	–	30,609	–	15-30 days; noninterest-bearing	Unsecured; no impairment
LPCI	–	300	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Service income (see Note 14a):					
GLEDC	–	25,101	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VECO	–	616	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Advances (see Note 14c)					
Shareholder	–	42,676	–	15-30 days; noninterest-bearing	Unsecured; no impairment

	2023				
		Outstanding Balance			
Category	Volume	Receivable	Payable	Terms	Conditions
Subsidiaries					
Dividend income (see Note 9)					
VEC	₱232,388,020	₱ –	₱ –	15-30 days; noninterest-bearing	Unsecured
Management and service fees income (see Note 14a):					
VEC	111,960,456	112,979,922		15-30 days; noninterest-bearing	Unsecured; no impairment
VIHI	46,538,832	5,380,414	–	15-30 days; noninterest-bearing	Unsecured; no impairment
WMP	1,925,000	1,705,000	–	15-30 days; noninterest-bearing	Unsecured; no impairment
HDFE	840,000	203,700	–	15-30 days; noninterest-bearing	Unsecured
Delta P	–	491,270	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Service income (see Note 14a):					
VEC	1,592,059	1,796,431	125	15-30 days; noninterest-bearing	Unsecured; no impairment
VIHI	1,350,256	765,343	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CORE	312,465	245,109	–	15-30 days; noninterest-bearing	Unsecured; no impairment
IMCC	135,143	464,962	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VIGC	98,350	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
INPC	91,044	38,647	–	15-30 days; noninterest-bearing	Unsecured; no impairment
LPEC	93,601	104,833	–	15-30 days; noninterest-bearing	Unsecured; no impairment
BPC	55,490	937,514	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CSSC	24,085	2,704,021	–	15-30 days; noninterest-bearing	Unsecured; no impairment
1590 EC	23,463	29,188	–	15-30 days; noninterest-bearing	Unsecured; no impairment
INEC	19,668	1,733,844	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Delta P	8,315	4,324,582	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VMHI	6,350	154,311	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SIAEC	780	862	–	15-30 days; noninterest-bearing	Unsecured; no impairment
NBPC	–	873,567	–	15-30 days; noninterest-bearing	Unsecured; no impairment
NMCWC	–	163,638	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SGDPC	–	116,133	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VRVC	–	109,844	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CIPC	–	18,582	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VAHC	–	4,144	–	15-30 days; noninterest-bearing	Unsecured; no impairment
WMP	–	5	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VHHI	–	–	125,563	15-30 days; noninterest-bearing	Unsecured; no impairment
Advances (see Note 14c):					
VEC	1,071,528	2,920,590	2,452,809	15-30 days; noninterest-bearing	Unsecured; no impairment

(Forward)

	2023				
		Outstanding Balance			
Category	Volume	Receivable	Payable	Terms	Conditions
IMCC	₱295,898,649	₱295,898,649	₱–	Within one year; 9.08%-10.82% interest	Unsecured; no impairment
WMP	20,000,000	20,000,000	–	Within one year; 9.08%-10.82% interest	Unsecured; no impairment
HDFE	2,650,000	2,650,000	–	Within 1 year; 9.08% interest	Unsecured; no impairment
VIHI	1,908,447	202,331,595	706,359	15-30 days; noninterest-bearing	Unsecured; no impairment
IMCC	634,173	568,270,241	–	15-30 days; noninterest-bearing	Unsecured; no impairment
HDFE	108,660	114,351	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CORE	77,390	176,686	1,691	15-30 days; noninterest-bearing	Unsecured; no impairment
INPC	40,944	32,886	–	15-30 days; noninterest-bearing	Unsecured; no impairment
BPC	26,365	95,905	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Delta P	31,453	406,209	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CIPC	20,679	30,834	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SGPDC	16,000	9,939,255	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SIAEC	15,000	15,000	–	15-30 days; noninterest-bearing	Unsecured; no impairment
1590 EC	12,138	23,111	–	15-30 days; noninterest-bearing	Unsecured; no impairment
EVC	1,660	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
WMP	580	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
INEC	500	139,995	6	15-30 days; noninterest-bearing	Unsecured; no impairment
NBPC	500	8,782	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CSSC (Formerly ETEI)	500	9,475	–	15-30 days; noninterest-bearing	Unsecured; no impairment
DPHI (Formerly VII)	246	246	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VREC	246	246	–	15-30 days; noninterest-bearing	Unsecured; no impairment
LPEC	–	2,289	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CREC	–	258	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Interest income on advances (see Note 14c)					
IMCC	13,550,595	5,502,843	–	On Demand	Unsecured; no impairment
WMP	705,922	479,234	–	On Demand	Unsecured; no impairment
HDFE	186,023	58,830	–	On Demand	Unsecured; no impairment
Interest income on Interim Financing Agreement (see Note 14f)					
FLOWS	17,857,143	–	–	On Demand	Unsecured; no impairment
Transferred pension obligations (see Note 14d)					
VEC	2,404,849	–	13,830,551	On Demand; noninterest-bearing	Unsecured
VIHI	–	–	1,068,194	On Demand; noninterest-bearing	Unsecured

(Forward)

	2023				
		Outstanding Balance			
Category	Volume	Receivable	Payable	Terms	Conditions
Lease liabilities (see Note 14e)					
SGPDC	₱413,189	₱–	₱3,453,471	15-30 days; noninterest-bearing	Unsecured
Associates					
Dividend income (see Note 9):					
VECO	763,687,641	–	–	15-30 days; noninterest-bearing	Unsecured
Advances (see Note 14c):					
GLEDC	–	30,609	–	15-30 days; noninterest-bearing	Unsecured; no impairment
LPCI	–	300	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Service income (see Note 14a):					
GLEDC	–	25,101	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VECO	–	616	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Stockholders					
Professional fees (see Note 14b):					
JDC	7,218,220	–	–	15-30 days; noninterest-bearing	Unsecured
MRC	10,827,329	–	–	15-30 days; noninterest-bearing	Unsecured
Advances (see Note 14c):					
Shareholder	–	42,676	–	15-30 days; noninterest-bearing	Unsecured; no impairment

The transactions above are generally settled in cash.

a. Management and service fees and service income from subsidiaries and associates represent compensation for consultancy, management and other related services rendered by the Parent Company and for the use of the Parent Company's facilities in accordance with the terms of the respective agreements with the related parties. Services covered by SLAs or management contracts are recognized as part of the "Management and service fees" account while those not within the scope of work in the SLAs and rendered to the subsidiaries and associates on irregular basis are recognized as part of the "Service income" account in the parent company statements of comprehensive income.

b. The Parent Company entered into agreements with MRC and JDC, its stockholders, to perform consultancy services. For the consideration of the services rendered by MRC and JDC, the Parent Company will pay management fees agreed upon by the parties, without need for further demand. These are recognized as part of "Professional fees" in the parent company statements of comprehensive income.

c. Advances to and from subsidiaries, associates and shareholders pertain to advances for working capital requirements. Advances to shareholder pertains to the life insurance plan advanced by the Parent Company for a member of its BOD.

d. In 2023, the Parent Company released pension obligation to VEC due to employee transfers amounting to ₱2.4 million. In 2024, the Parent Company acquired pension obligation from VEC and VIHI amounting to ₱0.6 million and released pension obligation to VEC and VIHI amounting to ₱1.1 million, both due to employee transfers.

e. In 2017, the Parent Company entered into lease agreements as lessee with SGPDC to lease a parcel of land for a period of seventeen (17) years and four (4) months from September 1, 2017 to December 31, 2034. On January 15, 2025, an addendum to the lease agreement was executed amending the monthly rental fee to ₱0.06 million with a 3-year periodic increase of 5% starting January 2028.

f. On February 14, 2020, the Parent Company entered into an Interim Financing Agreement (IFA) with FLOWS for the development of a combined sewerage and septage facility serving the City of Puerto Princesa. The IFA is for a term of four (4) months or until June 13, 2020 at an interest rate of 5.7810% per annum. On June 13, 2020, the IFA was later extended. On January 13, 2023, the Parent Company collected the outstanding receivable of ₱150.0 million and recognized interest income amounting to ₱17.9 million, presented as part of "Other income" in the 2023 statement of comprehensive income.

The retirement fund (the Fund) of the Parent Company is in the form of a trust being maintained and managed by a trust and investment entity in the Philippines. The Fund, which is invested mostly in fixed income securities, has a carrying amount and fair value of ₱25.0 million and ₱23.8 million as of December 31, 2024 and 2023, respectively (see Note 15).

Compensation and Benefits of Key Management Personnel

The compensation of the Parent Company's key management personnel by benefit type follows:

	2024	2023	2022
Short-term employee benefits	**₱158,210,569**	₱129,585,085	₱138,988,012
Post-employment pension benefits	**15,233,795**	6,447,763	8,120,745
	₱173,444,364	₱136,032,848	₱147,108,757

15. Retirement Plan

The Parent Company has a funded, non-contributory, defined benefit pension plan ("the Plan") covering all regular, permanent employees. The Plan provides lump sum benefits upon a member's normal retirement. The benefits are based on the member's final monthly salary and length of service with the Parent Company.

The Fund is administered by a trust and investment entity in the Philippines under the supervision of a trustee. The trustee is responsible for the investment strategy of the plan.

The existing regulatory framework, Republic Act (RA) 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of pension expense recognized in the parent company statements of comprehensive income and the funded status and amounts recognized in the parent company statements of financial position for the pension plan.

The components of the pension expense recognized under "Salaries and employee benefits" in the parent company statements of comprehensive income follow:

	2024	2023	2022
Current service cost	**₱16,258,066**	₱6,326,275	₱8,105,076
Net interest cost	**5,302,636**	2,022,851	1,648,854
	₱21,560,702	₱8,349,126	₱9,753,930

Remeasurement effects recognized in the parent company statements of comprehensive income follow:

	2024	2023	2022
Remeasurement gain (loss) on defined benefit obligation	**(₱613,025)**	(₱59,405,425)	₱7,660,909
Remeasurement loss on plan assets	**(1,114,852)**	(1,112,806)	(2,072,926)
	(₱1,727,877)	(₱60,518,231)	₱5,587,983

The Parent Company's pension liability as of December 31, 2024 and 2023 follows:

	2024	2023
Present value of defined benefit obligation	**₱149,615,722**	₱125,658,446
Fair value of plan assets	**(24,990,653)**	(23,767,722)
Pension liability	**₱124,625,069**	₱101,890,724

Changes in the present value of the defined benefit obligation follow:

	2024	2023
At January 1	**₱125,658,446**	₱58,155,763
Current service cost	**16,258,066**	6,326,275
Interest cost on defined benefit obligation	**7,640,419**	4,175,832
Remeasurement loss due to:		
Changes in financial assumptions	**185,623**	54,459,305
Experience adjustments	**427,402**	4,946,120
Employee transfers (see Note 14)	**(554,234)**	(2,404,849)
At December 31	**₱149,615,722**	₱125,658,446

Changes in the fair value of plan assets are as follows:

	2024	2023
At January 1	**₱23,767,722**	₱22,727,547
Interest income included in net interest cost	**2,337,783**	2,152,981
Loss on return on plan assets	**(1,114,852)**	(1,112,806)
At December 31	**₱24,990,653**	₱23,767,722

Changes in the amounts recognized in the parent company statements of financial position for pension liability follow:

	2024	2023
At January 1	**₱101,890,724**	₱35,428,216
Pension expense	**21,560,702**	8,349,126
Remeasurement gain	**1,727,877**	60,518,231
Employee transfers (see Note 14)	**(554,234)**	(2,404,849)
At December 31	**₱124,625,069**	₱101,890,724

The major categories of the plan assets are as follows:

	2024	2023
Unquoted investments:		
Unitized investment trust funds (UITF)	**₱22,261,961**	₱23,767,534
Equities	**2,269,734**	–
Cash and cash equivalents	**294**	188
	₱24,531,989	₱23,767,722

The control and administration of the fund vest on the trustee. The trustee shall have the full and complete power and authority to hold, manage, administer, convert, sell, assign, alter, divide, invest, and reinvest the fund without distinction between principal and income, to the same extent and with the same effect as might be lawfully done by persons who own and control property and may thus exercise every power and right with respect to each item of property in this trust authority specified in the agreement and expressly conferred upon it by law.

The overall investment policy and strategy of the Parent Company's defined benefit pension plan is guided by the objective of providing the necessary funding for the benefits payable under the plan and achieving such liquidity as deemed appropriate in the circumstances.

The Parent Company contributed to the fund in March 2025.

The principal assumptions used in determining pension liability obligations for the Parent Company's plan as of December 31 are shown below:

	2024	2023
Discount rate	**6.10%**	6.11%
Future salary increase rate	**10.00%**	10.00%

The sensitivity analysis below has been determined based on reasonable possible changes of the significant assumptions on the present value of the defined benefit obligation as of December 31, assuming all other assumptions were held constant:

	Increase (Decrease)	Increase (Decrease) in the Present Value of Defined Benefit Obligation	
		2024	2023
Discount rate	+100 basis points	**(₱15,330,649)**	(₱13,676,744)
	–100 basis points	**17,782,439**	15,950,331
Future salary increase rate	+100 basis points	**17,464,711**	15,633,393
	–100 basis points	**(15,376,623)**	(13,691,687)

The average duration of the defined benefit obligation at the end of the reporting period is 14.73 years and 15.22 years as of December 31, 2024 and 2023, respectively.

The expected benefit payment assumes that all actuarial assumptions will materialize. Shown below is the maturity analysis of the undiscounted benefit payments as of December 31:

	2024	2023
Less than one year	**₱1,747,641**	₱1,221,332
More than 1 year to 5 years	**22,617,759**	15,339,591
More than 5 years to 10 years	**102,791,683**	87,878,967
More than 10 years to 15 years	**264,663,774**	219,733,108
More than 15 years to 20 years	**181,160,394**	125,089,217
More than 20 years	**466,799,914**	397,534,286
	₱1,039,781,165	₱846,796,501

16. Income Tax

	2024	2023	2022
Final (at 20% and 7.5%)	**₱18,891,907**	₱12,379,193	₱6,112,505
Deferred	**1,514,173**	2,162,894	3,346,810
Current (MCIT)	**–**	1,029,429	–
	₱20,406,080	₱15,571,516	₱9,459,315

The reconciliation of the income tax expense computed at the statutory tax rate to provision for income tax reported in the parent company statements of comprehensive income follows:

	2024	2023	2022
Income before income tax	**₱925,867,095**	₱1,010,575,452	₱1,280,068,293
Income tax computed at the statutory tax rate	**₱231,466,774**	₱252,643,863	₱320,017,073
Adjustments to income tax resulting from:			
Nontaxable dividend income	**(301,469,469)**	(249,018,915)	(389,476,404)
Unrecognized deferred income tax assets on NOLCO and MCIT	**87,687,043**	16,893,676	85,391,899
Interest income subjected to final tax	**(21,205,074)**	(14,523,934)	(7,510,729)
Final taxes paid	**18,891,907**	12,379,193	6,112,505
Unrecognized deferred income tax asset on lease liabilities	**8,127,594**	4,824,010	–
Nontaxable gains	**(6,804,841)**	(11,435,287)	(15,770,136)
Nondeductible expenses	**3,712,146**	3,808,910	10,695,107
	₱20,406,080	₱15,571,516	₱9,459,315

The components of the Parent Company's net deferred income tax assets as of December 31 are as follows:

	2024	2023
Recognized in profit or loss:		
Deferred income tax assets on:		
Pension liability	**₱23,108,402**	₱17,856,786
Allowance for impairment losses	**11,602,774**	11,602,774
Net acquired and transferred obligation due to employee transfers	**3,863,245**	3,724,686
Unrealized foreign exchange loss	**70,142**	60,698
	38,644,563	33,244,944
Deferred income tax liabilities on:		
Unrealized foreign exchange gain	**11,444,873**	11,444,873
Right-of-use assets	**12,951,604**	4,824,010
Unamortized debt issue costs	**1,331,602**	2,545,404
	25,728,079	18,814,287
Recognized in other comprehensive income:		
Deferred income tax asset on pension liability	**14,952,743**	14,520,774
Deferred income tax liability on unrealized valuation gain of financial assets at FVOCI	**(645,000)**	(645,000)
	14,307,743	13,875,774
Net deferred income tax assets	**₱27,224,227**	₱28,306,431

In 2024 and 2023, the Parent Company has deductible temporary differences and tax credits for which the deferred tax assets have not been recognized since management believes that no sufficient taxable income will be available in the year these are expected to be reversed, settled or realized. These unrecognized deductible temporary differences and tax credits follow:

	2024	2023
NOLCO	**₱1,412,035,089**	₱1,061,286,916
MCIT	**1,029,429**	1,029,429

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 to implement Section 4(bbbb) of RA No. 11494, otherwise known as "Bayanihan to Recover as One Act". This RR provides that the net operating loss of the business or enterprise for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2024, the Parent Company has incurred NOLCO after taxable year 2021 which can be claimed as deductions from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Expiry Date	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2022	2025	₱341,567,594	₱–	₱–	₱–	₱341,567,594
2023	2026	63,456,989	–	–	–	63,456,989
2024	2027	350,748,173	–	–	–	350,748,173
		₱755,772,756	₱–	₱–	₱–	₱755,772,756

As of December 31, 2024, the Parent Company has incurred NOLCO in taxable years 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover as One Act, as follows:

Year Incurred	Expiry Date	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2020	2025	₱354,396,692	₱–	₱–	₱–	₱354,396,692
2021	2026	301,865,641	–	–	–	301,865,641
		₱656,262,333	₱–	₱–	₱–	₱656,262,333

As of December 31, 2024 and 2023, the Parent Company did not recognize deferred income tax assets on NOLCO because management believes that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

As at December 31, 2024, the Parent Company has MCIT which can be claimed as a deduction against the Parent Company's RCIT due for the next three (3) consecutive taxable years, as follows:

Year Incurred	Expiry Date	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2023	2026	₱1,029,429	₱–	₱–	₱–	₱1,029,429

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law
President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. RA No. 11534 or the CREATE Act introduced reforms to the corporate income tax and incentives systems. It took effect on April 11, 2021.

Among the key changes pursuant to the CREATE Act which had an impact on the Company, the minimum corporate income tax (MCIT) rate was reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023. Beginning July 1, 2023, the MCIT rate reverted to 2%.

17. Equity

Capital Stock
There were no changes in the Parent Company's authorized, issued and outstanding common shares as of December 31, 2024 and 2023.

Authorized capital stock - ₱1 par value	2,000,000,000
Issued and outstanding shares	1,023,456,698
Unissued shares	976,543,302

The Parent Company's issued capital stock originally consists of 224,880,067 common shares and 600,000,000 preferred shares that were listed in the Philippine Stock Exchange (PSE) since 2003 and 198,576,631 preferred shares that were approved for listing by the PSE on June 29, 2004. In June 2005, the SEC approved the amendment to Article VII that relates to the conversion of the Parent Company's preferred shares to common shares. As of December 31, 2024 and 2023, the Parent Company's issued capital stock all consists of common shares.

The Parent Company has 1,404 stockholders as of December 31, 2024, 1,406 stockholders as of December 31, 2023, and 1,413 stockholders as of December 31, 2022, and has complied with the Minimum Public Ownership requirement of the PSE for listed entities as of the same dates.

Appropriation of Retained Earnings for Business Expansion

Out of the 2021 retained earnings appropriation amounting to ₱6.2 billion, the Parent Company made additional investments of ₱1.6 billion in 2022 on the power generation project in the Visayas, solar installation projects and infrastructure projects in Luzon and the Visayas, which amount was then reverted to unappropriated retained earnings in 2022.

In a BOD meeting held on November 11, 2022, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱4.6 billion to provide appropriations for the investment on the new power generation projects in Luzon, solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.25 billion to be used for the investment in the on-going and new infrastructure projects in the Visayas, and new power generation projects in Luzon and the Visayas starting in 2023.

Out of the 2022 retained earnings appropriation, the Parent Company made additional investments of ₱1.9 billion in 2023 on the new power generation project in Luzon, solar installation projects in Luzon and Visayas, and infrastructure projects in the Visayas, which amount was then reverted to unappropriated retained earnings in 2023.

In a BOD meeting held on November 24, 2023, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱5.0 billion to provide appropriations for the investment on the solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.4 billion to be used for the investment in the ongoing new infrastructure projects in the Visayas and new power generation projects in Luzon and the Visayas starting in 2024.

Out of the 2023 retained earnings appropriation, the Parent Company made additional investments of ₱1.4 billion in 2024 on the infrastructure projects in the Visayas, power generation projects in Luzon, the Visayas, and Mindanao, which amount was then reverted to unappropriated retained earnings in 2024.

In a BOD meeting held on December 23, 2024, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱6.0 billion to provide appropriations for the investment on the solar installation projects in Luzon and the Visayas, infrastructure projects in the Visayas and the real estate project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱1.8 billion to be used for the investment in the ongoing expansion of power generation project in Luzon, solar generation projects in Luzon and the Visayas, and the working capital requirements of a wholly owned subsidiary starting in 2025.

Dividends

The BOD declared cash dividends to its stockholders as follows:

	2024	2023	2022
Date of declaration	**May 24, 2024**	May 18, 2023	May 13, 2022
Date of record	**June 7, 2024**	June 1, 2023	May 30, 2022
Date of payment	**June 21, 2024**	June 16, 2023	June 10, 2022
Regular dividends declared	**₱571,088,839**	₱398,841,075	₱444,282,550
Dividends per share	**₱0.5580**	₱0.3897	₱0.4341

Earnings per Share
The earnings per share as of December 31 are computed as follows:

	2024	2023	2022
Net income for the year	**₱905,461,015**	₱995,003,936	₱1,270,608,978
Number of outstanding common shares	**1,023,456,698**	1,023,456,698	1,023,456,698
Basic and diluted earnings per share	**₱0.885**	₱0.972	₱1.241

There are no potential dilutive shares as of December 31, 2024, 2023 and 2022.

18. Personnel Expenses

	2024	2023	2022
Salaries and employee benefits	**₱280,882,289**	₱209,732,716	₱228,628,938
Pension expense (see Note 15)	**21,560,702**	8,349,126	9,753,930
	₱302,442,991	₱218,081,842	₱238,382,868

19. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, financial assets at FVOCI, trade and other current liabilities, lease liabilities and notes payable. The main purpose of these financial instruments is to raise funds for the Parent Company's operations.

The main risks arising from the Parent Company's financial instruments are credit risk and liquidity risk. The BOD reviews and agrees policies for managing each of these risks and these policies are summarized below.

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Parent Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. With respect to cash investments, the risk is mitigated by the short-term and/or liquid nature of its investments mainly in bank deposits and placements, which are placed with financial institutions of high credit standing.

Receivable balances are actively monitored on an ongoing basis and acted upon regularly to avoid significant concentrations of credit risk. The maximum exposure to credit risk, net of allowance for doubtful accounts, amounted to ₱2,665.8 million and ₱2,974.2 million as of December 31, 2024 and 2023, respectively.

There are no significant concentrations of credit risk within the Parent Company.

The Parent Company writes off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The Parent Company writes off an account when all of the following conditions are met:

- the asset is in past due for over 90 days, or is already an item-for-forfeiture; and
- contract restructuring is no longer possible.

The Parent Company may also write off financial assets that are still subject to enforcement activity.

The following are the details of the Parent Company's assessment of credit quality and the related ECLs as of December 31, 2024 and 2023:

- *General Approach*

  - *Cash and Cash Equivalents and Accrued Interest Receivable.* As of December 31, 2024 and 2023, the ECL relating to the cash and cash equivalents and accrued interest receivable of the Parent Company is minimal as these are deposited in reputable banks which have good bank standing and are considered to have low credit risk.

  - *Advances to Related Parties, Advances to Employees and Dividends Receivable.* The Parent Company did not recognize ECL relating to advances to related parties, advances to employees and dividends receivable since there were no history of default payments, except for the receivable from RFM Corporation, which is specifically and fully provided with allowance for impairment amounting to ₱46.1 million as of December 31, 2024 and 2023 (see Note 11). This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

- *Simplified Approach*

  - *Trade and Other Receivables.* The Parent Company applied the simplified approach under PFRS 9, using a 'provision matrix'. As of December 31, 2024 and 2023, the allowance for impairment losses as a result from performing collective and specific impairment test amounted to ₱2.4 million. Management evaluated that the Parent Company's accounts and other receivables are of high grade and of good credit quality.

The tables below show the maximum exposure to credit risk based on the Parent Company's stage classification as of December 31:

	2024				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Lifetime ECL Simplified Approach**	**Total**
Gross carrying amount	**₱2,576,924,554**	**₱–**	**₱46,078,063**	**₱91,317,784**	**₱2,714,320,401**
Loss allowance	**–**	**–**	**(46,078,063)**	**(2,419,972)**	**(48,498,035)**
Carrying amount	**₱2,576,924,554**	**₱–**	**₱–**	**₱88,897,812**	**₱2,665,822,366**

	2023				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱2,579,197,416	₱–	₱46,078,063	₱397,384,250	₱3,022,659,729
Loss allowance	–	–	(46,078,063)	(2,419,972)	(48,498,035)
Carrying amount	₱2,579,197,416	₱–	₱–	₱394,964,278	₱2,974,161,694

As of December 31, 2024 and 2023, the aging analysis per class of financial assets is as follows:

	2024						
	Neither	Past Due but not Impaired					
	Past Due nor Impaired	Less than 30 Days	31−60 Days	61−90 Days	Over 90 days	Impaired	Total
Financial Assets at Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	**₱1,208,019,623**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,208,019,623**
Trade and other receivables:							
Trade receivables	**–**	**17,387,833**	**4,970,207**	**4,970,207**	**11,531,429**	**–**	**38,859,676**
Advances to related parties	**–**	**903,208**	**68,033**	**70,150,739**	**1,287,822,932**	**–**	**1,358,944,912**
Accrued interest receivable	**9,960,019**	**–**	**–**	**–**	**–**	**–**	**9,960,019**
Others	**–**	**13,518,023**	**802,674**	**1,205,614**	**15,345,158**	**2,419,972**	**33,291,441**
Loans receivable (under "Other noncurrent assets")	**–**	**19,166,667**	**–**	**–**	**–**	**–**	**19,166,667**
Due from RFM Corporation (under "Other noncurrent assets")	**–**	**–**	**–**	**–**	**–**	**46,078,063**	**46,078,063**
Financial Assets at Amortized Cost	**₱1,217,979,642**	**₱50,975,731**	**₱5,840,914**	**₱76,326,560**	**₱1,314,699,519**	**₱48,498,035**	**₱2,714,320,401**

	2023						
	Neither	Past Due but not Impaired					
	Past Due nor Impaired	Less than 30 Days	31−60 Days	61−90 Days	Over 90 days	Impaired	Total
Financial Assets at Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	₱1,469,678,367	₱–	₱–	₱–	₱–	₱–	₱1,469,678,367
Trade and other receivables:							
Trade receivables	–	267,711,715	10,793,597	–	94,410,986	–	372,916,298
Advances to related parties	–	720,561	639,419	513,043	1,101,267,165	–	1,103,140,188
Accrued interest receivable	6,378,861	–	–	–	–	–	6,378,861
Others	–	4,410,845	1,037,073	81,757	16,518,305	2,419,972	24,467,952
Due from RFM Corporation (under "Other noncurrent assets")	–	–	–	–	–	46,078,063	46,078,063
Financial Assets at Amortized Cost	₱1,476,057,228	₱272,843,121	₱12,470,089	₱594,800	₱1,212,196,456	₱48,498,035	₱3,022,659,729

Liquidity Risk

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

The Parent Company maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements and the Parent Company's trade receivables are maintained to meet maturing obligations. The Parent Company, in general, matches the appropriate long-term funding instruments with the general nature of its equity instruments.

The following tables summarize the Parent Company's financial assets that can be used to manage its liquidity risk and the maturity profile of the Parent Company's financial liabilities based on contractual undiscounted payments as of December 31:

	2024			
	Contractual Undiscounted Payments			
	Total	**On Demand**	**Less than 1 Year**	**More than 1 Year**
Financial Assets				
At amortized cost:				
Cash and cash equivalents	**₱1,208,294,623**	**₱18,747,926**	**₱1,189,546,697**	**₱–**
Trade and other receivables:				
Trade receivables	**38,859,676**	**–**	**38,859,676**	**–**
Advances to related parties	**1,358,944,912**	**–**	**1,358,944,912**	**–**
Accrued interest receivable	**9,960,019**	**–**	**9,960,019**	**–**
Others	**30,871,469**	**–**	**30,871,469**	**–**
Loans receivable (under "Other noncurrent assets")	**19,166,667**	**–**	**19,166,667**	**–**
At FVOCI	**8,000,000**	**–**	**–**	**8,000,000**
	2,674,097,366	**18,747,926**	**2,647,349,440**	**8,000,000**
Financial Liabilities				
At amortized cost:				
Notes payable*	**1,933,366,250**	**–**	**127,561,250**	**1,805,805,000**
Lease liabilities	**62,448,256**	**–**	**11,292,420**	**51,155,836**
Accrued interest	**12,615,769**	**–**	**12,615,769**	**–**
Accounts payable, accrued expenses and advances from related parties	**126,491,577**	**–**	**126,491,577**	**–**
Dividends payable	**6,446,873**	**–**	**6,446,873**	**–**
	2,141,368,725	**–**	**284,407,889**	**1,856,960,836**
Net Financial Assets (Liabilities)	**₱532,728,641**	**₱18,747,926**	**₱2,362,941,551**	**(₱1,848,960,836)**

**Including contractual interest to maturity*

	2023			
	Contractual Undiscounted Payments			
	Total	On Demand	Less than 1 Year	More than 1 Year
Financial Assets				
At amortized cost:				
Cash and cash equivalents	₱1,469,938,367	₱54,191,369	₱1,415,746,998	₱–
Trade and other receivables:				
Trade receivables	372,916,298	–	372,916,298	–
Advances to related parties	1,103,140,188	–	1,103,140,188	–
Accrued interest receivable	6,378,861	–	6,378,861	–
Others	22,047,980	–	22,047,980	–
At FVOCI	8,000,000	–	–	8,000,000
	2,982,421,694	54,191,369	2,920,230,325	8,000,000
Financial Liabilities				
At amortized cost:				
Notes payable*	2,063,077,500	–	129,711,250	1,933,366,250
Lease liabilities	24,399,551	–	17,126,123	7,273,428
Accrued interest	12,865,361	–	12,865,361	–
Accounts payable, accrued expenses and advances from related parties	44,635,873	–	44,635,873	–
Dividends payable	5,590,933	–	5,590,933	–
	2,150,569,218	–	209,929,540	1,940,639,678
Net Financial Assets (Liabilities)	₱831,852,476	₱54,191,369	₱2,710,300,785	(₱1,932,639,678)

**Including contractual interest to maturity*

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

Fair Value Hierarchy

The Parent Company uses the following hierarchy for determining the fair value of assets and liabilities:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Parent Company's financial assets at FVOCI is carried at fair value classified under Level 2 as at December 31, 2024 and 2023, since its fair value was measured based on published buying and selling prices in a relatively inactive market, and no significant adjustments were made to market observations due to the relatively nonvolatile movements in historical prices of the said club shares (see Note 11).

As of December 31, 2024 and 2023, the carrying values of the Parent Company's financial instruments, except for the notes payable, approximate fair values due to their relatively short-term maturity.

The Parent Company considers the notes payable with fair value of ₱1.8 billion as of December 31, 2024 and 2023, respectively, under Level 3 classification. The carrying amounts of these notes payable amounted to ₱1.8 billion and ₱1.9 billion as of December 31, 2024 and 2023, respectively.

For the years ended December 31, 2024, 2023 and 2022, there were no changes in the valuation techniques used in the Level 2 and Level 3 fair value measurements.

For the years ended December 31, 2024, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Valuation Techniques Used to Derive Level 3 Fair Values

The following tables show an analysis of the Parent Company's long-term notes payable for which fair values are disclosed at Level 3 of the fair value hierarchy as at December 31:

Description	**Fair Value as of December 31, 2024**	**Valuation Technique**	**Key Unobservable Inputs**	**Range (Weighted Average)**
Notes payable	**₱1,791,321,755**	**Discounted Cash Flow Approach**	**Risk-free interest rate**	**7.08%–7.62% (7.59%)**

Description	Fair Value as of December 31, 2023	Valuation Technique	Key Unobservable Inputs	Range (Weighted Average)
Notes payable	₱1,790,118,285	Discounted Cash Flow Approach	Risk-free interest rate	7.58%–7.68% (7.58%)

Capital Management

The Parent Company considers its total equity as its capital. The primary objective of the Parent Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for the years ended December 31, 2024, 2023 and 2022.

The Parent Company is required to maintain a minimum current ratio and maximum debt-to-equity ratio as part of its covenants on its notes payable. The Parent Company has complied with these ratio requirements as of December 31, 2024 and 2023 (see Note 13). The Parent Company is also subject to Minimum Public Ownership requirement of the PSE. As of December 31, 2024 and 2023, the Parent Company has complied with the requirement. The Parent Company is not subject to other externally imposed capital requirements (see Note 17).

The Parent Company monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Parent Company determines net debt as notes payable less cash and cash equivalents.

Gearing ratios of the Parent Company as of December 31 are as follows:

	2024	2023
Notes payable	**₱1,844,673,593**	₱1,889,818,383
Less cash and cash equivalents	**1,208,294,623**	1,469,938,367
Net cash and cash equivalents (a)	**636,378,970**	419,880,016
Equity	**9,773,174,847**	9,440,098,579
Equity and net cash and cash equivalents (b)	**₱10,409,553,817**	₱9,859,978,595
Gearing ratio (a/b)	**0.06:1.00**	0.04:1.00

20. Changes in Liabilities Arising from Financing Activities

	2024			
	Notes Payable	**Dividends Payable**	**Lease Liabilities**	**Total Liabilities from Financing Activities**
At January 1	**₱1,889,818,383**	**₱5,590,933**	**₱21,570,527**	**₱1,916,979,843**
Net cash flows	**(50,000,000)**	**(570,232,899)**	**(16,908,821)**	**(637,141,720)**
Noncash changes:				
Amortization of debt issue costs	**4,855,210**	**–**	**–**	**4,855,210**
Dividends declared	**–**	**571,088,839**	**–**	**571,088,839**
Additions	**–**	**–**	**48,065,050**	**48,065,050**
At December 31	**₱1,844,673,593**	**₱6,446,873**	**₱52,726,756**	**₱1,903,847,222**

	2023			
	Notes Payable	Dividends Payable	Lease Liabilities	Total Liabilities from Financing Activities
At January 1	₱2,934,581,579	₱5,014,686	₱26,813,448	₱2,966,409,713
Net cash flows	(1,050,000,000)	(398,264,828)	(15,748,226)	(1,464,013,054)
Noncash changes:				
Amortization of debt issue costs	5,236,804	–	–	5,236,804
Dividends declared	–	398,841,075	–	398,841,075
Modifications	–	–	10,505,305	10,505,305
At December 31	₱1,889,818,383	₱5,590,933	₱21,570,527	₱1,916,979,843

	2022			
	Notes Payable	Dividends Payable	Lease Liabilities	Total Liabilities from Financing Activities
At January 1	₱2,973,815,020	₱4,327,007	₱40,156,357	₱3,018,298,384
Net cash flows	(50,000,000)	(443,594,871)	(13,562,669)	(507,157,540)
Noncash changes:				
Amortization of debt issue costs	10,766,559	–	–	10,766,559
Dividends declared	–	444,282,550	–	444,282,550
Modifications	–	–	₱219,760	₱219,760
At December 31	₱2,934,581,579	₱5,014,686	₱26,813,448	₱2,966,409,713

21. Lease Agreements

- The Parent Company has lease contracts for various items of land and office space used in its operations. Lease of land has a lease term of 17 years, while office space generally has lease terms between 2 and 5 years. In January 2025, the Parent Company agreed to modify the lease contract of land which increased the monthly rate (see Note 14).

- In 2023, the Parent Company extended the lease for its office space for one (1) year. In November 2024, this office lease term expired and was subsequently extended for two months. Additionally, in 2024, the Parent Company renewed the lease contract for one office space for five (5) years.

- In 2023, the Parent Company also entered into a lease contract for a transportation vehicle for a term of five (5) years.

Generally, the Parent Company is restricted from assigning or subleasing the leased assets. The Parent Company identified these as leases under PFRS 16.

Set out below are the carrying amounts of the Parent Company's right-of-use assets and lease liabilities and the movements for the years ended December 31, 2024 and 2023:

	2024				
	Right-of-use Assets				
	Land	**Office Space**	**Vehicle**	**Total**	**Lease Liabilities**
As at January 1, 2024	**₱2,545,559**	**₱13,940,882**	**₱2,809,601**	**₱19,296,042**	**₱21,570,527**
Additions	**–**	**48,065,048**	**–**	**48,065,048**	**48,065,050**
Depreciation expense	**(231,415)**	**(14,741,963)**	**(581,296)**	**(15,554,674)**	**–**
Interest expense	**–**	**–**	**–**	**–**	**1,062,147**
Payments	**–**	**–**	**–**	**–**	**(17,970,968)**
As at December 31, 2024	**₱2,314,144**	**₱47,263,967**	**₱2,228,305**	**₱51,806,416**	**₱52,726,756**

	2023				
	Right-of-use Assets				
	Land	Office Space	Vehicle	Total	Lease Liabilities
As at January 1, 2023	₱2,776,974	₱19,446,084	₱–	₱22,223,058	₱26,813,448
Modifications/additions	–	7,598,821	2,906,484	10,505,305	10,505,305
Depreciation expense	(231,415)	(13,104,023)	(96,883)	(13,432,321)	–
Interest expense	–	–	–	–	996,017
Payments	–	–	–	–	(16,744,243)
As at December 31, 2023	₱2,545,559	₱13,940,882	₱2,809,601	₱19,296,042	₱21,570,527

As of December 31, 2024 and 2023, current portion of lease liabilities recognized in the parent company statements of financial position amounted to ₱8.2 million and ₱16.2 million, respectively, and noncurrent portion of lease liabilities amounted to ₱44.5 million and ₱5.4 million, respectively.

Set out below are the amounts recognized in the statements of comprehensive income for the years ended December 31:

	2024	2023
Depreciation expense of right-of-use assets	**₱15,554,674**	₱13,432,321
Interest expense on lease liabilities	**1,062,147**	996,017
Rent expense - short-term leases	**1,355,554**	625,447
	₱17,972,375	₱15,053,785

Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

	2024	2023
1 year	**₱11,292,420**	₱17,126,123
more than 1 year to 2 years	**11,801,439**	1,112,028
more than 2 years to 3 years	**12,357,602**	1,112,028
more than 3 years to 5 years	**24,557,375**	2,154,411
more than 5 years	**2,439,420**	2,894,961
	₱62,448,256	₱24,399,551

22. Supplementary Information Required under Revenue Regulations 15-2010

In compliance with the requirements set forth by the RR 15-2010, hereunder are the information on taxes, duties, and license fees paid or accrued by the Parent Company in 2024:

Details of the Parent Company's net sales, output VAT and input VAT accounts are as follows:

Value-Added Tax (VAT)

Output VAT. The Parent Company is a VAT-registered company. The Parent Company's sources of revenue are management and service fees and service income from subsidiaries and associate. The VAT rate is 12.0%.

Net Sales/Receipts and Output VAT Declared in the Parent Company's VAT Returns

	Net Sales/ Receipts	Output VAT
Net sales	₱602,803,714	₱72,336,446

The Parent Company's taxable sales are based on actual collections up to April 26, 2024, and, thereafter, based on accrual basis pursuant to the Ease of Paying Taxes (EOPT) Act. Hence, taxable sales may not be the same as the amounts accrued under "Management and service fees" and "Service income" in the 2024 parent company statement of comprehensive income.

Input VAT. The Parent Company recognized input VAT for the purchases of goods and services from other VAT-registered individuals or corporations in 2024 amounting to ₱639,714,916.

Total input VAT available for application as of December 31, 2024 is as follows:

At January 1	
Input VAT	₱8,938,246
Deferred input VAT on capital goods	910,656
Beginning balance per VAT return	9,848,902
Current year's domestic purchases or payments for:	
Purchase of services	46,231,994
Capital goods not subject to amortization	27,799,310
Goods other than capital goods	2,734,486
VAT payments	12,580,282
Input VAT from capital goods not yet amortized	(423,332)
Total available input tax	98,771,642
Claims against output VAT	(72,336,446)
Deferred input VAT on capital goods, ending balance	423,332
Ending balance per VAT return	26,858,528
Deferred input VAT	205,248
At December 31	₱27,063,776

Customs Duties
The Parent Company does not engage in import/export transactions, hence, no customs duties were paid or recorded during the year.

Excise Tax
The Parent Company does not engage in transactions that will give rise to payment of excise taxes.

Documentary Stamp Tax
Documentary stamp tax paid during the year are as follows:

Related parties transactions	₱6,364,753
New office units	4,949,985
Others	328,669
	₱11,643,407

Others pertain to telegraphic transfer from bank transactions, insurance-related and other transactions entered during the year.

Other Taxes and Licenses
Other taxes paid during the year are as follows:

Business permit	₱2,396,961
Fringe benefit tax	1,410,204
Real property tax	67,662
Community tax	10,500
Others	286,793
	₱4,172,120

Withholding Taxes
The amount of taxes withheld in 2024 follows:

Withholding taxes on compensation and benefits	₱55,639,648
Expanded withholding taxes	34,575,823
Final withholding taxes	196,090
	₱90,411,561

Tax Assessments and Cases
As of December 31, 2024, the Parent Company has no outstanding final assessment notice from the BIR, nor does it have any pending tax cases outside the administration of the BIR.

VIVANT CORPORATION

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2024

Items		Amount
Unappropriated Retained Earnings, Beginning		**₱1,000,520,159**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	1,387,548,080	
Effect of restatements or prior-period adjustments	—	
Others	—	1,387,548,080
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	571,088,839	
Retained Earnings appropriated during the reporting period	1,800,000,000	
Effect of restatements or prior-period adjustments	—	
Others	—	2,371,088,839
Unappropriated Retained Earnings, as adjusted		**16,979,400**
Add/Less: Net Income for the current year		**905,461,015**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Unrealized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	(27,219,365)	
Subtotal		**(27,219,365)**
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	—
Subtotal		—

(Forward)

Items		Amount
Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	₱—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	—
Subtotal		—
Adjusted Net Income/Loss		
Add: Category D: Non-actual loss recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	—	
Subtotal		—
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	—	
Total amount of reporting relief granted during the year	—	
Others	—	
		—
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	—	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(5,399,619)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	—	
Adjustment due to deviation from PFRS/GAAP – gain(loss)	—	
Others	—	
Subtotal		**(5,399,619)**
TOTAL RETAINED EARNINGS, END OF THE YEAR FOR DIVIDEND DECLARATION		**₱889,821,431**

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VIVANT

VVT Group Tax <vvtgroup_tax@vivant.com.ph>

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eafs@bir.gov.ph <eafs@bir.gov.ph> Wed, Apr 9, 2025 at 11:04 AM
To: VIVANTCORPORATION@vivant.com.ph
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Hi VIVANT CORPORATION,

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Transaction Code: **AFS-0-7EKB5HCK06E799GEQPNV3PWV0BDJLK8CH**
Submission Date/Time: **Apr 09, 2025 11:04 AM**
Company TIN: **242-603-734**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

Receiving: ICTD ERMD
Receipt Date and Time: March 27, 2025 07:00:22 PM

Company Information

SEC Registration No.: 0000175222
Company Name: VIVANT CORPORATION
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

Document ID: OST10327202583130059
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2024
Submission Type: Consolidated, Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

					1	7	5	2	2	2

COMPANY NAME

V	I	V	A	N	T		C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U	B	S	I	D	I
A	R	I	E	S																									

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

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,		M	a	n	d	a	u	e		C	i	t	y	,		C	e	b	u	,		P	h	i	l	i	p	p	i
n	e	s		6	0	1	4																						

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
vivant@vivant.com.ph	(032) 234-2256	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,404	June 20	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Joan A. Giduquio-Baron	jbaron@jpgarcialaw.com	(032) 232-0253	0917-5356692

CONTACT PERSON's ADDRESS

9th Floor Oakridge IT Center 2, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines, 6014

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

VIVANT

Creating Solutions
for Our Changing World
vivant.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **VIVANT CORPORATION AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2024 and 2023, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

FRANCIS DAMASUS A. GARCIA
Chairman of the Board

ARLO ANGELO G. SARMIENTO
Chief Executive Officer

MINUEL CARMELA N. FRANCO
Group Chief Finance Officer

Signed this **27th** day of **March**, 2025.

Headquarters – Cebu
9/F Oakridge IT Center 3, Oakridge Business Park
A.S. Fortuna St., Mandaue City, Cebu Philippines 6014
Tel. no.: +63 (32) 243 2256, +63 (32) 243 2285

Makati
3/F La Paz Centre Bldg., Salcedo St., cor. V.A. Rufino St.,
Legazpi Village, Makati City, Philippines 1229
Tel. no.: +63 (02) 840 36551, +63 (02) 840 36566

REPUBLIC OF THE PHILIPPINES)
MANDAUE CITY) S.S.

ACKNOWLEDGMENT

BEFORE ME, a Notary Public for and in Mandaue City appeared on MAR 27 2025 the following:

Name	Competent Evidence of Identification	
	Type/Number	Date of Expiry/ Place of Issue
FRANCIS DAMASUS A. GARCIA	**Passport No. P0768103C**	**01 JUL 2032 / PCG San Francisco**
ARLO ANGELO G. SARMIENTO	**Passport No. P6592337A**	**28 MAR 2028 / DFA Cebu**
MINUEL CARMELA N. FRANCO	**Passport No. P9523819B**	**05 Apr 2032/DFA Manila**

known to me and to me known to be the same persons who executed the foregoing instrument, and who acknowledged to me that the same is their true and voluntary act and deed and that of the Corporation which they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and in the place above given.

Althea Vergara Yongco
ALTHEA A. VERGARA-YONGCO
Notary Public for and in the City of Mandaue and Municipalities of Cordova, Consolacion, Lilo-an, and Compostela, Cebu
Notarial Commission No. 2025-98 until December 31, 2026
Roll of Attorneys No. 72451
IBP Service Invoice No.: 481804; 12/09/2024
PTR No. 1395117; 01/14/2025; Cebu Province
MCLE Exemption No. VIII-BEP000278
Valid until April 14, 2028
2nd Floor One Centro Building, C. Ouano Street, Centro, Mandaue City, Cebu, Philippines

Doc. No. 4;
Page No. 2;
Book No. I;
Series of 2025.

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0331421 (Serial Number) 3/27/25 (Date of Affixture)

SyCip Gorres Velayo & Co.
8th Floor JEG Tower @ One Acacia
Acacia Street corner Archbishop Reyes Avenue
Brgy. Kamputhaw, Cebu City 6000
Philippines

Tel: (032) 266 2947
Fax: (032) 266 2313
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City, Cebu, Philippines 6014

Opinion

We have audited the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounting for the Investment in Visayan Electric Company, Inc. (VECO)

As disclosed in Notes 1 and 10 to the consolidated financial statements, the Group owns 34.81% of VECO, an associate engaged in power distribution services, as at December 31, 2023 and accounts for the investment under the equity method. The application of the equity method of accounting to the Group's investment in VECO is significant to our audit because the carrying value of the investment accounted for 6% of the consolidated total assets and its equity in net earnings contributed 44% to the consolidated net income of the Group as at and for the year ended December 31, 2024, respectively. VECO's net income is significantly affected by the electricity revenue which depends on the electric consumption captured, the rates applied across different customer groups, and the systems involved in the billing process. The electric consumption captured is based on the meter readings taken on various dates for the different groups of customers (i.e., industrial, commercial, and residential customers) within the franchise area of operation.

The disclosures relating to the investment in VECO are included in Note 10 to the consolidated financial statements.

Audit Response

We obtained the relevant financial information of VECO and recomputed the Group's share in the net income of VECO for the year ended December 31, 2024. We evaluated the design and tested the controls over VECO's billing and revenue process. These include the capture and accumulation of meter data in the billing system as well as a calculation of the billed amounts, and uploading of the billed amounts from the billing system to the financial reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in the billing statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Margem A. Tagalog.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
Tax Identification No. 206-544-506
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-156-2024, October 2, 2024, valid until October 1, 2027
PTR No. 10465387, January 2, 2025, Makati City

March 21, 2025

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023 (Restated)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱4,789,149,921**	₱4,382,540,776
Trade and other receivables (Note 7)	**1,799,335,635**	1,647,660,999
Advances to associates and stockholders (Note 16)	**104,097,107**	162,204,796
Inventories - at cost (Note 8)	**595,840,474**	364,692,217
Prepayments and other current assets (Note 9)	**907,115,027**	778,251,105
Total Current Assets	**8,195,538,164**	7,335,349,893
Noncurrent Assets		
Investments in associates (Note 10)	**11,219,286,328**	10,595,855,907
Property, plant and equipment (Note 11)	**9,025,459,481**	8,400,675,915
Right-of-use assets (Note 24)	**108,776,076**	24,539,068
Investment properties (Note 12)	**1,102,959,000**	1,045,469,800
Deferred income tax assets - net (Note 20)	**33,273,899**	30,485,788
Other noncurrent assets (Note 13)	**2,281,352,455**	2,606,014,376
Total Noncurrent Assets	**23,771,107,239**	22,703,040,854
TOTAL ASSETS	**₱31,966,645,403**	₱30,038,390,747
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of trade and other payables (Note 14)	**₱1,938,829,128**	₱1,942,183,948
Current portion of long-term notes payable (Note 15)	**229,522,887**	210,300,979
Current portion of lease liabilities (Note 24)	**21,466,995**	17,928,869
Short term notes payable (Note 15)	**1,076,000,000**	1,963,546,959
Advances from related parties (Note 16)	**50**	2,350,050
Income tax payable	**147,939,807**	34,696,280
Total Current Liabilities	**3,413,758,867**	4,171,007,085
Noncurrent Liabilities		
Long-term notes payable - net of current portion (Note 15)	**5,499,482,910**	4,838,054,596
Lease liabilities - net of current portion (Note 24)	**95,492,294**	11,912,090
Pension liability (Note 19)	**247,729,738**	185,506,597
Deferred income tax liabilities - net (Note 20)	**328,533,671**	337,662,925
Other noncurrent liabilities - net of current portion (Notes 14 and 23)	**861,499,544**	844,587,453
Total Noncurrent Liabilities	**7,032,738,157**	6,217,723,661
Total Liabilities	**10,446,497,024**	10,388,730,746
Equity Attributable to Equity Holders of the Parent		
Capital stock - ₱1 par value (Note 21)		
Authorized - 2,000,000,000 shares		
Issued - 1,023,456,698 shares	**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 (Note 10)	**(125,169,500)**	(125,169,500)

(Forward)

	December 31	
	2024	2023 (Restated)
Remeasurement gain (loss) on employee benefits (Note 19)	**(₱95,882,899)**	(₱79,876,405)
Unrealized valuation gain on financial assets at fair value through other comprehensive income (FVOCI)	**4,643,039**	51,053,039
Equity reserves (Note 21)	**(30,252,298)**	(30,252,298)
Retained earnings (Notes 10 and 21):		
Appropriated for business expansion	**7,767,262,174**	7,354,810,254
Unappropriated	**11,507,811,991**	10,089,924,381
Equity Attributable to Equity Holders of the Parent	**20,060,208,657**	18,292,285,621
Equity Attributable to Non-controlling Interests (Note 21)	**1,459,939,722**	1,357,374,380
Total Equity	**21,520,148,379**	19,649,660,001
TOTAL LIABILITIES AND EQUITY	**₱31,966,645,403**	₱30,038,390,747

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023 (Restated)	2022
REVENUE			
Revenue from contracts with customers:			
Sale of power (Note 23):			
Generation	**₱8,036,164,300**	₱3,954,062,040	₱2,813,298,456
Retail electricity supply	**1,436,457,998**	1,112,675,663	633,488,002
Ancillary services	**9,231,211**	467,544,939	952,967,736
Management and service fees (Notes 16 and 23)	**202,900,000**	545,976,930	86,781,813
Engineering service income	**38,700,715**	17,208,763	30,887,803
	9,723,454,224	6,097,468,335	4,517,423,810
EQUITY IN NET EARNINGS OF ASSOCIATES (Note 10)	**2,305,656,054**	2,044,341,881	1,941,357,383
INTEREST INCOME (Notes 6 and 16)	**172,592,773**	123,006,939	60,071,043
	12,201,703,051	8,264,817,155	6,518,852,236
COSTS OF SERVICES			
Generation costs (Notes 17 and 23)	**7,294,064,274**	4,478,178,345	3,684,022,986
Engineering service fees (Note 17)	**29,871,786**	52,472,919	24,844,346
	7,323,936,060	4,530,651,264	3,708,867,332
OPERATING EXPENSES			
Salaries and employee benefits (Notes 18 and 19)	**639,889,951**	414,809,133	390,186,858
Outside services	**256,683,812**	102,578,608	19,760,683
Professional fees (Note 16)	**192,819,317**	100,068,964	167,109,166
Taxes and licenses (Note 12)	**137,813,727**	101,499,369	78,756,067
Depreciation and amortization (Notes 11, 13 and 24)	**74,127,507**	63,488,151	54,012,303
Travel	**68,147,869**	47,517,479	29,627,897
Management fees (Note 16)	**23,844,444**	43,843,882	29,219,324
Communication and utilities	**16,486,017**	13,208,805	13,405,697
Rent and association dues	**12,566,598**	5,286,490	6,465,080
Representation	**10,964,589**	14,949,673	14,883,489
Other operating expenses (Note 17)	**167,052,568**	102,031,954	89,483,412
	1,600,396,399	1,009,282,508	892,909,976
INCOME FROM OPERATIONS	**3,277,370,592**	2,724,883,383	1,917,074,928
OTHER INCOME (CHARGES)			
Finance costs on loans (Note 15)	**(431,396,575)**	(363,678,611)	(259,880,671)
Rent income (Notes 11, 16 and 12)	**84,172,352**	14,147,457	2,453,687
Unrealized gain on fair value remeasurement of investment properties (Note 12)	**57,489,200**	121,433,200	60,394,600
Loss on disposal of a subsidiary (Note 1)	**(36,910,784)**	–	–
Finance costs on lease liabilities (Note 24)	**(8,500,565)**	(1,108,626)	(10,826,959)
Unrealized foreign exchange gains (losses) - net	**2,855,387**	(9,673,851)	53,842,288
Gain on fair value measurement of associates (Note 13)	**–**	69,189,016	–
Gain on bargain purchase (Note 13)	**–**	36,325,297	–
Other income - net (Notes 11, 12 and 17)	**58,720,467**	(13,104,163)	31,230,724
	(273,570,518)	(146,470,281)	(122,786,331)

(Forward)

	Years Ended December 31		
	2024	2023 (Restated)	2022
INCOME BEFORE INCOME TAX	**₱3,003,800,074**	₱2,578,413,102	₱1,794,288,597
PROVISION FOR INCOME TAX (Note 20)	**380,140,242**	172,870,310	89,561,479
NET INCOME	**2,623,659,832**	2,405,542,792	1,704,727,118
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in future periods:			
Remeasurement gain (loss) on employee benefits (Note 19)	**(20,806,050)**	(104,392,805)	11,157,022
Income tax effect	**4,262,556**	16,390,977	(2,511,242)
	(16,543,494)	(88,001,828)	8,645,780
Unrealized valuation gain on financial assets at FVOCI (Note 13)	–	28,865,324	25,734,676
Income tax effect	–	(4,329,799)	(3,860,201)
	–	24,535,525	21,874,475
Share in the remeasurement gains (losses) on employee benefits of associates, net of tax (Note 10)	–	(31,585,867)	–
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**(16,543,494)**	(95,052,170)	30,520,255
TOTAL COMPREHENSIVE INCOME	**₱2,607,116,338**	₱2,310,490,622	₱1,735,247,373
NET INCOME			
Attributable to:			
Equity holders of the parent	**₱2,355,018,369**	₱2,295,804,486	₱1,595,263,961
Non-controlling interests	**268,641,463**	109,738,306	109,463,157
	₱2,623,659,832	₱2,405,542,792	₱1,704,727,118
TOTAL COMPREHENSIVE INCOME			
Attributable to:			
Equity holders of the parent	**₱2,339,011,875**	₱2,201,753,746	₱1,624,319,369
Non-controlling interests	**268,104,463**	108,736,876	110,928,004
	₱2,607,116,338	₱2,310,490,622	₱1,735,247,373
EARNINGS PER SHARE			
Basic and diluted, for net income for the year attributable to equity holders of the parent (Note 22)	**₱2.301**	₱2.243	₱1.559

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Equity Attributable to Equity Holders of the Parent										
							Retained Earnings (Note 21)				
	Capital Stock (Note 21)	Additional Paid-in Capital	Share in Remeasurement Losses on Employee Benefits of Associates	Remeasurement Gain (Loss) on Employee Benefits	Unrealized Valuation Gain (Loss) on Financial Assets at FVOCI	Equity Reserves	Appropriated	Unappropriated	Total	Equity Attributable to Non-Controlling Interests	Total Equity
Balances at January 1, 2024	**₱1,023,456,698**	**₱8,339,452**	**(₱125,169,500)**	**(₱79,876,405)**	**₱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**
Finalization of accounting for business acquisition (Note 13)	–	–	–	–	–	–	–	**11,595,106**	**11,595,106**	–	**11,595,106**
Balances at January 1, 2024, as restated	**₱1,023,456,698**	**₱8,339,452**	**(₱125,169,500)**	**(₱79,876,405)**	**₱51,053,039**	**(₱30,252,298)**	**₱7,354,810,254**	**₱10,089,924,381**	**₱18,292,285,621**	**₱1,357,374,380**	**₱19,649,660,001**
Total comprehensive income	–	–	–	**(16,006,494)**	–	–	–	**2,355,018,369**	**2,339,011,875**	**268,104,463**	**2,607,116,338**
Appropriation for business expansion	–	–	–	–	–	–	**1,800,000,000**	**(1,800,000,000)**	–	–	–
Reversal of appropriation for business expansion	–	–	–	–	–	–	**(1,387,548,080)**	**1,387,548,080**	–	–	–
Disposal of a subsidiary (Note 1)	–	–	–	–	–	–	–	–	–	**58,460,879**	**58,460,879**
Disposal of investment measured at FVOCI (Note 13)	–	–	–	–	**(46,410,000)**	–	–	**46,410,000**	–	–	–
Cash dividends	–	–	–	–	–	–	–	**(571,088,839)**	**(571,088,839)**	**(224,000,000)**	**(795,088,839)**
Balances at December 31, 2024	**₱1,023,456,698**	**₱8,339,452**	**(₱125,169,500)**	**(₱95,882,899)**	**₱4,643,039**	**(₱30,252,298)**	**₱7,767,262,174**	**₱11,507,811,991**	**₱20,060,208,657**	**₱1,459,939,722**	**₱21,520,148,379**
Balances at January 1, 2023	₱1,023,456,698	₱8,339,452	(₱94,016,067)	₱7,123,993	₱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, as previously reported	–	–	(31,585,867)	(87,000,398)	24,535,525	–	–	2,284,209,380	2,190,158,640	108,736,876	2,298,895,516
Finalization of accounting for business acquisition (Note 13)	–	–	–	–	–	–	–	11,595,106	11,595,106	–	11,595,106
Total comprehensive income, as restated	–	–	(31,585,867)	(87,000,398)	24,535,525	–	–	2,295,804,486	2,201,753,746	108,736,876	2,310,490,622
Appropriation for business expansion	–	–	–	–	–	–	2,400,000,000	(2,400,000,000)	–	–	–
Reversal of appropriation for business expansion	–	–	–	–	–	–	(1,866,087,228)	1,866,087,228	–	–	–
Acquisition of noncontrolling interests	–	–	–	–	–	(5,123,744)	–	–	(5,123,744)	(164,501,590)	(169,625,334)
Transfer of accumulated share in other comprehensive income of joint ventures upon step-acquisition (Note 10)	–	–	432,434	–	–	–	–	(432,434)	–	–	–
Cash dividends	–	–	–	–	–	–	–	(398,841,075)	(398,841,075)	(1,060,000)	(399,901,075)
Balances at December 31, 2023	₱1,023,456,698	₱8,339,452	(₱125,169,500)	(₱79,876,405)	₱51,053,039	(₱30,252,298)	₱7,354,810,254	₱10,089,924,381	₱18,292,285,621	₱1,357,374,380	₱19,649,660,001
Balances at January 1, 2022	₱1,023,456,698	₱8,339,452	(₱94,016,067)	(₱56,940)	₱4,643,039	(₱25,128,554)	₱6,198,363,882	₱8,198,858,365	₱15,314,459,875	₱1,063,833,603	₱16,378,293,478
Total comprehensive income	–	–	–	7,180,933	21,874,475	–	–	1,595,263,961	1,624,319,369	110,928,004	1,735,247,373
Appropriation for business expansion	–	–	–	–	–	–	2,250,000,000	(2,250,000,000)	–	–	–
Reversal of appropriation for business expansion	–	–	–	–	–	–	(1,627,466,400)	1,627,466,400	–	–	–
Additional investments of non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	248,037,487	248,037,487
Cash dividends	–	–	–	–	–	–	–	(444,282,550)	(444,282,550)	(8,600,000)	(452,882,550)
Balances at December 31, 2022	₱1,023,456,698	₱8,339,452	(₱94,016,067)	₱7,123,993	₱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

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023 (Restated)	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱3,003,800,074**	₱2,578,413,102	₱1,794,288,597
Adjustments for:			
Equity in net earnings of associates (Note 10)	**(2,305,656,054)**	(2,044,341,881)	(1,941,357,383)
Depreciation and amortization (Notes 11, 13, and 24)	**638,596,730**	537,675,565	430,230,964
Finance costs on loans (Note 15)	**431,396,575**	363,678,611	259,880,671
Interest income (Note 6)	**(172,592,773)**	(123,006,939)	(60,071,043)
Unrealized gain on fair value remeasurement of investment properties (Note 12)	**(57,489,200)**	(121,433,200)	(60,394,600)
Pension expense (Note 19)	**47,994,586**	22,261,768	20,731,159
Loss on disposal of a subsidiary (Notes 1 and 10)	**36,910,784**	–	–
Finance costs on lease liabilities (Note 24)	**8,500,565**	1,108,626	10,826,959
Gain on disposal of property and equipment (Note 17)	**(3,782,805)**	(650,300)	(639,207)
Unrealized foreign exchange loss (gains)	**(2,855,387)**	9,673,851	(53,842,288)
Gain on fair value remeasurement of associates (Note 13)	**–**	(69,189,016)	–
Gain on bargain purchase (Note 13)	**–**	(36,325,297)	–
Non-cash donation expense (Note 11)	**–**	–	8,482,143
Operating income before working capital changes	**1,624,823,095**	1,117,864,890	408,135,972
Decrease (increase) in:			
Trade and other receivables	**(217,418,124)**	477,966,796	(510,762,517)
Inventories	**(225,003,766)**	26,802,524	(25,045,097)
Prepayments and other current assets	**(138,020,687)**	(238,018,513)	(121,272,673)
Increase (decrease) in trade and other payables	**290,360,409**	(780,116,821)	376,164,748
Net cash generated from operations	**1,334,740,927**	604,498,876	127,220,433
Interest paid	**(435,993,704)**	(262,129,493)	(281,763,405)
Income taxes paid	**(274,677,597)**	(133,301,800)	(94,273,379)
Contributions to the retirement fund (Note 19)	**(6,200,962)**	(6,718,787)	(6,755,102)
Benefits paid out of operating funds (Note 19)	**–**	(327,000)	(83,571)
Net cash flows from (used in) operating activities	**617,868,664**	202,021,796	(255,655,024)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates (Note 10)	**1,682,225,633**	1,788,544,553	1,375,935,658
Additions to property, plant and equipment (Note 11)	**(1,210,204,558)**	(1,678,727,744)	(2,610,405,413)
Proceeds from:			
Disposal of financial assets at FVOCI (Note 13)	**355,809,875**	–	**–**
Disposal of property, plant and equipment (Note 11)	**4,794,331**	650,300	1,960,320
Increase in other noncurrent assets	**(201,525,537)**	(595,496,058)	(58,417,375)
Interest received	**180,656,575**	111,720,696	56,534,070
Cash in subsidiary whose control was lost (Note 1)	**(30,447,472)**	–	–
Additional investments and advances to associates and joint ventures (Note 10)	**–**	(251,169,255)	(68,400,000)

(Forward)

	Years Ended December 31		
	2024	2023	2022
Net cash outflow from business combinations (Note 13)	**₱–**	(₱3,035,775)	₱–
Additions to financial assets at FVOCI (Note 13)	**–**	–	(270,000,000)
Net cash flows used in investing activities	**781,308,847**	(627,513,283)	(1,572,792,740)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans (Note 15)	**963,154,790**	1,785,384,762	1,663,345,070
Payments of:			
Loans (Note 15)	**(1,179,140,432)**	(1,450,528,534)	(353,477,270)
Cash dividends (Note 21)	**(794,232,899)**	(401,876,299)	(451,479,873)
Lease liabilities (Note 24)	**(33,786,786)**	(17,474,599)	(76,233,373)
Net proceeds (payments) of advances from related parties	**48,581,574**	73,466,973	(12,254,278)
Acquisition of noncontrolling interests (Note 21)	–	(64,623,415)	**–**
Additional investments and deposits for future stock subscriptions of non-controlling interests of a subsidiary (Note 21)	–	–	248,037,487
Net cash flows from (used in) financing activities	**(995,423,753)**	(75,651,112)	1,017,937,763
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**403,753,758**	(501,142,599)	(810,510,001)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**2,855,387**	(9,673,851)	53,842,288
TOTAL CASH AT BEGINNING OF YEAR			
Cash and cash equivalents (Note 6)	**4,382,540,776**	4,893,357,226	5,650,024,939
Restricted cash (Notes 9 and 13)	**2,003,880**	2,003,880	2,003,311
	4,384,544,656	4,895,361,106	5,652,028,250
TOTAL CASH AT END OF YEAR			
Cash and cash equivalents (Note 6)	**4,789,149,921**	4,382,540,776	4,893,357,226
Restricted cash (Notes 9 and 13)	**29,242,364**	2,003,880	2,003,880
	₱4,818,392,285	₱4,384,544,656	₱4,895,361,106

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Vivant Corporation (the "Parent Company" or "Vivant") was incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on May 28, 1990. The Parent Company is listed in the Philippine Stock Exchange using the symbol VVT. Vivant is the ultimate parent of the Group.

The Parent Company's primary purpose is to invest in and manage the general business of any other corporation or corporations except management of fund securities portfolios and other similar assets of a managed entity.

The Parent Company is owned by Mai-I Resources Corporation (MRC) and JEG Development Corporation (JDC) with a combined ownership of 75.84%. MRC and JDC are entities incorporated and domiciled in the Philippines.

The Parent Company and its Subsidiaries (collectively referred to as the Group) are engaged in various business activities, through its subsidiaries and affiliates, namely electric power generation (both renewable and non-renewable energy), electric power distribution, retail electricity supply, electrical engineering services, water infrastructure and real estate.

The principal office address of the Parent Company is currently located at 9th Floor Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Barangay Banilad, Mandaue City, Cebu.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries and associates, all incorporated in the Philippines, as at December 31, 2024 and 2023:

	2024		2023	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Subsidiaries				
Hijos De F. Escaño (HDFE)	**50.94**	**–**	50.94	–
Southern Grove Properties and Development Corp. (SGPDC)	**100.00** [n]	**–**	100.00 [n]	–
Vivant Realty Ventures Corporation (VRVC)	**–**	**100.00** [q] [r]	–	100.00 [q] [r]
Vivant Corporate Center, Inc. (VCCI)	**–**	**100.00** [q] [w]	–	100.00 [q] [w]
Vivant Infracore Holdings Inc. (VIHI)	**100.00** [v]	**–**	100.00 [v]	–
Vivant Hydrocore Holdings Inc. (VHHI)	**–**	**100.00** [y] [bb]	–	100.00 [y] [bb]
Vivant Transcore Holdings Inc. (VTHI)	**–**	**100.00** [y] [bb]	–	100.00 [y] [bb]
Isla Mactan Cordova Corporation (IMCC)	**–**	**100.00** [p] [cc]	–	100.00 [p] [cc]
Watermatic Philippines Corporation (WMP)	**–**	**–**	–	60.00 [z] [cc]
Watermatic Southeast Asia, Ltd. (WMP SEA)	**–**	**–**	–	60.00 [ee] [ff]
Northern Metro Cebu Water Corporation (NMCWC)	**–**	**100.00** [cc] [jj]	–	100.00 [cc] [jj]
Bantayan Island Water Solutions Corporation (BIWSC)	**–**	**100.00** [bb] [uu]	–	–
Isla Busuanga Water Corporation (IBWC)	**–**	**100.00** [bb] [uu]	–	–
Western Cebu Water Services Corporation (WCWSC)	**–**	**100.00** [bb] [uu]	–	–
Vivant Energy Corporation (VEC)	**100.00**	**–**	100.00	–
Vivant Integrated Generation Corporation (VIGC)	**–**	**100.00** [a]	–	100.00 [a]
Vivant Geo Power Corp. (VGPC)	**–**	**100.00** [b] [g]	–	100.00 [b] [g]
Delta P Hybrid, Inc. (DPHI; formerly Vivant Isla Inc.)	**–**	**100.00** [a] [h]	–	100.00 [a] [h]
Vivant Renewable Energy Corporation (VREC)	**–**	**100.00** [a] [f]	–	100.00 [a] [f]

(Forward)

	2024		2023	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Corenergy Inc. (Core)	–	**100.00** [a]	–	100.00 [a]
Vivant Integrated Diesel Corporation (VIDC)	–	**100.00** [a] [i]	–	100.00 [a] [i]
Isla Norte Power Corp. (INPC)	–	**100.00** [e] [mm]	–	100.00 [e] [mm]
Southern Powercore Holding Corp. (SPHC)	–	**100.00** [b] [s]	–	100.00 [b] [s]
Amberdust Holding Coproration (AHC)	–	**100.00** [a] [d]	–	100.00 [a] [d]
Vivant-Malogo Hydropower, Inc. (VMHI)	–	**67.00** [a]	–	67.00 [a]
1590 Energy Corp. (1590 EC)	–	**55.20** [a]	–	55.20 [a]
Vivant Solar Corporation (VSC)	–	**100.00** [a] [x]	–	100.00 [a] [x]
Corenergy Solar Solutions Corporation (CSSC)	–	**100.00** [a] [d]	–	100.00 [a] [d]
Bukidnon Power Corporation (BPC)	–	**90.00**[gg] [ii]	–	90.00[gg] [ii]
North Bukidnon Power Corporation (NBPC)	–	**90.00**[hh] [ii]	–	90.00[hh] [ii]
Calamian Islands Power Corp. (CIPC)	–	**100.00** [a]	–	100.00 [a]
Delta P, Inc. (Delta P)	–	**100.00** [a]	–	100.00 [a]
La Pampanga Energy Corp (LPEC)	–	**100.00** [a] [l]	–	100.00 [a] [l]
Culna Renewable Energy Corp. (CREC)	–	**100.00** [b] [u]	–	100.00 [b] [u]
San Ildefonso Alternative Energy Corp (SIAEC)	–	**100.00** [a] [nn]	–	100.00 [a] [nn]
Meridian Power, Inc. (MPI)	–	**100.00** [a] [oo]	–	100.00 [a] [oo]
San Pablo Renewable Energy Corp (SPREC)	–	**100.00** [a] [pp]	–	100.00 [a] [pp]
Spark Grid Corp (SGC)	–	**100.00** [a] [qq]	–	100.00 [a] [qq]
Adequate Power, Inc. (API)	–	**100.00** [a] [rr]	–	100.00 [a] [rr]
Avant Energy Corp (AEC)	–	**100.00** [a] [ss]	–	100.00 [a] [ss]
Bai Energy Corp (BEC)	–	**100.00** [a] [tt]	–	100.00 [a] [tt]
SolEnergy Generation Corp (SEGC)	–	**100.00** [a] [m]	–	100.00 [a] [m]
South Cebu Energy Corp. (SCEC)	–	**100.00** [a] [j]	–	100.00 [a] [j]
Bohol Renewable Power Corp. (BRPC)	–	**100.00** [a] [vv]	–	–
Vivant Solenergy Cebu Corp. (VSCC)	–	**100.00** [a] [ww]	–	–
Vivant Solenergy Ubay Corp. (VSUC)	–	**100.00** [a] [ww]	–	–
One Solar Energy Aglao Corp. (OSAC)	–	**100.00** [a] [xx]	–	–
Vivant Vienergy Antique Corp. (VVAC)	–	**100.00** [a] [yy]	–	–
Associates				
Visayan Electric Company, Inc. (VECO)	**34.81**	**–**	34.81	–
Prism Energy, Inc. (PEI)	–	**40.00** [a]	–	40.00 [a]
Abovant Holdings, Inc. (AHI)	–	**40.00** [c]	–	40.00 [c]
Cebu Private Power Corporation (CPPC)	–	**40.00** [a]	–	40.00 [a]
Minergy Power Corporation (MPC)	–	**40.00** [c]	–	40.00 [c]
Therma Visayas, Inc. (TVI)	–	**20.00** [c]	–	20.00 [c]
Lunar Power Core Inc. (LPCI)	–	**42.50** [c] [k]	–	42.50 [c] [k]
Global Luzon Energy Development Corporation (GLEDC)	–	**42.50** [c] [o]	–	42.50 [c] [o]
Lihangin Wind Energy Corp (LWEC)	–	**40.00** [b] [aa]	–	40.00 [b] [aa]
Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS)	–	**45.00** [cc] [dd]	–	45.00 [cc] [dd]
Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC)	–	**40.31**[kk] [ll]	–	40.31[kk] [ll]

a. Indirect ownership through VEC
b. Indirect ownership through VREC
c. Indirect ownership through VIGC
d. Incorporated January 11, 2017. Ownership interest in CSSC is through VSC.
e. Indirect ownership through VIDC.
f. Incorporated on January 8, 2010. .
g. Incorporated on April 23, 2014
h. Incorporated on July 11 2014. .
i. Incorporated on August 7, 2015
j. Incorporated May 23, 2023
k. Incorporated on June 10, 2016
l. Incorporated on May 26, 2016. .
m. Incorporated June 21, 2023
n. Incorporated on December 8, 2004
o. Incorporated on January 31, 2013. Ownership interest in GLEDC is through LPCI.
p. Incorporated on August 14, 2020
q. Indirect ownership through SGPDC
r. Incorporated May 19, 2017
s. Incorporated April 20, 2017
t. Incorporated August 16, 2017

	2024		2023	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect

u. Incorporated April 12, 2017
v. Incorporated December 18, 2018
w. Incorporated October 10, 2018.
x. Incorporated April 4, 2018.
y. Incorporated May 20, 2019
z. Incorporated July 23, 2019. The Group divested in WMP on October 11, 2024.
aa. Incorporated January 24, 2017.
bb. Indirect ownership through VIHI
cc. Indirect ownership through VHHI.
dd. Incorporated August 31, 2018
ee. Incorporated on July 1, 2021. The Group divested in WMP SEA on October 11, 2024.
ff. Indirect ownership through WMP.
gg. Incorporated September 23, 2014
hh. Incorporated October 10, 2016
ii. Indirect ownership through AHC
jj. Incorporated March 18, 2021
kk. Incorporated November 8, 2018
ll. Indirect ownership through FLOWS
mm. Incorporated February 14, 2022
nn. Incorporated February 18, 2016.
oo. Incorporated April 11,2023. Changed its Corporate name from Central Cebu Transitional Power Corporation.
pp. Incorporated March 29, 2023
qq. Incorporated April 12, 2023.
rr. Incorporated June 7, 2023.
ss. Incorporated May 17, 2023.
tt. Incorporated June 13, 2023
uu. Incorporated July 9, 2024
vv. Incorporated March 21, 2022
ww. Incorporated December 10, 2024
xx. Incorporated November 28, 2024
yy. Incorporated November 29, 2024

Subsidiaries

The subsidiaries are all incorporated in the Philippines. Except for 1590 EC, VMHI, INPC, BPC, NBPC, Core, CSSC, Delta P, CIPC, SIAEC, MPI, LPEC, CREC, IMCC and NMCWC, all subsidiaries are also operating as holding and investing companies, which are primarily engaged in power generation and distribution, and water infrastructure. 1590 EC is operating a diesel power plant, while VMHI is in its pre-operating stage of building a hydro power plant in Silay, Negros Occidental. INPC is operating a diesel power plant in Bantayan, Cebu. BPC and NBPC are operating diesel-fired power plants in Bukidnon. Core is operating as a retail electricity supplier and engineering services provider. Delta P is operating an oil-fired power generation plant in Puerto Princesa, Palawan. CIPC is operating diesel-fired power generation plants in Coron and Busuanga. SIAEC is in its development stage of solar plant facility in Bulacan. MPI is operating an oil-fired power plant in Cebu. LPEC is in its pre-operating stage of building an oil-fired plant in Pampanga. CREC is in its pre-operating stage of building hybrid facilities in Culion and Linapacan islands. IMCC and NMCWC are in its pre-operating stage of building a seawater desalination facility.

The following sets out brief information of the Parent Company's subsidiaries and associates:

HDFE

HDFE was incorporated on December 24, 1926, which registration was renewed for another 50 years effective November 26, 1974. The primary purpose of HDFE is to invest in, hold, own, purchase, acquire, lease, contract, operate, improve, develop, grant, sell, exchange, or otherwise dispose of real and personal properties of every kind and description including shares of stocks, bonds and other securities or evidence of indebtedness of any other corporation, association, firm, or entity, domestic or foreign, where necessary or appropriate, and to process and exercise in respect thereof of all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, without acting as, or engaging in the business of an investment company, or dealer or broker in



securities. On June 26, 2012, the SEC approved the latest renewal of the HDFE's registration for another 25 years effective April 2, 2023, or until April 2, 2038.

SGPDC
SGPDC was incorporated on December 8, 2004 with a primary purpose to invest in, purchase, or otherwise acquire and own, hold, develop, use, sell, lease, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description for whatever purpose the same may have been organized. It has also direct equity shareholdings in VRVC and VCCI, both real estate companies.

On March 5, 2015, during the Special Stockholders' Meeting and Special Board Meeting, the stockholders and BOD approved that one of SGPDC's secondary purposes is to conduct and transact any and all lawful business, and to do or cause to be done any one or more of the acts and things set forth as its purposes, within or without the Philippines, and in any and all foreign countries, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers of the Company under the Corporation Code of the Philippines, or which shall at any time appear conducive to or expedient for its protection or benefit. These amendments made in SGPDC's Articles of Incorporation (AOI) were approved by the SEC on October 8, 2015.

On January 6, 2016, the SEC approved the amendment to its AOI changing its name from VC Ventures Net, Inc. to Southern Grove Properties and Development Corp. and its primary purpose is to engage in real estate business, to hold, construct, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of all kinds of real property or to act as real estate broker for such fees as may be legal and proper.

VRVC
VRVC was incorporated on May 19, 2017. Its primary purpose is to engage in the real estate business. On July 3, 2017, VRVC purchased from HDFE, a company under common control, a parcel of land located at M.J. Cuenco Ave., Tinago Central, Barangay San Roque, Cebu City amounting to ₱27.9 million, with the intention of holding the land for capital appreciation. As of December 31, 2024, VRVC is recognizing rental income from the purchased investment property (see Note 12).

VCCI
VCCI was incorporated on October 10, 2018 and its primary purpose is to engage in the real estate business. As of December 31, 2024, VCCI has not yet started its operations.

VIHI
VIHI was incorporated on December 18, 2018 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2024, VIHI is operating as a holding company for VTHI and VHHI.

VHHI
VHHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2024, VHHI is operating as a holding company for IMCC, NMCWC, and FLOWS, a holding company.

VTHI
VTHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2024, VTHI has not yet started its operations.

IMCC
IMCC was incorporated on August 14, 2020 and its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, wastewater treatment facility and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.

As of December 31, 2024, IMCC is at its testing and commissioning phase.

WMP
WMP was incorporated on July 23, 2019 as a water treatment engineering company primarily engaged in the design, supply (which includes detailed design, procurement, and assembly), installation, commission, operation and maintenance of water treatment and wastewater treatment plant to be owned by WMP or for third parties. WMP also engages into bulk water supply agreements using water sourced from ground water, surface water, or desalinated water. WMP has started its operations in 2020.

In 2024, the Group entered into a Share Sale and Purchase Agreement with Watermatic International Ltd. (WMI) resulting in the derecognition of the Company's total investment in WMP amounting to ₱63.9 million, which represents 31,875,000 common shares with par value of ₱1 per share for a total consideration of ₱31.9 million, along with goodwill and non-controlling interest amounting to ₱82.4 million and ₱58.5 million, respectively. As a result, the Company recognized a loss from the disposal amounting to ₱36.9 million.

WMP SEA
WMP SEA, a wholly-owned subsidiary of WMP, was incorporated on July 1, 2021 according to the Companies Law 5769-1999, as a limited liability company under the laws of the Republic of Israel. Its primary purpose is to buy and sell products for wastewater and wastewater treatment projects. In 2024, the Company derecognized its interest in WMP SEA, along with its divestment in WMP.

NMCWC
NMCWC was incorporated and registered with the SEC on March 18, 2021. Its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, wastewater treatment facility, and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers. As of December 31, 2024, NMCWC has not yet started operations.

The registered office of the Company is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Philippines.

BIWSC
BIWSC was incorporated on July 9, 2024. Its primary purpose is to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, ground water treatment facilities, seawater desalination plants, and wastewater treatment facilities, water infrastructure and related facilities; and in furtherance of this purpose, to build, finance, operate, and maintain the same; to sell and distribute treated water to residential, commercial, government, and institutional customers; and to sell bulk water to water districts and/or private entities. Provided that the corporation shall only engage in activities within the limits allowed by law. As of December 31, 2024, BIWSC has not yet started its operations.

The registered office of BIWSC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

IBWC
IBWC was incorporated on July 9, 2024. Its primary purpose is to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, ground water treatment facilities, seawater desalination plants, and wastewater treatment facilities; and in furtherance of this purpose, to hire the services of professionals and duly licensed engineers to plan, and layout various water infrastructure and related facilities, as well as to build, finance, operate and maintain the same; to sell and distribute treated water to residential, commercial, government and institutional customers; and to sell bulk water to water districts and/or private entities. As of December 31, 2024, IBWC has not yet started its operations.

The registered office of IBWC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

WCWSC
WCWSC was incorporated on July 9, 2024. Its primary purpose is to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, ground water treatment facilities, seawater desalination plants, and wastewater treatment facilities; and in furtherance of this purpose, to hire the services of professionals and duly licensed engineers to plan, and layout various water infrastructure and related facilities, as well as to build, finance, operate and maintain the same; to sell and distribute treated water to residential, commercial, government and institutional customers; and to sell bulk water to water districts and/or private entities.

As of December 31, 2024, WCWSC has not yet started its operations.

The registered office of WCWSC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VEC
VEC was incorporated on January 25, 2005 and its primary purpose is to establish, maintain and operate power plants of any kind and such other sources that may be a viable source of electric light, heat and power system and to sell to the general public, electricity as the corporation may determine. VEC currently exists as a holding company with direct equity shareholdings in CPPC, Delta P, 1590 EC, CIPC, VMHI, TVI, DPHI, INPC, LPEC, and VIDC, entities engaged in the power generation business, and PEI and Core, entities engaged in the retail electricity supply. Core is also engaged in engineering services. VEC also has direct equity shareholdings on holding entities namely VIGC and VREC.

VIGC
VIGC was incorporated on November 5, 2008 with the primary purpose of holding investments in power generation companies. It has direct equity shareholdings in MPC, TVI and LPCI, entities engaged in the power generation business and AHI, a holding entity.

VGPC
VGPC was incorporated on April 23, 2014. Its primary purpose is to establish, maintain, own, and operate geothermal, thermal, hydroelectric, solar, wind, coal, diesel power plants and such other sources that may be viable source of electric light, heat and power system and to sell and/or trade electricity for light, heat and power purposes within cities, municipalities and provinces of the Philippines as the corporation may determine and enter into business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2024, VGPC is still in the pre-operating stage.

DPHI
DPHI, formerly VII, was incorporated on July 11, 2014. Its primary purpose is to engage in business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, constructing, holding, and selling power generation facilities and related facilities, or any other business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2024, DPHI is still in the pre-operating stage.

On February 16, 2022, the application to change the name of VII to Delta P Hybrid, Inc. was approved by the SEC.

VREC
VREC was incorporated on January 8, 2010 with the primary purpose of holding investments in power generation companies. On October 2, 2015, the SEC approved its application for change in corporate name from Vics Bakun Holdings Corporation to VREC. It also has direct equity shareholdings in VGPC, SPHC, AHC, VSC, CREC, and LWEC as of December 31, 2024.

Core
Core was incorporated on December 14, 2012. Its primary purpose is to buy, source and obtain electricity from generating companies or from the wholesale electricity spot market to sell, broker, market or aggregate electricity to the end-users, to provide services necessary in connection with the supply or delivery of electricity thereof, distribution utilities and other entities in the electric systems by a duly licensed electrical engineer, the conduct of energy examinations, inspections, assessments, maintenance, testing and commissioning, as amended dated May 31, 2019.

As of December 31, 2024, Core has entered into retail supply contracts and engineering service contracts with various customers.



VIDC
VIDC was incorporated on August 7, 2015. Its primary purpose is to establish, maintain, acquire, own, hold, and operate diesel powered generating facilities. As of December 31, 2024, VIDC is the holding company of INPC.

INPC
Isla Norte Power Corporation (INPC) was incorporated on February 14, 2022, and carried on the operations of Isla Norte Energy Corporation after the merger of said entity with INPC was approved by the SEC on December 29, 2022. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power purposed within the cities, municipalities, and provinces of the Philippines.

In 2023, VEC and VIDC acquired the remaining interest of Gigawatt Power, Inc. (GPI) in INPC for a total consideration of ₱169.6 million, resulting in 100% ownership by the Group in INPC (see Note 21).

The registered office of INPC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

SPHC
SPHC was incorporated on April 20, 2017. Its primary purpose is to engage in the business of holding investments in power generation companies. As of December 31, 2024, SPHC has not yet started its commercial operations.

The registered office of SPHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

AHC
AHC was incorporated on August 16, 2017. Its primary purpose is to engage in the business of a holding company. As of December 31, 2024, AHC is the holding company of BPC and NBPC.

In May 2021, AHC in partnership with VEC acquired 9% ownership in BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively. Further, AHC acquired 9% ownership in NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

On June 28, 2021, VREC assigned its 45,000 common shares in AHC with par value of ₱1.00 per share to VEC.

The registered office of AHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

VMHI
VMHI was incorporated on June 8, 2012. Its primary purpose is to engage in the business of owning, acquiring, operating, generating, collecting and distributing electricity.

VMHI is in its starting phase or pre-operational stage as a power generating entity that will implement a greenfield power plant project, involving the construction and operation of a series of run-of-river hydropower facility in Barangay Capitan Ramon in Silay City, Negros Occidental.

VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a six (6) MW power plant facility along the Malogo river. The project has concluded its detailed engineering design. A tender process is underway for the construction to coincide with the project timetable, but subject to adjustments that may be brought about by regulations from the grid system operator.

On March 8, 2017, bidding for the award of the Engineering, Procurement, Construction and Commissioning ("EPCC") contract was conducted. However, the National Grid Corporation of the Philippines (NGCP) issued a prohibition to the power plants from connecting to the Negros Island Grid. Such prohibition is expected to be in place until NGCP's 230 kV backbone project is expected to be completed and ready to accommodate new capacity.

In April 2024, NGCP's 230 kV backbone project was energized. Following this energization, the Company re-engaged with NGCP to discuss interconnection matters and requested for an initial technical assessment. However, the results of the assessment indicate a potential risk of congestion at the proposed interconnection, should the 3-phase project proceed. Hence, the need to perform and update certain studies to evaluate the viability of the interconnection for the project. With this, the Company has withheld the awarding of the EPCC contract to implement the detailed engineering design as of December 31, 2024.

The registered office of VMHI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

1590 EC

1590 EC was incorporated and started operations on July 30, 2010. It is primarily engaged in power generation and operates a 225 MW diesel-fired power plant in Bauang, La Union. 1590 EC is also partly-owned by GPI, Eco Utilities Ventures Holdings Company, Inc. (EUVHCI) and ICS Renewables Holdings, Inc. (ICS), among others.

The registered office of 1590 EC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

On April 6, 2022, 1590 EC acquired the Buang Diesel Power Plant (BDPP) as the highest bidder during the public auction of the power plant following a post qualification evaluation. On April 19, 2022, 1590 EC and the PGLU signed the deed of transfer and conveyance.

VSC

VSC, formerly ET-Vivant Solar Corporation, was incorporated on April 4, 2018 primarily to engage in developing and constructing solar power generation and related facilities for lighting and power purposes and whole-selling the electric power to the wholesale electricity spot market, private distribution utilities, private electric cooperatives and other off-takers and selling and/or trading electricity for light, heat and power purposes. VSC has direct equity shareholding in CSSC, an entity engaged in the solar power generation business. In 2021, VSC has started its commercial operations.

The registered office of the Company is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S, Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

CSSC

CSSC, formerly ET Energy Island Corporation (ETEI), was incorporated on January 11, 2017 with the primary purpose to explore, develop, build, construct, install, commission, rehabilitate, maintain, own, manage, operate and invest in, bid for or otherwise acquire power generating plants and related facilities and to engage in the business of generating, marketing, selling and supplying electricity

generated from solar photovoltaic systems and components; planning and construction of photovoltaic power plants and to provide consulting services associated with photovoltaic power plants, provided that it shall not operate a public utility. In January 2019, CSSC has started its commercial operations.

The registered office of the Company is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

BPC
BPC was incorporated to develop, construct, erect assemble, commission, own, operate, maintain, rehabilitate, and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. BPC has two (2) operating power plants in Bukidnon and have started commercial operations on February 26, 2016 for Plant 1 and February 26, 2017 for Plant 2.

On October 16, 2014, BPC entered into a PSA with First Bukidnon Electric Cooperative (FIBECO) to supply a maximum of 4.4 MW from its 2 x 2.4 MW power plant located at Barangay Barandias, Bukidnon at a specific contract rate for a period of 15 years commencing from March 15, 2015. ERC has granted a provisional approval on its rate application on August 3, 2015. The second power supply agreement was entered into with FIBECO on July 24, 2015 for a contracted capacity of 2 MW from its 2.5 MW Fuel power plant located at Barangay Mabuhay, San Fernando, Bukidnon, for a period of 15 years starting from April 15, 2016. ERC's final approval on its rate application was dated June 6, 2017.

In May 2021, VEC and AHC acquired 81% and 9% ownership of BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively.

The registered office address of BPC is at National Highway Barandias, Pangantucan, Bukidnon.

NBPC
NBPC was incorporated to develop, construct, erect, assemble, commission, own, operate, maintain, rehabilitate and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. NBPC has started its commercial operations on September 26, 2018.

In May 2021, 2021, VEC and AHC acquired 81% and 9% ownership of NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

The registered office address of NBPC is at 2nd Floor Z-Gas Building, Purok 6A, South Poblacion, Maramag, Bukidnon.

CIPC
CIPC was incorporated on October 19, 2010 primarily to engage in the business of owning, acquiring, commissioning, operating and selling power generation facilities and related facilities, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. Currently, CIPC operates an 8 MW bunker and 0.75 MW diesel-fired power generation plants in the municipalities of Coron and Busuanga, respectively.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in CIPC for a consideration of ₱172.0 million, which resulted to a 100% ownership of the Group (see Note 13).

The registered principal office of CIPC is at Sitio Lilibutin, Barangay Guadalupe Coron, Palawan, Philippines 5316.

Delta P
Delta P was registered with SEC on September 20, 2002 primarily to operate and maintain a 16 MW heavy fuel oil-fired generating power station in Puerto Princesa, Palawan.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in Delta P for a consideration of ₱272.9 million, which resulted to an increase in the Group's ownership interest in Delta P to 100% (see Note 13).

The registered principal office of Delta P is at Km. 13 North National Highway, Sta. Lourdes, Puerto Princesa City, Palawan.

LPEC
La Pampanga Energy Corp (LPEC), formerly Vivant Enercore Integrated, Inc. (VEII), was incorporated on May 26, 2016. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system. As of December 31, 2024, LPEC is still in the pre-operating stage.

On June 1, 2023, the Group entered into a share purchase agreement with GPI to acquire its shares equivalent to 6,250,000 common shares and 51,750,000 preferred shares with par value of ₱1 per share for a consideration of ₱41.1 million, which resulted to 100% ownership of the Group.

CREC
CREC, an associate through VREC, was registered on April 12, 2017 primarily to engage in the business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, and constructing conventional renewable energy and/or hybrid power generation, distribution and related facilities, and distributing and selling power, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in the furtherance of or otherwise relating to such purpose. As of December 31, 2024, CREC has not yet started its commercial operations.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its shares equivalent to 9,375 preferred shares with par value of ₱1,000 per share for a consideration of ₱6.5 million resulting to an increase of the Group's ownership interest to 100%.

The registered principal office of CREC is at Sitio Lilibutin, Barangay Guadalupe, Coron, Palawan 5316.

SIAEC
SIAEC was incorporated on February 18, 2016 with the primary purpose to engage in the business of development, investment, acquisition, construction, operation and maintenance, and sale of renewable energy facilities including generation of heat and power, sales and distribution. As of December 31, 2024, SIAEC has not yet started its commercial operations.

On February 3, 2023, VEC acquired 100% ownership of SIAEC from Cleantech Global Renewables, Inc. representing 1,250,004 common shares for a consideration of ₱5.0 million and advanced ₱381.8 million to be applied against future issuance of common stock.

The registered office of SIAEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

MPI
MPI, formerly Central Cebu Transitional Power Corporation, was incorporated on April 11, 2023 with the primary purpose to engage in the business of establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. MPI started its commercial operations in August 2023.

The registered office of MPI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SPREC
SPREC was incorporated on March 29, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, SPREC has not yet started its commercial operations.

The registered office of SPREC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SGC
SGC was incorporated on April 12, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, SGC has not yet started its commercial operations.

The registered office of SGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

API
API was incorporated on June 7, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, API has not yet started its commercial operations.

The registered office of API is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

AEC
AEC was incorporated on May 17, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, AEC has not yet started its commercial operations.

The registered office of AEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

BEC
BEC was incorporated on June 13, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2024, BEC has not yet started its commercial operations.

The registered office of BEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SEGC
SEGC was incorporated on June 21, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, SEGC has not yet started its commercial operations.

The registered office of SEGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SCEC
SCEC was incorporated on May 23, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2024, SCEC has not yet started its commercial operations.

The registered office of SCEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

BRPC
BRPC was incorporated on March 21, 2022 with the primary purpose to operate, manage, and engage in the business of electric power generation, transmission and distribution that includes operation of generation facilities, transmission and distribution systems as well as electricity and transmission capacity exchanges for sale of electricity to its end users except production of electricity through incineration of waste.

On January 22, 2024, the Company entered into a share purchase agreement to acquire 1,000,000 common shares in BRPC with par value of ₱1 per share for a consideration of ₱1.0 million. As of December 31, 2024, BRPC has not yet started its commercial operations.

The registered office of the Company is located at 0716 1st Floor Ocean Suites Hotel, VP Inting Ave., Bool, Tagbilaran City, Bohol, Region VII (Central Visayas), 6300.

VSCC
VSCC was incorporated on December 10, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy strorage systems capable of absorbing energy from the grid or distribution system or from a renewable energy facility or conventional facility, to be stored for a period of time and injected as needed, and to sell to the general public electricity for light, heat and power. As of December 31, 2024, VSCC has not yet started its commercial operations.



The registered office of VSCC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VSUC
VSUC was incorporated on December 10, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy strorage systems capable of absorbing energy from the grid or distribution system or from a renewable energy facility or conventional facility, to be stored for a period of time and injected as needed, and to sell to the general public electricity for light, heat and power. As of December 31, 2024, VSUC has not yet started its commercial operations.

The registered office of VSUC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

OSAC
OSAC was incorporated on November 28, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy strorage systems capable of absorbing energy from the grid or distribution system or from a renewable energy facility or conventional facility, to be stored for a period of time and injected as needed, and to sell to the general public electricity for light, heat and power. As of December 31, 2024, OSAC has not yet started its commercial operations.

The registered office of OSAC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VVAC
VVAC was incorporated on November 29, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy strorage systems capable of absorbing energy from the grid or distribution system or from a renewable energy facility or conventional facility, to be stored for a period of time and injected as needed, and to sell to the general public electricity for light, heat and power. As of December 31, 2024, VVAC has not yet started its commercial operations.

Associates. VECO, PEI, AHI, CPPC, MPC, TVI, LPCI, GLEDC, LWEC, FLOWS, and PPWRLC qualify as associates of the Group.

VECO
VECO was incorporated on February 22, 1961 and whose corporate term was extended for another 50 years after the expiration on February 23, 2012. VECO is a power distribution entity, the primary activities of which are to establish, maintain and operate electric light, heat and power systems and to sell to the general public electricity for light, heat and power purposes.

VECO serves the electrical power needs of four cities (Cebu, Mandaue, Talisay and Naga) and four municipalities (Minglanilla, San Fernando, Consolacion and Lilo-an) of the greater part of Metro Cebu by virtue of legislative franchise grants.

The registered office address of VECO is at J. Panis Street, Banilad, Cebu City, Philippines.

PEI
PEI was incorporated on March 24, 2009 as a retail electricity supplier. On April 26, 2017, PEI began its operations providing qualified contestable customers the opportunity to select a contract structure that will meet their generation supply requirement.

PEI's registered principal office address is at Aboitiz Corporate Center, Gov. Manuel A. Cuenco Ave., Kasambagan, Cebu City, Philippines.

AHI
AHI was incorporated on November 28, 2007 primarily to manage entities and to provide management, investment and technical advice for enterprises engaged in electricity generation and/or distribution.

AHI and Global Formosa Power Holdings, Inc., a joint venture between Global Business Power Corp. (Global Power) and Formosa Heavy Industries (Global Formosa), signed a shareholders' agreement to develop, construct and own Cebu Energy Development Corporation (CEDC), a 246 MW coal-fired power plant in Toledo City, Cebu. AHI has a 44% direct ownership interest in CEDC.

Its principal place of business is located at Aboitiz Corporate Center, Gov. Manuel Cuenco Avenue, Kasambagan, Cebu City, Philippines.

CPPC
CPPC was incorporated on July 13, 1994 and its primary purpose is to build, construct or own power generation plants and related facilities. It operates a 70 MW bunker "C" diesel-fired power generating plant, prior to the acquisition by the Group of the assets in 2023 (see Note 16).

The registered office address of CPPC, which is also its principal place of business, is Old VECO Compound, Barangay Ermita, Carbon, Cebu City.

MPC
MPC (formerly Minergy Coal Corporation) was registered with SEC on February 18, 2013, primarily to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the generation and supply of power utilizing any fuel or energy source.

MPC operates 3x55 MW coal-fired power plants in Balingasag, Misamis Oriental.

The registered office of MPC is at Brgy. Mandangoa, Balingasag, Misamis Oriental.

TVI
TVI was registered with SEC on October 15, 1997, primarily to acquire by purchase, lease, contract, concession, or otherwise any and all real estate, land, land patents, opinions, grants, concessions, franchises, water and other rights, privileges, easements, estates, interests and mineral properties of every kind and description. The power plant started its operations in April 2019.

The registered principal office of TVI is at Barangay Bato, Toledo City, Cebu.

LPCI
LPCI was registered with SEC on June 10, 2016 and is primarily engaged in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources. As of December 31, 2024, LPCI has not started its commercial operations.



The registered office of LPCI is at 22F GT Tower International 6813 Ayala Avenue cor. H.V. dela Costa St, Makati City 1227.

GLEDC
GLEDC, a wholly owned subsidiary of LPCI, was registered with SEC on January 31, 2013. It is primarily engaged in the general business of generating power derived from coal, fossil fuel, geothermal, nuclear, natural gas, hydroelectric, and other viable sources of power, for lighting and power purposes and whole selling the electric power to electric cooperatives, distribution utilities, and industrial customers. As of December 31, 2024, GLEDC has not started its commercial operations.

The registered office of GLEDC is at 22nd Flr GT Tower International, Ayala Avenue Corner H.V. Dela Costa St. Bel-air, Makati City.

LWEC
LWEC, formerly 6 Barracuda, an associate through VREC, was incorporated and registered in the Philippine SEC on January 24, 2017. It is engaged in all aspects of exploration, assessment, development and utilization of renewable energy resources, including the procurements, acquisition, importation, construction, installation, erection, ownership, lease, operation and maintenance of edifices, structures, facilities, materials, machinery and equipment, for or related to generation and sale of power.

As of December 31, 2024, LWEC has not started commercial operations.

The registered office of LWEC is at 21/F Tower 6789 Ayala Ave., Bel-Air Makati, Metro Manila.

FLOWS
FLOWS, an associate of VHHI, was incorporated on August 31, 2018 primarily to engage in the activities of a holding company except as a stockbroker or dealer of securities, provided that, FLOWS shall not solicit, accept or take investments/placements from the public neither shall it issue investments contracts.

FLOWS has an 89.58% direct ownership interest in PPWRLC.

The registered principal office of FLOWS is at 37 Taft Street, Barangay Maligaya, Puerto Princesa City, Palawan.

PPWRLC
PPWRLC was incorporated under the laws of the Republic of the Philippines and registered with the SEC on November 8, 2018. The Company's primary purpose is to engage in the activities of an operator, contractor and/or agent of the City of Puerto Princesa in providing septage, sewerage and sanitation services and to engage in the development, construction, operation, and maintenance of sewage and/or septage treatment plants which may also act as a tourist attraction and learning center for environmental protection. FLOWS has an 89.58% direct ownership interest in PPWRLC.

PPWRLC already started its commercial operations on January 1, 2022. The registered principal place of business is at Maligaya, Puerto Princesa City (Capital), Palawan, Region IV-B, Philippines, 5300.

Authorization to Issue the Consolidated Financial Statements. The consolidated financial statements of the Group as of and for the years ended December 31, 2024, 2023 and 2022 were approved and authorized for issuance by the Board of Directors (BOD) on March 21, 2025.

2. Basis of Preparation, Statement of Compliance and Basis of Consolidation

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at FVOCI and investment properties which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All amounts are rounded to the nearest Peso, except as otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries.

The consolidated financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Profit or loss and each component of Other Comprehensive Income (OCI) comprise income from the date the Group gains control until the date the Group ceases to control the subsidiary. The Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income and attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Accounting for Loss of Control

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the former subsidiary, including any non-controlling interests in the former subsidiary at the date control is lost, and components of other comprehensive income attributable to them. The Group also recognizes any investment retained in the former subsidiary at its fair value when control is lost. The Group subsequently accounts for any retained interests and for any amount owed by or to the former subsidiary in accordance with other relevant PFRS Accounting Standards. The fair value shall be regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of

an investment in an associate or joint venture. The Group recognizes a gain or loss associated with the loss of control attributable to the former controlling interest.

The Group accounts for all amounts previously recognized in other comprehensive income in relation to former subsidiaries on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Transactions with Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the parent. Transactions with non-controlling interests are accounted for as equity transactions. On acquisitions of non-controlling interests, the difference between the consideration and the book value of the share of the net assets acquired is reflected as being a transaction between owners and recognized directly in equity. Gain or loss on disposals to non-controlling interest is also recognized directly in equity.

3. **Changes in Accounting Policies and Disclosures**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments standards effective in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements, Classification of Liabilities as Current or Noncurrent*

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or noncurrent;
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Leases, Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures, Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

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

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9, *Financial Instruments* and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of nonrecourse assets and contractually linked instruments.

- *Annual Improvements to PFRS Accounting Standards – Volume 11*

  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*, *Hedge Accounting by a First-time Adopter*

  The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- Amendments to PFRS 7, *Gain or Loss on Derecognition*

  The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities*

  The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

- *Transaction Price*

  The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15, *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Consolidated Financial Statements, Determination of a 'De Facto Agent'*

  The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*

  The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1 and responds to investors' demand for better information about companies' financial performance. The new requirements include:

  - Required totals, subtotals and new categories in the statement of profit or loss;
  - Disclosure of management-defined performance measures; and
  - Guidance on aggregation and disaggregation.

  The Group is currently assessing the impact of adopting PFRS 18 and plans to adopt the new standard on the required effective date.

- PFRS 19, *Subsidiaries without Public Accountability*

  The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.



Deferred Effectivity

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

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

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

4. **Material Accounting Policy Information**

Current and Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Group measures financial instruments, such as, cash on hand and in banks, short-term placements, trade and other receivables, trade and other payables, notes payable and non-financial assets such as investment properties and AFS investments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as cash on hand and in banks, short-term investments, trade and other receivables, advances to associates and stockholders, financial assets at FVOCI, trade and other payables, advances from related parties, notes payable and investment properties.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Valuers are normally rotated every 3–6 years. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.



The management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

On an interim basis, the management and the Group's external valuers present the valuation results to the audit committee. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Assets and Financial Liabilities

Financial Instruments - Initial Recognition and Subsequent Measurement

- *Classification of Financial Assets*. Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:
  - Financial assets measured at amortized cost;
  - Financial assets measured at fair value through profit or loss (FVPL);
  - Financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss
  - Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

- *Contractual Cash Flows Characteristics*. If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

  In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

- *Business Model*. The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

  The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and

reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

- *Financial Assets at Amortized Cost.* A debt financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the consolidated statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "Provision for bad debts" in the consolidated statement of comprehensive income.

  As at December 31, 2024 and 2023, the Group has financial assets at amortized cost consisting of cash and cash equivalents, trade and other receivables, advances to associates and stockholders, and other receivables included under "Other noncurrent assets" such as advances to suppliers and other parties, due from RFM Corporation, security deposits under "Prepayments and other current assets" and restricted cash under "Other current assets" and "Other noncurrent assets" (see Notes 6, 7, 9, 13 and 16).

- *Financial Assets at FVPL*. Financial assets at FVPL are measured at FVPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

  Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

  The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. An embedded derivative is separated from the host financial liability or nonfinancial contract and accounted for as a derivative if all of the following conditions are met:

  - the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics of the host contract;

- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized as at FVPL.

For derivatives embedded in financial asset host contracts, the Group applies the financial asset classification and measurement requirements to the entire instrument. No embedded derivatives in financial asset host contracts are recognized separately in the financial statements.

Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.
Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL, and the gains or losses from disposal of financial investments.

As at December 31, 2024 and 2023, the Group has no financial assets at FVPL.

- *Financial Assets at FVOCI*. A financial asset is measured at FVOCI if (a) it is held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

  The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

  Dividends are recognized in profit or loss only when:
  - the Group's right to receive payment of the dividend is established;
  - it is probable that the economic benefits associated with the dividend will flow to the Group; and,
  - the amount of the dividend can be measured reliably.

  As at December 31, 2024 and 2023, the Group has financial assets at FVOCI amounting to ₱8.0 million and ₱426.6 million, respectively, and is presented as part of "Other noncurrent assets" account in Group's consolidated statements of financial position (see Note 13).

- *Classification of Financial Liabilities*. Financial liabilities are measured at amortized cost, except for the following:
  - Financial liabilities measured at fair value through profit or loss;
  - Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
  - Financial guarantee contracts;
  - Commitments to provide a loan at a below-market interest rate; and,
  - Contingent consideration recognized by an acquirer in accordance with PFRS 3.

  A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

  - if a host contract contains one or more embedded derivatives; or,
  - if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

  Where a financial liability is designated at FVPL, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  The Group's financial liabilities include trade and other payables, notes payable and advances from related parties.

- *Impairment of Financial Assets.* Upon adoption of PFRS 9, the standard introduces the single, forward-looking "expected loss" impairment model, replacing the "incurred loss" impairment model under PAS 39.

  The Group recognizes ECL on debt instruments that are measured at amortized cost.

  No ECL is recognized on equity investments.

  ECLs are measured in a way that reflects the following:
  - an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
  - the time value of money; and,
  - reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

  Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

  - *Stage 1: 12-month ECL*. For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.



- *Stage 2: Lifetime ECL - not credit-impaired*. For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

- *Stage 3: Lifetime ECL - credit-impaired*. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; or,
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

- *Determination of the Stage for Impairment*. At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

  An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

- *Simplified Approach.* The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to 'Trade receivables'. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

  The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Offsetting Financial Instruments. Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.



Derecognition of Financial Assets and Liabilities

- *Financial Assets.* A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

  - the rights to receive cash flows from the asset have expired;

  - the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

  - the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

  Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

- *Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing the inventory to its present location and condition is determined primarily on the basis of the weighted average method. NRV is the current replacement cost. An allowance for inventory obsolescence is provided for slow-moving, defective or damaged goods based on analyses and physical inspection.

Prepayments and Other Current Assets

Prepayments and other current assets are recognized and carried at cost, less any impairment in value. These are recognized as assets when it is probable that any future economic benefit associated with the item will flow to or from the entity and the item has a cost or value that can be measured with reliability. An asset is not recognized in the consolidated statement of financial position when expenditure has been incurred for which it is considered improbable that economic benefits will flow to the entity beyond the current accounting period. Instead, such a transaction results in the recognition of an expense in the consolidated statement of comprehensive income.

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost less accumulated depreciation and amortization, and impairment losses, if any.

Initially, an item of property, plant and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred. Land is measured at cost less any impairment losses. For land transferred from investment properties carried at fair value, the land's deemed cost is its fair value at the date of change in use.



Depreciation and amortization are computed using the straight-line method over the assets' estimated useful lives. Leasehold improvements are amortized using the straight-line method over the estimated useful life of the improvements or the term of the lease, whichever is shorter. The estimated useful lives are as follows:

	Number of Years
Plant machineries and equipment	5–10
Condominium units, building and improvements	5–40
Transportation equipment	5
Office furniture, fixtures and equipment	2–10
Tools and other assets	3–5
Leasehold and land improvements	3–10

The useful lives and depreciation and amortization method are reviewed at each reporting date to ensure that such useful lives and depreciation and amortization method are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect to those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and the related accumulated depreciation and amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

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

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period.

Investment Properties

Investment properties, which pertain to land and buildings, are properties held by the Group either to earn rentals or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are initially measured at cost. Subsequently, investment properties are measured at fair value with any change therein recognized in profit or loss following the fair value model.

The fair value of the Group's investment properties measured using the fair value model is based on the valuation carried out by independent appraisers. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices of similar properties.

Any gain or loss resulting from either a change in the fair value or the sale of investment properties is recognized in profit or loss in the year of change or derecognition.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or the start of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by start of owner-occupation or of development with a view to sell.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree pertaining to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets.

All other components of non-controlling interest are measured at fair value unless another measurement basis is required by PFRS Accounting Standards. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PAS 39 either in the consolidated statement of comprehensive income or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the Group's interest in the fair values of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.



Impairment of Goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized.

Impairment of Nonfinancial Assets

As at December 31, 2024 and 2023, the Group has investments in associates, property, plant and equipment, intangible assets and right-of-use assets which are classified as nonfinancial assets subject to impairment.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, including impairment of inventories, are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital Stock. Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value for all issued shares.

Additional Paid-in Capital. Consideration received in excess of par value are recognized as additional paid-in capital, net of incremental costs that are directly attributable to the issuance of new shares.

Retained Earnings. Retained earnings consist of appropriated and unappropriated balances. Appropriated retained earnings are restricted for specific purposes and/or are not available for dividend declaration. Unappropriated retained earnings are not restricted and include the cumulative balance of net income or loss, any dividend distributions, prior period adjustments and effects of any change in accounting policy.

Equity Reserves. Equity reserves pertain to the difference between the consideration transferred and the book value of interest acquired from non-controlling interest without loss of control.

Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before these goods or services are transferred to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Contracts with Customers

- *Sale of Power*. For power generation and ancillary services where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity. The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer.

  Revenue from power generation and ancillary services is recognized in the period actual capacity is delivered. Revenue is to be recognized over time since the customer simultaneously receives and consumes the benefits as the seller supplies power.

  Power retail supply also qualify as a series of distinct goods or services that are substantially the same and have the same pattern of transfer accounted for as one performance obligation. Revenue should be recognized over time based on amounts billed.

- *Management and Service Fees.* Revenue from management fees, arising from services involving consultancy, management and technical services covered by Service Level Agreements (SLAs), are recognized over time when the related services are rendered based on the terms of the management and service contracts.

- *Engineering Service Income.* Revenue from engineering services, arising from engagement with customers availing technical and engineering expertise and covered by service contracts, are recognized overtime when the services are rendered.

For the years ended December 31, 2024, 2023 and 2022, the Group has no variable consideration and the timing of revenue recognition currently does not result in any contract assets or liabilities and there are no unfulfilled performance obligations at any point in time.

Interest Income. Interest income is recognized as interest accrues taking into account the effective yield on the assets.

Other Income. Other income includes proceeds from insurance claims, rental income and gain on disposal of property and equipment. These are generally recognized when earned. Rental income is recognized on a straight-line basis over the term of the lease while gain on disposal of property, plant and equipment is recognized as the difference between the consideration and the book value of the property, plant and equipment disposed.

Cost and Expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized in the consolidated statements of comprehensive income when incurred.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Pension Benefits

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.



Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statement of comprehensive income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Taxes

Current Income Tax. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax. Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the reporting date. Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group records uncertain tax positions on the basis of a two-step process whereby the Group determines whether it is more likely than not that the tax positions will be sustained based on technical merits of the position, and for those tax positions that meet the more likely than not criteria, the Group recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with related tax authority. The Group records interest and penalties on uncertain tax positions in “Income tax expense (benefit)” account in the consolidated statement of comprehensive income.

Value-Added Tax (VAT). Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.



Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follow.

	Number of Years
Office space	1–5
Plant and equipment	5
Land	4–5

Right-of-use assets are subject to impairment. Refer to the accounting policies in section on impairment of non-financial assets.

Lease Liabilities. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets. The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱0.25 million). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Foreign-currency-denominated Transactions
Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at reporting date. Exchange gains and losses arising from foreign currency transactions and translations of foreign-currency-denominated monetary assets and liabilities are credited or charged to current operations.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed when material.

Earnings Per Share
Basic earnings per common share is calculated by dividing net income for the year attributable to the common stockholders of the Group by the weighted average number of common shares issued and outstanding during the year, after retroactive adjustments for any stock dividends declared.

Diluted earnings per share is calculated by dividing the net income for the year attributable to the common stockholders of the Group by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued for outstanding common stock equivalents.

As at December 31, 2024 and 2023, the Group does not have dilutive common stock equivalents.

5. Significant Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRS Accounting Standards requires the Group to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. In preparing these consolidated financial statements, the Group made its best estimates of certain amounts, giving due consideration to materiality. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Group believes that the following represent a summary of these significant accounting estimates and the related impact and associated risks in the consolidated financial statements.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining Fair Value of Customer Contracts as part of a Business Combination. The Group acquired two subsidiaries in 2021 and completed the valuation required by PFRS 3 in 2022 (see Note 13). The subsidiaries at the time of acquisition had existing power supply agreements with electric cooperatives. These signed customer agreements were assessed to qualify as intangible assets as at the acquisition date because they arose from an existing contractual relationship. Management determined the fair value of the customer contracts using the multi-period excess earnings method, using discounted future operating cash flows adjusted by imputed charges on contributory asset charges such as working capital, property, plant and equipment, and the assembled workforce. The discount rates used to discount these adjusted cash flows was based on the NBPC and BPC's WACC at the acquisition date of 9.65% and 9.51%, estimated using the entities' current cost of debt and an estimated cost of equity using the capital asset pricing model.

The acquisition-date fair value of customer contracts amounted to ₱233.5 million. The intangible assets were amortized over the expected remaining contractual term of the customer contracts as of the acquisition date of 5–12 years.

In 2023, the Group entered into a share purchase agreement which resulted to an increase in the Group's ownership interest from 50% to 100 % in Delta P and CIPC and completed the valuation required by PFRS 3 in 2024 (see Note 13). As at acquisition date, the subsidiaries have signed contracts with customers for the sale of power which qualify for recognition as intangible assets separate from goodwill. Management determined the fair value of the customer contracts using the multi-period excess earnings method, using discounted future operating cash flows adjusted by imputed charges on contributory asset charges such as working capital. The discount rates used to discount these adjusted cash flows was based on Delta P and CIPC's WACC at the acquisition date of 11.30%.

The acquisition-date fair value of customer contracts amounted to ₱53.5 million. The intangible assets were amortized over the expected remaining contractual term of the customer contracts as of the acquisition date of less than a year–7 years. The carrying amount of the intangible assets as of December 31, 2024 and 2023 amounted to nil and ₱30.4 million, respectively (see Note 13).

Management has assessed that no reasonably possible change in the forecasted cash flows, the contributory asset charges, or the components of the discount rate estimate would result in material changes to the fair value of customer contracts determined as of the acquisition date.

Determining Fair Value of Investment Properties. The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statements of comprehensive income. While the Group has opted to rely on independent appraisers to determine the fair value of its investment properties, such fair value was determined based on recent prices of similar properties with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Group made different judgments and estimates or utilized different basis in determining fair value.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 25.

Any gain or loss from a change in the fair value of each investment property is included in the consolidated statement of comprehensive income in the year in which the change arises.

As of December 31, 2024, and 2023, the carrying value of the Group's investment properties amounted to ₱1,103.0 million and ₱1,045.5 million, respectively (see Note 12).

Determining Non-Controlling Interest (NCI) that is Material to the Group. The Group assesses whether an NCI is material by considering factors such as the carrying amount of the NCI relative to the net equity of the Group, the profit or loss or OCI of the subsidiary attributable to the NCI, the assets and liabilities of the related subsidiary, or the amount of dividends paid by the subsidiary to the NCI, and the proportion that these amounts bear to the Group's financial position or results of operations. The Group also considers the nature of activities of the subsidiary and its relative importance or risk compared to other operations of the Group.

Based on management's assessment, it has determined that the NCI in 1590 EC is material to the Group. Information about this subsidiary with material NCI are disclosed in Notes 1 and 21.

Estimating Useful Lives of Property, Plant and Equipment and Intangible Assets. The Group reviews annually the estimated useful lives of property, plant and equipment and intangible assets and updates the estimates based on expected asset utilization, market demands and future technological developments consistent with the Group's pursuit of constant modernization of its machineries, equipment and software. However, it is possible that the factors mentioned above may change in the future which could change the estimated useful lives of the property, plant and equipment and intangible assets. The estimated useful lives are also updated if expectations differ from previous estimates due to physical wear and tear, technical obsolescence and legal or other limits on the use of the assets. A reduction in the estimated useful lives could result in a significant increase in depreciation and amortization of property, plant and equipment and intangible assets.

The carrying value of the property, plant and equipment amounted to ₱9,025.5 million and ₱8,400.7 million as of December 31, 2024 and 2023, respectively (see Note 11). The carrying value of intangible assets (relating to software costs and customer contracts under "Other noncurrent assets") amounted ₱187.6 million and ₱216.0 million as of December 31, 2024 and 2023, respectively (see Note 13).

Estimating Impairment of Nonfinancial Assets. Internal and external sources of information are reviewed at each reporting date to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may be decreased:

- Investments in associates
- Property, plant and equipment
- Right-of-use assets

PFRS Accounting Standards require that an impairment review be performed when certain impairment indicators are present. Determining the recoverable amount, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect its consolidated financial statements. Future events could cause the Group to conclude that the investments in associates and property, plant and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

Assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators) are as follows:

	2024	2023
Investments in associates (see Note 10)	**₱11,219,286,328**	₱10,595,855,907
Property, plant and equipment (see Note 11)	**9,025,459,481**	8,400,675,915
Right-of-use assets (see Note 24)	**108,776,076**	24,539,068

In 2024, there were no impairment indicators on the Group's nonfinancial assets. In 2023, impairment indicators were present for certain property, plant and equipment of a subsidiary. However, no impairment loss was recognized as a result of the impairment test.

Estimating Impairment of Goodwill. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. In estimating the value in use, the Group estimated revenue based on existing customer contracts, anticipated projects and projected demand, and assumed, for one CGU, a consistent gross margin during the five-year horizon based on the mix of business model arrangements with current and expected customers, and for two other CGUs, a gross margin that varies depending on anticipated demand. The interest rate used to discount the net free cash flows from operations is the weighted average cost of capital (WACC) of 8.97% as of December 31, 2024 and 9.11%–9.31% as of December 31, 2023.

As at December 31, 2024 and 2023, the carrying amount of goodwill amounted to ₱47.5 million and ₱129.8 million, respectively (see Note 13).

Estimating Realizability of Deferred Income Tax Assets. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of such deferred income tax assets to be utilized. The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Group.

Gross deferred income tax assets amounted to ₱61.9 million and ₱58.5 million as of December 31, 2024 and 2023, respectively (see Note 20).

Deferred income tax assets have not been recognized on net operating loss carry-over (NOLCO) of ₱1,564.0 million and ₱1,555.0 million as of December 31, 2024 and 2023, respectively, and minimum corporate income tax (MCIT) of ₱5.0 million and ₱8.5 million as of December 31, 2024 and 2023, respectively (see Note 20).

Estimating Legal Contingencies. The estimate of probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. Management, in consultation with its legal counsel, believes that the likely outcome of these proceedings will not have a material adverse effect on the Group's financial position and operating results.

Management also believes that the current provisions in the accounts are adequate to cover the possible claims that may arise under the current circumstances. Existing circumstances and assumptions about future developments related to these proceedings may still change. Such changes are reflected in the assumptions when they occur.

6. Cash and Cash Equivalents

	2024	2023
Cash on hand and in banks	**₱744,554,772**	₱898,772,610
Short-term investments	**4,044,595,149**	3,483,768,166
	₱4,789,149,921	₱4,382,540,776

Cash in banks earn interest at the respective bank deposit rates.

Short-term investments are cash equivalents and are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates.

Interest income earned from cash in banks and short-term investments amounted to ₱167.5 million, ₱119.2 million and ₱60.1 million in 2024, 2023 and 2022, respectively. Accrued interest receivable amounted to ₱12.9 million and ₱20.9 million as of December 31, 2024 and 2023, respectively (see Note 7).

7. Trade and Other Receivables

	2024	2023
Trade receivables:		
Third parties	**₱1,659,633,638**	₱1,555,955,827
Related parties (see Notes 16 and 23)	**100,671,437**	20,013,282
Advances to officers and employees	**14,412,359**	5,694,516
Accrued interest receivable (see Note 6)	**12,882,015**	20,945,817
Accounts receivable (see Note 16)	**100,750**	182,598
Others	**88,657,163**	81,273,031
	1,876,357,362	1,684,065,071
Less allowance for impairment losses	**77,021,727**	36,404,072
	₱1,799,335,635	₱1,647,660,999

Trade receivables represent receivables from Independent Electricity Market Operator of the Philippines (IEMOP) for sales to the Wholesale Electricity Spot Market (WESM), Ancillary Services Procurement Agreement (ASPA) with NGCP and bilateral sales contracts with other parties, Power Supply Agreement (PSA), Distribution Wheeling Service (DWS), and Retail Supply Contracts (see Note 23). Trade receivables are noninterest-bearing and generally have credit terms of 30 days (see Note 23). Trade receivables with carrying amount of ₱360.1 million and ₱454.7 million as of December 31, 2024 and 2023, respectively, are held as collateral for Delta P's long-term debt (see Note 15).

Other receivables are mainly composed of project costs and receivables from former related parties.

The following table shows the movement in the allowance for impairment losses of receivables:

	2024	2023
At January 1	**₱36,404,072**	₱41,994,023
Provision (see Note 17)	**40,617,655**	410,049
Recovery (see Note 17)	–	(6,000,000)
At December 31	**₱77,021,727**	₱36,404,072

Significant portion of the impairment losses pertains to individually impaired accounts.

8. Inventories - at Cost

	2024	2023
Heavy fuel oil	**₱295,927,062**	₱143,151,140
Light fuel oil	**28,467,561**	19,635,006
Lube oil	**22,342,254**	14,833,331
Spare parts	**249,103,597**	187,072,740
	₱595,840,474	₱364,692,217

The total cost of inventories recognized under "Generation costs" in the consolidated statements of comprehensive income amounted to ₱4,499.9 million, ₱2,536.0 million and ₱2,392.2 million in 2024, 2023 and 2022, respectively (see Note 17).

9. Prepayments and Other Current Assets

	2024	2023
Input VAT - current	**₱478,643,531**	₱431,774,396
Prepaid expenses	**213,768,673**	205,891,052
Creditable withholding taxes - current	**116,776,027**	47,380,505
Advances to suppliers and other parties	**8,221,388**	43,910,119
Others (see Note 23)	**89,705,408**	49,295,033
	₱907,115,027	₱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 13).

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 13).

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 year.

Others include cash restricted amounting to ₱2.0 million as of December 31, 2024 and 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 (see Note 23).

10. Investments in Associates

The Group's associates, which are all incorporated in the Philippines, and the corresponding equity ownership as of December 31 follow:

		Percentage of Ownership		
	Nature of Business	**2024**	2023	2022
VECO	Power distribution	**34.81**	34.81	34.81
LPCI	Power generation	**42.50**	42.50	42.50
GLEDC	Power generation	**42.50**	42.50	42.50
CPPC	Power generation	**40.00**	40.00	40.00
PEI	Power generation	**40.00**	40.00	40.00
AHI	Holding company	**40.00**	40.00	40.00
MPC	Power generation	**40.00**	40.00	40.00
TVI	Power generation	**20.00**	20.00	20.00
CREC*	Power generation	**100.00**	100.00	35.00
LWEC	Power generation	**40.00**	40.00	40.00
FLOWS	Holding company	**45.00**	45.00	45.00
PPWRLC	Water treatment	**40.31**	40.31	40.31
CIPC*	Power generation	**100.00**	100.00	50.00
Delta P*	Power generation	**100.00**	100.00	50.00
LPEC*	Power generation	**100.00**	100.00	50.00

**Became subsidiaries on June 1, 2023 (see Note 1)*

	2024	2023
Acquisition cost:		
At January 1	**₱7,599,083,102**	₱7,743,358,223
Additions	**–**	251,169,255
Step acquisitions	**–**	(395,444,376)
At December 31	**7,599,083,102**	7,599,083,102
Accumulated share in net earnings:		
At January 1	**3,121,942,305**	2,928,978,968
Equity in net earnings of associates	**2,305,656,054**	2,044,341,881
Cash dividends received and receivable	**(1,682,225,633)**	(1,780,784,552)
Step acquisitions	**–**	(70,593,992)
At December 31	**3,745,372,726**	3,121,942,305
Share in remeasurement gains (losses) on employee benefits of associates:		
At January 1	**(125,169,500)**	(94,016,067)
Share in the remeasurement losses on employee benefits	**–**	(31,585,867)
Step acquisitions	**–**	432,434
At December 31	**(125,169,500)**	(125,169,500)
	₱11,219,286,328	₱10,595,855,907

As of December 31, 2024 and 2023, the undistributed earnings of the associates included in the Group's retained earnings amounting to ₱3,745.4 million and ₱3,121.9 million, respectively, are not available for distribution to the stockholders unless declared as dividends by the associates.

LWEC
VEC made additional investments to LWEC amounting to ₱251.1 million in 2023. The additional infusions did not result in a change in ownership interest in LWEC.

CREC
On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its shares equivalent to 9,375 preferred shares with par value of ₱1,000 per share for a consideration of ₱6.5 million resulting to an increase of the Group's ownership interest to 100%. The Group has assessed that the group of assets it has acquired in CREC does not constitute a business and has accounted for the acquired net assets at cost.

CIPC
On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in CIPC for a consideration of ₱172.0 million, which resulted to an increase in the Group's ownership interest in CIPC to 100%. The Group has assessed that the set of assets and activities that it has acquired in CIPC constitutes a business and has accounted for the acquisition as a business combination (see Note 13).

Delta P
On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in Delta P for a consideration of ₱272.9 million, which resulted to an increase in the Group's ownership interest in Delta P to 100%. The Group has assessed that the set of assets and activities that it has acquired in Delta P constitutes a business and has accounted for the acquisition as a business combination (see Note 13).

LPEC
On June 1, 2023, the Group entered into a share purchase agreement with GPI to acquire its shares in LPEC consisting of 6,250,000 common shares and 51,750,000 preferred shares, both with a par value of ₱1 per share for total consideration of ₱41.1 million, which resulted to an increase in the Group's ownership interest in LPEC to 100%. The Group has assessed that the set of assets it has acquired in LPEC does not constitute a business and has accounted for the acquired net assets at cost.

The following are selected financial information of the material associates of the Group as of and for the years ended December 31, 2024, 2023 and 2022:

VECO

	2024	2023	2022
Total current assets	**₱5,363,213,230**	₱4,920,551,073	₱5,519,111,633
Total noncurrent assets	**20,391,707,635**	18,884,862,791	17,915,203,930
Total current liabilities	**10,894,022,715**	9,561,717,515	9,722,486,379
Total noncurrent liabilities	**5,011,736,465**	4,709,554,881	4,599,705,333
Total equity	**9,849,161,685**	9,534,141,468	9,112,123,851
Gross revenue	**29,175,473,983**	26,357,988,539	26,977,125,092
Operating profit	**4,255,341,137**	3,333,551,909	2,269,847,546
Net income	**3,352,246,055**	2,883,498,348	2,169,835,188
Other comprehensive loss	–	(86,106,592)	–
Total comprehensive income	**3,352,246,055**	2,797,391,756	2,169,835,188
Group's share in net income	**1,166,916,852**	1,003,745,775	755,319,629
Proportion of Group's ownership	**34.81%**	34.81%	34.81%
Group's share in equity of associate	**3,428,493,183**	3,318,834,645	3,171,930,313
Share in revaluation increment and other adjustments	**(1,537,703,624)**	(1,599,039,464)	(1,662,219,570)
Carrying amount of the investment	**₱1,890,789,559**	₱1,719,795,181	₱1,509,710,743
Dividends received from VECO	**₱995,922,474**	₱763,687,641	₱827,495,660

MPC

	2024	2023	2022
Total current assets	**₱3,551,112,704**	₱3,435,863,836	₱4,201,022,933
Total noncurrent assets	**14,611,369,796**	15,377,943,371	16,909,376,253
Total current liabilities	**1,634,275,293**	1,992,286,194	3,242,063,666
Total noncurrent liabilities	**7,456,089,566**	7,894,261,494	9,050,373,824
Total equity	**9,072,117,641**	8,927,259,519	8,817,961,696
Gross revenue	**6,353,822,536**	6,695,432,008	7,447,497,810
Operating profit	**1,174,903,122**	1,409,635,000	1,657,295,454
Net income	**440,019,776**	607,440,019	933,519,225
Total comprehensive income	**440,019,776**	607,440,019	933,519,225
Group's share in net income	**176,007,910**	242,976,008	373,407,690
Proportion of Group's ownership	**40.00%**	40.00%	40.00%
Group's share in equity of associate	**3,628,847,056**	3,570,903,808	3,527,184,678
Goodwill and other adjustments	**18,140,211**	20,075,548	20,818,687
Carrying amount of investment	**₱3,646,987,267**	₱3,590,979,356	₱3,548,003,365
Dividends received from MPC	**₱120,000,000**	₱200,000,016	₱200,000,000

TVI

	2024	2023	2022
Total current assets	**₱12,613,818,802**	₱10,478,856,901	₱10,324,952,761
Total noncurrent assets	**26,684,098,429**	31,745,707,936	31,889,847,789
Total current liabilities	**3,408,273,771**	4,572,615,329	4,597,094,963
Total noncurrent liabilities	**18,493,684,644**	22,285,635,538	22,258,113,570
Total equity	**17,395,958,816**	15,366,313,970	15,359,592,017
Gross revenue	**14,376,851,877**	15,294,820,389	15,048,870,946
Operating income	**4,827,095,772**	3,256,629,869	3,022,186,775
Net income	**2,575,796,311**	1,386,782,325	1,901,715,238
Other comprehensive income (loss)	**–**	(8,060,814)	–
Total comprehensive income	**2,575,796,311**	1,378,721,511	1,901,715,238
Group's share in net income	**515,159,262**	277,356,465	380,343,048
Proportion of Group's ownership	**20.00%**	20.00%	20.00%
Group's share in equity of associate	**3,479,191,763**	3,073,262,794	3,071,918,403
Goodwill and other adjustments	**(63,120,217)**	27,649,545	(66,750,366)
Carrying amount of the investment	**₱3,416,071,546**	₱3,100,912,339	₱3,005,168,037
Dividends received from TVI	**₱200,000,055**	₱180,000,000	₱–

AHI

	2024	2023	2022
Total current assets	**₱5,512,568**	₱884,440,906	₱796,056,687
Total noncurrent assets	**4,182,143,388**	3,008,643,439	3,081,430,007
Total current liabilities	**67,571**	–	14,886
Total equity	**4,187,588,385**	3,893,084,345	3,877,471,808
Gross revenue	**1,173,234,141**	1,035,267,658	955,728,891
Operating profit	**1,173,111,520**	1,035,189,193	955,453,193
Net income	**1,174,238,228**	1,035,069,070	955,950,548
Other comprehensive income	**–**	–	–
Total comprehensive income	**1,174,238,228**	1,035,069,070	955,950,548
Group's share in net income	**469,695,291**	414,027,628	382,380,219
Proportion of Group's ownership	**40.00%**	40.00%	40.00%
Group's share in equity of associate	**1,675,035,354**	1,557,233,738	1,550,988,723
Goodwill and other adjustments	**1,747,003**	1,853,328	(1,629,285)
Carrying amount of the investment	**₱1,676,782,357**	₱1,559,087,066	₱1,549,359,438
Dividends received from AHI	**₱352,000,000**	₱404,800,000	₱316,800,000

Individually Immaterial Associates

The carrying amounts of the Group's interest in all individually immaterial associates that are accounted for using the equity method as of and for the year ended December 31 follows:

	2024	2023*	2022*
Income/(loss) from continuing operations	**(₱22,123,261)**	₱106,236,005	₱49,906,797
Net income	**(22,123,261)**	106,236,005	49,906,797
Other comprehensive income	**–**	–	–
Total comprehensive income (loss)	**(22,123,261)**	106,236,005	49,906,798
Aggregate carrying amounts	**588,655,599**	625,081,965	966,079,541

*The amounts include the contributions from CIPC, Delta P and LPEC, which were accounted for as joint ventures prior to their acquisition in 2023.

The associates had no contingent liabilities or capital commitments as of December 31, 2024 and 2023.

11. **Property, Plant and Equipment**

	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**	**₱5,535,974,060**	**₱222,330,442**	**₱129,498,077**	**₱118,530,200**	**₱335,231,053**	**₱94,714,880**	**₱2,638,666,130**	**₱9,763,725,263**
Additions	**121,350,380**	**162,639,267**	**363,728,136**	**56,857,819**	**37,178,203**	**38,936,152**	**16,333,691**	**413,180,910**	**1,210,204,558**
Reclassification	**–**	**–**	**–**	**–**	**–**	**14,807,877**	**–**	**(14,807,877)**	**–**
Disposal of a subsidiary (see Note 1)	**–**	**–**	**–**	**(2,289,805)**	**(3,113,926)**	**(12,723,917)**	**(516,638)**	**–**	**(18,644,286)**
Disposal	**–**	**–**	**–**	**(15,845,438)**	**–**	**–**	**–**	**–**	**(15,845,438)**
At December 31	**810,130,801**	**5,698,613,327**	**586,058,578**	**168,220,653**	**152,594,477**	**376,251,165**	**110,531,933**	**3,037,039,163**	**10,939,440,097**
Accumulated Depreciation and Amortization									
At January 1	**–**	**1,012,176,125**	**58,339,305**	**69,758,166**	**96,140,825**	**56,641,529**	**69,993,398**	**–**	**1,363,049,348**
Depreciation and amortization	**–**	**501,629,828**	**12,160,607**	**24,543,982**	**14,369,899**	**11,969,996**	**8,153,728**	**–**	**572,828,040**
Disposal of a subsidiary	**–**	**–**	**–**	**(2,406,408)**	**(2,538,038)**	**(1,604,149)**	**(514,265)**	**–**	**(7,062,860)**
Disposal	**–**	**–**	**–**	**(14,833,912)**	**–**	**–**	**–**	**–**	**(14,833,912)**
At December 31	**–**	**1,513,805,953**	**70,499,912**	**77,061,828**	**107,972,686**	**67,007,376**	**77,632,861**	**–**	**1,913,980,616**
Net Book Value	**₱810,130,801**	**₱4,184,807,374**	**₱515,558,666**	**₱91,158,825**	**₱44,621,791**	**₱309,243,789**	**₱32,899,072**	**₱3,037,039,163**	**₱9,025,459,481**

	2023 (As Restated - Note 13)								
	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 (see Note 13)	37,908,966	1,110,448,987	10,573,899	1,881,633	722,502	4,113,553	58,667	1,449,839	1,167,158,046
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	5,535,974,060	222,330,442	129,498,077	118,530,200	335,231,053	94,714,880	2,638,666,130	9,763,725,263
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 and amortization	–	401,421,589	19,156,633	18,325,157	11,893,038	20,205,866	12,772,487	–	483,774,770
Disposal	–	–	–	(4,138,593)	(39,553)	–	–	–	(4,178,146)
At December 31	–	1,012,176,125	58,339,305	69,758,166	96,140,825	56,641,529	69,993,398	–	1,363,049,348
Net Book Value	₱688,780,421	₱4,523,797,935	₱163,991,137	₱59,739,911	₱22,389,375	₱278,589,524	₱24,721,482	₱2,638,666,130	₱8,400,675,915

In 2023, the Group purchased a 70.59 MW bunker-fired power plant located in Barangay Ermita, Cebu City for a total cash price of ₱282.3 million (see Note 16i and 16j).

The construction in progress account includes the costs for the on-going construction of a water desalination plant, solar panel installations, and mobilization fee and engineering detailed design fees paid to a third-party contractor for the construction of a subsidiary's run-of-river hydropower facility in Negros Occidental.

In 2022, a subsidiary donated a constructed drainage system costing to ₱8.5 million to the local government unit where it operates. This amount is presented as "Other operating expenses" in the 2022 consolidated statement of comprehensive income.

In 2024, a subsidiary entered into a lease agreement with a fuel supplier, granting the supplier the right to utilize the subsidiary's fuel tanks for storage and related operational purposes. Rental income in 2024 amounted to ₱79.8 million.

Property, plant and equipment with carrying amount as of December 31, 2024 and 2023 of ₱2,039.2 million and ₱2,116.9 million, respectively, have been pledged as security for the Group's long-term liabilities (see Note 15).

Depreciation and amortization are recognized in the consolidated statements of comprehensive income as follows:

	2024	2023	2022
Generation costs (see Note 17)	**₱517,991,694**	₱435,979,418	₱287,164,793
Operating expenses	**54,836,346**	47,795,352	37,772,383
	₱572,828,040	₱483,774,770	₱324,937,176

12. Investment Properties

	2024		
	Land	**Condominium Units**	**Total**
At January 1	**₱1,018,548,067**	**₱26,921,733**	**₱1,045,469,800**
Unrealized gain on fair value remeasurement	**55,454,200**	**2,035,000**	**57,489,200**
At December 31	**₱1,074,002,267**	**₱28,956,733**	**₱1,102,959,000**

	2023		
	Land	Condominium Units	Total
At January 1	₱898,590,867	₱25,445,733	₱924,036,600
Unrealized gain on fair value remeasurement	119,957,200	1,476,000	121,433,200
At December 31	₱1,018,548,067	₱26,921,733	₱1,045,469,800

Some of the Group's properties are leased out to outside parties to earn rental income, for a lease period of three years. Total rental income amounting to ₱3.2 million, ₱2.1 million, ₱2.5 million in 2024, 2023 and 2022, respectively, were recognized as part of "Other income (charges)" in the consolidated statements of comprehensive income.

In 2024 and 2023, an appraisal was performed on the Group's investment properties which resulted to an increase in the fair value amounting to ₱57.5 million and ₱121.4 million, respectively. Net unrealized gain on fair value remeasurement of investment properties, recognized under "Other income (charges)" in the consolidated statements of comprehensive income, amounted to ₱57.5 million, ₱121.4 million, and ₱60.4 million, in 2024, 2023, and 2022, respectively.

Direct costs pertain to real property taxes amounting to ₱2.0 million, ₱1.5 million and ₱1.1 million in 2024, 2023 and 2022, respectively, are included under "Taxes and licenses" account in the consolidated statements of comprehensive income. No other direct operating costs were incurred relating to investment properties in 2024, 2023, and 2022.

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

Fair value hierarchy disclosures and description of the valuation techniques used and key inputs to valuation for investment properties have been provided in Note 25.

13. Other Noncurrent Assets

	2024	2023
Advances to suppliers and other parties	**₱1,317,474,678**	₱1,226,593,466
Input VAT - noncurrent (see Note 9)	**397,342,413**	189,414,330
Creditable withholding taxes - noncurrent (see Note 9)	**296,271,941**	401,840,334
Customer contracts	**187,562,431**	215,374,033
Goodwill	**47,462,510**	129,843,626
Financial assets at FVOCI	**8,000,000**	426,600,000
Software costs – net	**–**	639,585
Pension asset (see Note 19)	**–**	376,533
Others - net of allowance for impairment loss of ₱46.01 million (see Note 23)	**27,238,482**	15,332,469
	₱2,281,352,455	₱2,606,014,376

Advances to Suppliers and Other Parties

Advances to suppliers pertain to cash advances given to contractors and project partners to finance the cost of project study, site development, plant rehabilitation, among others and to certain parties to comply with certain contractual obligations.

Business Combinations

Acquisition of Delta P and CIPC in 2023

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common shares preferred shares in Delta P and CIPC for a consideration of ₱272.9 million and ₱172.0 million, respectively, which resulted to an increase in the Group's ownership interest in the entities from 50% to 100%. The Group has assessed that the set of assets and activities that it has acquired in Delta P and CIPC constitutes a business and has accounted for the acquisition as a business combination.

The following is the final purchase price allocation for the business combinations:

	Delta P	CIPC	Total
Cash and cash equivalents	₱149,827,824	₱28,328,008	₱178,155,832
Trade and other receivables	521,901,718	250,461,149	772,362,867
Inventories	119,891,689	70,951,857	190,843,546
Prepayments and other current assets	57,884,060	12,288,114	70,172,174
Property, plant and equipment	860,330,399	306,827,647	1,167,158,046
Right-of-use assets	1,034,076	6,349,983	7,384,059
Other noncurrent assets	104,460,231	43,186,614	147,646,845
Total assets	1,815,329,997	718,393,372	2,533,723,369
Less: Trade and other payables	393,203,611	243,643,823	636,847,434
Long-term notes payable	851,597,731	22,385,832	873,983,563
Lease liabilities	1,258,457	8,741,844	10,000,301
Pension liability	1,325,806	–	1,325,806
Deferred income tax liabilities	19,132,308	29,958,926	49,091,234
Total net assets	₱548,812,084	₱413,662,947	₱962,475,031
Gain on bargain purchase	(1,526,188)	(34,799,109)	(36,325,297)
Purchase consideration transferred	₱547,285,896	₱378,863,838	₱926,149,734
Fair value of previously-held equity interest	₱274,406,042	₱206,831,472	₱481,237,514
Cash and cash equivalents	112,667,282	68,524,325	181,191,607
Unpaid portion of the consideration	160,212,572	103,508,041	263,720,613
Total consideration transferred	₱547,285,896	₱378,863,838	₱926,149,734
Cash flow on acquisition:			
Cash acquired with the subsidiary	₱149,827,824	₱28,328,008	₱178,155,832
Cash paid as part of purchase consideration	(112,667,282)	(68,524,325)	(181,191,607)
Net cash inflow (outflow)	₱37,160,542	(₱40,196,317)	(₱3,035,775)

By the date that the 2023 financial statements were approved for issue by the BOD, the valuation required by PFRS 3 had not yet been completed. Hence, the determination of the final amounts of the fair value of previously-held equity interest, trade and other receivables, inventories, property, plant and equipment, intangible assets from customer contracts, long-term notes payable, right-of-use assets and lease liabilities, and related deferred income tax adjustments and the resulting goodwill or gain on bargain purchase are subject to change within the one (1) year measurement period after the acquisition date, as allowed by PFRS 3.

As at acquisition date, Delta P and CIPC have signed contracts with customers for the sale of power which qualify for recognition as separate intangible assets. The amounts recognized for trade and other receivables represent the gross contractual amounts receivable from counterparties. As at the acquisition date, management does not expect that any contractual cash flows from these receivables will not be collected.

In 2024, the Parent Company has completed the valuation, and the final fair value of property, plant and equipment was determined to be ₱1,167.3 million, an increase of ₱142.2 million over the provisional value. In addition, the fair value of intangible assets from customer contracts was determined to be ₱53.5 million. As a result of the fair value adjustments, trade and other current payables increased by ₱100.0 million, deferred income tax liabilities increased by ₱41.3 million, goodwill decreased by ₱12.2 million and a gain on bargain purchase was determined for the acquisition of Delta P and CIPC amounting to ₱1.5 million and ₱34.8 million, respectively. The 2023 comparative financial information was restated to reflect the adjustment to the provisional amounts.

The gain on bargain purchase is presented as part of "Other income (charges)" in the 2023 consolidated statement of comprehensive income. The gain on this acquisition arose from changes to the fair value of the net identifiable assets during the period prior to the closing date.

For the year ended December 31, 2023, Delta P and CIPC contributed total revenues of ₱1.1 billion and ₱433.8 million, respectively, and net income of ₱15.8 million and ₱50.2 million, respectively, to the Group. Had the acquisitions been made at the beginning of the year, consolidated total revenues would have been ₱9.2 billion and consolidated net income would have been ₱2.5 billion.

Customer Contracts

BPC and NBPC have existing power supply agreements with its customers when these subsidiaries were acquired in 2021. In 2023, Delta P and CIPC have signed contracts with customers for the sale of power which qualify for recognition as intangible assets separate from goodwill. Intangible assets pertaining to these customer relationships were recognized by the Group as identifiable assets part of the business combination. These assets are being amortized over their expected useful lives of 5–12 years, based on the remaining terms of the agreements as of the acquisition date. The movement of the intangible assets are as follows:

	2024	2023
Cost		
At January 1	**₱286,932,002**	₱233,481,552
Additions during the year	**–**	53,450,450
At December 31	**286,932,002**	286,932,002
Accumulated Amortization		
At January 1	**71,557,969**	33,721,468
Amortization for the year	**27,811,602**	37,836,501
At December 31	**99,369,571**	71,557,969
Net Book Value	**₱187,562,431**	₱215,374,033

Goodwill

For impairment testing, goodwill acquired through business combinations are allocated to CGUs representing the operating units acquired. The following is the carrying amount of goodwill allocated to each of the CGUs.

	2024	2023
NBPC	**₱47,462,510**	₱47,462,510
WMP (Note 1)	**–**	82,381,116
	₱47,462,510	₱129,843,626

As of December 31, 2024 and 2023, the recoverable amounts of the cash generating units have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering at least a five-year period.

Revenue forecasts are based on existing contracts, anticipated increases in demand, anticipated new projects that will be serviced by existing assets, and other economic factors. Key assumptions to the forecasts and inputs to the value-in-use calculation are as follows:

	2024	2023	
	NBPC	WMP	NBPC
Discount rate (WACC)	**8.97%**	9.31%	9.11%
Forecast gross margins	**16–45%**	21–22%	16–45%
Long-term growth rate	**0%**	n/a	0%
Terminal value	**Remaining EUL of the plant**	Not considered beyond the explicit forecast period	Remaining EUL of the plant

Based on the impairment testing, management believes there is no impairment on goodwill in 2024, 2023 and 2022. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

Financial Assets at FVOCI

Investments In Club Shares. These are irrevocably designated at FVOCI as the Group intends to hold these investments in the foreseeable future. As of December 31, 2024 and 2023, the carrying values of these financial assets are as follows:

Cost:	
Cebu Country Club, Inc.	₱3,400,000
Tower Club, Inc.	300,000
	3,700,000
Fair value remeasurement gain (loss):	
Cebu Country Club, Inc.	4,600,000
Tower Club, Inc.	(300,000)
	4,300,000
	₱8,000,000

- *Cebu Country Club, Inc.* In 2012, the Group acquired proprietary ownership shares in the Cebu Country Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares.

- *Tower Club, Inc.* In 2014, the Group acquired proprietary ownership shares in the Tower Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares. On September 25, 2020, the shareholders of Tower Club agreed to shorten its corporate life and permanently close by January 2022.

Investment in Buskowitz Finance, Inc. or BFI [now Buskowitz Energy, Inc. (BEI)]. In 2021, VREC made an investment amounting to ₱94.0 million, which represents initial subscription to 200,000 common shares of BFI at ₱20 per share or for a total of ₱4.0 million, representing 16.81% ownership in BFI, and advances for future stock subscription amounting to ₱90.0 million, pending approval by the SEC of BFI's application for the increase in authorized capital stock. In June 2022, VREC made an additional investment amounting to ₱270.0 million.

In 2024, the Group sold its investment in BFI for a total consideration equal to the carrying value of the investment amounting to ₱418.6 million. The previously recognized remeasurement gain on FVOCI was reclassified to unappropriated retained earnings amounting to ₱46.4 million. On November 12, 2024, the Group collected ₱355.8 million from the sale. As of December 31, 2024, a receivable of ₱62.8 million remains outstanding and was settled in full on January 24, 2025. The receivable is presented as part of "Others" under "Trade and other receivables" in the 2024 statement of financial position (see Note 7).

In 2023 and 2022, the Group recognized unrealized valuation gain on financial assets at FVOCI, net of deferred income tax, amounting to ₱24.5 million and ₱21.9 million, respectively.

Fair value hierarchy disclosures for the Group's financial assets at FVOCI are provided in Note 25.

Software Costs

Software costs pertain to a subsidiary's accounting software, Human Resources Information System, trading software and documents monitoring system. The movement of software costs is as follows:

	2024	2023
Cost		
At January 1	**₱9,905,001**	₱9,506,562
Additions during the year	**–**	398,439
Disposal (Note 1)	**(9,905,001)**	–
At December 31	**–**	9,905,001
Accumulated Amortization		
At January 1	**9,265,416**	8,663,509
Amortization for the year	**639,585**	601,907
Disposal	**(8,625,831)**	–
At December 31	**–**	9,265,416
Net Book Value	**₱–**	₱639,585

Others

Others include receivable amounting to ₱46.1 million from RFM Corporation, the Group's previous owner, which has been fully provided with allowance for impairment losses as of December 31, 2024 and 2023. Also included in this account are deposits for future subscription in an entity that is yet to be incorporated, security deposits with various tenants and other parties in the conduct of the Group's operations and cash restricted amounting to ₱27.2 million as of December 31, 2024, for an escrow account and implementing environmental and community projects pursuant to the agreement entered with the Department of Environment and Natural Resources and PGLU.

14. **Trade and Other Payables**

	2024	2023
Trade payables	**₱1,472,344,720**	₱2,069,461,903
Accrued expenses	**423,940,459**	185,243,231
Deferred output VAT	**253,195,123**	177,212,117
Output VAT	**242,806,085**	109,809,538
Unearned income	**213,663,416**	15,638,697
Accounts payable	**100,675,439**	155,478,265
Accrued interest (see Note 15)	**31,690,574**	36,892,360
Accrued taxes payable	**31,394,465**	5,736,872
Dividends payable	**7,707,813**	6,851,873
Others (see Note 23)	**22,910,578**	24,446,545
	2,800,328,672	2,786,771,401
Less noncurrent portion (see Note 23)	**861,499,544**	844,587,453
	₱1,938,829,128	₱1,942,183,948

Trade payables significantly consist of liabilities for a subsidiary's purchases of inventories from its suppliers and advances from a supplier. Trade payables for purchases of inventories are noninterest-bearing and are normally settled on a 30 to 45-day term.

Accrued expenses mainly consist of accruals for fuel, audit fees, contracted services, legal fees, securities and transfer fees, benefits, and other expenses.

Prior to effectivity of Republic Act No. 11976 or the Ease of Paying Taxes (EOPT) Act in April 2024, deferred output VAT is related to the recognition of the Group's revenue from bilateral contracts, and its corresponding receivable. The deferred output VAT is eventually closed to output VAT upon collection of the related receivable.

Unearned income consist of a refundable deposit received from a local government unit in relation to a land transaction and advance payments from customers.

Accounts payable consist mainly of liabilities for payroll, professional fees and other expenses.

Dividends payable consists of dividends to the non-controlling interests of the Group arising from dividend declaration made by the Parent Company. Dividends declared relating to non-controlling interests amounted to ₱224.0 million, ₱1.1 million and ₱8.6 million in 2024, 2023 and 2022, respectively (see Note 21).

15. **Notes Payable**

Short-term Notes Payable

- *1590 EC*. On August 2022, 1590 EC obtained a one year loan from various local banks amounting to ₱950.0 million which bears interest from 4.5%–5%. On the same date, 1590 EC secured a six-month loan from a local bank amounting to ₱176.0 million which bears an interest rate of 4.75%.

  Upon maturity of the loans in 2023, 1590 EC made a partial payment of ₱10.0 million and further renewed the loans at interest rates ranging from 6.75%–7.15%. On February 5, 2024, ₱90.0 million of the loans were settled upon maturity and the rest were renewed.

- *INPC.* On various dates in 2022, Isla Norte obtained loans from a local bank totalling to ₱44.3 million. The loans bear interest rates of 5.5%–5.9% per annum and matured on various dates in 2023.

- *VEC*. On various dates in 2023, VEC secured short-term Notes Facility Agreement to issue ₱1.0 billion in Fixed Rate Corporate Notes (FRCN) bearing interest rates of 6.50—6.95% per annum to fund its working capital and future investments. The notes are unsecured. Short-term notes amounting to ₱170.0 million matured and were settled in November 2023. The short-term notes amounting to ₱848.0 million matured and settled in January 2024.

- *CIPC.* In 2024, CIPC obtained a loan from a local bank amounting to ₱75.0 million. A portion of the loan amounting to ₱25.0 million was also settled in 2024.

- *Core*. In 2023, Core obtained a loan from a local bank amounting to ₱50.0 million at an annual interest rate of 6.95% for additional working capital financing. The loan was also settled in 2023.

Interest expense recognized in the consolidated statements of comprehensive income on these loans in 2024, 2023 and 2022, amounted to ₱76.0 million, ₱122.3 million and ₱21.4 million, respectively. Accrued interest on these loans as of December 31, 2024 and 2023 amounted to nil (see Note 14).

Long-term Notes Payable

	Interest Rates	**2024**	2023
Parent Company – unsecured	4.1856%—4.7416%	**₱1,850,000,000**	₱1,900,000,000
VEC – unsecured	6.8114%—7.2204%	**1,450,000,000**	600,000,000
INPC – secured	6.0117%—8.3556%	**1,211,294,117**	1,283,764,706
Delta P – secured	6.2000%	**755,066,002**	817,615,846
NBPC – secured	5.5000%	**169,600,000**	186,560,000
BPC – secured	6.6400%	**145,140,000**	159,300,000
Core – secured	7.3921%—7.6921%	**175,878,988**	131,349,198
		5,756,979,107	5,078,589,750
Less unamortized debt issue costs		**27,973,310**	30,234,175
		5,729,005,797	5,048,355,575
Less current portion - net of unamortized debt issue costs of ₱6.2 million in 2024 and ₱5.8 million in 2023		**229,522,887**	210,300,979
		₱5,499,482,910	₱4,838,054,596

Parent Company. The Parent Company issued Fixed Rate Corporate Notes (FRCN) last January 27, 2021 amounting to ₱3.0 billion 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 ₱50.0 million for the first four years and a balloon payment of ₱1.8 billion on maturity. On January 27, 2023, the first tranche of the loan matured and was settled. Loan amortizations in 2024 and 2023 amounting to ₱1.1 billion and ₱50 million, respectively, were settled upon maturity. On January 29, 2024, ₱50.0 million of the total principal amount was settled upon maturity.

INPC. In 2021, INPC entered into a loan agreement with Security Bank Corporation (SBC) whereby the latter agreed to provide INEC an aggregate principal amount of loan up to ₱1.32 billion to finance the construction of its 23.3 MW diesel power plant in Bantayan, Cebu. In 2022, INEC was merged into INPC, the surviving corporation.

The loan has a term of fifteen (15) years, inclusive of a two (2)-year grace period on principal repayment. Seventy percent (70%) of the loan is payable in fifty-one (51) quarterly installments commencing on the 9th quarter from the date of initial borrowing until the maturity date, while the remaining thirty percent (30%) shall be paid on the maturity date. The loan bears interest which is payable quarterly.

The loan is collateralized by the following: (a) debt service reserve account letter of credit, (b) first ranking mortgage on all present and future immovable properties, (c) assignment by way of security of the company's rights, titles and interest in project documents, insurance policies, performance bonds, receivables and other revenues from the Power Supply Agreement (see Note 23), and operating account; (d) pledge of shares; (e) personal property assignment on all present and movable assets.

Delta P. In 2016, Delta P entered into a loan agreement with a local bank whereby the latter agreed to provide Delta P an aggregate principal amount of loan up to ₱1.2 billion to finance the construction of its 30-MW oil-fired power plant in Puerto Princesa, Palawan.

The term of the loan is for fifteen (15) years, inclusive of a two (2)-year grace period on principal repayment. Seventy percent (70%) of the loan is payable in one hundred fifty-six (156) monthly installments commencing on the 25th month from the date of initial borrowing until the maturity date, while the thirty percent (30%) shall be paid on the maturity date. The loan bears annual interest of 6.20% which is payable monthly.

The loan is collateralized by a deed of assignment of the trade receivables, deed of chattel mortgage over the machinery and equipment, deed of real estate mortgage over the leasehold improvements and buildings, and deed of assignment over the lease contracts on land covering the plant site (see Notes 7 and 11).

VEC. In December 2023, VEC entered into long-term Notes Facility Agreement (Agreement) with two local banks to issue ₱6.25 billion in Fixed Rate Corporate Notes (FRCN or the Notes) as standby facility for future investments. Total drawdowns on the notes in 2023 amounted to ₱600.0 million. The notes are unsecured. These long-term notes will mature in December 2028.

On January 24, 2024, VEC made the second drawdown on the Agreements amounting to ₱850.0 million to fund future investments. These loans bear an average interest of 7.03% per annum and are subject to repricing in December 2026.

NBPC. On June 2017, NBPC availed of a 10-year loan payable in quarterly installments commencing on September 27, 2017 up to September 27, 2027. In May and June 2018, NBPC availed of additional loans payable in quarterly installments commencing on March 27, 2019 up to September 27, 2027.

The loans carry an interest rate based on 1-year benchmark rate plus spread, repriceable annually, with a floor rate of 5%.

In June 2022, NBPC refinanced its existing loan with a new term of 9 years payable in quarterly equal installments commencing on June 22, 2022 up to June 20, 2031. The loan carries an interest rate based on 3-year benchmark rate plus spread, repriceable every 3 years, with a floor rate of 5.5%. The loan is secured by real estate mortgage, pledge of shares and assignment of project accounts.

BPC. In September 2016, BPC availed of a 10-year loan payable in quarterly installments commencing on September 2, 2016 up to September 2, 2026. The long-term debt carries an interest rate based on 3-month benchmark rate plus spread, repriceable quarterly, with a floor rate of 5%.

On August 31, 2022, BPC refinanced its existing loan with a new term of 9 years payable in quarterly installments commencing on August 31, 2022 up to August 29, 2031. The long-term loan carries an interest rate based on 3-year benchmark rate plus spread, repriceable every 3 years, with a floor rate of 5%. The loan is secured by real estate mortgage, pledge of shares and assignment of project accounts.

Core. In 2023, Core entered into an agreement with a local bank for the latter to make available a term loan facility amounting to ₱350 million to partially fund Core's solar projects. The loan is secured by a guaranty executed by VEC.

The loan is subject to one-year grace period on principal amortization of payments, after which the amount shall be amortized based on an equal quarterly basis.

In 2023, Core has drawn ₱131.3 million from the facility at an interest rate of 7.6921% per annum. In 2024, Core drew an additional ₱44.5 million from the facility with an annual interest rate of 7.3921%.

Maturity Analysis

Repayments of outstanding principal amounts as at December 31 are scheduled as follows:

	2024	2023
Within one year	**₱235,682,543**	₱216,140,433
More than one year but not more than five years	**4,060,004,102**	3,260,004,102
More than five years	**1,461,292,462**	1,602,445,215
	₱5,756,979,107	₱5,078,589,750

Interest

Interest expense from long-term debt, including those that matured or were settled at yearend, recognized in the statements of comprehensive income amounted to ₱355.4 million, ₱241.4 million and ₱238.5 million in 2024, 2023 and 2022, respectively. The related accrued interest expense as of December 31, 2024 and December 31, 2023 amounted to ₱31.7 million and ₱36.9 million, respectively (see Note 14).

Covenants

The Parent Company and its subsidiaries are required to maintain certain liquidity and leverage ratios under the terms of their respective loan agreements. As of December 31, 2024 and 2023, the Group has complied with these required covenants and two subsidiaries have obtained waivers from their respective lenders prior to yearend tolerating any breach in the required ratios.

16. Related Party Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

In the normal course of business, the Group enters into transactions with related parties principally consisting of the following:

		2024			
		Outstanding Balance			
Category	Volume	Receivables	Payables	Terms	Conditions
Associates					
Sale of power:					
VECO (see Note 16g)	**₱–**	**₱7,952,341**	**₱–**	30 days; noninterest-bearing	Unsecured; no impairment
Leases					
CPPC (see Note 16j)	**1,200,000**	–	–	August 18, 2023–January 29, 2024	Unsecured; no impairment
VECO (see Note 16n)	**20,189,371**		**58,521,944**	August 8, 2023–August 8, 2024	Unsecured
Technical service fees (see Note 16d)					
VECO	**60,000,000**	**66,000,000**	–	30 days; Noninterest-bearing	Unsecured; no impairment
CEDC	**46,300,000**	**4,244,167**	–	30 days; Noninterest-bearing	Unsecured; no impairment
PPWRLC	**600,000**	**448,000**	–	On-demand; Noninterest-bearing	Unsecured; no impairment
Engineering service fees (see Note 16d):					
VECO	**20,000,000**	**22,000,000**	–	30 days; Noninterest-bearing	Unsecured; no impairment
Interest income on advances (see Note 16a)					
CPPC	**2,279,000**	–	–	On demand	Unsecured; no impairment
Advances to (see Note 16a):					
PEI	–	–	**50**	Noninterest-bearing	Unsecured; no impairment
Advances to (see Note 16h):					
GLEDC	–	**1,388,568**	–	30-60 days; noninterest-bearing	Unsecured; no impairment
LPCI	–	**102,708,539**	–	30-60 days; noninterest-bearing	Unsecured; no impairment
Purchase of Power (see note 16k)					
TVI	**233,167,200**	–	**21,003,720**	Noninterest-bearing	Unsecured
Technical services fees (see Note 16j)					
CPPC	**4,375,000**	–	**4,375,000**	Noninterest-bearing	Unsecured
Distribution and wheeling charges (see Note 16m)					
VECO	**128,472,081**	–	**43,453,563**	Noninterest-bearing	Unsecured
Dividends (see Note 16f):					
VECO	**995,922,474**	–	–	noninterest-bearing	Unsecured; no impairment
AHI	**352,000,000**	–	–	noninterest-bearing	Unsecured; no impairment
MPC	**120,000,000**	–	–	noninterest-bearing	Unsecured; no impairment
TVI	**200,000,055**	–	–	noninterest-bearing	Unsecured; no impairment
CPPC	**14,303,104**	–	–	noninterest-bearing	Unsecured; no impairment

(Forward)

Category	Volume	2024 Outstanding Balance Receivables	Payables	Terms	Conditions
Stockholder with Significant Influence					
Revenue (see Note 16l)					
JDC One Acacia Corporation:	**₱398,190**	**₱26,929**	**₱–**	On-demand; Noninterest-bearing	Unsecured; no impairment
Stockholder with No Significant Influence					
Advances to (see Note 16c):					
JGS	**–**	**42,676**	**–**	payable on demand; noninterest-bearing	Unsecured; no impairment

Category	Volume	2023 Outstanding Balance Receivables	Payables	Terms	Conditions
Associates					
Sale of power:					
VECO (see Note 16g)	₱–	₱7,957,282	₱–	30 days; noninterest-bearing	Unsecured; no impairment
Lease (see Note 16j)					
CPPC	12,000,000	12,000,000	–	August 18, 2023–January 29, 2024	Unsecured; no impairment
Technical service fees (see Note 16d)					
CEDC	56,100,000	–	–	30 days; Noninterest-bearing	Unsecured; no impairment
FLOWS	2,300,000	56,000	–	On-demand; Noninterest-bearing	Unsecured; no impairment
Interest income on advances (see Note 16a)					
FLOWS	17,857,143	–	–	On demand	Unsecured; no impairment
CPPC	3,773,250	–	–	On demand	Unsecured; no impairment
Advances to (see Note 16a):					
PEI	–	–	50	Noninterest-bearing	Unsecured; no impairment
CPPC	50,000,000	50,000,000	–	7.74% interest per annum	Unsecured; no impairment
Advances to (see Note 16h):					
GLEDC	₱431,979	₱1,879,200	₱–	30-60 days; noninterest-bearing	Unsecured; no impairment
LPCI	–	102,708,539	–	30-60 days; noninterest-bearing	Unsecured; no impairment
Purchase of power plant (see Note 16i)					
VECO	282,304,000	–	–	Noninterest-bearing	Unsecured
Purchase of Power (see note 16k)					
TVI	233,093,152	–	21,186,000	Noninterest-bearing	Unsecured
Technical services fees (see Note 16j)					
CPPC	4,375,000	–	4,375,000	Noninterest-bearing	Unsecured
Dividends (see Note 16f):					
VECO	763,687,641	–	–	noninterest-bearing	Unsecured; no impairment
AHI	404,800,000	–	–	noninterest-bearing	Unsecured; no impairment
MPC	200,000,016	–	–	noninterest-bearing	Unsecured; no impairment
TVI	180,000,000	–	–	noninterest-bearing	Unsecured; no impairment
CPPC	107,296,896	–	–	noninterest-bearing	Unsecured; no impairment

(Forward)

		2023			
		Outstanding Balance			
Category	Volume	Receivables	Payables	Terms	Conditions
Stockholders with Significant Influence					
Management fees expense (see Note 16e)					
MRC	10,827,329	–	–	30-60 days; noninterest-bearing	Unsecured
JDC	7,218,220	–	–	30-60 days; noninterest-bearing	Unsecured
Stockholders with Significant Influence					
Advances to/from (see Notes 16a and 16b)					
WMI	2,930,930	7,617,057	–	Noninterest-bearing	Unsecured; no impairment
APC	–	–	2,350,000	Interest bearing; 1-year term	Unsecured
Stockholder with No Significant Influence					
Advances to (see Note 16c):					
JGS	–	42,676	–	payable on demand; noninterest-bearing	Unsecured; no impairment

a. Advances to related parties are generally noninterest-bearing cash advances to associates and stockholders. The outstanding advances, presented as "Advances to associates and stockholders" account in the consolidated statements of financial position, are noninterest-bearing and are due on demand. These advances are for project and working capital requirements.

   On February 14, 2020, the Parent Company entered into an Interim Financing Agreement (IFA) with FLOWS for the development of a combined sewerage and septage facility serving the City of Puerto Princesa. The IFA was initially for a term of four months but were later extended. On January 13, 2023, the Parent Company collected the outstanding receivable of ₱150.0 million, and recognized interest income amounting to ₱17.9 million, presented as part of "Other income - net" in the statements of comprehensive income (see Note 17).

   In 2023, VEC extended a 2-year interest-bearing promissory note to CPPC payable in lump-sum with a 7.74% interest rate per annum to cover for its working capital requirements. In 2024, CPPC settled in full its outstanding obligation to VEC.

b. Advances from related parties are cash advances bearing 6% interest rate which are payable on demand from the Group's stockholders.

c. Advances to a "stockholder with no significant influence" pertains to the life insurance plan advanced by the Parent Company for a member of its BOD.

d. Technical service fees represent the compensation for the services rendered by the Group to its associates. These are governed by service-level contracts executed by the Group and its associates. These are recognized as "Management and service fees" presented as part of the Group's revenue in the consolidated statements of comprehensive income.

   Outstanding receivables for management fees and service fees presented as part of "Trade receivables" under "Trade and other receivables" account in the consolidated statements of financial position as of December 31, 2024 and 2023 (see Note 7).



e. In 2023, the Group also entered into consultancy and management service agreements with its stockholders to avail of management consultancy services. Expenses incurred related to the consultancy and management service agreements are recognized as part of "Professional fees" under "Generation costs" (see Note 17) and "Operating expenses" in the consolidated statements of comprehensive income.

f. In 2024 and 2023, the Group's associates declared dividends to the Group.

g. The Group had an Energy Supply Agreement (ESA) with VECO executed in October 2014, whereby the Group supplied contract energy to VECO from the 17 MW of the contracted capacity of the Unified Leyte Geothermal Power Plant administered by the Group. The ESA was terminated in October 2019. Outstanding receivables for management fees and service fees presented as part of "Trade receivables" under "Trade and other receivables" account in the consolidated statements of financial position as of December 31, 2024 and 2023 (see Note 7).

h. Working capital advances to LPCI and GLEDC are noninterest-bearing, collateral-free and are due on demand.

i. On August 18, 2023, a subsidiary of the Group purchased power plant assets for a total cash consideration of ₱282.3 million (see Note 11).

j. The Group generated income from the interim lease of the power plant to CPPC in 2024 and 2023, which are presented as part of "Rent income" in the consolidated statements of comprehensive income. In 2024 and 2023, the Group also incurred expenses from its interim technical services agreement with CPPC for its operation, management and maintenance (see Note 17).

k. In 2022, a subsidiary entered into a PSA with Therma Visayas, Inc. to purchase power for a fixed fee per MW hour. The PSA is valid from December 26, 2022 to December 25, 2024 for a contracted capacity of 5 MW.

l. The Group entered into a contract for solar services with JDC One Acacia Corporation, a subsidiary of JDC, an investor in Vivant with significant influence. Revenue from solar services presented as part of "Generation" under "Revenue" in the 2024 statement of comprehensive income.

m. The Group entered into a Wheeling Services Agreement with VECO, on May 22, 2024. Under the agreement, which was effective starting June 1, 2024 until terminated, VECO permits the use of its sub-transmission system to wheel the electricity output of one of the Company's generating facilities. Wheeling charges are presented as "Purchased power" under "Generation costs" in the 2024 statement of comprehensive income (see Note 17).

n. In 2024, the Group entered into a five-year contract of lease as a lessee with VECO to lease a parcel of land (see Note 24).

The above transactions are generally settled through cash.

Compensation and Benefits of Key Management Personnel
The compensation of the Group's key management personnel by benefit type follows:

	2024	2023	2022
Short-term employee benefits	**₱221,311,355**	₱180,751,811	₱173,320,326
Post-employment pension benefits (see Note 19)	**23,097,078**	7,083,033	8,120,745
	₱244,408,433	₱187,834,844	₱181,441,071

17. Costs of Services and Other Operating Expenses

Generation costs
The Group's cost of services pertains to the costs incurred in the operation of the power plants, as follows:

	2024	2023	2022
Heavy fuel oil (see Notes 8 and 23)	**₱3,971,661,278**	₱2,242,942,536	₱2,142,610,532
Purchased power (see Notes 16m and 23)	**1,763,565,909**	1,089,061,079	616,814,812
Depreciation and amortization (see Notes 11, 13 and 24)	**560,524,992**	470,765,582	374,248,715
Light fuel oil (see Notes 8 and 23)	**294,371,274**	176,508,800	131,245,129
Materials and supplies (see Note 8)	**144,497,863**	49,673,410	56,129,783
Salaries, wages and employee benefits (see Note 18)	**137,371,920**	133,227,396	95,347,196
Contractual and outside services (see Note 16j)	**89,711,694**	98,510,858	76,689,877
Lube oil (see Notes 8 and 23)	**77,227,533**	49,413,286	51,265,092
Repairs and maintenance	**66,546,137**	58,236,538	38,086,273
Rent (see Note 24)	**66,504,104**	5,274,872	6,889,545
Insurance	**40,669,870**	62,863,885	48,149,903
Supply and metering charges	**22,088,416**	15,896,360	17,858,275
Light and power	**11,249,445**	278,351	1,673,563
Taxes and licenses	**11,005,143**	10,611,963	8,912,200
Market fees	**7,279,480**	376,899	884,993
Professional fees (see Note 16e)	**6,426,750**	–	2,653,140
Transportation	**1,385,439**	1,676,502	7,853,799
Others	**21,977,027**	12,860,028	6,710,159
	₱7,294,064,274	₱4,478,178,345	₱3,684,022,986

Amounts recognized related to the Group's participation in WESM trading, are presented as "Purchased power" and "Market fees" aggregating to ₱329.6 million, ₱68.2 million, and ₱39.0 million in 2024, 2023 and 2022, respectively.

Engineering service fees

The Group's cost of providing technical and engineering services in its retail electricity, and water treatment and desalination revenue generating activities are as follows:

	2024	2023	2022
Materials and supplies (see Note 8)	**₱12,187,463**	₱17,448,008	₱10,979,909
Contractual and outside services	**9,122,761**	7,209,090	4,604,410
Depreciation and amortization (see Notes 11 and 24)	**3,944,232**	3,421,833	2,463,126
Salaries, wages and employee benefits (see Note 18)	**3,465,260**	11,630,956	4,531,957
Transportation	**566,985**	5,603,021	624,090
Rent (see Note 24)	**393,641**	6,604,078	–
Insurance	**20,849**	70,438	–
Repairs and maintenance	**4,548**	20,400	–
Others	**166,047**	465,095	1,640,854
	₱29,871,786	₱52,472,919	₱24,844,346

Other Operating Expenses

	2024	2023	2022
Insurance expense	**₱49,677,272**	₱4,756,117	₱2,836,223
Dues and subscriptions	**35,290,292**	18,489,875	10,363,650
Directors' per diem (see Note 18)	**23,844,444**	26,883,333	20,729,167
Corporate social responsibility	**19,602,891**	22,346,535	27,043,457
Repairs and maintenance	**8,244,843**	5,970,244	4,000,042
Regulatory expenses	**5,258,169**	1,730,616	2,314,567
Office supplies	**4,565,279**	4,024,591	3,348,469
Stand-by letter of credit	**2,295,351**	4,214,971	4,219,226
Marketing expenses	**2,217,720**	6,573,917	3,290,056
Stockholders' meeting expenses	**438,268**	953,366	604,066
Others	**15,618,039**	6,088,389	10,734,489
	₱167,052,568	₱102,031,954	₱89,483,412

Regulatory expenses include payments of administrative fees charged by the PSE and SEC and other charges.

Others include sponsorships and contributions, brokerage fees, insurance expenses, medical and health expenses, outing expenses, and bank charges, among others.

Other Income - Net

	2024	2023	2022
Reversal of provision for fuel costs	**₱98,503,087**	₱–	₱–
Provision for doubtful accounts (see Note 7)	**(40,617,655)**	(410,049)	(5,721,988)
Gain on disposal of property, plant and equipment (see Note 11)	**3,782,805**	650,300	639,207
Receivables written off	**–**	(24,000,000)	–
Interest from a related party (see Note 16a)	**–**	17,857,143	–
Recovery of previously written-off receivables (see Note 7)	**–**	6,000,000	18,000,000
Other service income	**–**	–	1,870,000
Intercompany services	**–**	–	1,201,114
Others	**(2,947,770)**	(13,201,557)	15,242,391
	₱58,720,467	(₱13,104,163)	₱31,230,724

Provision for doubtful accounts mainly pertain to long-outstanding trade receivables from a customer.

Receivables written off pertains to the disputed receivables from a customer which were finally determined to be unrecoverable by virtue of the settlement of the court case with the customer in December 2023.

Interest income from a related party pertains to interest on the settlement of the IFA with FLOWS (see Note 16a).

Recovery of previously written-off receivables in 2023 and 2022 pertains to recovery by VEC and VREC of its receivables from the sale of one of the Group's joint ventures in 2017. The receivables were previously fully provided with an allowance (see Note 7).

Others include non-recurring incomes recognized by a subsidiary related to the reversal of a cost accrued in prior years and rebates on past years' fuel expenses, reimbursements from third parties for equipment station use, and billings to related parties for the shared expenses initially paid by the Group on behalf of related parties (see Note 16).

18. Personnel Expenses

	2024	2023	2022
Salaries, wages and employee benefits	**₱732,732,545**	₱537,405,717	₱469,334,852
Pension expense (see Note 19)	**47,994,586**	22,261,768	20,731,159
Directors' per diem (see Note 17)	**23,844,444**	26,883,333	20,729,167
	₱804,571,575	₱586,550,818	₱510,795,178

19. Retirement Plans

The Group has a funded, noncontributory, defined benefit pension plan covering all regular, permanent employees of the Parent Company, 1590 EC, CIPC, Delta P, VEC, INPC, Core and VIHI. The plans provide lump sum benefits upon a member's normal retirement. The benefits are based on the member's final monthly salary and length of service with the Group.



The Fund for the Group's employees is administered by a trust and investment entity in the Philippines under the supervision of a trustee. The trustee is responsible for the investment strategy of the plan.

The following tables summarize the components of pension expense recognized in the consolidated statements of comprehensive income and the funded status and amounts recognized in the consolidated statements of financial position for the pension plan.

The components of the pension expense recognized under "Generation costs" and "Operating expenses" in the consolidated statements of comprehensive income follow:

	2024	2023	2022
Current service cost	**₱37,724,433**	₱18,369,797	₱17,717,173
Net interest cost	**10,270,153**	3,891,971	3,013,986
Pension expense	**₱47,994,586**	₱22,261,768	₱20,731,159

Remeasurement effects recognized in the consolidated statements of comprehensive income follow:

	2024	2023	2022
Remeasurement gain (loss) on defined benefit plan	**(₱19,293,684)**	(₱102,653,494)	₱16,205,942
Return on assets excluding amount included in net interest cost	**(1,512,366)**	(1,739,311)	(5,048,920)
	(₱20,806,050)	(₱104,392,805)	₱11,157,022

The pension liability pertaining to the Parent Company's funded group retirement plan, and 1590 EC's and Delta P's funded retirement plans as of December 31, 2024 and 2023 follows:

	2024	2023
Present value of defined benefit obligation	**₱336,369,535**	₱260,370,314
Fair value of plan assets	**(88,639,797)**	(74,863,717)
Pension liability	**₱247,729,738**	₱185,506,597

The pension asset pertaining to CIPC's funded retirement plan as of December 31, 2024 and 2023 follows:

	2024	2023
Fair value of plan assets	**₱–**	₱5,348,334
Present value of defined benefit obligation	–	(4,971,801)
Pension asset	**₱–**	₱376,533

Changes in the present value of the defined benefit obligation follow:

	2024	2023
At January 1	**₱265,342,115**	₱121,018,373
Current service cost	**37,724,433**	18,369,797
Business combinations (see Note 13)	**–**	14,833,696
Interest cost on defined benefit obligation	**15,875,221**	9,393,442
Remeasurement loss due to:		
Changes in financial assumptions	**14,052,043**	92,942,064
Experience adjustments	**5,241,641**	9,711,430
Benefits paid from retirement fund	**(1,865,918)**	(599,687)
Benefits paid from operating funds	**–**	(327,000)
At December 31	**₱336,369,535**	₱265,342,115

Changes in the fair value of plan assets representing the funded retirement plan of the Group follow:

	2024	2023
At January 1	**₱80,212,051**	₱56,822,901
Business combinations (see Note 13)	**–**	13,507,890
Contributions to the retirement fund	**6,200,962**	6,718,787
Interest income included in net interest cost	**5,605,068**	5,501,471
Return on assets excluding amount included in net interest cost	**(1,512,366)**	(1,739,311)
Benefits paid from retirement fund	**(1,865,918)**	(599,687)
At December 31	**₱88,639,797**	₱80,212,051

Changes in the amounts recognized in the consolidated statements of financial position for pension liability follows:

	2024	2023
At January 1	**₱185,506,597**	₱64,195,472
Business combinations (see Note 13)	**–**	2,163,275
Pension expense for the year	**47,994,586**	21,814,957
Contributions to retirement fund	**(6,200,962)**	(5,785,200)
Remeasurement loss recognized for the year	**20,806,050**	103,445,093
Reclassification from pension asset	**(376,533)**	–
Benefits paid from operating funds	**–**	(327,000)
At December 31	**₱247,729,738**	₱185,506,597

Changes in amounts recognized in the consolidated statements of financial position for pension asset of CIPC follows:

	2024	2023
At January 1	**(₱376,533)**	**₱**–
Business combinations (see Note 13)	**–**	(837,469)
Pension expense for the year	**–**	446,811
Contributions to retirement fund	**–**	(933,587)
Remeasurement loss recognized for the year	**–**	947,712
Reclassification to pension liability	**376,533**	–
At December 31	**₱**–	(₱376,533)

The major categories of the plan assets as a percentage of the fair value of the total plan assets are as follows:

	2024	2023
Investment in government securities	**–**	29.59%
Equity securities	**9.95%**	2.43%
Fixed income securities:		
Unitized investment trust funds	**89.56%**	67.45%
Accrued interest receivable	**–**	0.15%
Other receivable	**0.49%**	0.38%
Total plan assets	**100.00%**	100.00%

All equity instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

The control and administration of the fund vest on the trustee. The trustee shall have the full and complete power and authority to hold, manage, administer, convert, sell, assign, alter, divide, invest and reinvest the fund without distinction between principal and income, to the same extent and with the same effect as might be lawfully done by persons who own and control property and may thus exercise every power and right with respect to each item of property in this trust authority specified in the agreement and expressly conferred upon it by law.

The overall investment policy and strategy of the Group's defined benefit plan is guided by the objective of providing the necessary funding for the benefits payable under the plan and achieving such liquidity as the trustee shall, in its discretion, deem appropriate in the circumstances. The Group's current investment strategy consists substantially of fixed income securities.
The principal assumptions used in determining pension obligation for the Group's pension plan as of December 31 follow:

	2024	2023
Discount rate	**6.08%–6.20%**	6.10%–6.17%
Future salary increase rate	**10.00%**	6.00%–10.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of the defined benefit obligation of the most recent actuarial valuation report, as of December 31, 2024 and 2023, assuming all other assumptions were held constant:

	Increase (Decrease)	Present Value Change of Defined Benefit Obligation	
		2024	2023
Discount rate	+100 basis points	**(33,085,424)**	(₱29,231,919)
	−100 basis points	**39,137,665**	34,680,027
Future salary increase rate	+100 basis points	**38,408,353**	34,776,063
	−100 basis points	**(33,170,901)**	(29,469,928)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the defined benefit obligation at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date), while all other assumptions remained unchanged.

The average duration of the defined benefit obligation is 14.73–20.00 years and 11.60–21.24 years as of December 31, 2024 and 2023, respectively.

The Group expects to contribute to the defined benefit plan in 2025.

The expected benefit payment assumes that all actuarial assumptions will materialize. Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2024 and 2023:

	2024	2023
Less than one year	**₱5,185,372**	₱12,483,318
More than one year to five years	**36,476,513**	39,835,980
More than five years to 10 years	**158,882,752**	151,133,893
More than 10 years to 15 years	**518,270,045**	420,881,380
More than 15 years to 20 years	**435,954,385**	364,091,213
More than 20 years	**1,597,121,726**	1,282,147,182
Total	**₱2,751,890,793**	₱2,270,572,966

20. Income Taxes

	2024	2023	2022
Current	**₱378,943,981**	₱155,180,434	₱97,784,862
Deferred	**1,196,261**	17,689,876	(8,223,383)
	₱380,140,242	₱172,870,310	₱89,561,479

The reconciliation of income tax expense computed at the applicable statutory rates to income tax expense follows:

	2024	2023	2022
Income before income tax	**₱3,003,800,074**	₱2,578,413,102	₱1,794,288,597
Tax calculated at statutory rate (25%)	**₱750,950,019**	₱644,603,276	₱448,572,149
Adjustments for the tax effects of:			
Equity in net earnings of associates	**(576,414,014)**	(511,085,470)	(485,339,345)
Unrecognized deferred income tax assets on NOLCO and MCIT	**135,328,148**	27,370,900	161,413,675
Non-deductible expenses	**57,199,864**	37,119,050	10,966,033
Interest income subject to final tax	**(33,268,246)**	(29,838,120)	(13,703,600)
Difference of OSD over deductible expenses	**286,434**	(3,176,938)	(4,667,825)
Non-taxable gain	**(49,333)**	(31,858,491)	(38,324,884)
Others	**46,107,969**	39,736,103	10,645,276
	₱380,140,242	₱172,870,310	89,561,479

The components of the Group's net deferred income tax assets as of December 31 are as follows:

	2024	2023
Deferred income tax assets on:		
Net pension liability	**₱27,537,685**	₱25,506,443
Allowance for impairment losses	**11,602,774**	11,602,774
Allowance for inventory losses	**1,082,708**	–
Unamortized past service costs	**353,266**	1,075,449
Unrealized foreign exchange loss	**84,180**	14,125
	40,660,613	38,198,791
Deferred income tax liabilities on:		
Right-of-use assets	**14,655,154**	4,824,010
Unrealized foreign exchange gain	**11,435,632**	11,900,669
Unamortized debt issue costs	**1,809,923**	2,545,404
	27,900,709	19,270,083
Deferred income tax asset (liabilities) recognized in other comprehensive income:		
Remeasurement loss (gain) on employee benefits	**21,158,995**	12,202,080
Unrealized valuation gain on FVOCI investments	**(645,000)**	(645,000)
	20,513,995	11,557,080
Net deferred income tax assets	**₱33,273,899**	₱30,485,788

The components of the Group's net deferred income tax liabilities are as follows:

	2024	2023
Deferred income tax liabilities on:		
Unrealized fair value gain on investment property	**₱244,264,903**	₱239,439,442
Fair value adjustments upon acquisition of subsidiaries (see Note 13)	**83,206,465**	97,838,056
Unamortized debt issue costs	**964,796**	–
Accrued rent	**88,071**	87,791
Unrealized foreign exchange gain	**83,649**	165,095
	328,607,884	337,530,384
Deferred income tax assets on:		
Pension liability	**74,213**	2,880,430
Unrealized foreign exchange loss	**–**	482,670
	74,213	3,363,100
Deferred income tax liability (asset) recognized in other comprehensive income:		
Unrealized valuation adjustments on FVOCI investments	**–**	8,190,000
Remeasurement loss on employee benefits	**–**	(4,694,359)
	–	3,495,641
Net deferred income tax liabilities	**₱328,533,671**	₱337,662,925

In 2024 and 2023, the Group has deductible temporary differences and tax credits for which deferred tax assets have not been recognized since management believes that no sufficient taxable income will be available in the year these are expected to be reversed, settled or realized. These unrecognized deductible temporary differences and tax credits follow:

	2024	2023
NOLCO	**₱1,564,037,718**	₱1,554,962,925
MCIT	**4,960,283**	8,524,728

On September 30, 2020, the BIR issued RR No. 25-2020 to implement Section 4(bbbb) of Republic Act No. 11494, otherwise known as the "Bayanihan to Recover as One Act". This RR provides that net operating loss of the business enterprise for taxable years 2020 and 2021 to be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

NOLCO and MCIT as of December 31, 2024 and 2023, except for the NOLCO incurred in 2020 and 2021, can be claimed as a deduction against future taxable income and income tax due within three years from the year of incurrence from 2022–2024 and 2021–2023, respectively.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law
On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Group recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

21. Equity

Capital Stock
There were no changes in the Parent Company's authorized, issued and outstanding common shares as of December 31, 2024 and 2023.

Authorized capital stock - ₱1 par value	2,000,000,000
Issued and outstanding shares	1,023,456,698
Unissued shares	976,543,302

The Parent Company's issued capital stock originally consists of 224,880,067 common shares and 600,000,000 preferred shares that were listed in the Philippine Stock Exchange (PSE) since 2003, and 198,576,631 preferred shares that were approved for listing by the PSE on June 29, 2004. In June 2005, the SEC approved the amendment to Article VII that relates to the conversion of the Parent Company's preferred shares to common shares. As of December 31, 2024 and 2023, the Parent Company's issued capital stock all consists of common shares.

The Parent Company has 1,404 stockholders as of December 31, 2024, 1,406 stockholders as of December 31, 2023, and 1,404 stockholders as of December 31, 2022, and has complied with the Minimum Public Ownership requirement of the PSE for listed entities as of the same dates.

Dividends

The BOD declared cash dividends to its stockholders as follows:

	2024	2023	2022
Date of declaration	**May 24, 2024**	May 18, 2023	May 13, 2022
Date of record	**June 7, 2024**	June 1, 2023	May 30, 2022
Date of payment	**June 21, 2024**	June 16, 2023	June 10, 2022
Dividends declared	**₱571,088,839**	₱398,841,075	₱444,282,550
Dividends per share	**₱0.5580**	₱0.3897	₱0.4341

Appropriation of Retained Earnings for Business Expansion

Out of the 2021 retained earnings appropriation amounting to ₱6.2 billion, the Parent Company made additional investments of ₱1.6 billion in 2022 on the power generation project in the Visayas, solar installation projects and infrastructure projects in Luzon and the Visayas, which amount was then reverted to unappropriated retained earnings in 2022.

In a BOD meeting held on November 11, 2022, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱4.6 billion to provide appropriations for the investment on the new power generation projects in Luzon, solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.3 billion to be used for the investment in the on-going and new infrastructure projects in the Visayas, and new power generation projects in Luzon and the Visayas starting in 2023.

Out of the 2022 retained earnings appropriation amounting to ₱6.8 billion, the Parent Company made additional investments of ₱1.9 billion in 2023 on the power generation project in Luzon, solar installation projects and infrastructure projects in Luzon and the Visayas, which amount was then reverted to unappropriated retained earnings in 2023.

Out of the 2022 retained earnings appropriation, the Parent Company made additional investments of ₱1.9 billion in 2023 on the new power generation project in Luzon, solar installation projects in Luzon and Visayas, and infrastructure projects in the Visayas, which amount was then reverted to unappropriated retained earnings in 2023.

In a BOD meeting held on November 24, 2023, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱4.9 billion to provide appropriations for the investment on the solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.4 billion to be used for the investment in the ongoing new infrastructure projects in the Visayas and new power generation projects in Luzon and the Visayas, and a new real estate project in the Visayas starting in 2024.

Out of the 2023 retained earnings appropriation, the Parent Company made additional investments of ₱1.4 billion in 2024 on the infrastructure projects in the Visayas, power generation projects in Luzon, the Visayas, and Mindanao, which amount was then reverted to unappropriated retained earnings in 2024.

In a BOD meeting held on December 23, 2024, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱6.0 billion to provide appropriations for the investment on the solar installation projects in Luzon and the Visayas, infrastructure projects in the Visayas and the real estate project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱1.8 billion to be used for the investment in the ongoing expansion of power generation project in Luzon, solar generation projects in Luzon and the Visayas, and the working capital requirements of a wholly owned subsidiary starting in 2025.

Unappropriated Retained Earnings
The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries and associates, including unrealized fair value adjustments on investment properties, amounting to ₱10.5 billion and ₱8.9 billion as of December 31, 2024 and 2023, respectively. Such amounts are not available for dividend distribution until such time that the Parent Company receives the dividends from the respective subsidiaries and associates.

Non-controlling Interests
On October 11, 2024, the Company entered into a Share Sale and Purchase Agreement with WMI resulting to the derecognition of the Company's total investment in WMP amounting to ₱63.9 million and non-controlling interest amounting to ₱58.4 million (see Note 1).

On June 1, 2023, VEC and VIDC acquired the remaining interest of GPI in INPC for a total consideration of ₱169.6 million, resulting in 100% ownership by the Group in INPC. The transaction has been accounted for as an equity transaction with non-controlling interests, resulting to a reduction in non-controlling interests by ₱164.5 million and a decrease in "Equity reserves" by ₱5.1 million.

In 2022, 1590 EC received cash amounting to ₱231.2 million from its non-controlling stockholder for the issuance of capital stock. INPC also received cash from GPI amounting to ₱16.9 million.

Material Partly-Owned Subsidiary - 1590 EC
The following are selected financial information of the material partly-owned subsidiary of the Group as of and for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
Total current assets	**₱1,157,748,228**	₱805,761,615	₱1,068,374,263
Total noncurrent assets	**3,352,739,223**	3,569,277,736	3,751,025,697
Total current liabilities	**1,560,498,767**	1,570,496,589	2,218,327,860
Total noncurrent liabilities	**835,888,126**	834,220,259	832,756,131
Total equity	**2,114,100,558**	1,970,322,503	1,768,315,969
Sale of power	**2,891,515,765**	1,907,736,709	2,820,807,541
Operating profit	**864,244,823**	341,215,108	299,626,276
Net income	**642,818,607**	204,139,608	246,304,789
Total comprehensive income	**641,594,504**	202,205,139	249,647,528
Net income attributable to non-controlling interests	**287,982,736**	91,454,544	110,344,545
Total comprehensive income attributable to non-controlling interests	**287,434,338**	90,587,902	111,842,093
Dividends paid to non-controlling interests	**224,000,000**	–	–
Accumulated non-controlling interest	**944,242,977**	880,808,639	790,220,737

22. Earnings Per Share (EPS)

The amounts of EPS are computed as follows:

	2024	2023	2022
Net income attributable to shareholders of the parent	**₱2,355,018,369**	₱2,295,804,486	₱1,595,263,961
Weighted average number of outstanding common shares	**1,023,456,698**	1,023,456,698	1,023,456,698
Basic and diluted EPS	**₱2.301**	₱2.243	₱1.559

There are no potential dilutive shares as of December 31, 2024, 2023 and 2022.

23. Contracts, Commitments and Contingencies

Sale of Power

Power Supply Agreements (PSAs)

- *INPC PSA.* On March 30, 2022, Bantayan Electric Cooperative (BANELCO) and INPC entered into a PSA. According to the terms of the PSA, INPC shall provide the entire energy requirements of BANELCO and its franchise area. The agreement is for a period of 15 years, reckoned from commercial operations date. On May 5, 2022, pending final resolution of INPC's application for approval of the PSA, the ERC granted provisional authority to INPC to implement the PSA, subject to certain conditions. Commercial operations in relation to the provisional authority commenced on May 6, 2022.

  On August 8, 2023, the ERC granted an Interim Relief (IR) for the continued implementation of the PSA. This IR is subject to the same terms and conditions as provided in the Order dated May 5, 2022, until revoked or until the issuance of a decision.

- *CIPC PSA.* On August 8, 2011, CIPC entered into a 15-year PSA with Busuanga Island Electric Coperative (BISELCO), an electric cooperative engaged in the distribution of electricity, light, heat and power. CIPC shall provide a portion of the energy requirements of BISELCO, for which CIPC is entitled to receive a payment equal to the total fee which is calculated using a specified formula.

  The PSA also allows CIPC to collect from NPC a subsidy fee equivalent to the difference between the total fee and the subsidized/approved generation rate billed to BISELCO. The subsidized/approved generation rate charged shall be that approved by the Energy Regulatory Commission for Coron, Palawan expressed in Php/kWh.

  Emergency PSA. On May 9, 2023, CIPC entered into a one-year Emergency PSA with BISELCO for a contracted capacity of 615,600 kWh/month at a tariff specified in the contract.

- *Delta P PSA.* On February 6, 2009, Delta P entered into a PSA with PALECO, an electric cooperative engaged in the distribution of electricity, light, heat and power for the phase I of the PSA which ended on April 3, 2021. On March 18, 2016, Delta P and PALECO entered into another PSA for the second phase of the energy supply agreement for 18 MW for 15 years. The agreement was terminated on October 3, 2023.

In November 2024, Delta P won the bidding for a 15-year PSA following the conduct of a successful Competitive Selection Process.

Emergency PSA. On October 3, 2023, Delta P entered into an Emergency Power Supply Agreement ("EPSA") with PALECO for a maximum term of one (1) year from the commercial operations date ("COD") for a minimum contracted energy of 11,896,560 kWh monthly at the total fee in the Emergency PSA.

Transitory PSA. Upon expiration of the EPSA on October 3, 2024, DPI entered into a Transitory PSA with contracted capacity of 26,650 kW for a period of (i) twelve (12) months, or (ii) until the delivery date is achieved under the PSA, or (iii) upon termination of this agreement, whichever occurs first.

- *Subsidy Agreements.* Due to the subsidized nature of the PSAs of INPC, Delta P and CIPC, the subsidiaries enter into Subsidy Agreements (SA) with NPC. The SAs allow the subsidiaries to collect the difference between the Subsidized/Approved Generation Rate (SAGR) charged to the off-taker and True Cost Generation Rate (TCGR).

- *NBPC PSA.* On January 17, 2017, NBPC entered into a PSA with Bukidnon Second Electric Cooperative (BUSECO) to supply a maximum of 5 MW from its 2 x 3.1 MW power plant located at Barangay Bugcaon, Lantapan, Bukidnon at a specific contract rate for a period of 15 years commencing from commercial operation date in the second quarter of 2018, under a Build Operate Maintain (BOMT) scheme. With the BOMT agreement, NBPC's power plant will be transferred to BUSECO upon termination of the PSA.

  ERC has granted a provisional approval on its rate application on August 31, 2017 effective for only twelve (12) months. Upon expiration of the provisional authority on August 31, 2018, ERC extended the provisional authority in an order dated September 21, 2019. NBPC and BUSECO filed a motion for reconsideration for rates adjustment from the provisionally approved amounts and was partially granted by ERC on October 8, 2019. As of December 31, 2024, no decision was received from ERC on the matter.

- *BPC PSA.* On October 16, 2014, BPC entered into a PSA with First Bukidnon Electric Cooperative (FIBECO) to supply a maximum of 4.4 MW from its 2 x 2.4 MW power plant located at Barangay Barandas, Bukidnon at a specific contract rate for a period of 15 years commencing from March 15, 2015. ERC has granted a provisional approval on its rate application on August 3, 2015. The second PSA was entered into with FIBECO on July 24, 2015 for a contracted capacity of 2 MW from its 2.5 MW fuel power plant located at Barangay Mabuhay, San Fernando, Bukidnon, for a period of 15 years starting from April 15, 2016. ERC's final approval on its rate application was dated June 6, 2017.

- *1590 EC PSA.* On April 2023, 1590 EC entered into a PSA with a customer for a contracted capacity of 30 MWh at an agreed tariff specified in the PSA. The contract is effective from April 26, 2023 to December 25, 2023.

  In January 2024, the company entered into another PSA with the customer for a contracted capacity of at 70MWh from January 26, 2024 to August 25, 2024. In August 2024, the parties agreed to the amendment of the existing PSA with the contract expiring on September 25, 2025.

Revenue from sale of power in relation to the above PSAs amounted to ₱4,333.3 million, ₱2,582.8 million and ₱922.4 million in 2024, 2023 and 2022, respectively.

Solar Solutions. Subsidiaries of the Group enter into power purchase agreements with various customers for the development, engineering, procurement, construction, operation and maintenance of solar generation facilities at the customers' premises. Revenue from these agreements amounted to ₱39.3 million, ₱35.0 million, and ₱23.1 million in 2024, 2023 and 2022, respectively.

Retail Electricity Supply. A subsidiary enters into various retail supply contracts with contestable customers for the supply of energy at an agreed price on a per kilowatt-hour basis. The contracts are for a period of 2 years and for a contracted capacity of 0.75–2.50 MW. Total retail electricity sales from these contracts amounted to ₱1,436.5 million, ₱1,112.7 million, and ₱633.5 million in 2024, 2023, and 2022, respectively.

In connection with the contracts, the subsidiary received refundable deposits from customers amounting to ₱23.7 million and ₱26.2 million as of December 31, 2024 and 2023. These are presented as part of "Other noncurrent liabilities" in the statements of financial position (see Note 14).

Ancillary Services. In January 2017, a subsidiary entered into an ASPA with NGCP to be its service provider, whereby the entity will provide dispatchable reserve to NGCP to maintain power quality, reliability, and security of the nationwide grid. The term of agreement is in force for five (5) years. Actual transactions such as nominations and scheduling started in November 2017 when the access and technical requirements were finally fulfilled. The contract expired in September 2022 subject to monthly renewal pending the result of the competitive selection process. The contract was renewed until February 25, 2023.

On August 18, 2023, CPPC executed a deed of assignment to a subsidiary of the Group with the effect that all obligations of CPPC under the ASPA for the generation facility shall be turned over to a subsidiary of the Group (see Note 16). The NGCP confirmed the assignment on October 25, 2023. The ASPA is effective for a period of five (5) years, commencing November 16, 2023 up to November 15, 2028.

Revenue from ASPA with NGCP amounted to ₱9.2 million, ₱467.5 million, and ₱952.9 million in 2024, 2023, and 2022, respectively.

Participation in WESM. To avail of the opportunities in the competitive electricity market, certain entities of the Group registered as direct participants of the wholesale electricity spot market (WESM). The revenue from sale of power on the WESM recognized by the Group amounting to ₱3,663.5 million, ₱1,336.3 million, and ₱1,867.8 million, in 2024, 2023, and 2022, respectively, were generated from its participation in the trading of electricity at the WESM.

On March 6, 2014, the ERC rendered an Order voiding the WESM prices for the supply months of November and December 2013 and in lieu thereof, substituting regulated prices. The Order came after the ERC formed an Investigating Unit to investigate the unusual increase in WESM prices and the seemingly simultaneous withholding of capacity by electric power generators during the supply months of November and December 2013.

On March 28, 2014, a subsidiary filed its Motion for Reconsideration (MR) to the Order. In an Order dated October 15, 2014, the ERC denied the MR.



On December 10, 2014, as a result of the denial of the MR by the ERC, the subsidiary filed a Petition for Review with Application for Injunction and Temporary Restraining Order with the CA requesting for the (a) issuance of a Temporary Restraining Order and Writ of Preliminary Injunction enjoining ERC and PEMC from implementing all orders, decisions, and resolutions in ERC Case No. 2014-021 MC and (b) reversal of the Order of the ERC in ERC Case No. 2014-021 MC and (c) reinstating the November and December 2013 WESM market prices.

On November 8, 2017 the CA in the consolidated Petitions for Review, rendered a decision declaring the Orders of the ERC dated March 3, 2014, March 27, 2014, May 9, 2014 and October 15, 2014 (the "ERC Orders") for having been rendered without any factual and legal basis. Accordingly, the CA nullified the regulated prices imposed by the ERC in the ERC Orders that were to prevail in lieu of the WESM prices for the November and December 2013 supply months.

Thereafter, the ERC and Intervenor, filed their respective MRs to which the subsidiary duly filed its respective Oppositions thereto. Moreover, as of March 14, 2018, twelve (12) entities who are not original parties to the consolidated Petitions for Review but claim legal interest in the consolidated Petitions for Review filed their respective Motions for Leave to file intervention and admit the attached MRs. On September 7, 2020, the subsidiary received a Notice from the Supreme Court (Third Division) that required its Comments to a Petition for Review on Certiorari. The subsidiary was able to file its Comment and Opposition within the allowed extended period.

On August 3, 2021, the Supreme Court issued a decision declaring null and void the March 2014 Order of the ERC. The Order in the December 2013 Letter Order was affirmed. An Entry of Judgement was subsequently issued stating that on October 11, 2022, the decision has become final and executory.

Management and Service Fees

The Group renders consultancy, management and technical services to various parties, including related parties for technical service fees (see Note 16). These services are governed by service-level contracts executed by the Group and the counterparties. These are recognized as "Management and service fees" presented as part of the Group's revenue in the consolidated statements of comprehensive income amounting to ₱202.9 million, ₱546.0 million and ₱86.8 million in 2024, 2023, and 2022, respectively.

Generation Costs

Fuel Supply Agreements

The Group, through its power generation subsidiaries, enters into supply agreements with various suppliers for the supply of the Group's petroleum product requirements. The supply agreements are effective for various periods up to December 31, 2026.

- *Heavy Fuel Oil.* Heavy fuel oil expense recognized in the consolidated statements of comprehensive income amounted to ₱3,971.7 million, ₱2,242.9 billion, and ₱2,142.6 million n in 2024, 2023, and 2022, respectively (see Note 17).

- *Light Fuel Oil.* Light fuel oil recognized in the consolidated statements of comprehensive income amounted to ₱294.4 million, ₱176.5 million, and ₱131.2 million in 2024, 2023, and 2022, respectively (see Note 17).

- *Lube Fuel Oil.* Lube fuel oil recognized under "Generation costs" in the statements of comprehensive income amounted to ₱77.2 million, ₱49.4 million, and ₱51.3 million in 2024, 2023, and 2022, respectively (see Note 17).

Purchased Power

- *Bilateral Agreements.* A subsidiary of the Group enters into PSAs with generation companies to purchase power for a fixed fee per MW per hour. The PSAs are for a period of one to two years with a contract capacity of up to 10MW.

  The total cost of power purchased during the year from PSAs amounted to ₱1,013.7 million, ₱781.6 million, and ₱431.1 million in December 2024, 2023, and 2022, respectively (see Note 17).

Distribution Wheeling Services. A subsidiary of the Group enters into Distribution Wheeling Service Agreements (DWSA) with various distribution utilities to tap their distribution services for the conveyance of electricity, through its distribution system, to the subsidiary's contestable customers.

Based on the DWSA, the subsidiary shall pass on all applicable distribution wheeling services charges namely distribution, transmission, system loss, metering, ancillary, universal and other charges, including applicable taxes, as billed by the distribution utility to the contestable customers. Total costs incurred for distribution wheeling services amounted to ₱427.6 million, ₱239.7 million, and ₱147.5 million in 2024, 2023, and 2022, respectively, which are presented as part of "Purchased power" under "Generation costs" (see Note 17).

A bill deposit equivalent to one month of the estimated billing is usually paid to the distribution utility prior to the commencement of wheeling services to the contestable customer. As at December 31, 2024 and 2023 security deposit under this agreement amounted to ₱35.1 million and ₱31.6 million, respectively, and is presented as "Others" under "Prepayments and other current assets" (see Note 9).

Open Access Transmission Service. Pursuant to the provision on Credit Support under Section A8.1 of the Open Access Transmission Service Rules as well as the condition set under Billing and Payments of the Transmission Service Agreement, 1590 EC provided additional credit support in the form of a security deposit presented as "Other noncurrent assets" in the consolidated statements of financial position amounting to ₱2.3 million as of December 31, 2024 and 2023 (see Note 13).

Contingencies

The Group is a party to certain proceedings and assessments in the normal course of business. The ultimate outcome of these proceedings cannot be presently determined. The Group's position has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. As allowed by PAS 37, no further disclosures were provided as this might prejudice the Group's position on this matter. Management believes, based on information currently available and professional legal advice, that the ultimate resolution of these proceedings would not likely have a material, adverse effect on the results of operations, financial position or liquidity of the Group. Existing circumstances and assumptions about future developments related to these proceedings may still change. Such changes are reflected in the assumptions when they occur.

24. **Lease Agreements**

- The Group has lease contracts for office space used in its operations, which generally have lease terms between 2–5 years. Leases of land from newly acquired subsidiaries in 2023 have a remaining lease term of 4–5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

- On August 16, 2024, the Group leased a parcel of land and related lease improvements from a related party for a period of five years until August 18, 2028 (see Note 16). The leased assets are currently being used as the site for the operation of the Group's 70 MW diesel-fired power plant in Brgy. Ermita, Cebu City (see Note 16).

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year ended December 31, 2024 and December 31, 2023:

	Right-of-use Assets				
	Office Space	**Plant and Equipment**	**Land**	**Total**	**Lease Liabilities**
As at January 1, 2024	**₱14,716,903**	**₱2,809,601**	**₱7,012,564**	**₱24,539,068**	**₱29,840,959**
Additions	**48,065,050**	**–**	**74,084,200**	**122,149,250**	**122,583,101**
Disposal of a subsidiary (see Note 1)	**(594,739)**	**–**	**–**	**(594,739)**	**(1,677,985)**
Depreciation expense	**(17,862,435)**	**(636,849)**	**(18,818,219)**	**(37,317,503)**	**–**
Interest expense	**–**	**–**	**–**	**–**	**8,500,565**
Payments	**–**	**–**	**–**	**–**	**(42,287,351)**
As at December 31, 2024	**₱44,324,779**	**₱2,172,752**	**₱62,278,545**	**₱108,776,076**	**₱116,959,289**

	Right-of-use Assets				
	Office Space	Plant and Equipment	Land	Total	Lease Liabilities
As at January 1, 2023	₱22,112,091	₱–	₱–	₱22,112,091	₱26,809,952
Acquisition of subsidiaries (see Note 13)	–	–	7,384,059	7,384,059	10,000,301
Additions	7,598,821	2,906,484	–	10,505,305	10,505,305
Depreciation expense	(14,994,009)	(96,883)	(371,495)	(15,462,387)	–
Interest expense	–	–	–	–	1,108,626
Payments	–	–	–	–	(18,583,225)
As at December 31, 2023	₱14,716,903	₱2,809,601	₱7,012,564	₱24,539,068	₱29,840,959

Set out below are the amounts recognized in the consolidated statements of comprehensive income for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
Rent expense - short-term leases and variable lease payments	**₱79,464,343**	₱17,165,440	₱13,354,625
Depreciation expense of right-of-use assets			
Costs of services (see Note 17)	**18,665,927**	371,495	68,249,278
Operating expenses	**18,651,576**	15,090,892	14,101,248
Interest expense on lease liabilities	**8,500,565**	1,108,626	10,826,959
	₱125,282,411	₱33,736,453	₱106,532,110

Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

	2024	2023
Within one year	**₱29,497,231**	₱18,342,849
After one year but not more than five years	**103,572,884**	9,131,689
More than five years	**10,591,139**	12,020,020
	₱143,661,254	₱39,494,558

25. Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash and cash equivalents, trade and other receivables, advances to associates and stockholders, financial assets at FVOCI, trade and other payables, notes payable and advances from related parties. The main purpose of these financial instruments is to raise funds for the Group's operations.

The main risks from the Group's financial instruments are credit risk, liquidity risk and foreign currency risk. The BOD reviews and agrees policies for managing each of these risks and these policies are summarized below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

With respect to cash investments, the risk is mitigated by the short-term and/or liquid nature of its investments mainly in bank deposits and placements, which are placed with financial institutions of high credit standing. Receivable balances are actively monitored on an ongoing basis and acted upon regularly to avoid significant concentrations of credit risk.

Except for the trade receivables of 1590 EC from an electric cooperative and other receivables which were provided with allowance (see Note 7), management evaluated that the Group's consolidated financial assets as summarized below are of high grade and of good credit quality.

The maximum exposure to credit risk, net of allowance for impairment losses, amounted to ₱6,779.3 million and ₱6,226.0 million as of December 31, 2024 and 2023, respectively.

There are no significant concentrations of credit risk within the Group.

The Group writes off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The Group writes off an account when all of the following conditions are met:

- the asset is in past due for over 90 days, or is already an item-for-forfeiture
- contract restructuring is no longer possible

The Group may also write off financial assets that are still subject to enforcement activity. The Group has not written off outstanding loans and receivables that are still subject to enforcement activity as of December 31, 2024 and 2023.

The following are the details of the Group's assessment of credit quality and the related ECLs as at December 31, 2024 and 2023:

- *General Approach*

  - *Cash and Cash Equivalents.* As of December 31, 2024 and 2023, the ECL relating to the cash and cash equivalents of the Group is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.

  - *Advances to Associates and Stockholders, Receivables from Related Parties and Other Receivables and Security Deposits.* No ECL is recognized for related party receivables since there were no history of default payments. As of December 31, 2024 and 2023, allowance for impairment losses pertain to individually impaired accounts of other receivables. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

- *Simplified Approach*

  - *Trade and Accounts Receivable* – The Group applied the simplified approach under PFRS 9, using a 'provision matrix'. As of December 31, 2024 and 2023, the allowance for impairment losses as a result from performing collective impairment test amounted to ₱2.4 million. Management evaluated that the Group's trade receivables are of high grade and of good credit quality.

The tables below show the maximum exposure to credit risk based on the Group's year-end stage classification.

	2024				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Lifetime ECL Simplified Approach**	**Total**
Gross carrying amount	**₱4,979,999,774**	**₱–**	**₱120,679,818**	**₱1,801,755,608**	**₱6,902,435,200**
Loss allowance	**–**	**–**	**(120,679,818)**	**(2,419,972)**	**(123,099,790)**
Carrying amount	**₱4,979,999,774**	**₱–**	**₱–**	**₱1,799,335,636**	**₱6,779,335,410**

	2023				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱4,578,358,340	₱–	₱80,062,163	₱1,650,080,971	₱6,308,501,474
Loss allowance	–	–	(80,062,163)	(2,419,972)	(82,482,135)
Carrying amount	₱4,578,358,340	₱–	₱–	₱1,647,660,999	₱6,226,019,339

The following tables set out the aging analysis per class of financial assets as of December 31, 2024 and 2023:

	2024						
		Past Due					
	Not Past Due	Less than 30 Days	31-60 Days	61-90 Days	Over 90 days	Impaired	Total
Financial Assets at Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	**₱4,789,029,921**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱4,789,029,921**
Trade and other receivables	**1,147,436,197**	**152,512,470**	**221,127,064**	**87,285,884**	**190,974,020**	**77,021,727**	**1,876,357,362**
Advances to associates and stockholders	**104,097,107**	**–**	**–**	**–**	**–**	**–**	**104,097,107**
Due from RFM Corporation (under "Other noncurrent assets")	**–**	**–**	**–**	**–**	**–**	**46,078,063**	**46,078,063**
Restricted cash (under "Other current and noncurrent assets")	**29,242,364**	**–**	**–**	**–**	**–**	**–**	**29,242,364**
Security deposits (under "Prepayments and other current assets")	**57,630,383**	**–**	**–**	**–**	**–**	**–**	**57,630,383**
	₱6,127,435,972	**₱152,512,470**	**₱221,127,064**	**₱87,285,884**	**₱190,974,020**	**₱123,099,790**	**₱6,902,435,200**

	2023						
		Past Due					
	Not Past Due	Less than 30 Days	31-60 Days	61-90 Days	Over 90 days	Impaired	Total
Financial Assets at Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	₱4,382,540,776	₱–	₱–	₱–	₱–	₱–	₱4,382,540,776
Trade and other receivables	1,019,246,157	64,724,865	92,003,989	151,063,379	320,622,609	36,404,072	1,684,065,071
Advances to associates and stockholders	154,587,739	–	–	–	7,617,057	–	162,204,796
Advances to suppliers and other parties (under "Other noncurrent assets")	1,226,593,466	–	–	–	–	–	1,226,593,466
Due from RFM Corporation (under "Other noncurrent assets")	–	–	–	–	–	46,078,063	46,078,063
Restricted cash (under "Other current assets")	2,003,880	–	–	–	–	–	2,003,880
Security deposits (under "Prepayments and other current assets")	31,608,888	–	–	–	–	–	31,608,888
	₱5,589,987,440	₱64,724,865	₱92,003,989	₱151,063,379	₱328,239,666	₱82,482,135	₱6,308,501,474

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 maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements and the Group's trade receivables are maintained to meet maturing obligations. The Group, in general, matches the appropriate long-term funding instruments with the general nature of its equity instruments.

The following tables summarize the Group's financial assets that can be used to manage its liquidity risk and the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as of December 31:

	2024				
	Contractual Undiscounted Payments				
	Total	On Demand	Less than 1 Year	1 to 5 Years	More than 5 Years
Financial Assets					
At amortized cost:					
Cash and cash equivalents	**₱4,789,149,921**	**₱4,789,149,921**	**₱–**	**₱–**	**₱–**
Trade and other receivables	**1,799,335,635**	**27,395,124**	**1,771,940,511**	**–**	**–**
Advances to associates and stockholders	**104,097,107**	**104,097,107**	**–**	**–**	**–**
Restricted cash (under "Other current assets" and "Other noncurrent assets")	**29,242,364**	**2,003,880**	**–**	**27,238,484**	**–**
Security deposits (under "Other current assets")	**57,630,383**	**–**	**38,827,012**	**18,803,371**	**–**
	6,779,455,410	**4,922,646,032**	**1,810,767,523**	**46,041,855**	**–**
Financial Liabilities					
Trade and other payables*	**1,403,725,642**	**579,217,050**	**824,508,592**	**–**	**–**
Short-term notes payable	**1,076,000,000**	**–**	**1,076,000,000**	**–**	**–**
Long-term notes payable**	**5,756,979,107**	**–**	**235,682,543**	**4,060,004,102**	**1,461,292,462**
Lease liabilities	**143,661,254**	**–**	**29,497,231**	**103,572,884**	**10,591,139**
Advances from related parties	**50**	**50**	**–**	**–**	**–**
	8,380,366,053	**579,217,100**	**2,165,688,366**	**4,163,576,986**	**1,471,883,601**
Net Financial Assets (Liabilities)	**(₱1,600,910,643)**	**₱4,343,428,932**	**(₱354,920,843)**	**(₱4,117,535,131)**	**(₱1,471,883,601)**

**Excluding nonfinancial liabilities*
***Includes contractual interest payments*

	2023				
	Contractual Undiscounted Payments				
	Total	On Demand	Less than 1 Year	1 to 5 Years	More than 5 Years
Financial Assets					
At amortized cost:					
Cash and cash equivalents	₱4,382,540,776	₱4,286,305,576	₱96,235,200	₱–	₱–
Trade and other receivables	1,647,660,999	114,659,308	1,533,001,691	–	–
Advances to associates and stockholders	162,204,796	162,204,796	–	–	–
Restricted cash (under "Other current assets")	2,003,880	2,003,880	–	–	–
Security deposits (under "Other current assets")	31,608,888	–	15,771,852	15,837,036	–
	6,226,019,339	4,565,173,560	1,645,008,743	15,837,036	–
Financial Liabilities					
Trade and other payables*	1,642,573,548	699,592,351	942,981,197	–	–
Short-term notes payable	1,963,546,959	–	1,963,546,959	–	–
Long-term notes payable**	6,269,443,163	–	456,090,054	3,839,810,913	1,973,542,196
Lease liabilities	39,494,558	–	18,342,849	9,131,689	12,020,020
Advances from related parties	2,350,050	–	2,350,050	–	–
	9,917,408,278	699,592,351	3,383,311,109	3,848,942,602	1,985,562,216
Net Financial Assets (Liabilities)	(₱3,691,388,939)	₱3,865,581,209	(₱1,738,302,366)	(₱3,833,105,566)	(₱1,985,562,216)

**Excluding nonfinancial liabilities*
***Includes contractual interest payments*

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenue or expense is denominated in a different currency from the Group's functional currency.

The foreign-currency-denominated monetary assets and their Philippine Peso equivalents follow:

	2024		
	USD	**EUR**	**Php Equivalent**
Financial Asset			
Cash	**US$1,281,198**	**€581,315**	**₱109,269,422**

	2023		
	USD	EUR	Php Equivalent
Financial Asset			
Cash	US$1,626,611	€638,428	₱129,634,942

The December 31 exchange rates used follows:

	2024	2023
US Dollar	**₱57.85 to US$1**	₱55.57 to US$1
Euro Dollar	**₱60.47 to €1**	₱61.47 to €1

The Group recognized net foreign exchange gain of ₱2.9 million in 2024, net foreign exchange loss of ₱9.7 million in 2023, and net foreign exchange gain of ₱53.8 million in 2022.

The Group manages the timing of settlements or payments to ensure that the Group is not unfavourably exposed to fluctuations of foreign exchange rates. Likewise, the Group maintains adequate PHP, US, and EUR bank deposits to fund major expenditures or payments in foreign currencies.

The tables below demonstrate the sensitivity to a reasonably possible change in the Philippine Peso, with all other variables held constant, of the Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as of December 31, 2024 and 2023.

	Change in Philippine Peso to US Dollar	
	Appreciation	Depreciation
Effect in income before income tax:		
2024 (at 2.22% appreciation and 2.45% depreciation)	**(₱1,645,404)**	**₱1,815,874**
2023 (at 2.07% appreciation and 2.07% depreciation)	(₱1,871,089)	₱1,871,089

	Change in Philippine Peso to Euro	
	Appreciation	Depreciation
Effect in income before income tax:		
2024 (at 2.34% appreciation and 2.70% depreciation)	**(₱822,560)**	**₱949,107**
2023 (at 4.73% appreciation and 4.73% depreciation)	(₱1,856,249)	₱1,856,249

There is no other impact on the Group's equity other than those already affecting the consolidated income before income tax.

Interest Rate Risk
The Group is not exposed to interest rate risk since its loans are subject to fixed interest rates and are therefore not subject to interest rate risk. Accounts receivable and other significant liabilities are noninterest-bearing. The Group has achieved a balanced mix of cash balances with various deposit rates.

Fair Value Measurement
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

Fair Value Hierarchy
The Group uses the following hierarchy for determining the fair value of assets and liabilities:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As of December 31, 2024 and 2023, the carrying values of the Group's financial instruments, except for the Group's long-term debt, approximate fair values due to their relatively short-term maturity.

The Group considers the long-term notes payable with fair value of ₱6.3 billion and ₱5.0 billion as of December 31, 2024 and 2023, respectively, as under Level 3 classification. The fair values were determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

The Group's financial assets at FVOCI and investment properties, which are classified under Level 2 and 3, respectively, are measured at fair value.

As of December 31, 2024 and 2023, there were no transfers into and out of Level 3 fair value measurements.

Changes in Valuation Techniques
There were no changes in the valuation techniques used by the Group in determining the fair value of its financial assets at FVOCI and investment properties during the year.

Highest and Best Use
As at December 31, 2024 and 2023, the current use of the Group's investment properties is considered its highest and best use.



Fair Value Hierarchy

The following tables show an analysis of the Group's assets measured at fair value recognized in the consolidated statements of financial position by level of the fair value hierarchy as of December 31, 2024 and 2023:

	2024			
	Fair Value Measurement Using			
	Total	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets Measured at Fair Value				
Financial assets at FVOCI (see Note 13)	**₱8,000,000**	**₱–**	**₱8,000,000**	**₱–**
Investment properties (see Note 12):				
Land	**1,074,002,267**	**–**	**–**	**1,074,002,267**
Condominium units	**28,956,733**	**–**	**–**	**28,956,733**

	2023			
	Fair Value Measurement Using			
	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value				
Financial assets at FVOCI (see Note 13)	₱426,600,000	₱–	₱426,600,000	₱–
Investment properties (see Note 12):				
Land	1,018,548,067	–	–	1,018,548,067
Condominium units	26,921,733	–	–	26,921,733

Valuation Techniques Used to Derive Level 3 Fair Values

The following tables show an analysis of the Group's long-term notes payable for which fair values are disclosed at Level 3 of the fair value hierarchy as at December 31:

Description	**Carrying Value as of December 31, 2024**	**Fair Value as of December 31, 2024**	**Valuation Technique**	**Key Observable Inputs**	**Range (Weighted Average)**
Long-term debt	**₱5,729,005,797**	**₱6,254,936,255**	**Discounted Cash Flow Approach**	**Risk-free interest rate**	**5.25%-7.62% (5.87%-7.59%)**

Description	Carrying Value as of December 31, 2023	Fair Value as of December 31, 2023	Valuation Technique	Key Observable Inputs	Range (Weighted Average)
Long-term debt	₱5,048,355,575	₱4,994,514,624	Discounted Cash Flow Approach	Risk-free interest rate	5.18%-7.68% (5.88%-7.58%)

The table below presents the following for each class of the Group's investment properties as of December 31, 2024 and 2023:

	2024			
Class of Property	**Fair Value**	**Valuation Technique**	**Key Unobservable Inputs**	**Range**
Investment properties (see Note 12):				
Land	**₱1,074,002,267**	**Sales Comparison Approach**	**Price per square meter**	**₱100,000-₱180,000**
Condominium units	**28,956,733**	**Sales Comparison Approach**	**Price per square meter**	**₱180,000–₱270,270**

	2023			
Class of Property	Fair Value	Valuation Technique	Key Unobservable Inputs	Range
Investment properties (see Note 12):				
Land	₱1,018,548,067	Sales Comparison Approach	Price per square meter	₱96,837-₱210,000
Condominium units	26,921,733	Sales Comparison Approach	Price per square meter	₱140,790–₱180,000

Unrealized gain on fair value remeasurement of investment properties, recognized in the consolidated statements of comprehensive income amounted to ₱57.5 million in 2024, ₱121.4 million in 2023, and ₱60.4 million in 2022 (see Note 12). All gains and losses recorded in the consolidated statements of comprehensive income for recurring fair value measurement categorized within Level 3 of the fair value hierarchy are attributable to changes in unrealized gain on fair value remeasurement of investment properties held at the end of the reporting period.

The fair values of financial assets at FVOCI is determined based on the available selling price in the market for identical assets under Level 2 as of December 31, 2024 and 2023. The Group recognized an unrealized gain on financial assets at FVOCI under "Other comprehensive income" in the consolidated statements of comprehensive income amounting to nil in 2024, ₱24.5 million in 2023, and ₱21.9 million in 2022 (see Note 13).

There were no transfers between Levels 1 and 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Descriptions and Definitions

The table above includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values:

Sales Comparison Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The appraiser gathers data on actual sales and/or listings, offers, and renewal options, and identifies the similarities and differences in the data, ranks the data according to their relevance, adjusts the sales prices of the comparable to account for the dissimilarities with the unit being appraised, and forms a conclusion as to the most reasonable and probable market value of the subject property.

The elements of comparison include location, physical characteristics, available utilities, zoning, and highest and best use. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography and location.

The fair value of the investment properties was based on valuations performed by an accredited independent appraiser, with a recognized and relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued, conducted on various dates in 2024 and 2023. The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied.

Significant increases (decreases) in price per square meter in isolation would result in a significantly higher (lower) fair value measurement.



Capital Management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 2024, 2023 and 2022.

The Parent Company and certain subsidiaries are required to maintain financial ratios, such as current ratio, debt-to-equity ratio and debt service coverage ratio, as part of the covenants on their notes payable (see Note 15).

The Parent Company is also subject to the Minimum Public Ownership requirement of the PSE. As of December 31, 2024 and 2023, this requirement has been complied with.

The Parent Company and other entities in the Group are not subject to other externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group determines net debt as the sum of short-term and long-term notes payable less cash and cash equivalents.

Gearing ratios of the Group as of December 31 are as follows:

	2024	2023
Notes payable	**₱6,805,005,797**	₱7,011,902,534
Less cash and cash equivalents	**4,789,149,921**	4,382,540,776
Net cash and cash equivalents (a)	**2,015,855,876**	2,629,361,758
Equity attributable to equity holders of the parent	**20,060,208,657**	18,292,285,621
Equity and net cash and cash equivalents (b)	**₱22,076,064,533**	₱20,921,647,379
Gearing ratio (a/b)	**0.09:1.00**	0.13:1.00

26. **Notes to the Consolidated Statement of Cash Flows**

Changes in Liabilities arising from Financing Activities (in thousands)

	2024					
	Long-term Notes Payable	**Advances from Related Parties**	**Lease Liabilities**	**Dividends Payable**	**Short-term Notes Payable**	**Total Liabilities from Financing Activities**
January 1, 2024	**₱5,048,356**	**₱2,350**	**₱29,841**	**₱6,852**	**₱1,963,547**	**₱7,050,946**
Non-cash changes:						
Dividends declared	**–**	**–**	**–**	**571,089**	**–**	**571,089**
Share of non-controlling interest to dividends declared by subsidiary	**–**	**–**	**–**	**224,000**	**–**	**224,000**
Amortization of debt issue cost	**8,652**	**–**	**–**	**–**	**453**	**9,105**
Collections of advances to related parties	**–**	**(50,932)**	**–**	**–**	**–**	**(50,932)**
Additions and modifications	**–**	**–**	**122,583**	**–**	**–**	**122,583**
Disposal of a subsidiary (Note 1)	**(16)**	**–**	**(1,678)**	**–**	**–**	**(1,694)**
Net cash flows	**672,014**	**48,582**	**(33,787)**	**(794,233)**	**(888,000)**	**(995,424)**
December 31, 2024	**₱5,729,006**	**₱–**	**₱116,959**	**₱7,708**	**₱1,076,000**	**₱6,929,673**

	2023					
	Long-term Notes Payable	Advances from Related Parties	Lease Liabilities	Dividends Payable	Short-term Notes Payable	Total Liabilities from Financing Activities
January 1, 2023	₱4,623,624	₱10,886	₱26,810	₱8,827	₱1,170,300	₱5,840,447
Non-cash changes:						
Dividends declared	–	–	–	399,901	–	399,901
Amortization of debt issue cost	8,871	–	–	–	453	9,324
Collections of advances to related parties	–	(82,003)	–	–	–	(82,003)
Additions and modifications	–	–	20,506	–	–	20,506
Acquired from business combination	873,799	–	–	–	–	873,799
Net cash flows	(457,938)	73,467	(17,475)	(401,876)	792,794	(11,028)
December 31, 2023	₱5,048,356	₱2,350	₱29,841	₱6,852	₱1,963,547	₱7,050,946

	2022					
	Long-term Notes Payable	Advances from Related Parties	Lease Liabilities	Dividends Payable	Short-term Notes Payable	Total Liabilities from Financing Activities
January 1, 2022	₱4,473,541	₱5,689	₱358,719	₱7,424	₱–	₱4,845,373
Non-cash changes:						
Dividends declared	–	–	–	452,883	–	452,883
Amortization of debt issue cost	10,515	–	–	–	–	10,515
Additional advances to related parties	–	17,451	–	–	–	17,451
Pre-termination of lease	–	–	(259,025)	–	–	(259,025)
Remeasurement	–	–	3,349	–	–	3,349
Net cash flows	139,568	(12,254)	(76,233)	(451,480)	1,170,300	769,901
December 31, 2022	₱4,623,624	₱10,886	₱26,810	₱8,827	₱1,170,300	₱5,840,447

Non-cash Changes in Investing and Financing Activities

- Additions to property, plant and equipment include unpaid portion purchased on account amounting to nil in 2024, nil in 2023 and ₱140.0 million in 2022 (see Note 11). The amount also includes the carrying amount of the right-of-use asset net of the outstanding lease liability derecognized amounting to ₱82.2 million as a result of the termination in 2022 of the lease of the BDPP that was capitalized as part of the plant machinery and equipment acquired (see Notes 11 and 24).

- Of the total transaction price of ₱169.6 million to acquire the remaining interest in INPC in 2023, ₱105.1 million remains unpaid until post-closing conditions on the transfer are met (see Note 21). The unpaid transaction price is included as part of "Trade payables" in "Trade and other payables" (see Note 14).

27. **Operating Segment Information**

The Group is currently organized into three operating segments: (1) power generation and distribution operations, (2) infrastructure and water treatment and desalination and (3) investing in shares of stock. These operating segments are consistent with those reported to the BOD, the Group's Chief Operating Decision Maker (CODM).

The operating segments and their corresponding principal activities are as follows:

Power Generation and Distribution

1590 EC operates a diesel power plant wherein power generated is primarily traded at WESM. Core operates as a retail electricity supplier. INPC, Delta P and CIPC operate diesel-fired power plants in Bantayan Island, Mainland Palawan, and Coron and Busuanga Islands, respectively. BPC and NBPC are operating diesel-fired power plants in Bukidnon. MPI acquired in 2023 a diesel-fired power plant in Cebu City intended to generate power for ancillary services and WESM. CSSC and VSC are engaged in providing solar rooftop solutions to customers. VMHI is in its pre-operating stage of building a hydro power plant in Silay, Negros Occidental. LPEC is also in the pre-development stage of building a diesel-fired power plant in Pampanga. CREC, SIAEC and SPREC are entities in various stages of pre-development of solar generation facilities in various parts of Luzon. VII, VGPC, SGC, AEC, API, BEC, SCEC and SGEC are intended to undertake various power generation activities of the Group.

Infrastructure and Water Treatment and Desalination

WMP is a water treatment engineering company. IMCC is in its pre-operating stage of building a water desalination plant in Cordova, Cebu. NMCWC is also in its pre-operating stage of building a water treatment plant.

Investing in Shares of Stock

As disclosed in Note 1, except for the other entities mentioned above, the Parent Company and all other subsidiaries are operating as holding and investing companies. Revenue from this segment principally comes from equity in net earnings and management fees from investee companies.

VECO, an associate of the Group, is involved in the distribution and sale of electricity, while the other associates are engaged in the generation and supply of power to various entities and parties.

The segment results for the years ended December 31 follow:

	2024				
	Power Generation and Distribution	**Infrastructure and Water Treatment and Desalination**	**Investing in Shares of Stock**	**Eliminations**	**Consolidated**
Revenues from external customers	**₱9,481,853,509**	**₱–**	**₱–**	**₱–**	**₱9,481,853,509**
Equity in net earnings of associates	**–**	**–**	**2,305,656,054**	**–**	**2,305,656,054**
Revenue from inter-segment, associates and affiliates	**464,402,849**	**96,663,160**	**183,081,316**	**(502,546,610)**	**241,600,715**
Interest income	**68,047,627**	**9,009,271**	**95,535,875**	**–**	**172,592,773**
Inter-segment revenues	**(234,558,875)**	**(85,506,419)**	**(182,481,316)**	**502,546,610**	**–**
	9,779,745,110	**20,166,012**	**2,401,791,929**	**–**	**12,201,703,051**
Income from operations	**2,713,546,704**	**(45,090,984)**	**608,914,872**	**–**	**3,277,370,592**
Finance costs on loans	**(345,184,666)**	**(1,665,290)**	**(84,546,619)**	**–**	**(431,396,575)**
Finance costs on lease liabilities	**(7,374,350)**	**(341,666)**	**(784,549)**	**–**	**(8,500,565)**
Unrealized foreign exchange gains (losses)	**(742,405)**	**3,032,689**	**565,103**	**–**	**2,855,387**
Other income (charges)	**191,049,748**	**582,981**	**(28,161,494)**	**–**	**163,471,235**
Income before income tax	**2,551,295,031**	**(43,482,270)**	**495,987,313**	**–**	**3,003,800,074**
Income tax expense	**(378,522,127)**	**58,799**	**(1,676,914)**	**–**	**(380,140,242)**
Net income	**₱2,172,772,904**	**(₱43,423,471)**	**₱494,310,399**	**₱–**	**₱2,623,659,832**

	2023				
	Power Generation and Distribution	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Eliminations	Consolidated
Revenues from external customers	₱5,544,141,487	₱7,369,267	₱472,693,599	₱–	₱6,024,204,353
Equity in net earnings of associates			2,044,341,881	–	2,044,341,881
Revenue from inter-segment, associates and affiliates	88,436,201	404,339,123	419,813,689	(839,305,682)	73,283,331
Interest income	24,847,896	12,693,418	85,446,276	–	122,987,590
Inter-segment revenues	(76,436,201)	(404,339,123)	(358,530,358)	839,305,682	–
	5,580,989,383	20,062,685	2,663,765,087	–	8,264,817,155
Income from operations	746,718,330	(51,988,790)	2,030,153,843	–	2,724,883,383
Finance costs on loans	(212,801,218)	(769,412)	(150,107,981)	–	(363,678,611)
Finance costs on lease liabilities	–	(539,748)	(568,878)	–	(1,108,626)
Unrealized foreign exchange gains (losses)	(787,652)	2,074,872	(10,961,071)	–	(9,673,851)
Other income (charges)	15,262,342	1,512,196	211,216,269	–	227,990,807
Income before income tax	548,391,802	(49,710,882)	2,079,732,182	–	2,578,413,102
Income tax expense	(104,182,136)	(61,705)	(68,626,469)	–	(172,870,310)
Net income	₱444,209,666	(₱49,772,587)	₱2,011,105,713	₱–	₱2,405,542,792

	2022				
	Power Generation and Distribution	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Eliminations	Consolidated
Revenues from external customers	₱4,399,754,194	₱–	₱–	₱–	₱4,399,754,194
Equity in net earnings of associates	–	6,393,453	1,934,963,930	–	1,941,357,383
Revenue from inter-segment, associates and affiliates	40,893,853	563,854,198	3,341,746,027	(3,828,824,462)	117,669,616
Interest income	4,994,815	5,379,021	49,697,207	–	60,071,043
Inter-segment revenues	(10,766,286)	(563,093,963)	(3,254,964,213)	3,828,824,462	–
	4,434,876,576	12,532,709	2,071,442,951	–	6,518,852,236
Income from operations	47,795,891	(44,649,988)	1,913,929,025	–	1,917,074,928
Finance costs on loans	(114,270,732)	(2,609,024)	(143,000,915)	–	(259,880,671)
Finance costs on lease liabilities	(9,418,418)	(23,661)	(1,384,880)	–	(10,826,959)
Unrealized foreign exchange gains (losses)	1,902,164	20,758,025	31,182,099	–	53,842,288
Other income (charges)	1,140,312	3,450,456	89,488,243	–	94,079,011
Income before income tax	(72,850,783)	(23,074,192)	1,890,213,572	–	1,794,288,597
Income tax expense	(56,178,969)	(5,968,681)	(27,413,829)	–	(89,561,479)
Net income	(₱129,029,752)	(₱29,042,873)	₱1,862,799,743	₱–	₱1,704,727,118

The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

In 2024, revenue from sale of power to a major customer amounted to ₱1,020.4 million, representing 11% of the total revenue from sale of power and 8% of total revenues. In 2023, revenue from sale of power to a major customer amounted to ₱988.8 million, representing 18% of the total revenue from sale of power and 16% of total revenues. In 2022, revenue from sale of power to a major customer amounted to ₱953.0 million, representing 22% of the total revenue from the sale of power and 21% of total revenues.

Geographical business information is not required since the Group has only one geographical segment as all of its assets is located in the Philippines, and it operates or derives all of its revenue from domestic operations.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'inter-segment revenues' row.

Other segment information included in the consolidated statements of financial position as of December 31 is as follows:

	2024			
	Power Generation	**Infrastructure and Water Treatment and Desalination**	**Investing in Shares of Stock**	**Consolidated**
Assets	**₱25,584,833,342**	**₱2,077,050,287**	**₱4,304,761,774**	**₱31,966,645,403**
Liabilities	**5,431,222,243**	**1,515,460,839**	**3,499,813,942**	**10,446,497,024**
Capital expenditures	**481,608,116**	**287,813,778**	**440,782,664**	**1,210,204,558**

	2023			
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Assets	₱24,062,996,806	₱1,876,902,902	₱4,098,491,039	₱30,038,390,747
Liabilities	7,836,878,365	180,547,245	2,371,305,136	10,388,730,746
Capital expenditures	966,377,588	504,664,350	207,685,806	1,678,727,744

	2022			
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Assets	₱16,619,216,673	₱1,591,835,939	₱8,228,950,856	₱26,440,003,468
Liabilities	5,517,267,798	1,084,942,675	1,929,097,207	8,531,307,680
Capital expenditures	1,720,656,727	472,054,507	417,694,179	2,610,405,413

Other segment information included in the consolidated statements of comprehensive income for the years ended December 31, 2024, 2023 and 2022 is as follows:

	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Depreciation and amortization:				
2024	**₱578,094,666**	**₱6,205,829**	**₱54,296,235**	**₱638,596,730**
2023	480,138,756	4,597,506	52,939,303	572,828,040
2022	397,598,335	1,814,587	30,818,042	430,230,964

The Management Committee monitors the operating results of each business unit separately for the purpose of determining resource allocation and assessing performance. Performance is evaluated based on (i) net income for the year, (ii) consolidated earnings before interest, taxes, and depreciation and amortization ("consolidated EBITDA"); and (iii) consolidated core net income ("CCNI"). Net income for the year is measured consistent with reported net income in the consolidated statement of comprehensive income.

Consolidated EBITDA is measured as total net income excluding interest, provision for income taxes, depreciation and amortization, finance costs, foreign exchange gains and losses, and other one-off gains and losses.

CCNI for the year is measured as consolidated net income attributable to equity holders of the parent adjusted for foreign exchange gain or loss and certain other non-recurring gain or loss, if any, net of tax effect of the foregoing adjustments.

The following table shows the reconciliation of the EBITDA to net income:

	2024	2023	2022
EBITDA	**₱4,058,860,141**	₱3,263,602,242	₱2,380,990,303
Add (deduct):			
Depreciation and amortization (see Notes 11 and 13)	**(638,596,730)**	(537,675,565)	(430,230,964)
Finance costs on loans (see Note 15)	**(431,396,575)**	(363,678,611)	(259,880,671)
Gain on fair value remeasurement of investment properties (see Note 12)	**57,489,200**	121,433,200	60,394,600
Loss on disposal of investments	**(36,910,784)**	–	–
Finance costs on lease liabilities (see Note 24)	**(8,500,565)**	(1,108,626)	(10,826,959)
Gain on bargain purchase	**–**	36,325,297	–
Foreign exchange gains (losses) - net	**2,855,387**	(9,673,851)	53,842,288
Gain on fair value remeasurement of investment in associates (Note 13)	**–**	69,189,016	–
Income before income tax	**3,003,800,074**	2,578,413,102	1,794,288,597
Provision for income tax (see Note 20)	**(380,140,242)**	(172,870,310)	(89,561,479)
Net income	**₱2,623,659,832**	₱2,405,542,792	₱1,704,727,118

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City, Cebu, Philippines 6014

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 21, 2025. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
Tax Identification No. 206-544-506
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-156-2024, October 2, 2024, valid until October 1, 2027
PTR No. 10465387, January 2, 2025, Makati City

March 21, 2025

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE A - FINANCIAL ASSETS

DECEMBER 31, 2024

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet/Notes	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial assets at amortized cost:				
Cash and cash equivalents	–	₱4,789,149,921	₱4,789,149,921	₱167,474,209
Trade and other receivables:				
Trade receivables	–	1,683,283,348	1,683,283,348	9,723,454,224
Accrued interest	–	12,882,015	12,882,015	–
Advances to officers and employees	–	14,412,359	14,412,359	–
Accounts receivable	–	100,750	100,750	–
Others	–	88,657,163	88,657,163	–
		1,799,335,635	1,799,335,635	9,723,454,224
Advances to associates, joint ventures and stockholders	–	104,097,107	104,097,107	–
Restricted cash	–	29,242,364	29,242,364	–
Security deposits	–	57,630,383	57,630,383	–
		190,969,854	190,969,854	–
		6,779,455,410	6,779,455,410	9,890,928,433
Financial assets at fair value through other comprehensive income:				
Cebu Country Club, Inc.	–	8,000,000	8,000,000	–
Total financial assets	–	₱6,787,455,410	₱6,787,455,410	₱9,890,928,433

See Notes 6, 7, 9, 13 and 16 of the Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2024

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Adjustments	Write Offs	Balance at End of Period		
						Current	Noncurrent	Total
Lunar Power Core Inc.	₱102,708,539	₱–	₱–	₱–	₱–	₱102,708,539	₱–	₱102,708,539
Visayan Electric Company, Inc.	7,957,282	1,083,922,474	(995,927,415)	–	–	95,952,341	–	95,952,341
Cebu Energy Development Corp.	–	46,300,000	(42,055,833)	–	–	4,244,167	–	4,244,167
Global Luzon Energy Development Corporation	1,879,200	490,632	(981,264)	–	–	1,388,568	–	1,388,568
Puerto Princesa Water Reclamation and Learning Center, Inc.	56,000	600,000	(208,000)	–	–	448,000	–	448,000
JDC One Acacia Corporation	63,884	398,190	(435,145)	–	–	26,929	–	26,929
Cebu Private Power Corp.	62,000,000	14,660,004	(76,660,004)	–	–	–	–	–
Abovant Holdings, Inc.	–	352,000,000	(352,000,000)	–	–	–	–	–
Minergy Power Corporation	–	120,000,000	(120,000,000)	–	–	–	–	–
Therma Visayas Inc.	–	200,000,055	(200,000,055)	–	–	–	–	–
Advances to stockholders	7,659,733	–	–	(7,617,057)	–	42,676	–	42,676
	₱182,324,638	₱1,818,371,355	(₱1,788,267,716)	(₱7,617,057)	₱–	₱204,811,220	₱–	₱204,811,220

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2024

	Balance at Beginning of Period	Additions	Collections	Conversion to Equity	Write Offs	Balance at End of Period		
						Current	Noncurrent	Total
Isla Mactan Cordova Corporation	₱1,069,789,474	₱284,181,007	(₱72,343,503)	₱–	₱–	₱1,281,626,978	₱–	₱1,281,626,978
San Ildefonso Alternative Energy Corp	985,064,421	95,212,516	(51,351)	–	–	1,080,225,586	–	1,080,225,586
Vivant Infracore Holdings Inc.	203,401,943	89,919,780	(63,323,913)	–	–	229,997,810	–	229,997,810
Corenergy Solar Solutions Corp.	157,503,797	143,145	(20,622,117)	–	–	137,024,825	–	137,024,825
Corenergy Inc.	62,916,214	13,472,115	(5,385,903)	–	–	71,002,426	–	71,002,426
Bantayan Island Water Solutions Corporation	–	70,076,753	–	–	–	70,076,753	–	70,076,753
Vivant Renewable Energy Corporation	28,243,776	16,725,012	–	–	–	44,968,788	–	44,968,788
Delta P, Inc.	58,078,452	119,849,944	(133,505,852)	–	–	44,422,544	–	44,422,544
Vivant Energy Corporation	112,995,216	170,202,704	(240,529,116)	–	–	42,668,804	–	42,668,804
Vivant Integrated Diesel Corporation	28,021,348	30	(202,845)	–	–	27,818,533	–	27,818,533
Vivant Solar Corporation	23,385,285	14,305	–	–	–	23,399,590	–	23,399,590
Culna Renewable Energy Corp.	–	22,500,801	–	–	–	22,500,801	–	22,500,801
La Pampanga Energy Corporation	–	15,274,675	–	–	–	15,274,675	–	15,274,675
Meridian Power Inc.	–	13,925,030	–	–	–	13,925,030	–	13,925,030
Bohol Renewable Power Corp.	–	10,859,903	–	–	–	10,859,903	–	10,859,903
Southern Grove Properties and Development Corp.	9,939,255	59	(16,079)	–	–	9,923,235	–	9,923,235
Amberdust Holding Corp.	9,685,256	–	–	–	–	9,685,256	–	9,685,256
Calamian Island Power Corp	166,267,642	189,361	(157,770,792)	–	–	8,686,211	–	8,686,211
Bukidnon Power Corp.	2,341,714	2,987,448	(14,672)	–	–	5,314,490	–	5,314,490
North Bukidnon Power Corp.	1,780,558	1,210,898	(50,097)	–	–	2,941,359	–	2,941,359
Vivant Hydrocore Holdings Inc.	–	1,386,737	–	–	–	1,386,737	–	1,386,737
1590 Energy Corp.	855,686	369,067	(271,996)	–	–	952,757	–	952,757
Isla Norte Power Corp.	364,811	1,034,396	(579,431)	–	–	819,776	–	819,776
Hijos de F. Escaño, Inc.	2,900,151	238,636	(2,773,881)	–	–	364,906	–	364,906
Spark Grid Corporation	–	168,909	(110,719)	–	–	58,190	–	58,190
SolEnergy Generation Corporation	–	176,736	(162,987)	–	–	13,749	–	13,749
Adequate Power, Inc.	–	13,672	–	–	–	13,672	–	13,672
South Cebu Energy Corporation	–	22,301	(18,287)	–	–	4,014	–	4,014
Vivant Integrated Generation Corporation	221	4,656	(1,660)	–	–	3,217	–	3,217
Vivant Vienergy Antique Corp.	–	2,500	–	–	–	2,500	–	2,500
One Solar Energy Aglao Corporation	–	2,500	–	–	–	2,500	–	2,500
Western Cebu Water Services Corporation	–	2,500	–	–	–	2,500	–	2,500
Isla Busuanga Water Corporation	–	2,500	–	–	–	2,500	–	2,500
Southern Powercore Holdings	–	1,443	–	–	–	1,443	–	1,443
Avant Energy Corporation	–	1,443	–	–	–	1,443	–	1,443
Bai Energy Corporation	–	1,443	–	–	–	1,443	–	1,443
Vivant Corporate Center Inc.	–	1,288	–	–	–	1,288	–	1,288
San Pablo Renewable Energy Corp	43,860	–	(43,860)	–	–	–	–	–
Vivant -Malogo Hydropower, Inc.	15,499	–	(15,499)	–	–	–	–	–
Delta P Hybird, Inc. (formerly Vivant Isla Inc.)	357	–	(357)	–	–	–	–	–
Vivant Geo Power Corp.	178	–	(178)	–	–	–	–	–
	₱2,923,595,114	₱930,176,213	(₱697,795,095)	₱–	₱–	₱3,155,976,232	₱–	₱3,155,976,232

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS

DECEMBER 31, 2024

Description	Beginning Balance	Additions of Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes	Ending Balance
Customer Contracts	₱215,374,033	₱–	(₱27,811,602)	₱–	₱–	₱187,562,431
Goodwill	129,843,626	–	–	(82,381,116)	–	47,462,510
Software cost	639,585	–	(639,585)	–	–	–
	₱345,857,244	₱–	(28,451,187)	(₱ 82,381,116)	₱–	₱235,024,941

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE E - LONG-TERM DEBT

DECEMBER 31, 2024

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Current Portion of Long-term Debt	Long-term Debt
Fixed Rate Corporate Notes (FRCN) -Vivant Corp	₱1,850,000,000	₱50,000,000	₱1,800,000,000
FRCN – Vivant Energy Corp	1,450,000,000	–	1,450,000,000
15-Year Project Financing Facility-Isla Norte Power Corp	1,211,294,117	72,470,587	1,138,823,530
15-Year Project Financing Facility-Delta P., Inc.	755,066,002	62,549,846	692,516,156
10-Year Loan - Corenergy, Inc.	175,878,988	19,542,110	156,336,878
Loans Payable – North Bukidnon Power Corp	169,600,000	16,960,000	152,640,000
Loans Payable – Bukidnon Power Corp	145,140,000	14,160,000	130,980,000
Unamortized debt issue cost	(27,973,310)	(6,159,656)	(21,813,654)
	₱5,729,005,797	₱229,522,887	₱5,499,482,910

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

DECEMBER 31, 2024

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
-Not applicable-	-Not applicable-	

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2024

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
– Not applicable –			– Not applicable –	

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE H - CAPITAL STOCK

DECEMBER 31, 2024

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown under Related Consolidated Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares held by Related Parties	Directors, Officers and Employees	Others
Capital stock	2,000,000,000	1,023,456,698	–	776,356,210	266,342	246,834,146

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE I – EXTERNAL AUDITOR FEE- RELATED INFORMATION

DECEMBER 31, 2024

	2024	2023
Total Audit Fees	**2,698,795**	**2,487,880**
Non-audit services fees:		
Other assurance services	–	–
Tax services	3,860,500	3,269,500
All other services	91,400	150,000
Total Non-audit Fees	**3,951,900**	**3,419,500**
Total Audit and Non-audit Fees	**6,650,695**	**5,907,380**

VIVANT CORPORATION

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2024

Items		Amount
Unappropriated Retained Earnings, Beginning		**₱1,000,520,159**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	1,387,548,080	
Effect of restatements or prior-period adjustments	—	
Others	—	1,387,548,080
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	571,088,839	
Retained Earnings appropriated during the reporting period	1,800,000,000	
Effect of restatements or prior-period adjustments	—	
Others	—	2,371,088,839
Unappropriated Retained Earnings, as adjusted		**16,979,400**
Add/Less: Net Income for the current year		**905,461,015**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Unrealized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	(27,219,365)	
Subtotal		**(27,219,365)**
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	—
Subtotal		—

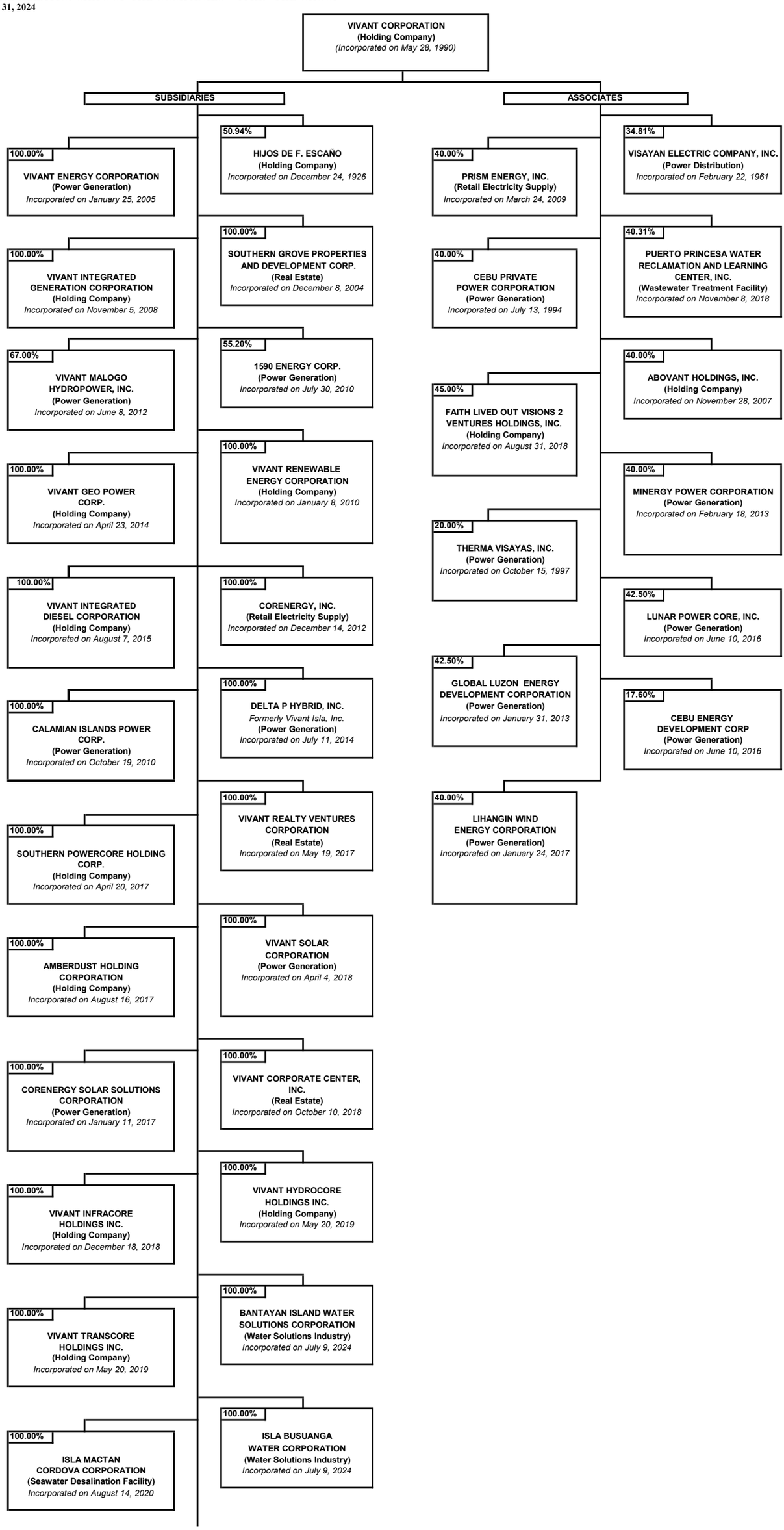
(Forward)

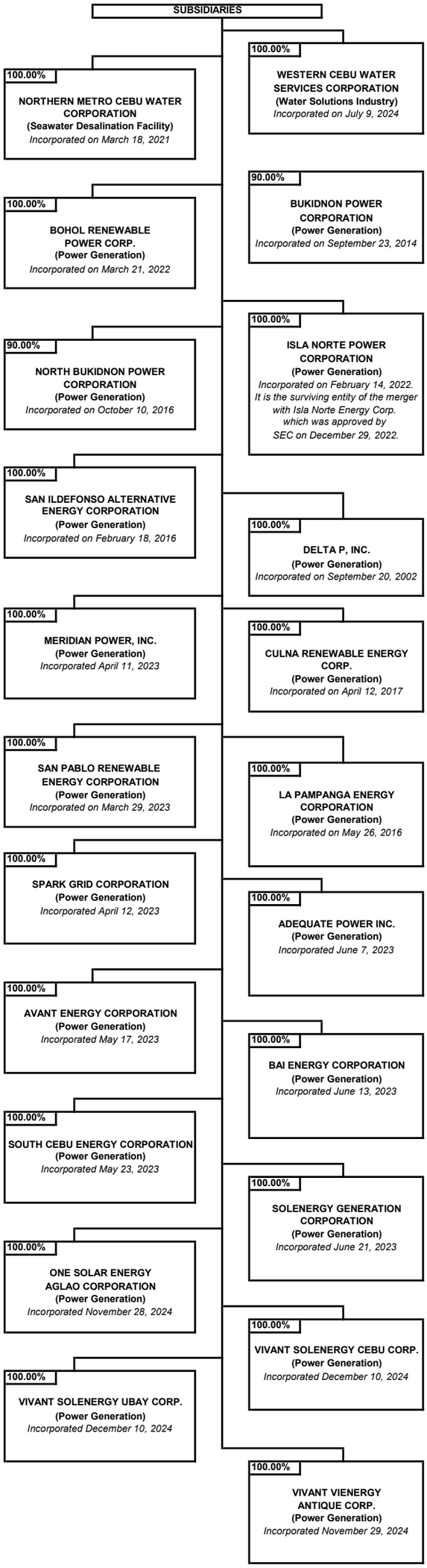
Items		Amount
Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	₱—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	—
Subtotal		—
Adjusted Net Income/Loss		
Add: Category D: Non-actual loss recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	—	
Subtotal		—
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	—	
Total amount of reporting relief granted during the year	—	
Others	—	
		—
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	—	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(5,399,619)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	—	
Adjustment due to deviation from PFRS/GAAP – gain(loss)	—	
Others	—	
Subtotal		**(5,399,619)**
TOTAL RETAINED EARNINGS, END OF THE YEAR FOR DIVIDEND DECLARATION		**₱889,821,431**

VIVANT CORPORATION AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

DECEMBER 31, 2024





Note: Watermatic Philippines Corp. and Watermatic Philippines Southeast Asia Ltd. were subsidiaries of the Group until the divestment on October 11, 2024.

SyCip Gorres Velayo & Co.
8th Floor JEG Tower @ One Acacia
Acacia Street corner Archbishop Reyes Avenue
Brgy. Kamputhaw, Cebu City 6000
Philippines

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INDEPENDENT AUDITOR'S REPORT
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City
Cebu, Philippines 6014

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 21, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
Tax Identification No. 206-544-506
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-156-2024, October 2, 2024, valid until October 1, 2027
PTR No. 10465387, January 2, 2025, Makati City

March 21, 2025

A member firm of Ernst & Young Global Limited

VIVANT CORPORATION

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Ratio	Formula	2024	Restated 2023*
Current Ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets ₱8,195,538,164 Divide by: Total Current Liabilities 3,413,758,867 Current Ratio 2.40	**2.40**	1.76[a]
Acid Test Ratio/Quick Ratio	Quick Assets (*Total Current Assets less Inventories and Prepayment and Other Current Assets*) divided by Total Current Liabilities Total Current Assets ₱8,195,538,164 Less: Inventories 595,840,474 Prepayments and Other Current Assets 907,115,027 Quick Assets ₱6,692,582,663 Divide by: Total Current Liabilities 3,413,758,867 Acid Test Ratio 1.96	**1.96**	1.48[b]
Solvency Ratio/Debt-to-Equity Ratio	Total Liabilities divided by Total Equity Total Liabilities ₱10,446,497,024 Divide by: Total Equity 21,520,148,379 Debt-to-Equity Ratio 0.49	**0.49**	0.53[c]
Net Debt-to-Equity Ratio	Net Debt (*Total Notes Payable less Cash and Cash Equivalents, Short-term investments and Financial Assets at FVTPL)* divided by Total Equity Total Notes Payable ₱6,805,005,797 Less: Cash and Cash Equivalents 744,554,772 Short-term Investments 4,044,595,149 Financial Assets at FVTPL – Net Debt ₱2,015,855,876 Divide by: Total Equity 21,520,148,379 Net Debt-to-Equity Ratio 0.09	**0.09**	0.13
Asset-to-Equity Ratio	Total Assets divided by Total Equity Total Assets ₱31,966,645,403 Divide by: Total Equity 21,520,148,379 Asset-to-Equity Ratio 1.49	**1.49**	1.53[d]

Ratio	Formula	2024	Restated 2023*
Interest Rate Coverage Ratio	Earnings before Income Tax, Depreciation and Amortization (*Net Income Less Non-recurring income plus Provision for Income Tax, Finance Cost on Loans and Lease Liabilities, Depreciation and Amortization)* divided by Finance Costs on Loans and Lease Liabilities Net Income ₱2,623,659,832 Less: Non-recurring income* (60,344,587) Add: Provision for Income Tax 380,140,242 Finance costs on loans and on lease liabilities 439,897,140 Non-recurring loss** 36,910,784 EBIT ₱3,420,263,411 Add: Depreciation and Amortization 638,596,730 EBITDA ₱4,058,860,141 Finance costs on loans and on lease liabilities 439,897,140 Interest Expense Coverage Ratio 9.23 **Non-recurring income includes Gain on fair value measurement of investment properties, Gain on fair value measurement of associates, Gain on bargain purchase and Gain on foreign exchange.* ***Non-recurring loss includes Loss on disposal of investments and Loss on foreign exchange.*	**9.23**	8.95[e]
Return on Equity	Net Income attributable to Parent divided by Average Total Equity (*Equity attributable to Parent Prior Year(PY) + Equity attributable to Parent Current Year (CY) divided by 2)* Net Income attributable to Parent ₱2,355,018,369 Equity attributable to Parent CY ₱20,060,208,657 Equity attributable to Parent PY 18,292,285,621 Average Total Equity ₱19,176,247,139 Return on Equity 12.28%	**12.28%**	13.20%[f]
Return on Assets	Net Income attributable to Parent divided by Average Total Assets (*Total Assets PY + Total Assets CY divided by 2)* Net Income attributable to Parent ₱2,355,018,369 Total Assets CY ₱31,966,645,403 Total Assets PY 30,038,390,747 Average Total Assets ₱31,002,518,075 Return on Assets 7.60%	**7.60%**	8.13%[g]

Ratio	Formula	2024	Restated 2023*
Net Income Margin	Net Income Attributable to Parent divided by Revenue Net Income Attributable to Parent ₱2,355,018,369 Revenue 12,201,703,051 Net Income Margin 19.30%	**19.30%**	27.78%[h]

**The restatement of the 2023 financial ratios resulted from the finalization of the purchase price allocation for the acquisition of additional stake in DPI & CIPC in compliance to PFRS 3, Business Combination.*

[a] *Reported at 1.80x in the 2023 Schedule of Financial Soundness Indicators.*
[b] *Reported at 1.52x in the 2023 Schedule of Financial Soundness Indicators.*
[c] *Reported at 0.52x in the 2023 Schedule of Financial Soundness Indicators.*
[d] *Reported at 1.52x in the 2023 Schedule of Financial Soundness Indicators.*
[e] *Reported at 8.94x in the 2023 Schedule of Financial Soundness Indicators.*
[f] *Reported at 13.14% in the 2023 Schedule of Financial Soundness Indicators.*
[g] *Reported at 8.11% in the 2023 Schedule of Financial Soundness Indicators.*
[h] *Reported at 27.60% in the 2023 Schedule of Financial Soundness Indicators.*

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

Receiving: Edmundo Guia
Receipt Date and Time: April 29, 2024 08:00:00 AM

Company Information

SEC Registration No.: 0000175222
Company Name: VIVANT CORPORATION
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

Document ID: OST10429202482294973
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2023
Submission Type: Parent, Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

					1	7	5	2	2	2

COMPANY NAME

VIVANT CORPORATION

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

9th Floor, Oakridge IT Center
3, Oakridge Business Park, A.S
. Fortuna Street, Brgy. Banila
D, Mandaue City, Cebu, Philipp
Ines 6014

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
vivant@vivant.com.ph	(032) 234-2256	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,406	June 16	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Joan A. Giduquio-Baron	jbaron@jpgarcialaw.com	(032) 232-0253	0917-5356692

CONTACT PERSON's ADDRESS

9th Floor, Oakridge IT Center 2, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

Headquarters Cebu Office
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna St.
Mandaue City, Cebu Philippines 6014
Tel. no.: +63 (32) 243 2256

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **VIVANT CORPORATION** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2023 and 2022, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

FRANCIS DAMASUS A. GARCIA
Chairman of the Board

ARLO ANGELO G. SARMIENTO
Chief Executive Officer

MINUEL CARMELA N. FRANCO
Chief Financial Officer

Signed this 4th day of April, 2024.

REPUBLIC OF THE PHILIPPINES)
MANDAUE CITY) S.S.

ACKNOWLEDGMENT

BEFORE ME, a Notary Public for and in Mandaue City appeared on APR 08 2024 the following:

Name	Competent Evidence of Identification	
	Type/Number	**Date of Expiry/ Place of Issue**
FRANCIS DAMASUS A. GARCIA	Passport No. P0768103C	01 JUL 2032 / PCG San Francisco
ARLO ANGELO G. SARMIENTO	Passport No. P6592337A	27 MAR 2028 / DFA CEBU
MINUEL CARMELA N. FRANCO	Passport No. P9523819B	05 APR 2032 / DFA Manila

known to me and to me known to be the same persons who executed the foregoing instrument, and who acknowledged to me that the same is their true and voluntary act and deed and that of the Corporation which they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and in the place above given.

Doc. No. 66;
Page No. 15;
Book No. I;
Series of 2024.

ALTHEA A VERGARA
Notary Public for and in the City of Mandaue and Municipalities of Cordova, Consolacion, Lilo-an, and Compostela, Cebu
Notarial Commission No. 2023-61 until December 31, 2024
Roll of Attorneys No. 72451
IBP OR No. 389076; 01/02/2024
PTR No. 1234473; 01/03/2024; Cebu
MCLE Compliance No. VII – 0010031
Valid until April 14, 2025
2nd Floor One Centro Building, C. Duano Street, Centro, Mandaue City, Cebu, Philippines

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City, Cebu, Philippines

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Vivant Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2023 and 2022, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

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

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 22 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Vivant Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
Tax Identification No. 206-544-506
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-138-2021, November 10, 2021, valid until November 9, 2024
PTR No. 10082018, January 6, 2024, Makati City

April 4, 2024

VIVANT CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱1,469,938,367**	₱1,954,788,202
Trade and other receivables (Notes 7 and 14)	**1,504,483,327**	1,699,375,106
Prepaid expenses and other current assets (Note 8)	**28,934,758**	21,272,742
Total Current Assets	**3,003,356,452**	3,675,436,050
Noncurrent Assets		
Investments in and advances to subsidiaries and associates (Note 9)	**8,269,541,845**	7,995,396,142
Property and equipment (Note 10)	**100,160,377**	83,295,220
Right-of-use assets (Note 21)	**19,296,042**	22,223,058
Deferred income tax assets - net (Note 16)	**28,306,431**	15,339,766
Other noncurrent assets (Note 11)	**167,265,409**	158,833,312
Total Noncurrent Assets	**8,584,570,104**	8,275,087,498
TOTAL ASSETS	**₱11,587,926,556**	₱11,950,523,548
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other current liabilities (Notes 12 and 14)	**₱119,649,599**	₱51,882,018
Current portion of notes payable (Note 13)	**45,144,790**	1,044,763,196
Current portion of lease liabilities (Note 21)	**16,202,865**	14,948,857
Total Current Liabilities	**180,997,254**	1,111,594,071
Noncurrent Liabilities		
Notes payable - net of current portion (Note 13)	**1,844,673,593**	1,889,818,383
Lease liabilities - net of current portion (Note 21)	**5,367,662**	11,864,591
Pension liability (Note 15)	**101,890,724**	35,428,216
Other noncurrent liabilities (Notes 14 and 15)	**14,898,744**	12,493,896
Total Noncurrent Liabilities	**1,966,830,723**	1,949,605,086
Total Liabilities	**2,147,827,977**	3,061,199,157
Equity		
Capital stock (Note 17)	**1,023,456,698**	1,023,456,698
Additional paid-in capital	**8,339,452**	8,339,452
Remeasurement of employee benefits (Note 15)	**(43,562,321)**	1,826,352
Remeasurement of financial assets at fair value through other comprehensive income (FVOCI; Note 11)	**3,655,000**	3,655,000
Retained earnings (Note 17)		
Appropriated for business expansion	**7,354,810,254**	6,820,897,482
Unappropriated	**1,093,399,496**	1,031,149,407
Total Equity	**9,440,098,579**	8,889,324,391
TOTAL LIABILITIES AND EQUITY	**₱11,587,926,556**	₱11,950,523,548

See accompanying Notes to Financial Statements.

VIVANT CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUES			
Dividend income (Note 9)	**₱996,075,661**	₱1,557,905,614	₱1,361,755,901
Revenues from contracts with customers:			
Management and service fees (Note 14)	**392,012,951**	160,078,728	152,368,564
Service income (Note 14)	**3,811,069**	9,878,094	9,042,794
Interest income (Notes 6 and 14)	**77,599,998**	37,863,232	18,182,298
	1,469,499,679	1,765,725,668	1,541,349,557
EXPENSES			
Salaries and employee benefits (Notes 15 and 18)	**218,081,842**	238,382,868	201,897,135
Professional fees (Note 14)	**47,344,044**	37,186,086	40,007,307
Depreciation (Notes 10 and 21)	**40,253,118**	39,724,356	41,275,612
Outside services	**25,561,314**	10,383,229	14,337,098
Travel	**21,666,209**	17,840,670	6,863,436
Directors' per diem	**16,475,000**	14,862,500	9,300,000
Dues and subscriptions	**14,773,480**	8,840,066	5,941,818
Communication and utilities	**8,841,943**	8,581,895	6,978,450
Representation	**6,184,864**	6,517,601	4,019,951
Taxes and licenses	**4,213,582**	6,225,589	6,264,281
Supplies	**3,885,492**	3,531,407	3,468,554
Rent and association dues	**3,674,762**	3,614,242	5,148,079
Repairs and maintenance	**3,418,882**	4,102,732	4,239,307
Meetings and conferences	**774,727**	595,910	293,119
Marketing	**510,694**	490,017	342,054
Corporate social responsibility	**93,567**	125,731	80,409
Others (Note 7)	**14,027,108**	14,000,498	14,076,869
	429,780,628	415,005,397	364,533,479
INCOME FROM OPERATIONS	**1,039,719,051**	1,350,720,271	1,176,816,078
FINANCE CHARGES			
Interest expense (Notes 13 and 21)	**94,752,182**	135,242,080	140,608,326
Other financing charges	**613,070**	349,479	272,176
	95,365,252	135,591,559	140,880,502
OTHER INCOME			
Gain on reversal of impairment loss (Note 9)	**45,741,149**	29,018,552	88,142,365
Other income (Note 14)	**20,480,504**	35,921,029	32,576,736
	66,221,653	64,939,581	120,719,101
INCOME BEFORE INCOME TAX	**1,010,575,452**	1,280,068,293	1,156,654,677
PROVISION FOR INCOME TAX (Note 16)	**15,571,516**	9,459,315	14,571,882
NET INCOME	**995,003,936**	1,270,608,978	1,142,082,795

(Forward)

	Years Ended December 31		
	2023	2022	2021
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss:			
Remeasurement gain (loss) on employee benefits (Note 15)	**(₱60,518,231)**	₱5,587,983	₱8,459,374
Income tax effect	**15,129,558**	(1,396,996)	(2,695,455)
	(45,388,673)	4,190,987	5,763,919
Unrealized valuation gain on financial assets at FVOCI (Note 11)	–	–	600,000
Income tax effect	–	–	187,500
	–	–	787,500
Other comprehensive income (loss) for the year, net of tax	**(45,388,673)**	4,190,987	6,551,419
TOTAL COMPREHENSIVE INCOME	**₱949,615,263**	₱1,274,799,965	₱1,148,634,214
EARNINGS PER SHARE (BASIC/DILUTED) (Note 17)	**₱0.972**	₱1.241	₱1.116

See accompanying Notes to Financial Statements.

VIVANT CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Capital Stock	Additional Paid-in Capital	Remeasurement of Employee Benefits (Note 15)	Remeasurement of Financial Assets at FVOCI (Note 11)	Retained Earnings (Note 17)		Total
					Appropriated	Unappropriated	
At January 1, 2023	**₱1,023,456,698**	**₱8,339,452**	**₱1,826,352**	**₱3,655,000**	**₱6,820,897,482**	**₱1,031,149,407**	**₱8,889,324,391**
Net income	–	–	–	–	–	**995,003,936**	**995,003,936**
Other comprehensive loss	–	–	**(45,388,673)**	–	–	–	**(45,388,673)**
Total comprehensive income	–	–	**(45,388,673)**	–	–	**995,003,936**	**949,615,263**
Reversal of appropriation for business expansion	–	–	–	–	**(1,866,087,228)**	**1,866,087,228**	–
Appropriation for business expansion	–	–	–	–	**2,400,000,000**	**(2,400,000,000)**	–
Cash dividends declared	–	–	–	–	–	**(398,841,075)**	**(398,841,075)**
At December 31, 2023	**₱1,023,456,698**	**₱8,339,452**	**(₱43,562,321)**	**₱3,655,000**	**₱7,354,810,254**	**₱1,093,399,496**	**₱9,440,098,579**
At January 1, 2022	₱1,023,456,698	₱8,339,452	(₱2,364,635)	₱3,655,000	₱6,198,363,882	₱827,356,579	₱8,058,806,976
Net income	–	–	–	–	–	1,270,608,978	1,270,608,978
Other comprehensive income	–	–	4,190,987	–	–	–	4,190,987
Total comprehensive income	–	–	4,190,987	–	–	1,270,608,978	1,274,799,965
Reversal of appropriation for business expansion	–	–	–	–	(1,627,466,400)	1,627,466,400	–
Appropriation for business expansion	–	–	–	–	2,250,000,000	(2,250,000,000)	–
Cash dividends declared	–	–	–	–	–	(444,282,550)	(444,282,550)
At December 31, 2022	₱1,023,456,698	₱8,339,452	₱1,826,352	₱3,655,000	₱6,820,897,482	₱1,031,149,407	₱8,889,324,391
At January 1, 2021	₱1,023,456,698	₱8,339,452	(₱8,128,554)	₱2,867,500	₱5,213,900,230	₱1,027,947,280	₱7,268,382,606
Net income	–	–	–	–	–	1,142,082,795	1,142,082,795
Other comprehensive income	–	–	5,763,919	787,500	–	–	6,551,419
Total comprehensive income	–	–	5,763,919	787,500	–	1,142,082,795	1,148,634,214
Reversal of appropriation for business expansion	–	–	–	–	(965,536,348)	965,536,348	–
Appropriation for business expansion	–	–	–	–	1,950,000,000	(1,950,000,000)	–
Cash dividends declared	–	–	–	–	–	(358,209,844)	(358,209,844)
At December 31, 2021	₱1,023,456,723	₱8,339,452	(₱2,364,635)	₱3,655,000	₱6,198,363,882	₱827,356,579	₱8,058,806,976

See accompanying Notes to Financial Statements.

VIVANT CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,010,575,452**	₱1,280,068,293	₱1,156,654,677
Adjustments for:			
Dividend income (Note 9)	**(996,075,661)**	(1,557,905,614)	(1,361,755,901)
Interest expense (Notes 13 and 21)	**94,752,182**	135,242,080	140,608,326
Interest income (Notes 6 and 14)	**(77,599,998)**	(37,863,232)	(18,182,298)
Gain on reversal of impairment loss (Note 9)	**(45,741,149)**	(29,018,552)	(88,142,365)
Depreciation (Notes 10 and 21)	**40,253,118**	39,724,356	41,275,613
Pension expense (Note 15)	**8,349,126**	9,753,930	10,824,812
Gain on disposal of property and equipment (Note 10)	**(1,409,227)**	(574,734)	(2,977,308)
Unrealized foreign exchange gain	**(696,665)**	(33,907,730)	(11,048,706)
Gain on pretermination of a lease (Note 21)	**–**	–	(89,591)
Operating income (loss) before working capital changes	**32,407,178**	(194,481,203)	(132,832,741)
Decrease (increase) in:			
Trade and other receivables	**(537,205,321)**	(532,784,226)	(237,230,087)
Prepaid expenses and other current assets	**(8,691,448)**	(3,253,909)	4,312,514
Creditable tax withheld under other noncurrent assets	**(8,220,395)**	(2,469,905)	(2,508,572)
Increase (decrease) in trade and other current liabilities	**72,172,652**	(22,285,605)	18,708,800
Net cash used in operations	**(449,537,334)**	(755,274,848)	(349,550,086)
Interest paid	**(94,496,696)**	(124,799,388)	(135,578,341)
Contributions to the retirement fund	**–**	–	(27,761,536)
Net cash flows used in operating activities	**(544,034,030)**	(880,074,236)	(512,889,963)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from subsidiaries and associates (Note 9)	**1,726,485,617**	827,495,658	1,361,755,901
Disposals of (additions to):			
Investments in and advances to subsidiaries and associates (Note 9)	**(228,404,554)**	(316,635,956)	(500,072,653)
Property and equipment (Note 10)	**(43,685,958)**	(21,431,326)	(22,013,501)
Other noncurrent assets	**(211,701)**	–	772,023
Interest received	**66,907,949**	28,011,300	12,236,165
Proceeds from disposal of property and equipment	**1,409,231**	752,413	3,801,829
Net cash flows from investing activities	**1,522,500,584**	518,192,089	856,479,764
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Payment of notes payable (Notes 13 and 20)	**(1,050,000,000)**	(50,000,000)	(2,820,000,000)
Cash dividends (Notes 17 and 20)	**(398,264,828)**	(443,594,871)	(357,702,924)
Lease liabilities (Notes 20 and 21)	**(15,748,226)**	(13,562,669)	(12,582,549)
Proceeds from issuance of notes payable (Notes 13 and 20)	**–**	–	2,975,444,691
Net cash flows used in financing activities	**(1,464,013,054)**	(507,157,540)	(214,840,782)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(485,546,500)**	(869,039,687)	128,749,019
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**696,665**	33,907,730	11,048,706
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,954,788,202**	2,789,920,159	2,650,122,434
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱1,469,938,367**	₱1,954,788,202	₱2,789,920,159

See accompanying Notes to Financial Statements.

VIVANT CORPORATION
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Vivant Corporation (the "Parent Company" or "Vivant") was incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on May 28, 1990. The Parent Company's shares are listed in the Philippine Stock Exchange (PSE) with the symbol VVT.

The Parent Company's primary purpose is to invest in and manage the general business of any other corporation or corporations except management of fund securities portfolios and other similar assets of a managed entity.

The Parent Company is owned by Mai-I Resources Corporation (MRC) and JEG Development Corporation (JDC) with a combined ownership of 75.84% in 2023, 2022 and in 2021. MRC and JDC are entities incorporated and domiciled in the Philippines.

The principal office address of the Parent Company is currently located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

Details of the Parent Company's equity interests in its subsidiaries and associates as of December 31 are shown below:

	2023		2022	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Subsidiaries				
Hijos De F. Escaño (HDFE)	**50.94**	**–**	50.94	–
Southern Grove Properties and Development Corp. (SGPDC)	**100.00** [f]	**–**	100.00 [f]	–
Vivant Realty Ventures Corporation (VRVC)	**–**	**100.00** [g]	–	100.00 [g]
Vivant Corporate Center, Inc. (VCCI)	**–**	**100.00** [g]	–	100.00 [g]
Vivant Infracore Holdings Inc. (VIHI)	**100.00**	**–**	100.00	–
Vivant Hydrocore Holdings Inc. (VHHI)	**–**	**100.00** [h]	–	100.00 [h]
Vivant Transcore Holdings Inc. (VTHI)	**–**	**100.00** [h]	–	100.00 [h]
Isla Mactan Cordova Corporation (IMCC)	**–**	**100.00** [i]	–	100.00 [i]
Watermatic Philippines Corporation (WMP)	**–**	**60.00** [i]	–	60.00 [i]
Watermatic Southeast Asia, Ltd. (WMP SEA)	**–**	**60.00**[l]	–	60.00[l]
Northern Metro Cebu Water Corporation (NMCWC)	**–**	**100.00**[i]	–	100.00[i]
Vivant Energy Corporation (VEC)	**100.00**	**–**	100.00	–
Vivant Integrated Generation Corporation (VIGC)	**–**	**100.00** [a]	–	100.00 [a]
Vivant Geo Power Corp. (VGPC)	**–**	**100.00** [b]	–	100.00 [b]
Delta P Hybrid, Inc. (DPHI; formerly Vivant Isla Inc.)	**–**	**100.00** [a] [n]	–	100.00 [a] [n]
Vivant Renewable Energy Corporation (VREC)	**–**	**100.00** [a] [e]	–	100.00 [a] [e]
Southern Powercore Holding Corp. (SPHC)	**–**	**100.00** [b]	–	100.00 [b]
Amberdust Holding Corporation (AHC)	**–**	**100.00** [a]	–	100.00 [a]
Corenergy Inc. (Core)	**–**	**100.00** [a]	–	100.00 [a]
Vivant Integrated Diesel Corporation (VIDC)	**–**	**100.00** [a]	–	100.00 [a]
Isla Norte Power Corp. (INPC)	**–**	**100.00** [d]	–	65.00 [d]
Vivant-Malogo Hydropower, Inc. (VMHI)	**–**	**67.00** [a]	–	67.00 [a]
1590 Energy Corp. (1590 EC)	**–**	**55.20** [a]	–	55.20 [a]
Vivant Solar Corporation (VSC)	**–**	**100.00** [a]	–	100.00 [a]

(Forward)

	2023		2022	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Corenergy Solar Solutions Corporation (CSSC)	**–**	**100.00** [(a) (c) (m)]	–	100.00 [(a) (c) (m)]
Bukidnon Power Corporation (BPC)	**–**	**90.00**[(k)]	–	90.00[(k)]
North Bukidnon Power Corporation (NBPC)	**–**	**90.00**[(k)]	–	90.00[(k)]
Culna Renewable Energy Corp. (CREC)	**–**	**100.00** [(b)]	–	35.00 [(b)]
Calamian Islands Power Corp. (CIPC)	**–**	**100.00** [(a)]	–	50.00 [(a)]
Delta P, Inc. (Delta P)	**–**	**100.00** [(a)]	–	50.00 [(a)]
La Pampanga Energy Corp (LPEC)	**–**	**100.00** [(a)]	–	50.00 [(a)]
San Ildefonso Alternative Energy Corp (SIAEC)	**–**	**100.00** [(a) (o)]	–	–
Meridian Power, Inc. (MPI)	**–**	**100.00** [(a) (p)]	–	–
San Pablo Renewable Energy Corp (SPREC)	**–**	**100.00** [(a) (q)]	–	–
Spark Grid Corp (SGC)	**–**	**100.00** [(a) (r)]	–	–
Avant Energy Corp (AEC)	**–**	**100.00** [(a) (t)]	–	–
Adequate Power, Inc. (API)	**–**	**100.00** [(a) (s)]	–	–
Bai Energy Corp (BEC)	**–**	**100.00** [(a) (u)]	–	–
South Cebu Energy Corp. (SCEC)	**–**	**100.00** [(a) (v)]	–	–
SolEnergy Generation Corp (SEGC)	**–**	**100.00** [(a) (w)]	–	–
Associates				
Visayan Electric Company, Inc. (VECO)	**34.81**	**–**	34.81	–

a. Indirect ownership through VEC
b. Indirect ownership through VREC
c. Ownership interest in CSSC is through VSC.
d. Indirect ownership through VIDC.
e. Changed its corporate name from Vics-Bakun Holdings Corporation (Vics-Bakun) to VREC on October 2, 2015.
f. Changed its corporate name from VC Ventures Net, Inc. (VNI) to SGPDC on January 6, 2016.
g. Indirect ownership through SGPDC
h. Indirect ownership through VIHI
i. Indirect ownership through VHHI
j. Changed its corporate name from ET Vivant (ETVVT) to VSC on November 9, 2020.
k. Indirect ownership through AHC
l. Indirect ownership through WMP
m. Changed its corporate name from ET Energy Inc. (ETEI) to CSSC on August 26, 2021.
n. Changed its corporate name from Vivant Isla Inc. (VII) to Delta P Hybrid, Inc. On February 16, 2022.
o. Incorporated February 18, 2016.
p. Incorporated April 11,2023. Changed its Corporate name from Central Cebu Transitional Power Corporation.
q. Incorporated March 29, 2023
r. Incorporated April 12, 2023
s. Incorporated June 7, 2023.
t. Incorporated May 17, 2023
u. Incorporated June 13, 2023
v. Incorporated May 23, 2023
w. Incorporated June 21, 2023

Subsidiaries

Except for 1590 EC, INPC, VMHI, Core, VII, VGPC, VIDC, CSSC, BPC, NBPC, WMP, IMCC, NMCWC, Delta P, CIPC, CREC, LPEC, SIAEC and MPI, all subsidiaries are also operating as holding and investing companies, which are primarily engaged in power generation and distribution, and water infrastructure. 1590 EC is operating a diesel power plant, while VMHI is in its pre-operating stage of building a hydro power plant in Silay, Negros Occidental. INPC is operating a diesel power plant in Bantayan, Cebu. BPC and NBPC are operating diesel-fired power plants in Bukidnon. Core is operating as a retail electricity supplier and engineering services provider. Delta P is operating an oil-fired power generation plant in Puerto Princesa, Palawan. CIPC is operating diesel-fired power generation plants in Coron and Busuanga. SIAEC is in its development stage of a solar plant facility in Bulacan. MPI is operating an oil-fired power plant in Cebu. LPEC is in its pre-operating stage of building an oil-fired plant in Pampanga. CREC is in its pre-operating stage of building hybrid facilities in Culion and Linapacan islands. WMP provides engineering services, mainly for water infrastructure projects. IMCC and NMCWC are in its pre-operating stage of building a seawater desalination facility.

The following sets out a brief information of the Parent Company's subsidiaries and associates:

HDFE
HDFE was incorporated on December 24, 1926, which registration was renewed for another 50 years effective November 26, 1974. The primary purpose of HDFE is to invest in, hold, own, purchase, acquire, lease, contract, operate, improve, develop, grant, sell, exchange, or otherwise dispose of real and personal properties of every kind and description including shares of stocks, bonds and other securities or evidence of indebtedness of any other corporation, association, firm, or entity, domestic or foreign, where necessary or appropriate, and to process and exercise in respect thereof of all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, without acting as, or engaging in the business of an investment company, or dealer or broker in securities.

SGPDC
SGPDC was incorporated on December 8, 2004 with a primary purpose to invest in, purchase, or otherwise acquire and own, hold, develop, use, sell, lease, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description for whatever purpose the same may have been organized. It has also direct equity shareholdings in VRVC and VCCI, both real estate companies.

On March 5, 2015, during the Special Stockholders' Meeting and Special Board Meeting, the stockholders and BOD approved that one of SGPDC's secondary purposes is to conduct and transact any and all lawful business, and to do or cause to be done any one or more of the acts and things set forth as its purposes, within or without the Philippines, and in any and all foreign countries, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers of the Company under the Corporation Code of the Philippines, or which shall at any time appear conducive to or expedient for its protection or benefit. These amendments made in SGPDC's Articles of Incorporation (AOI) were approved by the SEC on October 8, 2015.

On January 6, 2016, the SEC approved the amendment to its AOI changing its name from VC Ventures Net, Inc. to Southern Grove Properties and Development Corp. and its primary purpose is to engage in real estate business, to hold, construct, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of all kinds of real property or to act as real estate broker for such fees as may be legal and proper.

VRVC
VRVC was incorporated on May 19, 2017. Its primary purpose is to engage in the real estate business. On July 3, 2017, VRVC purchased from HDFE, a company under common control, a parcel of land located at M.J. Cuenco Ave., Tinago Central, Barangay San Roque, Cebu City amounting to ₱27.9 million, with the intention of holding the land for capital appreciation. As of December 31, 2023, VRVC continues to recognize rental income from the purchased investment property.

VCCI
VCCI was incorporated on October 10, 2018 and its primary purpose is to engage in the real estate business. As of December 31, 2023, VCCI has not yet started its operations.

VIHI
VIHI was incorporated on December 18, 2018 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2023, VIHI is operating as a holding company for VTHI and VHHI.

VHHI
VHHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2023, VHHI is operating as a holding company for WMP, IMCC, NMCWC and FLOWS, a holding company.

VTHI
VTHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2023, VTHI has not yet started its operations.

IMCC
IMCC was incorporated on August 14, 2020 and its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, wastewater treatment facility and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.

As of December 31, 2023, IMCC is in its development stage.

WMP
WMP was incorporated on July 23, 2019 as a water treatment engineering company primarily engaged in the design, supply (which includes detailed design, procurement, and assembly), installation, commission, operation and maintenance of water treatment and waste water treatment plant to be owned by WMP or for third parties. WMP also engages in bulk water supply agreements using water sourced from ground water, surface water, or desalinated water.

As of December 31, 2020, WMP has already started its operations.



WMP SEA
WMP SEA was incorporated on July 1, 2021 according to the Companies Law 5769-1999, as a limited liability company under the laws of the Republic of Israel. Its primary purpose is to buy and sell products for waste water and waste water treatment projects.

As of December 31, 2021, WMP SEA has already started operations.

NMCWC
NMCWC was incorporated on March 18, 2021. Its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, waste water treatment facility, and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.

The registered office of NMCWC is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

As of December 31, 2023, NMCWC has not yet started operations.

VEC
VEC was incorporated on January 25, 2005 and its primary purpose is to establish, maintain and operate power plants of any kind and such other sources that may be a viable source of electric light, heat and power system and to sell to the general public, electricity as the corporation may determine.

VEC currently exists as a holding company with direct equity shareholdings in CPPC, Delta P, 1590 EC, CIPC, VMHI, TVI, DPHI, INEC, INPC, LPEC, and VIDC entities engaged in the power Generation business and PEI and Core, entities engaged in the retail electricity supply. Core is also engaged in engineering services. VEC also has direct equity shareholdings on holding entities namely VIGC and VREC.

VIGC
VIGC was incorporated on November 5, 2008 with the primary purpose of holding investments in power generation companies. It has direct equity shareholdings in Minergy Power Corporation (MPC), Therma Visayas, Inc. (TVI) and LPCI, entities engaged in the power generation business and Abovant Holdings, Inc. (AHI), a holding entity.

VGPC
VGPC was incorporated on April 23, 2014. Its primary purpose is to establish, maintain, own, and operate geothermal, thermal, hydroelectric, solar, wind, coal, diesel power plants and such other sources that may be viable source of electric light, heat and power system and to sell and/or trade electricity for light, heat and power purposes within cities, municipalities and provinces of the Philippines as the corporation may determine and enter into business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2023, VGPC is still in the pre-operating stage.

DPHI
DPHI, formerly VII, was incorporated on July 11, 2014. Its primary purpose is to engage in business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, constructing, holding, and selling power generation facilities and related facilities, or any other business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2022, DPHI is still in the pre-operating stage.



On February 16, 2022, the application to change the name of VII to Delta P Hybrid, Inc. was approved by the SEC.

VREC
VREC was incorporated on January 8, 2010 with the primary purpose of holding investments in power generation companies. On October 2, 2015, the SEC approved its application for change in corporate name from Vics Bakun Holdings Corporation to VREC. It also has direct equity shareholdings in VGPC, SPHC, AHC, VSC, CREC, and LWEC as of December 31, 2023.

Core
Core was incorporated on December 14, 2012. Its primary purpose is to buy, source and obtain electricity from generating companies or from the wholesale electricity spot market to sell, broker, market or aggregate electricity to the end-users, to provide services necessary in connection with the supply or delivery of electricity thereof, distribution utilities and other entities in the electric systems by a duly licensed electrical engineer, the conduct of energy examinations, inspections, assessments, maintenance, testing and commissioning, as amended dated May 31, 2019. As of December 31, 2023, Core has entered into retail supply contract and engineering service contracts with various customers.

VIDC
VIDC was incorporated on August 7, 2015. Its primary purpose is to establish, maintain, acquire, own, hold, and operate diesel powered generating facilities. As of December 31, 2023, VIDC is the holding company of INPC.

INEC
Isla Norte Energy Corporation (INEC) was incorporated on June 13, 2016. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system.

As of December 31, 2021 and prior to the merger with Isla Norte Power Corporation (INPC) on December 29, 2022, INEC is effectively 65%-owned by VEC and 35%-owned by GPI through a consortium formed by VIDC.

INEC started its interim commercial operations on August 11, 2020, and the same ended on August 10, 2021. This stems from the signing of the Interim Power Supply Agreement (IPSA) with Bantayan Island Electric Cooperative Inc. (BANELCO) to supply a portion of its energy requirement. This operation, emergency in nature, is independent and different from the 15-year Power Supply Agreement (PSA) with BANELCO, which is yet to commence commercial operations as of December 31, 2022.

Pending the approval of INEC's Power Supply Agreement (PSA) application, the Energy Regulatory Commission (ERC) issued a Notice of Resolution dated November 4, 2021 that contained a directive to Bantayan Electric Cooperative, Inc. (BANELCO) to source out power from any supplier which it deems fit, to ensure the continuous and unhampered supply of power within its franchise area. Thus, on November 7, 2021, INEC and BANELCO signed an IPSA for a period of 90 days, reckoned from the date of the issuance of the resolution, to supply the whole of BANELCO's energy requirement.

The registered office of INEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

INPC
INPC was incorporated on February 14, 2022. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power purposed within the cities, municipalities, and provinces of the Philippines.

On May 9, 2022, the members of the respective boards of directors of INEC and INPC, separately and unanimously approved a plan of merger with INPC as the surviving entity. The plan and articles of merger was approved by SEC on December 29, 2022.

The terms further provide that INPC shall become the owner of the rights, assets, privileges and other properties of INEC and shall assume all the debts and liabilities of the same as of the effective merger date in the manner as though the Company has itself incurred such liabilities and obligations.

On December 29, 2022, upon effective date of the merger, INEC ceased to exist, yet its operations continued under INPC.

In 2023, VEC and VIDC acquired the remaining interest of GPI in INPC for a total consideration of ₱169.6 million, resulting in 100% ownership by the Group in INPC.

The registered office of INPC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

SPHC
SPHC was incorporated on April 20, 2017. Its primary purpose is to engage in the business of holding investments in power generation companies. As of December 31, 2023, SPHC has not yet started its commercial operations.

The registered office of SPHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

AHC
AHC was incorporated on August 16, 2017. Its primary purpose is to engage in the business of a holding company. As of December 31, 2022, AHC is the holding company of BPC and NBPC.

In May 2021, VEC and AHC acquired 81% and 9% ownership of BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively. In May 2021, VEC and AHC also acquired 81% and 9% ownership of NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

On June 28, 2021, VREC assigned its 45,000 common shares in AHC with par value of ₱1.00 per share to VEC.

The registered office of AHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

VMHI
VMHI was incorporated on June 8, 2012. Its primary purpose is to engage in the business of owning, acquiring, operating, generating, collecting and distributing electricity.

VMHI is in its starting phase or pre-operational stage as a power generating entity that will implement a greenfield power plant project, involving the construction and operation of a series of run-of-river hydropower facility in Barangay Capitan Ramon in Silay City, Negros Occidental. VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a six (6) MW power plant facility along the Malogo river. The project has concluded its detailed engineering design. A tender process is underway for the construction to coincide with the project timetable, but subject to adjustments that may be brought about by regulations from the grid system operator.

On March 8, 2017, bidding for the award of the Engineering, Procurement, Construction and Commissioning ("EPCC") contract was conducted. However, the National Grid Corporation of the Philippines (NGCP) issued a prohibition to the power plants from connecting to the Negros Island Grid.

As of December 31, 2023, notwithstanding the successful bidding, the Company has withheld the awarding of the EPCC contract to implement the detailed engineering design since NGCP has not yet completed the construction of its 230 kV backbone project.

The registered office of VMHI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

1590 EC

1590 EC was incorporated and started operations on July 30, 2010. It is primarily engaged in power generation and operates a 225 MW diesel-fired power plant in Bauang, La Union. 1590 EC is also partly-owned by GPI, Eco Utilities Ventures Holdings Company, Inc. (EUVHCI) and ICS Renewables Holdings, Inc. (ICS), among others.

The registered office of the Company is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

On April 6, 2022, 1590 EC acquired the Buang Diesel Power Plant (BDPP) as the highest bidder during the public auction of the power plant following a post qualification evaluation. On April 19, 2022, 1590 EC and the PGLU signed the deed of transfer and conveyance.

VSC

VSC, formerly ET Vivant, was incorporated on April 4, 2018 primarily to engage in developing and constructing solar power generation and related facilities for lighting and power purposes and whole-selling the electric power to the wholesale electricity spot market, private distribution utilities, private electric cooperatives and other off-takers and selling and/or trading electricity for light, heat and power purposes. VSC has direct equity shareholding in CSSC, an entity engaged in the solar power generation business. As of December 31, 2021, VSC has started its commercial operations.

CSSC

CSSC, formerly ETEI, was incorporated on January 11, 2017 with the primary purpose to explore, develop, build, construct, install, commission, rehabilitate, maintain, own, manage, operate and invest in, bid for or otherwise acquire power generating plants and related facilities and to engage in the business of generating, marketing, selling and supplying electricity generated from solar photovoltaic systems and components; planning and construction of photovoltaic power plants and to provide consulting services associated with photovoltaic power plants, provided that it shall not operate a public utility. In January 2019, CSSC has started its commercial operations.



BPC
BPC was incorporated to develop, construct, erect assemble, commission, own, operate, maintain, rehabilitate, and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. BPC has two (2) operating power plants in Bukidnon and have started commercial operations on February 26, 2016 for Plant 1 and February 26, 2017 for Plant 2.

On October 16, 2014, BPC entered into a PSA with First Bukidnon Electric Cooperative (FIBECO) to supply a maximum of 4.4 MW from its 2 x 2.4 MW power plant located at Barangay Barandias, Bukidnon at a specific contract rate for a period of 15 years commencing from March 15, 2015. ERC has granted a provisional approval on its rate application on August 3, 2015. The second power supply agreement was entered into with FIBECO on July 24, 2015 for a contracted capacity of 2 MW from its 2.5 MW Fuel power plant located at Barangay Mabuhay, San Fernando, Bukidnon, for a period of 15 years starting from April 15, 2016. ERC's final approval on its rate application was dated June 6, 2017.

In May 2021, VEC and AHC acquired 81% and 9% ownership of BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively.

The registered office address of BPC is at National Highway Barandias, Pangantucan, Bukidnon.

NBPC
NBPC was incorporated to develop, construct, erect, assemble, commission, own, operate, maintain, rehabilitate and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. NBPC has started its commercial operations on September 26, 2018.

In May 2021, VEC and AHC acquired 81% and 9% ownership of NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

The registered office address of NBPC is at 2nd Floor Z-Gas Building, Purok 6A, South Poblacion, Maramag, Bukidnon.

CIPC
CIPC was incorporated on October 19, 2010 primarily to engage in the business of owning, acquiring, commissioning, operating and selling power generation facilities and related facilities, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. Currently, CIPC operates an 8 MW bunker and 0.75 MW diesel-fired power generation plants in the municipalities of Coron and Busuanga, respectively.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in CIPC for a consideration of ₱172.0 million, which resulted to a 100% ownership of the Group in CIPC.

The registered principal office of CIPC is at Sitio Lilibutin, Barangay Guadalupe Coron, Palawan, Philippines 5316.

Delta P
Delta P was registered with SEC on September 20, 2002 primarily to operate and maintain a 16 MW heavy fuel oil-fired generating power station in Puerto Princesa, Palawan.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in Delta P for a consideration of ₱272.9 million, which resulted to an increase in the Group's ownership interest in Delta P to 100%.

The registered principal office of Delta P is at Km. 13 North National Highway, Sta. Lourdes, Puerto Princesa City, Palawan.

LPEC
La Pampanga Energy Corp (LPEC), formerly Vivant Enercore Integrated, Inc. (VEII), was incorporated on May 26, 2016. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system. As of December 31, 2023, LPEC is still in the pre-operating stage.

In 2021, VEC entered into a joint venture with GPI which resulted to a 50% ownership in LPEC and reclassification of the investment from a subsidiary to a joint venture.

On June 1, 2023, the Group entered into a share purchase agreement with GPI to acquire its shares equivalent to 6,250,000 common shares and 51,750,000 preferred shares with par value of ₱1 per share for a consideration of ₱41.1 million, which resulted to 100% ownership by the Group in LPEC.

CREC
CREC, an associate through VREC, was registered on April 12, 2017 primarily to engage in the business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, and constructing conventional renewable energy and/or hybrid power generation, distribution and related facilities, and distributing and selling power, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in the furtherance of or otherwise relating to such purpose. As of December 31, 2023, CREC has not yet started its commercial operations.

On May 28, 2021, VREC and VEC entered into a share-swap agreement with a third party to sell its entire investment in SREC and acquire additional shares in CREC. The agreement resulted to VREC's and VEC's acquisition of 938 common stocks and 2,812 preferred stocks with par value of ₱1,000.00 per share in CREC, respectively.

On June 1, 2023, VEC entered into a share purchase agreement with Gigawatt Power, Inc. (GPI) to acquire the latter's shares in CREC equivalent to 9,375 preferred shares with par value of ₱1,000 per share for a consideration of ₱6.5 million resulting to an increase of the Group's ownership interest in CREC to 100%.

The registered principal office of CREC is at Sitio Lilibutin, Barangay Guadalupe, Coron, Palawan 5316.

SIAEC
SIAEC was incorporated on February 18, 2016 with the primary purpose to engage in the business of development, investment, acquisition, construction, operation and maintenance, and sale of renewable energy facilities including generation of heat and power, sales and distribution.

On February 3, 2023, VEC acquired 100% ownership of SIAEC from Cleantech Global Renewables, Inc. representing 1,250,004 common shares for a consideration of ₱5.0 million and advanced ₱381.8 million to be applied against future issuance of common stock.

As of December 31, 2023, SIAEC has not yet started its commercial operations.

The registered office of SIAEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

MPI
MPI, formerly Central Cebu Transitional Power Corporation, was incorporated on April 11, 2023 with the primary purpose to engage in the business of establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. In 2023, the Company purchased a 70.59 MW bunker-fired power plant located in Barangay Ermita, Cebu City. MPI started its commercial operations in August 2023.

The registered office of MPI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SPREC
SPREC was incorporated on March 29, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2023, SPREC has not yet started its commercial operations.

The registered office of SPREC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SGC
SGC was incorporated on April 12, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2023, SGC has not yet started its commercial operations.

The registered office of SGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

API
API was incorporated on June 7, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2023, API has not yet started its commercial operations.

The registered office of API is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

AEC
AEC was incorporated on May 17, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2023, AEC has not yet started its commercial operations.

The registered office of AEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

BEC
BEC was incorporated on June 13, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2023, BEC has not yet started its commercial operations.

The registered office of BEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SEGC
SEGC was incorporated on June 21, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2023, SEGC has not yet started its commercial operations.

The registered office of SEGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SCEC
SCEC was incorporated on May 23, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2023, SCEC has not yet started its commercial operations.

The registered office of SCEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

Associate. VECO qualifies as an associate of the Parent Company.

VECO
VECO was incorporated on February 22, 1961 and whose corporate term was extended for another 50 years after the expiration on February 23, 2012. VECO is a power distribution entity, the primary activities of which are to establish, maintain and operate electric light, heat and power systems and to sell to the general public electricity for light, heat and power purposes.



VECO serves the electrical power needs of four cities (Cebu, Mandaue, Talisay and Naga) and four municipalities (Minglanilla, San Fernando, Consolacion and Lilo-an) of the greater part of Metro Cebu by virtue of legislative franchise grants.

The registered office address of VECO is at J. Panis Street, Banilad, Cebu City, Philippines.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The parent company financial statements have been prepared on a historical cost basis except for financial assets at FVOCI, which have been measured at fair value. The financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All values are rounded to the nearest Peso except as otherwise indicated.

The Parent Company also prepares and issues consolidated financial statements for the same period as these separate financial statements presented in accordance with Philippine Financial Reporting Standards (PFRSs). These may be obtained at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

Statement of Compliance

The parent company financial statements have been prepared in compliance with PFRSs.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Parent Company.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments, Disclosure of Accounting Policies*

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

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

  The amendments to the Practice Statement provide nonmandatory guidance.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*

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

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

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

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

  The adoption of the amendments did not result to material prior period adjustments; hence the financial statements of prior period have not been restated. The Parent Company recognized a deferred income tax liability on gross right-of-use assets amounting to ₱4.8 million for new leases entered into during the year but did not recognize the corresponding deferred income tax assets on the lease liability because management believes that the Parent Company will not have sufficient taxable income when the temporary deductible differences reverse (see Note 16).

- Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as "Pillar Two legislation" and "Pillar Two income taxes", respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.



Effective beginning on or after January 1, 2024

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

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or noncurrent;
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Leases, Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.
  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

  The amendments are not expected to have a material impact to the financial statements of the Parent Company.

- Amendments to PAS 7, *Statement of Cash Flows,* and PFRS 7, *Financial Instruments: Disclosures, Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

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

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Deferred Effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

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

4. **Material Accounting Policy Information**

Current and Noncurrent Classification

The Parent Company presents assets and liabilities in the parent company statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Parent Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Parent Company measures financial instruments, such as, cash on hand and in banks, short-term placements, trade and other receivables, trade and other payables, notes payable and non-financial assets such as investment properties and financial assets at FVOCI, at fair value at each reporting date.



Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Parent Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Parent Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments

Initial Recognition and Subsequent Measurement

- *Classification of Financial Assets*. Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Parent Company's business model for managing the financial assets. The Parent Company classifies its financial assets into the following measurement categories:

    - Financial assets measured at amortized cost;
    - Financial assets measured at fair value through profit or loss (FVPL);



- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss; and
- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss.

- *Contractual Cash Flows Characteristics*. If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Parent Company assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

  In making this assessment, the Parent Company determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

- *Business Model*. The Parent Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Parent Company's business model does not depend on management's intentions for an individual instrument.

  The Parent Company's business model refers to how it manages its financial assets in order to generate cash flows. The Parent Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Parent Company in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Parent Company's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

- *Financial Assets at Amortized Cost.* A financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the Effective Interest Rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized



cost of the financial asset. Losses arising from impairment are recognized in "Expenses - Others" account in the parent company statement of comprehensive income.

As at December 31, 2023 and 2022, the Parent Company has financial assets at amortized cost consisting of cash and cash equivalents, trade and other receivables, and receivable from RFM Corporation included under "Other noncurrent assets" (see Notes 6, 7 and 11).

- *Financial Assets at FVPL.* Financial assets at FVPL are measured at FVPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

  Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Parent Company may choose at initial recognition to designate the financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

  The Parent Company assesses whether embedded derivatives are required to be separated from host contracts when the Parent Company first becomes party to the contract. An embedded derivative is separated from the host financial liability or nonfinancial contract and accounted for as a derivative if all of the following conditions are met:

  - the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics of the host contract;
  - a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
  - the hybrid or combined instrument is not recognized as at FVPL.

  For derivatives embedded in financial asset host contracts, the Parent Company applies the financial asset classification and measurement requirements to the entire instrument. No embedded derivatives in financial asset host contracts are recognized separately in the financial statements.

  Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

  Trading gains or losses are calculated based on the results arising from trading activities of the Parent Company, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL, and the gains or losses from disposal of financial investments.

  As at December 31, 2023 and 2022, the Parent Company has no financial assets at FVPL.



- *Financial Assets at FVOCI.* A financial asset is measured at FVOCI if (a) it is held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

  The Parent Company may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Parent Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

  Dividends are recognized in profit or loss only when:

  - the Parent Company's right to receive payment of the dividend is established;
  - it is probable that the economic benefits associated with the dividend will flow to the Parent Company; and
  - the amount of the dividend can be measured reliably.

  As at December 31, 2023 and 2022, the Parent Company has financial assets at FVOCI amounting to ₱8.0 million which is presented as part of "Other noncurrent assets" (see Note 11).

  Classification of Financial Liabilities. Financial liabilities are measured at amortized cost, except for the following:

  - Financial liabilities measured at fair value through profit or loss;
  - Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Parent Company retains continuing involvement;
  - Financial guarantee contracts;
  - Commitments to provide a loan at a below-market interest rate; and
  - Contingent consideration recognized by an acquirer in accordance with PFRS 3.

  A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

  - if a host contract contains one or more embedded derivatives; or
  - if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVPL, the movement in fair value attributable to changes in the Parent Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. This category also includes derivative financial instruments entered into by the Parent Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Parent Company's financial liabilities include accrued expenses, accounts payable, accrued interest, dividends payable and advances from related parties (under "Trade and other current liabilities"), interest-bearing loans (under "Notes payable") and lease liabilities (see Notes 12, 13 and 21).

Impairment of Financial Assets. The Parent Company recognizes ECL for the following financial assets that are not measured at FVPL:
- Debt instruments that are measured at amortized cost and FVOCI;
- Loan commitments; and
- Financial guarantee contracts.

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:
- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

- *Stage 1: 12-month ECL*. For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

- *Stage 2: Lifetime ECL - not credit-impaired*. For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

- *Stage 3: Lifetime ECL - credit-impaired*. Financial assets are credit-impaired when one or *more* events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; or
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Parent Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

- *Determination of the Stage for Impairment*. At each reporting date, the Parent Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

  An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

- *Simplified Approach.* The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to accounts and other receivables under "Trade and other receivables". The Parent Company has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

  The Parent Company considers a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

- *Offsetting Financial Instruments*. Financial assets and financial liabilities are offset and the net amount is reported in the parent company statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derecognition of Financial Assets and Liabilities

- *Financial Assets.* A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

  - the rights to receive cash flows from the asset have expired;
  - The Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

- The Parent Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  Where the Parent Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

  Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Parent Company's continuing involvement is the amount of the transferred asset that the Parent Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Parent Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

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

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from dates of acquisition and that are subject to an insignificant risk of changes in value.

Prepaid Expenses and Other Current Assets

Prepayments and other current assets are recognized and carried at cost, less any impairment in value. These are recognized as assets when it is probable that any future economic benefit associated with the item will flow to or from the entity and the item has a cost or value that can be measured with reliability. An asset is not recognized in the parent company statement of financial position when expenditure has been incurred for which it is considered improbable that economic benefits will flow to the entity beyond the current accounting period. Instead, such a transaction results in the recognition of an expense in the parent company statement of comprehensive income.

Investments in and Advances to Subsidiaries and Associates

A subsidiary is an entity over which the Parent Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent Company controls another entity.

An associate is an entity over which the Parent Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investments in and advances to subsidiaries and associates are carried at cost, less impairment in value, in the parent company financial statements.

The Parent Company recognizes income from the investments only to the extent that the Parent Company receives distributions or establishes a right to receive distributions from accumulated profits of the subsidiaries and associates arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of per performance, will flow to the Parent Company. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Depreciation is computed using the straight-line method over the assets' estimated useful lives. Leasehold improvements are depreciated using the straight-line method over the estimated useful life of the improvements or the term of the lease, whichever is shorter. The estimated useful lives are as follows:

	Number of Years
Condominium units and improvements	5–40
Transportation equipment	5
Office furniture and equipment	2–10
Leasehold improvements	3–10
Other equipment	3–5

The useful lives and depreciation method are reviewed at each reporting date to ensure that such useful lives and depreciation method are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect to those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and the related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

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

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Property and equipment under construction are not depreciated until such time as the relevant assets are completed and put into operational use.

Leases

The Parent Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Parent Company as a Lessee. The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets. The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Unless the Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

	Number of Years
Land	15
Office space	1–4

Right-of-use assets are subject to impairment. Refer to the accounting policies in section Impairment of Nonfinancial Assets.

Lease Liabilities. At the commencement date of the lease, the Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases. The Parent Company applies the short-term lease recognition exemption to its short-term leases of office space and lot (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Foreign-currency-denominated Transactions

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at reporting date. Exchange gains and losses arising from foreign currency transactions and translations of foreign-currency-denominated monetary assets and liabilities are credited or charged to current operations.

Impairment of Nonfinancial Assets

As at December 31, 2023 and 2022, the Parent Company has investments in subsidiaries and associates, property and equipment and right-of-use assets which are classified as nonfinancial assets subject to impairment.

The Parent Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognized in the parent company statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Parent Company estimates the assets or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.



Equity

Capital Stock. Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscribing agreement and is measured at par value for all issued shares.

Additional Paid-in Capital. Consideration received in excess of par value are recognized as additional paid-in capital, net of incremental costs that are directly attributable to the issuance of new shares.

Retained Earnings. Retained earnings consist of appropriated and unappropriated balances. Appropriated retained earnings are restricted for specific purposes and/or are not available for dividend declaration. Unappropriated retained earnings are not restricted and include the cumulative balance of net income or loss, any dividend distributions, prior period adjustments and effects of any change in accounting policy.

Revenue Recognition

Revenue is measured based on the consideration to which the Parent Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Parent Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The Parent Company has concluded that it is the principal in its revenue arrangements because it controls the goods or services before these goods or services are transferred to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenues from Contracts with Customers

- *Management and Service Fees.* Revenue from management and service fees, arising from services involving consultancy, management, technical, and services covered by Service Level Agreements (SLAs), are recognized over time when the related services are rendered based on the terms of the management and service contracts.

- *Service Income.* Revenue from service income arising from intercompany charges are recognized over time when the related services are rendered based on agreed hourly billing rates.

For the years ended December 31, 2023, 2022 and 2021, the Parent Company has no variable consideration and the timing of revenue recognition currently does not result in any contract assets or liabilities and there are no unfulfilled performance obligations at any point in time.

Dividends. Dividends are recognized when the Parent Company's right to receive the payment is established.

Interest Income. Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.



Other Income. Other income includes services to third party, rental income from short-term leases and gain on disposal of property and equipment. These are generally recognized when earned. Rental income is recognized on a straight-line basis over the term of the lease while gain on disposal of property and equipment is recognized as the difference between the consideration and the book value of the property and equipment disposed.

Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized in the parent company statement of comprehensive income when incurred.

Provisions

Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Parent Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the parent company statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Pension Benefits

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the parent company statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the parent company statement of comprehensive income.



Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to parent company statement of comprehensive income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Taxes

Current Income Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax. Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the reporting date. Income tax relating to items recognized directly in equity is recognized in equity and not in the parent company statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-Added Tax (VAT). Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the parent company statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the parent company statement of financial position to the extent of the recoverable amount.

Earnings Per Share

Basic earnings per common share is calculated by dividing net income for the year attributable to the common stockholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year, after retroactive adjustments for any stock dividend declared.

Diluted earnings per share is calculated by dividing the net income for the year attributable to the common stockholders of the Parent Company by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued for outstanding common stock equivalents.

As of December 31, 2023 and 2022, the Parent Company does not have dilutive common stock equivalents.

Contingencies

Contingent liabilities are not recognized in the parent company financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period

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

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the parent company financial statements in compliance with PFRSs requires the Parent Company to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and related notes. In preparing these parent company financial statements, the Parent Company made its best judgments and estimates of certain amounts, giving due consideration to materiality. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

The Parent Company believes that the following represent a summary of these significant accounting estimates and the related impact and associated risks in the parent company financial statements.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating Allowance for Impairment of Losses on Investments in and Advances to Subsidiaries and Associates. Investments in and advances to subsidiaries and associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In 2023 and 2022, there was an increase in the carrying value of HDFE's investment properties being appraised. Thus, a reversal of prior impairment was recognized in 2023 and 2022 amounting to ₱45.7 million and ₱29.0 million, respectively.

Estimating Provision for Pension Liability. The costs of defined benefit pension plans, as well as the present value of the pension obligation, are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The pension liability as of December 31, 2023 and 2022 amounted to ₱101.9 million and ₱35.4 million, respectively (see Note 15).

Further details about the assumptions used are provided in Note 15.

Estimating Realizability of Deferred Income Tax Assets. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of such deferred income tax assets to be utilized. The Parent Company's assessment on the recognition of deferred income tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Parent Company.

Deferred income tax assets amounted to ₱47.8 million and ₱31.1 million as of December 31, 2023 and 2022, respectively. Deferred income tax assets have not been recognized on net operating loss carry-over (NOLCO) of ₱1.1 billion and ₱997.8 million as of December 31, 2023 and 2022, respectively, and excess minimum corporate income tax (MCIT) of ₱1.0 million as of December 31, 2023, because management believes that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized (see Note 16).



Estimating the Incremental Borrowing Rate for Lease Liability. The Parent Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Parent Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Parent Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Parent Company estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

The Parent Company's lease liabilities amounted to ₱21.6 million and ₱26.8 million as of December 31, 2023 and 2022, respectively (see Note 21).

6. Cash and Cash Equivalents

	2023	2022
Cash on hand and in banks	**₱54,191,369**	₱55,222,533
Short-term investments	**1,415,746,998**	1,899,565,669
	₱1,469,938,367	₱1,954,788,202

Cash in banks earn interest at the respective bank deposit rates. Short-term investments are cash equivalents and made for varying periods of up to three months depending on the immediate cash requirements of the Parent Company and earn interest at the respective short-term investment rates.

Interest income recognized from cash in banks and short-term investments amounted to ₱63.2 million, ₱37.9 million, and ₱18.2 million in 2023, 2022 and 2021, respectively. Accrued interest receivable amounted to ₱6.4 million and ₱8.1 million as of December 31, 2023 and 2022, respectively (see Note 7).

7. Trade and Other Receivables

	2023	2022
Trade receivables:		
Related parties (see Note 14)	**₱120,760,306**	₱8,689,366
Third parties	**252,155,992**	–
Advances to related parties (see Note 14)	**1,103,140,188**	931,891,891
Accrued interest receivable (see Note 6)	**6,378,861**	8,066,005
Dividends receivable (Notes 9 and 14)	**–**	730,409,956
Advances to employees	**–**	2,938,640
Others (see Note 14)	**24,467,952**	19,799,220
	1,506,903,299	1,701,795,078
Less allowance for impairment and credit losses	**2,419,972**	2,419,972
	₱1,504,483,327	₱1,699,375,106

Trade receivables represent amounts owed by third parties and related parties for consultancy, management, technical and other related services rendered by the Parent Company. These are noninterest-bearing and collectible within 10 to 30 days.

Advances to employees pertain to cash advanced to the Parent Company's employees for official business expenses which are subject to liquidation upon completion of the purpose for which the cash is advanced.

Other receivables arise from transactions other than those related to the Parent Company's normal course of business such as nontrade intercompany charges, receivable from government agencies and others.

The following table shows the movement in the allowance for impairment losses of receivables:

	2023	2022
At January 1	**₱2,419,972**	₱2,009,923
Provision	**–**	615,795
Write-offs	**–**	(205,746)
At December 31	**₱2,419,972**	₱2,419,972

The Parent Company recognized provision for estimated credit losses in 2023 and 2022 amounting to nil and ₱0.6 million, respectively, as a result from performing collective impairment tests using the simplified approach, presented under "Others" as part of "Expenses" in the parent company statements of comprehensive income.

8. Prepaid Expenses and Other Current Assets

	2023	2022
Input VAT	**₱11,026,541**	₱3,162,321
Prepayments	**9,637,945**	10,903,067
Others	**8,270,272**	7,207,354
	₱28,934,758	₱21,272,742

Prepayments include prepaid rentals and advance payments for health insurance coverage and all risks of direct physical loss or damage to the Parent Company's properties. Others include unused office supplies.

9. Investments in and Advances to Subsidiaries and Associates

The components of the carrying values of investments accounted for under the cost method and advances to subsidiaries and associates are as follows:

	Nature of Business	Ownership	**2023**	2022
Investments in Subsidiaries				
VEC	Holding Company/ Power generation	100.00	**₱5,532,915,995**	₱5,532,915,995
VIHI	Holding company	100.00	**605,336,770**	605,336,770
HDFE	Holding company	50.94	**760,507,362**	760,507,362
SGPDC	Real estate	100.00	**66,750,000**	66,750,000
VRVC*	Real estate	–	**26,156,250**	26,156,250
			6,991,666,377	6,991,666,377
Less allowance for impairment loss			**294,813,154**	340,554,303
			6,696,853,223	6,651,112,074

(Forward)

	Nature of Business	Ownership	**2023**	2022
Investments in Associate				
VECO	Power distribution	34.81	**919,693,137**	919,693,137
Advances for Future Stock Subscription				
HDFE			**16,811,225**	16,811,225
VIHI			**636,184,260**	407,779,706
			652,995,485	424,590,931
			₱8,269,541,845	₱7,995,396,142

**Preferred shares*

Subsidiaries

VEC, VIHI, HDFE, and SGPDC qualify as the Parent Company's subsidiaries. The relevant operations of the subsidiaries are as follows:

VEC. VEC is a holding company with the following direct and indirect equity shareholdings:

	2023		2022	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Subsidiaries				
VIGC	**100.00**	**–**	100.00	–
VREC	**100.00**	**–**	100.00	–
Core	**100.00**	**–**	100.00	–
DPHI	**100.00**	**–**	100.00	–
VIDC	**100.00**	**–**	100.00	–
AHC	**100.00**	**–**	–	100.00
INPC	**55.00**	**45.00**	–	65.00
1590 EC	**55.20**	**–**	55.20	–
VMHI	**20.00**	**47.00**	20.00	47.00
VGPC	**–**	**100.00**	–	100.00
BPC	**81.00**	**9.00**	81.00	9.00
NBPC	**81.00**	**9.00**	81.00	9.00
SPHC	**–**	**100.00**	–	100.00
VSC	**–**	**100.00**	–	100.00
CSSC	**–**	**100.00**	–	100.00
CREC		**100.00**	–	–
CIPC	**100.00**	**–**	50.00	–
Delta P	**100.00**	**–**	50.00	–
LPEC	**100.00**	**–**	50.00	–
SIAEC	**100.00**	**–**	–	–
MPI	**100.00**	**–**	–	–
SPREC	**–**	**100.00**	–	–
SGC	**100.00**	**–**	–	–
API	**100.00**	**–**	–	–
AEC	**100.00**	**–**	–	–
BEC	**100.00**	**–**	–	–
SEGC	**100.00**	**–**	–	–
SCEC	**100.00**	**–**	–	–
Associates				
Cebu Private Power Corporation	**40.00**	**–**	40.00	–
Prism Energy, Inc. (PEI)	**40.00**	**–**	40.00	–
LPCI	**–**	**42.50**	–	42.50
Global Luzon Energy Development Corporation (GLEDC)	**–**	**42.50**	–	42.50
AHI	**–**	**40.00**	–	40.00
MPC	**–**	**40.00**	–	40.00
LWEC	**–**	**40.00**	–	40.00
TVI	**18.00**	**2.00**	18.00	2.00

VEC declared dividends to the Parent Company amounting to ₱232.3 million in 2023, ₱730.4 million in 2022, and ₱631.8 million in 2021 (see Note 14). As of December 31, 2023 and 2022, there are no dividends receivable from VEC (see Note 7).

In 2021, the Parent Company made an additional investment in VEC amounting to ₱102.0 million, which represents 101,997,654 preferred shares with par value of ₱1.00 per share.

HDFE. As of December 31, 2023 and 2022, an appraisal of HDFE's investment properties showed an increase in their fair market values, thereby increasing the carrying value of the Parent Company's investment in HDFE. Reversal of allowance for impairment loss was recognized in the parent company statements of comprehensive income amounting to ₱45.7 million and ₱29.0 million in 2023 and 2022, respectively.

VIHI. VIHI is a holding company with the following direct and indirect equity shareholdings:

	2023		2022	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Subsidiaries				
VHHI	**100.00**	**–**	100.00	–
WMP	**–**	**60.00**	–	60.00
WMP SEA	**–**	**60.00**	–	60.00
IMCC	**–**	**100.00**	–	100.00
NMCWC	**–**	**100.00**	–	100.00
VTHI	**100.00**	**–**	100.00	–
Associates				
Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS)	**–**	**45.00**	–	45.00
Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC)	**–**	**40.31**	–	40.31

In 2021, the Parent Company made additional investments in VIHI amounting to ₱306.9 million, which represent 30,524,375 common shares and 276,406,875 preferred shares with par value of ₱1.00 per share, and advances for future stock subscriptions amounting to ₱91.1 million for issuance of 9,283,125 common shares and 81,860,625 preferred shares, both with par value of ₱1.00 per share.

In 2022, the Parent Company made additional investments in VIHI amounting to ₱316.6 million, which represent advances for future stock subscriptions for issuance of 31,663,597 common shares and 284,972,359 preferred shares, both with par value of ₱1.00 per share. As of December 31, 2022, VIHI is gathering the documentary requirements for its application to SEC for the increase in authorized capital stock.

In 2023, the Parent Company made additional investments in VIHI amounting to ₱228.4 million, which represents advances for future stock subscriptions for issuance of 22,840,457 common shares and 205,564,097 preferred shares, both with par value of ₱1.00 per share.

SGPDC. In 2021, SGPDC's application for the increase in authorized capital stock was approved by the SEC on May 20, 2021. Thus, the advances for future stock subscription were converted to equity amounting to ₱61.8 million, which represents 1,675,000 common shares with par value of ₱1.00 per share and 60,075,000 preferred shares with par value of ₱1.00 per share.

VRVC. In 2018, the Parent Company made advances for future stock subscription to VRVC amounting to ₱26.2 million. VRVC's application for the increase in authorized capital stock was approved by the SEC on March 25, 2021. Thus, the advances for future stock subscription were converted to preferred shares.

Associate

VECO. VECO declared cash dividends to the Parent Company amounting to ₱763.7 million, ₱827.5 million, and ₱730.0 million in 2023, 2022 and 2021, respectively (see Note 14).

10. Property and Equipment

	2023						
	Condominium Units and Improvements	**Transportation Equipment**	**Office Furniture and Equipment**	**Leasehold Improvements**	**Other Equipment**	**Construction in Progress**	**Total**
Cost							
At January 1	**₱36,421,603**	**₱56,325,959**	**₱84,942,878**	**₱53,475,723**	**₱8,711,461**	**₱9,111,493**	**₱248,989,117**
Additions	**–**	**19,117,857**	**15,410,723**	**56,163**	**5,403,787**	**3,697,428**	**43,685,958**
Disposals	**–**	**(4,138,596)**	**(39,554)**	**–**	**–**	**–**	**(4,178,150)**
At December 31	**36,421,603**	**71,305,220**	**100,314,047**	**53,531,886**	**14,115,248**	**12,808,921**	**288,496,925**
Accumulated Depreciation							
At January 1	**25,143,096**	**33,594,627**	**67,379,899**	**31,239,974**	**8,336,301**	**–**	**165,693,897**
Additions	**487,127**	**9,802,123**	**8,994,145**	**7,402,025**	**135,377**	**–**	**26,820,797**
Disposals	**–**	**(4,138,593)**	**(39,553)**	**–**	**–**	**–**	**(4,178,146)**
At December 31	**25,630,223**	**39,258,157**	**76,334,491**	**38,641,999**	**8,471,678**	**–**	**188,336,548**
Net Book Value	**₱10,791,380**	**₱32,047,063**	**₱23,979,556**	**₱14,889,887**	**₱5,643,570**	**₱12,808,921**	**₱100,160,377**

	2022						
	Condominium Units and Improvements	Transportation Equipment	Office Furniture and Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Cost							
At January 1	₱36,421,603	₱51,054,580	₱75,641,885	₱53,475,723	₱8,470,697	₱6,155,980	₱231,220,468
Additions	–	8,360,982	9,874,067	–	240,764	2,955,513	21,431,326
Disposals	–	(3,089,603)	(573,074)	–	–	–	(3,662,677)
At December 31	36,421,603	56,325,959	84,942,878	53,475,723	8,711,461	9,111,493	248,989,117
Accumulated Depreciation							
At January 1	24,655,969	28,406,263	58,781,149	22,508,589	8,200,450	–	142,552,420
Additions	487,127	8,100,307	9,171,805	8,731,385	135,851	–	26,626,475
Disposals	–	(2,911,943)	(573,055)	–	–	–	(3,484,998)
At December 31	25,143,096	33,594,627	67,379,899	31,239,974	8,336,301	–	165,693,897
Net Book Value	₱11,278,507	₱22,731,332	₱17,562,979	₱22,235,749	₱375,160	₱9,111,493	₱83,295,220

Construction in progress mainly includes costs for renovation and improvements of the office in 2023 and 2022.

11. Other Noncurrent Assets

	2023	2022
Creditable tax withheld	**₱148,594,543**	₱140,374,145
Financial assets at FVOCI	**8,000,000**	8,000,000
Others - net of allowance for impairment loss of ₱46.1 million	**10,670,866**	10,459,167
	₱167,265,409	₱158,833,312

Creditable Tax Withheld

These pertain to taxes withheld by customers on income payments to the Parent Company for sales of services that can be applied against its income tax liabilities.

Financial Assets at FVOCI

As of December 31, 2023 and 2022, the carrying values of the financial assets at FVOCI are as follows:

Cost:	
Cebu Country Club, Inc.	₱3,400,000
Tower Club, Inc.	300,000
	3,700,000
Fair value remeasurement gain (loss):	
Cebu Country Club, Inc.	4,600,000
Tower Club, Inc.	(300,000)
	4,300,000
	₱8,000,000

Cebu Country Club, Inc. In 2012, the Parent Company acquired proprietary ownership shares in the Cebu Country Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares.

Tower Club, Inc. In 2014, the Parent Company acquired proprietary ownership shares in the Tower Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares. On September 25, 2020, the shareholders of Tower Club agreed to shorten its corporate life and permanently close by January 2022.

Fair value hierarchy disclosures for the Parent Company's financial assets at FVOCI are provided in Note 19.

Others

Others include receivable from RFM Corporation, the Parent Company's previous owner, which has been fully provided with allowance for impairment losses as of December 31, 2023 and 2022. Also included in this account are security deposits with various tenants and other parties.

12. Trade and Other Current Liabilities

	2023	2022
Deferred output VAT - net	**₱43,044,346**	₱2,432,282
Accrued expenses	**21,312,256**	1,263,860
Accounts payable	**20,162,752**	14,202,195
Accrued interest (see Note 13)	**12,865,361**	17,846,679
Dividends payable	**5,590,933**	5,014,686
Accrued taxes payable	**5,081,370**	4,561,768
Advances from related parties (see Note 14)	**3,160,865**	2,273,178
Advances from employees	**1,030,821**	–
Others	**7,400,895**	4,287,370
	₱119,649,599	₱51,882,018

Accrued expenses includes accruals for legal fees, securities and transfer fees and other expenses.

Accounts payable consist mainly of liabilities for payroll, professional fees and other expenses.

Accrued taxes payable are accruals for documentary stamp tax, VAT, and withholding taxes on wages and on certain income tax payments.

Others include contributions payable to government agencies and unearned income representing the consideration received or receivable for sales of fixed assets that have not yet been completed as of December 31.

13. Notes Payable

	2023	2022
2021 Fixed Rate Corporate Notes (FRCN)		
₱1.0 billion at 3.4510% interest per annum	**₱–**	₱1,000,000,000
₱2.0 billion at 4.3000% interest per annum	**1,900,000,000**	1,950,000,000
	1,900,000,000	2,950,000,000
Less unamortized debt issue costs	**10,181,617**	15,418,421
	1,889,818,383	2,934,581,579
Less current portion - net of unamortized debt issue costs of ₱4.9 million in 2022 and ₱10.8 million in 2021	**45,144,790**	1,044,763,196
	₱1,844,673,593	₱1,889,818,383

The Parent Company entered into a Notes Facility Agreement (Agreement) to issue ₱3.0 billion in Fixed Rate Corporate Notes (FRCN or the Notes) on January 29, 2014 to fund its equity investments in power generation projects, to include, but not limited to, MPC and TVI.

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 drawdown amounting to ₱1.0 billion was made on February 3, 2014. The second drawdown amounting to ₱2.0 billion was made on March 31, 2014. The Notes are 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 Parent Company signed an Agreement to issue ₱3.0 billion 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 Parent Company issued an FRCN last January 27, 2021 amounting to ₱3.0 billion to fund its equity investments in power generation and 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 ₱50.0 million for the first four years and a balloon payment of ₱1.8 billion on maturity.

Repayments of outstanding principal amounts are scheduled as follows:

	2023	2022
Within one year	**₱50,000,000**	₱1,050,000,000
More than one year but not more than five years	**1,850,000,000**	1,900,000,000
	₱1,900,000,000	₱2,950,000,000

On January 27, 2023, the first tranche on the loan matured and was settled.

The Agreement requires that the Parent Company shall not permit its debt-to-equity ratio to exceed 2.5:1. The debt-to-equity ratio is based on the Parent Company's debt and consolidated equity. In addition, the Agreement requires the current ratio to not fall below 1.25:1 and is based on the consolidated current assets and consolidated current liabilities. The Parent Company has complied with these ratio requirements as of December 31, 2023 and 2022.

Interest expense recognized in the parent company statements of comprehensive income related to these notes payable amounted to ₱93.8 million, ₱122.7 million, and ₱128.1 million in 2023, 2022 and 2021, respectively, and the related accrued interest expense as of December 31, 2023 and 2022 amounted to ₱12.9 million and ₱17.8 million, respectively (see Note 12).

Debt issue costs were incurred in connection with the financing arrangements. These costs are amortized, using the EIR method, over the term of the related loans. The Parent Company has recognized amortization of debt issue costs amounting to ₱5.2 million, ₱10.8 million, and ₱10.2 million in 2023, 2022 and 2021, respectively. These are presented under "Interest expense" in the parent company statements of comprehensive income.

14. Related Party Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

In the normal course of business, the Parent Company enters into transactions with related parties principally consisting of the following:

		2023			
		Outstanding Balance			
Category	**Volume**	**Receivable**	**Payable**	**Terms**	**Conditions**
Subsidiaries					
Dividend income (see Note 9):					
VEC	**₱232,388,020**	**₱–**	**₱–**	**15-30 days; noninterest-bearing**	**Unsecured**
Management and service fees income (see Note 14a):					
VEC	**111,960,456**	**112,979,922**		**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
VIHI	**46,538,832**	**5,380,414**	–	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
WMP	**1,925,000**	**1,705,000**	–	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
HDFE	**840,000**	**203,700**	–	**15-30 days; noninterest-bearing**	**Unsecured**
Delta P	–	**491,270**	–	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**

(Forward)

	2023				
		Outstanding Balance			
Category	Volume	Receivable	Payable	Terms	Conditions
Service income (see Note 14a):					
VEC	₱1,592,059	₱1,796,431	₱125	15-30 days; noninterest-bearing	Unsecured; no impairment
VIHI	1,350,256	765,343	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CORE	312,465	245,109	–	15-30 days; noninterest-bearing	Unsecured; no impairment
IMCC	135,143	464,962	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VIGC	98,350	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
INPC	91,044	38,647	–	15-30 days; noninterest-bearing	Unsecured; no impairment
LPEC	93,601	104,833	–	15-30 days; noninterest-bearing	Unsecured; no impairment
BPC	55,490	937,514	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CSSC	24,085	2,704,021	–	15-30 days; noninterest-bearing	Unsecured; no impairment
1590 EC	23,463	29,188	–	15-30 days; noninterest-bearing	Unsecured; no impairment
INEC	19,668	1,733,844	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Delta P	8,315	4,324,582	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VMHI	6,350	154,311	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SIAEC	780	862	–	15-30 days; noninterest-bearing	Unsecured; no impairment
NBPC	–	873,567	–	15-30 days; noninterest-bearing	Unsecured; no impairment
NMCWC	–	163,638	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SGDPC	–	116,133	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VRVC	–	109,844	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CIPC	–	18,582	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VAHC	–	4,144	–	15-30 days; noninterest-bearing	Unsecured; no impairment
WMP	–	5	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VHHI	–	–	125,563	15-30 days; noninterest-bearing	Unsecured; no impairment
Advances (see Note 14c):					
VEC	1,071,528	2,920,590	2,452,809	15-30 days; noninterest-bearing	Unsecured; no impairment
IMCC	295,898,649	295,898,649	–	Within one year; 9.08%-10.82% interest	Unsecured; no impairment
WMP	20,000,000	20,000,000	–	Within one year; 9.08%-10.82% interest	Unsecured; no impairment
HDFE	2,650,000	2,650,000	–	Within 1 year; 9.08% interest	Unsecured; no impairment
VIHI	1,908,447	202,331,595	706,359	15-30 days; noninterest-bearing	Unsecured; no impairment
IMCC	634,173	568,270,241	–	15-30 days; noninterest-bearing	Unsecured; no impairment
HDFE	108,660	114,351	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CORE	77,390	176,686	1,691	15-30 days; noninterest-bearing	Unsecured; no impairment

(Forward)

	2023				
		Outstanding Balance			
Category	Volume	Receivable	Payable	Terms	Conditions
INPC	₱40,944	₱32,886	₱–	15-30 days; noninterest-bearing	Unsecured; no impairment
BPC	26,365	95,905	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Delta P	31,453	406,209	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CIPC	20,679	30,834	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SGPDC	16,000	9,939,255	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SIAEC	15,000	15,000	–	15-30 days; noninterest-bearing	Unsecured; no impairment
1590 EC	12,138	23,111	–	15-30 days; noninterest-bearing	Unsecured; no impairment
EVC	1,660	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
WMP	580	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
INEC	500	139,995	6	15-30 days; noninterest-bearing	Unsecured; no impairment
NBPC	500	8,782	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CSSC (Formerly ETEI)	500	9,475	–	15-30 days; noninterest-bearing	Unsecured; no impairment
DPHI (Formerly VII)	246	246	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VREC	246	246	–	15-30 days; noninterest-bearing	Unsecured; no impairment
LPEC	–	2,289	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CREC	–	258	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Interest income on advances (see Note 14c)					
IMCC	13,550,595	5,502,843	–	On Demand	Unsecured; no impairment
WMP	705,922	479,234	–	On Demand	Unsecured; no impairment
HDFE	186,023	58,830	–	On Demand	Unsecured; no impairment
Interest income on Interim Financing Agreement (see Note 14f)					
FLOWS	17,857,143	–	–	On Demand	Unsecured; no impairment
Transferred pension obligations (see Note 14d)					
VEC	2,404,849	–	13,830,551	On Demand; noninterest-bearing	Unsecured
VIHI	–	–	1,068,194	On Demand; noninterest-bearing	Unsecured
Lease liabilities (see Note 14e)					
SGPDC	413,189	–	3,453,471	15-30 days; noninterest-bearing	Unsecured
Associates					
Dividend income (see Note 9):					
VECO	763,687,641	–	–	15-30 days; noninterest-bearing	Unsecured
Advances (see Note 14c):					
GLEDC	–	30,609	–	15-30 days; noninterest-bearing	Unsecured; no impairment
LPCI	–	300	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Service income (see Note 14a):					
GLEDC	–	25,101	–	15-30 days; noninterest-bearing	Unsecured; no impairment

(Forward)

		2023			
		Outstanding Balance			
Category	**Volume**	**Receivable**	**Payable**	**Terms**	**Conditions**
VECO	**₱–**	**₱616**	**₱–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**
Stockholders					
Professional fees (see Note 14b):					
JDC	**7,218,220**	**–**	**–**	**15-30 days; noninterest-bearing**	**Unsecured**
Stockholders					
Professional fees (see Note 14b):					
MRC	**10,827,329**	**–**	**–**	**15-30 days; noninterest-bearing**	**Unsecured**
Advances (see Note 14c):					
Shareholder	**–**	**42,676**	**–**	**15-30 days; noninterest-bearing**	**Unsecured; no impairment**

		2022			
		Outstanding Balance			
Category	Volume	Receivable	Payable	Terms	Conditions
Subsidiaries					
Dividend income (see Note 9):					
VEC	₱730,409,956	₱730,409,956	₱–	15-30 days; noninterest-bearing	Unsecured
Management and service fees income (see Note 14a):					
HDFE	840,000	–	–	15-30 days; noninterest-bearing	Unsecured
INEC	–	3,586,330	–	15-30 days; noninterest-bearing	Unsecured
VEC	110,909,232	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VIHI	45,269,496	4,225,153	–	15-30 days; noninterest-bearing	Unsecured; no impairment
WMP	900,000	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Delta P	–	732,109	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CORE	–	145,774	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Service income (see Note 14a):					
VEC	2,973,732	1,490,524	125	15-30 days; noninterest-bearing	Unsecured; no impairment
1590EC	297,599	37,445	–	15-30 days; noninterest-bearing	Unsecured
CSSC (formerly ETEI)	77,572	2,763,753	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CORE	559,562	987,822	–	15-30 days; noninterest-bearing	Unsecured; no impairment
HDFE	30,540	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
IMCC	668,037	407,958	–	15-30 days; noninterest-bearing	Unsecured; no impairment
INEC	454,448	1,725,348	–	15-30 days; noninterest-bearing	Unsecured; no impairment
INPC	25,227	28,254	–	15-30 days; noninterest-bearing	Unsecured; no impairment
NMCWC	96,521	271,742	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VIHI	1,394,457	1,389,973	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VHHI	–	–	125,563	15-30 days; noninterest-bearing	Unsecured; no impairment
VSC	21,221	23,768	–	15-30 days; noninterest-bearing	Unsecured; no impairment
BPC	78,803	928,160	–	15-30 days; noninterest-bearing	Unsecured; no impairment

(Forward)

2022

Category	Volume	Outstanding Balance: Receivable	Outstanding Balance: Payable	Terms	Conditions
NBPC	₱20,018	₱873,567	₱–	15-30 days; noninterest-bearing	Unsecured; no impairment
VREC	18,884	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SGPDC	351,659	116,133	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VMHI	–	154,311	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VRVC	187,140	109,844	–	15-30 days; noninterest-bearing	Unsecured; no impairment
WMP	2,505,206	5	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Advances (see Note 14c):					
VEC	2,625,179	1,857,888	1,570,372	15-30 days; noninterest-bearing	Unsecured; no impairment
1590 EC	43,150	16,481	–	15-30 days; noninterest-bearing	Unsecured; no impairment
AHC	1,792	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VGPC	178	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
SGPDC	2,795	9,924,285	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VRVC	7,937	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VMHI	1,200	1,200	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VIGC	1,360	1,360	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CORE	71,408	117,603	1,691	15-30 days; noninterest-bearing	Unsecured; no impairment
HDFE	267,362	550,114	–	15-30 days; noninterest-bearing	Unsecured; no impairment
INEC	60,237	141,014	6	15-30 days; noninterest-bearing	Unsecured; no impairment
INPC	12,415	12,415	–	15-30 days; noninterest-bearing	Unsecured; no impairment
NBPC	16,065	26,937	–	15-30 days; noninterest-bearing	Unsecured; no impairment
BPC	77,322	87,579	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VCCI	1,076	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
IMCC	567,636,628	567,636,628	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VIHI	954,134	201,020,308	701,109	15-30 days; noninterest-bearing	Unsecured; no impairment
VTHI	1,836	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CSSC (Formerly ETEI)	8,029	8,975	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VII	1,138	–	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VREC	2,019	943	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VSC (Formerly ETVVT)	304	–	–	15-30 days; noninterest-bearing	Unsecured
Transferred pension obligations (see Note 14d)					
VEC	–	–	11,425,702	On Demand; noninterest-bearing	Unsecured
VIHI	1,068,194	–	1,068,194	On Demand; noninterest-bearing	Unsecured
Lease liabilities (see Note 14e)					
SGPDC	413,189	–	3,435,049	15-30 days; noninterest-bearing	Unsecured

(Forward)

	2022				
		Outstanding Balance			
Category	Volume	Receivable	Payable	Terms	Conditions
Associates					
Dividend income (see Note 9):					
VECO	₱827,495,658	₱ –	₱ –	15-30 days; noninterest-bearing	Unsecured
Advances (see Note 14c):					
LPCI	–	300	–	15-30 days; noninterest-bearing	Unsecured; no impairment
GLEDC	–	30,609	–	15-30 days; noninterest-bearing	Unsecured; no impairment
CREC	–	258	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Interim Financing Agreement (see Note 14f)					
FLOWS	–	150,000,000	–	On Demand; interest-bearing	Unsecured
Service income (see Note 14a)					
GLEDC	–	25,101	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VECO	–	616	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Joint Ventures					
Management and service fees income (see Note 14a):					
Delta P	–	732,109	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Service income (see Note 14a):					
CIPC	46,587	51,246	–	15-30 days; noninterest-bearing	Unsecured
Delta P	56,019	5,400,743	–	15-30 days; noninterest-bearing	Unsecured; no impairment
LPEC	14,862	37,038	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Advances (see Note 14c):					
CIPC	17,978	11,615	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Delta P	55,002	400,414	–	15-30 days; noninterest-bearing	Unsecured; no impairment
LPEC	1,440	2,289	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Stockholders					
Professional fees (see Note 14b):					
JDC	2,700,063	–	–	15-30 days; noninterest-bearing	Unsecured
MRC	4,050,094	–	–	15-30 days; noninterest-bearing	Unsecured
Advances (see Note 14c):					
Shareholder	–	42,676	–	15-30 days; noninterest-bearing	Unsecured; no impairment

The transactions above are generally settled in cash.

a. Management and service fees and service income from subsidiaries, associates and joint ventures represent compensation for consultancy, management and other related services rendered by the Parent Company to and for the use of the Parent Company's facilities in accordance with the terms of the respective agreements with the related parties. Services covered by SLAs or management contracts are recognized as part of the "Management and service fees" account while those not within the scope of work in the SLAs and rendered to the subsidiaries, associates and joint ventures on irregular basis are recognized as part of the "Service income" account in the parent company statements of comprehensive income.

b. The Parent Company entered into agreements with MRC and JDC, its stockholders, to perform consultancy services. For the consideration of the services rendered by MRC and JDC, the Parent Company will pay management fees agreed upon by the parties, without need for further demand. These are recognized as part of "Professional fees" in the parent company statements of comprehensive income.

c. Advances to and from subsidiaries, associates, joint ventures and shareholders pertain to advances for working capital requirements. Advances to shareholder pertains to the life insurance plan advanced by the Parent Company for a member of its BOD.

d. In 2022, the Parent Company released pension obligations to VIHI due to employee transfers amounting to ₱1.1 million. In 2023, the Parent Company released pension obligation to VEC due to employee transfers amounting to ₱2.4 million.

e. In 2017, the Parent Company entered into lease agreements as lessee with SGPDC to lease a parcel of land for a period of seventeen (17) years and four (4) months from September 1, 2017 to December 31, 2034.

f. On February 14, 2020, the Parent Company entered into an Interim Financing Agreement (IFA) with FLOWS for the development of a combined sewerage and septage facility serving the City of Puerto Princesa. The IFA is for a term of four (4) months or until June 13, 2020 at an interest rate of 5.7810% per annum. On June 13, 2020, the IFA was later extended. On January 13, 2023, the Parent Company collected the outstanding receivable of ₱150.0 million and recognized interest income amounting to ₱17.9 million, presented as part of "Other income" in the 2023 statement of comprehensive income.

The retirement fund (the Fund) of the Parent Company is in the form of a trust being maintained and managed by a trust and investment entity in the Philippines. The Fund, which is invested mostly in fixed income securities, has a carrying amount and fair value of ₱23.8 million and ₱22.7 million as of December 31, 2023 and 2022, respectively (see Note 15). Actual contributions of the Parent Company to the fund amounted to nil in 2023 and in 2022.

Compensation and Benefits of Key Management Personnel

The compensation of the Parent Company's key management personnel by benefit type follows:

	2023	2022	2021
Short-term employee benefits	**₱129,585,085**	₱138,988,012	₱126,171,515
Post-employment pension benefits	**6,447,763**	8,120,745	7,267,643
	₱136,032,848	₱147,108,757	₱133,439,158

15. Retirement Plan

The Parent Company has a funded, noncontributory, defined benefit pension plan ("the Plan") covering all regular, permanent employees. The Plan provides lump sum benefits upon a member's normal retirement. The benefits are based on the member's final monthly salary and length of service with the Parent Company.

The Fund is administered by a trust and investment entity in the Philippines under the supervision of a trustee. The trustee is responsible for the investment strategy of the plan.

The existing regulatory framework, Republic Act (RA) 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of pension expense recognized in the parent company statements of comprehensive income and the funded status and amounts recognized in the parent company statements of financial position for the pension plan.

The components of the pension expense recognized under "Salaries and employee benefits" in the parent company statements of comprehensive income follow:

	2023	2022	2021
Current service cost	**₱6,326,275**	₱8,105,076	₱9,071,965
Net interest cost	**2,022,851**	1,648,854	1,752,847
	₱8,349,126	₱9,753,930	₱10,824,812

Remeasurement effects recognized in the parent company statements of comprehensive income follow:

	2023	2022	2021
Remeasurement gain (loss) on defined benefit obligation	**(₱59,405,425)**	₱7,660,909	₱9,126,706
Remeasurement loss on plan assets	**(1,112,806)**	(2,072,926)	(667,332)
	(₱60,518,231)	₱5,587,983	₱8,459,374

The Parent Company's pension liability as of December 31, 2023 and 2022 follows:

	2023	2022
Present value of defined benefit obligation	**₱125,658,446**	₱58,155,763
Fair value of plan assets	**(23,767,722)**	(22,727,547)
Pension liability	**₱101,890,724**	₱35,428,216

Changes in the present value of the defined benefit obligation follow:

	2023	2022
At January 1	**₱58,155,763**	₱75,762,674
Current service cost	**6,326,275**	8,105,076
Interest cost on defined benefit obligation	**4,175,832**	3,154,577
Benefits paid from retirement fund	–	(20,137,461)
Remeasurement loss (gain) due to:		
Changes in financial assumptions	**54,459,305**	(7,567,769)
Experience adjustments	**4,946,120**	(93,140)
Employee transfers (see Note 14)	**(2,404,849)**	(1,068,194)
At December 31	**₱125,658,446**	₱58,155,763

Changes in the fair value of plan assets are as follows:

	2023	2022
At January 1	**₱22,727,547**	₱43,432,211
Interest income included in net interest cost	**2,152,981**	1,505,723
Loss on return on plan assets	**(1,112,806)**	(2,072,926)
Benefits paid from retirement fund	–	(20,137,461)
At December 31	**₱23,767,722**	₱22,727,547

Changes in the amounts recognized in the parent company statements of financial position for pension liability follow:

	2023	2022
At January 1	**₱35,428,216**	₱32,330,463
Pension expense	**8,349,126**	9,753,930
Remeasurement gain	**60,518,231**	(5,587,983)
Employee transfers (see Note 14)	**(2,404,849)**	(1,068,194)
At December 31	**₱101,890,724**	₱35,428,216

The major categories of the plan assets are as follows:

	2023	2022
Unquoted investments:		
Unitized investment trust funds (UITF)	**₱23,767,534**	₱22,727,406
Cash and cash equivalents	**188**	141
	₱23,767,722	₱22,727,547

The control and administration of the fund vest on the trustee. The trustee shall have the full and complete power and authority to hold, manage, administer, convert, sell, assign, alter, divide, invest, and reinvest the fund without distinction between principal and income, to the same extent and with the same effect as might be lawfully done by persons who own and control property and may thus exercise every power and right with respect to each item of property in this trust authority specified in the agreement and expressly conferred upon it by law.

The overall investment policy and strategy of the Parent Company's defined benefit pension plan is guided by the objective of providing the necessary funding for the benefits payable under the plan and achieving such liquidity as deemed appropriate in the circumstances.

The Parent Company does not expect to contribute to the fund in 2023.

The principal assumptions used in determining pension liability obligations for the Parent Company's plan as of December 31 are shown below:

	2023	2022
Discount rate	**6.11%**	7.24%
Future salary increase rate	**10.00%**	6.00%

The sensitivity analysis below has been determined based on reasonable possible changes of the significant assumptions on the present value of the defined benefit obligation as of December 31, assuming all other assumptions were held constant:

	Increase (Decrease)	Increase (Decrease) in the Present Value of Defined Benefit Obligation	
		2023	2022
Discount rate	+100 basis points	**(₱13,676,744)**	(₱5,870,751)
	–100 basis points	**15,950,331**	6,756,510
Future salary increase rate	+100 basis points	**15,633,393**	6,980,771
	–100 basis points	**(13,691,687)**	(6,157,308)

The average duration of the defined benefit obligation at the end of the reporting period is 15.22 years and 13.5 years as of December 31, 2023 and 2022, respectively.

The expected benefit payment assumes that all actuarial assumptions will materialize. Shown below is the maturity analysis of the undiscounted benefit payments as of December 31:

	2023	2022
Less than one year	**₱1,221,332**	₱957,042
More than 1 year to 5 years	**15,339,591**	8,987,706
More than 5 years to 10 years	**87,878,967**	55,588,343
More than 10 years to 15 years	**219,733,108**	131,711,493
More than 15 years to 20 years	**125,089,217**	59,353,813
More than 20 years	**397,534,286**	135,081,724
	₱846,796,501	₱391,680,121

16. Income Tax

	2023	2022	2021
Final (at 20% and 7.5%)	**₱12,379,193**	₱6,112,505	₱3,480,619
Deferred	**2,162,894**	3,346,810	11,091,263
Current (MCIT)	**1,029,429**	–	–
	₱15,571,516	₱9,459,315	₱14,571,882

The reconciliation of the income tax expense computed at the statutory tax rate to provision for income tax reported in the parent company statements of comprehensive income follows:

	2023	2022	2021
Income before income tax	**₱1,010,575,452**	₱1,280,068,293	₱1,156,654,677
Income tax computed at the statutory tax rate	**₱252,643,863**	₱320,017,073	₱289,163,669
Adjustments to income tax resulting from:			
Nontaxable dividend income	**(249,018,915)**	(389,476,404)	(340,438,975)

(Forward)

	2023	2022	2021
Unrecognized deferred income tax assets on NOLCO and MCIT	**₱16,893,676**	₱85,391,899	₱75,466,411
Interest income subjected to final tax	**(14,523,934)**	(7,510,729)	(4,212,382)
Final taxes paid	**12,379,193**	6,112,505	3,480,619
Nontaxable gains	**(11,435,287)**	(15,770,136)	(22,057,989)
Deferred income tax liability on ROU	**4,824,010**	–	–
Nondeductible expenses	**3,808,910**	10,695,107	7,998,592
Impact of CREATE Law	**–**	–	5,171,937
	₱15,571,516	₱9,459,315	₱14,571,882

The components of the Parent Company's net deferred income tax assets as of December 31 are as follows:

	2023	2022
Deferred income tax assets on:		
Pension liability	**₱17,856,786**	₱16,931,916
Allowance for impairment losses	**11,602,774**	₱11,602,774
Net acquired and transferred obligation due to employee transfers	**3,724,686**	3,123,473
Unrealized foreign exchange loss	**60,698**	60,698
	33,244,944	31,718,861
Deferred income tax asset (liability) on pension liability recognized in other comprehensive income	**14,520,774**	(608,784)
	47,765,718	31,110,077
Deferred income tax liabilities on:		
Unrealized foreign exchange gain	**11,444,873**	11,270,706
Right-of-use assets	**4,824,010**	
Unamortized debt issue costs	**2,545,404**	3,854,605
	18,814,287	15,125,311
Deferred income tax liability on unrealized valuation gain of financial assets at FVOCI recognized in other comprehensive income	**645,000**	645,000
	19,459,287	15,770,311
Net deferred income tax assets	**₱28,306,431**	₱15,339,766

In 2023 and 2022, the Parent Company has deductible temporary differences and tax credits for which the deferred tax assets have not been recognized since management believes that no sufficient taxable income will be available in the year these are expected to be reversed, settled or realized. These unrecognized deductible temporary differences and tax credits follow:

	2023	2022
NOLCO	**₱1,061,286,916**	₱997,829,927
MCIT	**1,029,429**	–

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 to implement Section 4(bbbb) of RA No. 11494, otherwise known as "Bayanihan to Recover as One Act". This RR provides that the net operating loss of the business or enterprise for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2023, the Parent Company has incurred NOLCO after taxable year 2021 which can be claimed as deductions from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Expiry Date	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2022	2025	₱341,567,594	₱–	₱–	₱–	₱341,567,594
2023	2026	63,456,989	–	–	–	63,456,989
		₱405,024,583	₱–	₱–	₱–	₱405,024,583

As of December 31, 2023, the Parent Company has incurred NOLCO in taxable years 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover as One Act, as follows:

Year Incurred	Expiry Date	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2020	2025	₱354,396,692	₱–	₱–	₱–	₱354,396,692
2021	2026	301,865,641	–	–	–	301,865,641
		₱656,262,333	₱–	₱–	₱–	₱656,262,333

As of December 31, 2023 and 2022, the Parent Company did not recognize deferred income tax assets on NOLCO because management believes that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

As at December 31, 2023, the Parent Company has MCIT which can be claimed as a deduction against the Parent Company's RCIT due for the next three (3) consecutive taxable years, as follows:

Year Incurred	Expiry Date	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2023	2026	₱1,029,429	₱–	₱–	₱–	₱1,029,429

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law

President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. RA No. 11534 or the CREATE Act introduced reforms to the corporate income tax and incentives systems. It took effect on April 11, 2021.

The 2021 statement of comprehensive income includes the effect of the reduction in income taxes under the CREATE Law.

Among the key changes pursuant to the CREATE Act which had an impact on the Company, the minimum corporate income tax (MCIT) rate was reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023. Beginning July 1, 2023, the MCIT rate reverted to 2%.

17. **Equity**

Capital Stock

There were no changes in the Parent Company's authorized, issued and outstanding common shares as of December 31, 2023 and 2022.

Authorized capital stock - ₱1 par value	2,000,000,000
Issued and outstanding shares	1,023,456,698
Unissued shares	976,543,302

The Parent Company's issued capital stock originally consists of 224,880,067 common shares and 600,000,000 preferred shares that were listed in the Philippine Stock Exchange (PSE) since 2003 and 198,576,631 preferred shares that were approved for listing by the PSE on June 29, 2004. In June 2005, the SEC approved the amendment to Article VII that relates to the conversion of the Parent Company's preferred shares to common shares. As of December 31, 2022 and 2021, the Parent Company's issued capital stock all consists of common shares.

The Parent Company has 1,406 stockholders as of December 31, 2023, 1,413 stockholders as of December 31, 2022, and 1,415 stockholders as of December 31, 2021, and has complied with the Minimum Public Ownership requirement of the PSE for listed entities as of the same dates.

Appropriation of Retained Earnings for Business Expansion

Out of the 2016 retained earnings appropriation, the Parent Company made additional investment of ₱606.0 million in 2017 in two power plant projects in the Visayas and Mindanao, which amount was then reverted to unappropriated retained earnings in 2017.

In a BOD meeting held on December 21, 2017, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱2.2 billion for the investment in the two ongoing power plants in Visayas and Mindanao and a rooftop solar installation project starting 2018. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to an additional ₱1.3 billion to be used for future investments in these projects which are expected to be completed starting 2018.

Out of the 2017 retained earnings appropriation, the Parent Company made additional investment of ₱1.2 billion in 2018 on the power plant projects in the Visayas and in the rooftop solar installation project, which amount was then reverted to unappropriated retained earnings in 2018.

In a BOD meeting held on December 12, 2018, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱2.3 billion for the investments in the two ongoing power plant projects in the Visayas, one ongoing power plant project in Mindanao and a rooftop solar installation project. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱1.7 billion to be used for the investment in one ongoing power plant project in the Visayas estimated to start commercial operations in 2021, new power generation projects in Luzon and the Visayas, and for infrastructure projects in the Visayas starting 2019.

Out of the 2018 retained earnings appropriation, the Parent Company reverted its prior appropriations amounting to ₱2.1 billion on the power plant projects in the Visayas and Mindanao due to its completion in 2019 and made additional investment amounting ₱31.6 million in 2019 on the new power generation project in Luzon, rooftop solar installation project, and infrastructure projects in Visayas.

In a BOD meeting held on November 13, 2019, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱1.8 billion to provide appropriations for the investment in the new power generation project in the Visayas, and the ongoing solar installations projects and infrastructure projects in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.6 billion to be used for the investment in the new power generation project in the Visayas estimated to start commercial operations in 2021, solar rooftop installations projects, ongoing power plant project in Luzon, and ongoing infrastructure projects in Visayas.

Out of the 2019 retained earnings appropriation, the Parent Company made additional investments of ₱1.5 billion in 2020 on the new power generation project in the Visayas, ongoing solar installations projects and infrastructure projects in Visayas, which amount was then reverted to unappropriated retained earnings in 2020.

In a BOD meeting held on November 13, 2020, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱3.0 billion to provide appropriations for the investment in the ongoing power generation projects in the Visayas, solar installation projects, and infrastructure projects in Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.3 billion to be used for investment in the new power generation projects in Luzon and Mindanao and on-going projects on power generation, solar rooftop installation, and infrastructure projects in Visayas.

Out of the 2020 retained earnings appropriation, the Parent Company made additional investments of ₱1.0 billion in 2021 on the new power generation project in Mindanao, and on-going power generation projects, solar installation projects and on-going infrastructure projects in the Visayas, which amount was then reverted to unappropriated retained earnings in 2021.

In a BOD meeting held on November 12, 2021, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱4.2 billion to provide appropriations for the investment in the new power generation projects in Luzon, on-going power generation projects in the Visayas, and solar installation projects and infrastructure projects in Luzon and the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.0 billion to be used for the investment in the on-going and new infrastructure projects in Luzon and the Visayas starting in 2022.

Out of the 2021 retained earnings appropriation, the Parent Company made additional investments of ₱1.6 billion in 2022 on the power generation project in the Visayas, solar installation projects and infrastructure projects in Luzon and the Visayas, which amount was then reverted to unappropriated retained earnings in 2022.

In a BOD meeting held on November 11, 2022, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱4.6 billion to provide appropriations for the investment on the new power generation projects in Luzon, solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.25 billion to be used for the investment in the on-going and new infrastructure projects in the Visayas, and new power generation projects in Luzon and the Visayas starting in 2023.

Out of the 2022 retained earnings appropriation, the Parent Company made additional investments of ₱1.9 billion in 2023 on the new power generation project in Luzon, solar installation projects in Luzon and Visayas, and infrastructure projects in the Visayas, which amount was then reverted to unappropriated retained earnings in 2023.

In a BOD meeting held on November 24, 2023, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱5.0 billion to provide appropriations for the investment on the solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.4 billion to be used for the investment in the ongoing new infrastructure projects in the Visayas and new power generation projects in Luzon and the Visayas starting in 2024.

Dividends

The BOD declared cash dividends to its stockholders as follows:

	2023	2022	2021
Date of declaration	**May 18, 2023**	May 13, 2022	May 19, 2021
Date of record	**June 1, 2023**	May 30, 2022	June 4, 2021
Date of payment	**June 16, 2023**	June 10, 2022	June 23, 2021
Regular dividends declared	**₱398,841,075**	₱444,282,550	₱358,209,844
Dividends per share	**₱0.3897**	₱0.4341	₱0.3500

Earnings per Share

The earnings per share as of December 31 are computed as follows:

	2023	2022	2021
Net income for the year	**₱995,003,936**	₱1,270,608,978	₱1,142,082,795
Number of outstanding common shares	**1,023,456,698**	1,023,456,698	1,023,456,698
Basic and diluted earnings per share	**₱0.972**	₱1.241	₱1.116

There are no potential dilutive shares as of December 31, 2023, 2022 and 2021.

18. Personnel Expenses

	2023	2022	2021
Salaries and employee benefits	**₱209,732,716**	₱228,628,938	₱191,072,323
Pension expense (see Note 15)	**8,349,126**	9,753,930	10,824,812
	₱218,081,842	₱238,382,868	₱201,897,135

19. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, financial assets at FVOCI, trade and other current liabilities, lease liabilities and notes payable. The main purpose of these financial instruments is to raise funds for the Parent Company's operations.

The main risks arising from the Parent Company's financial instruments are credit risk and liquidity risk. The BOD reviews and agrees policies for managing each of these risks and these policies are summarized below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Parent Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. With respect to cash investments, the risk is mitigated by the short-term and/or liquid nature of its investments mainly in bank deposits and placements, which are placed with financial institutions of high credit standing.

Receivable balances are actively monitored on an ongoing basis and acted upon regularly to avoid significant concentrations of credit risk. The maximum exposure to credit risk, net of allowance for doubtful accounts, amounted to ₱2,974.2 million and ₱3,651.0 million as of December 31, 2023 and 2022, respectively.

There are no significant concentrations of credit risk within the Parent Company.

The Parent Company writes off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The Parent Company writes off an account when all of the following conditions are met:

- the asset is in past due for over 90 days, or is already an item-for-forfeiture; and
- contract restructuring is no longer possible.

The Parent Company may also write off financial assets that are still subject to enforcement activity.

The following are the details of the Parent Company's assessment of credit quality and the related ECLs as of December 31, 2023 and 2022:

- *General Approach*

    - *Cash and Cash Equivalents and Accrued Interest Receivable.* As of December 31, 2023 and 2022, the ECL relating to the cash and cash equivalents and accrued interest receivable of the Parent Company is minimal as these are deposited in reputable banks which have good bank standing, and are considered to have low credit risk.

- *Advances to Related Parties, Advances to Employees and Dividends Receivable.* The Parent Company did not recognize ECL relating to advances to related parties, advances to employees and dividends receivable since there were no history of default payments, except for the receivable from RFM Corporation, which is specifically and fully provided with allowance for impairment amounting to ₱46.1 million as of December 31, 2023 and 2022 (see Note 11). This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

- *Simplified Approach*

  - *Trade and Other Receivables.* The Parent Company applied the simplified approach under PFRS 9, using a 'provision matrix'. As of December 31, 2023 and 2022, the allowance for impairment losses as a result from performing collective and specific impairment test amounted to ₱2.4 million. Management evaluated that the Parent Company's accounts and other receivables are of high grade and of good credit quality.

The tables below show the maximum exposure to credit risk based on the Parent Company's stage classification as of December 31:

	2023				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Lifetime ECL Simplified Approach**	**Total**
Gross carrying amount	**₱2,579,197,416**	**₱–**	**₱46,078,063**	**₱397,384,250**	**₱3,022,659,729**
Loss allowance	**–**	**–**	**(46,078,063)**	**(2,419,972)**	**(48,498,035)**
Carrying amount	**₱2,579,197,416**	**₱–**	**₱–**	**₱394,964,278**	**₱2,974,161,694**

	2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱3,624,896,054	₱–	₱46,078,063	₱28,488,586	₱3,699,462,703
Loss allowance	–	–	(46,078,063)	(2,419,972)	(48,498,035)
Carrying amount	₱3,624,896,054	₱–	₱–	₱26,068,614	₱3,650,964,668

As of December 31, 2023 and 2022, the aging analysis per class of financial assets is as follows:

	2023						
	Neither	**Past Due but not Impaired**					
	Past Due nor Impaired	**Less than 30 Days**	**31−60 Days**	**61−90 Days**	**Over 90 days**	**Impaired**	**Total**
Financial Assets at Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	**₱1,469,678,367**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,469,678,367**
Trade and other receivables:							
Trade receivables	**–**	**267,711,715**	**10,793,597**	**–**	**94,410,986**	**–**	**372,916,298**
Advances to related parties	**–**	**720,561**	**639,419**	**513,043**	**1,101,267,165**	**–**	**1,103,140,188**
Accrued interest receivable	**6,378,861**	**–**	**–**	**–**	**–**	**–**	**6,378,861**
Others	**–**	**4,410,845**	**1,037,073**	**81,757**	**16,518,305**	**2,419,972**	**24,467,952**
Due from RFM Corporation (under "Other noncurrent assets")	**–**	**–**	**–**	**–**	**–**	**46,078,063**	**46,078,063**
	₱1,476,057,228	**₱272,843,121**	**₱12,470,089**	**₱594,800**	**₱1,212,196,456**	**₱48,498,035**	**₱3,022,659,729**

	2022						
	Neither Past Due nor Impaired	Past Due but not Impaired					
		Less than 30 Days	31−60 Days	61−90 Days	Over 90 days	Impaired	Total
Financial Assets at Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	₱1,954,528,202	₱–	₱–	₱–	₱–	₱–	₱1,954,528,202
Trade and other receivables:							
Trade receivables	–	4,225,153	200	–	4,464,013	–	8,689,366
Dividends receivable	730,409,956	–	–	–	–	–	730,409,956
Advances to related parties	–	631,115	350,502	207,670	930,702,604	–	931,891,891
Accrued interest receivable	8,066,005	–	–	–	–	–	8,066,005
Others	–	1,135,665	624,232	1,293,711	14,325,640	2,419,972	19,799,220
Due from RFM Corporation (under "Other noncurrent assets")	–	–	–	–	–	46,078,063	46,078,063
	₱2,693,004,163	₱5,991,933	₱974,934	₱1,501,381	₱949,492,257	₱48,498,035	₱3,699,462,703

Liquidity Risk

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

The Parent Company maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements and the Parent Company's trade receivables are maintained to meet maturing obligations. The Parent Company, in general, matches the appropriate long-term funding instruments with the general nature of its equity instruments.

The following tables summarize the Parent Company's financial assets that can be used to manage its liquidity risk and the maturity profile of the Parent Company's financial liabilities based on contractual undiscounted payments as of December 31:

	2023			
	Contractual Undiscounted Payments			
	Total	**On Demand**	**Less than 1 Year**	**More than 1 Year**
Financial Assets				
At amortized cost:				
Cash and cash equivalents	**₱1,469,938,367**	**₱54,191,369**	**₱1,415,746,998**	**₱–**
Trade and other receivables:				
Trade receivables	**372,916,298**	**–**	**372,916,298**	**–**
Advances to related parties	**1,103,140,188**	**–**	**1,103,140,188**	**–**
Accrued interest receivable	**6,378,861**	**–**	**6,378,861**	**–**
Others	**22,047,980**	**–**	**22,047,980**	**–**
At FVOCI	**8,000,000**	**–**	**–**	**8,000,000**
	2,982,421,694	**54,191,369**	**2,920,230,325**	**8,000,000**
Financial Liabilities				
At amortized cost:				
Notes payable*	**1,889,818,383**	**–**	**45,144,790**	**1,844,673,593**
Lease liabilities	**21,570,527**	**–**	**16,202,865**	**5,367,662**
Accrued interest	**12,865,361**	**–**	**12,865,361**	**–**
Accounts payable, accrued expenses and advances from related parties	**44,635,873**	**–**	**44,635,873**	**–**
Dividends payable	**5,590,933**	**–**	**5,590,933**	**–**
	1,974,481,077	**–**	**124,439,822**	**1,850,041,255**
Net Financial Assets (Liabilities)	**₱1,007,940,617**	**₱54,191,369**	**₱2,795,790,503**	**(₱1,842,041,255)**

**Including contractual interest to maturity*

	2022			
	Contractual Undiscounted Payments			
	Total	On Demand	Less than 1 Year	More than 1 Year
Financial Assets				
At amortized cost:				
Cash and cash equivalents	₱1,954,788,202	₱55,222,533	₱1,899,565,669	₱–
Trade and other receivables:				
Trade receivables	8,689,366	–	8,689,366	–
Dividends receivable	730,409,956	730,409,956	–	–
Advances to related parties	931,891,891	150,000,000	781,891,891	–
Accrued interest receivable	8,066,005	–	8,066,005	–
Others	17,379,248	–	17,379,248	–
At FVOCI	8,000,000	–	–	8,000,000
	3,659,224,668	935,632,489	2,715,592,179	8,000,000
Financial Liabilities				
At amortized cost:				
Notes payable*	3,197,527,000	–	1,134,449,500	2,063,077,500
Lease liabilities**	29,891,374	–	15,978,038	13,913,336
Accrued interest	17,846,679	–	17,846,679	–
Accounts payable, accrued expenses and advances from related parties	17,739,233	–	17,739,233	–
Dividends payable	5,014,686	–	5,014,686	–
	3,268,018,972	–	1,191,028,136	2,076,990,836
Net Financial Assets (Liabilities)	(₱391,205,696)	₱935,632,489	₱1,524,564,043	(₱2,068,990,836)

**Including contractual interest to maturity*
***Contractual undiscounted lease payments*

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

Fair Value Hierarchy

The Parent Company uses the following hierarchy for determining the fair value of assets and liabilities:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Parent Company's financial assets at FVOCI is carried at fair value classified under Level 2 as at December 31, 2023 and 2022, since its fair value was measured based on published buying and selling prices in a relatively inactive market, and no significant adjustments were made to market observations due to the relatively nonvolatile movements in historical prices of the said club shares (see Note 11).

As of December 31, 2023 and 2022, the carrying values of the Parent Company's financial instruments, except for the notes payable, approximate fair values due to their relatively short-term maturity.

The Parent Company considers the notes payable with fair value of ₱1.8 billion and ₱2.8 billion as of December 31, 2023 and 2022, respectively, under Level 3 classification. The carrying amounts of these notes payable amounted to ₱1.9 billion and ₱2.9 billion as of December 31, 2023 and 2022, respectively.

For the years ended December 31, 2023, 2022 and 2021, there were no changes in the valuation techniques used in the Level 2 and Level 3 fair value measurements.

For the years ended December 31, 2023, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Valuation Techniques Used to Derive Level 3 Fair Values

The following tables show an analysis of the Parent Company's long-term notes payable for which fair values are disclosed at Level 3 of the fair value hierarchy as at December 31:

Description	**Fair Value as of December 31, 2023**	**Valuation Technique**	**Key Unobservable Inputs**	**Range (Weighted Average)**
Notes payable	**₱1,790,118,285**	**Discounted Cash Flow Approach**	**Risk-free interest rate**	**7.58%–7.68% (7.58%)**

Description	Fair Value as of December 31, 2022	Valuation Technique	Key Unobservable Inputs	Range (Weighted Average)
Notes payable	₱2,774,718,690	Discounted Cash Flow Approach	Risk-free interest rate	6.33%–7.92% (7.26%)

Capital Management

The Parent Company considers its total equity as its capital. The primary objective of the Parent Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for the years ended December 31, 2023, 2022 and 2021.

The Parent Company is required to maintain a minimum current ratio and maximum debt-to-equity ratio as part of its covenants on its notes payable. The Parent Company has complied with these ratio requirements as of December 31, 2023 and 2022 (see Note 13). The Parent Company is also subject to Minimum Public Ownership requirement of the PSE. As of December 31, 2023 and 2022, the Parent Company has complied with the requirement. The Parent Company is not subject to other externally imposed capital requirements (see Note 17).

The Parent Company monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Parent Company determines net debt as notes payable less cash and cash equivalents.

Gearing ratios of the Parent Company as of December 31 are as follows:

	2023	2022
Notes payable	**₱1,889,818,383**	₱2,934,581,579
Less cash and cash equivalents	**1,469,938,367**	1,954,788,202
Net cash and cash equivalents (a)	**419,880,016**	979,793,377
Equity	**9,440,098,579**	8,889,324,391
Equity and net cash and cash equivalents (b)	**₱9,859,978,595**	₱9,869,117,768
Gearing ratio (a/b)	**0.04:1.00**	0.10:1.00

20. **Changes in Liabilities Arising from Financing Activities**

	2023			
	Notes Payable	**Dividends Payable**	**Lease Liabilities**	**Total Liabilities from Financing Activities**
At January 1	**₱2,934,581,579**	**₱5,014,686**	**₱26,813,448**	**₱2,966,409,713**
Net cash flows	**(1,050,000,000)**	**(398,264,828)**	**(15,748,226)**	**(1,464,013,054)**
Noncash changes:				
Amortization of debt issue costs	**5,236,804**	**–**	**–**	**5,236,804**
Dividends declared	**–**	**398,841,075**	**–**	**398,841,075**
Additions	**–**	**–**	**10,505,305**	**10,505,305**
At December 31	**₱1,889,818,383**	**₱5,590,933**	**₱21,570,527**	**₱1,916,979,843**

	2022			
	Notes Payable	Dividends Payable	Lease Liabilities	Total Liabilities from Financing Activities
At January 1	₱2,973,815,020	₱4,327,007	₱40,156,357	₱3,018,298,384
Net cash flows	(50,000,000)	(443,594,871)	(13,562,669)	(507,157,540)
Noncash changes:				
Amortization of debt issue costs	10,766,559	–	–	10,766,559
Dividends declared	–	444,282,550	–	444,282,550
Modifications	–	–	219,760	219,760
At December 31	₱2,934,581,579	₱5,014,686	₱26,813,448	₱2,966,409,713

	2021			
	Notes Payable	Dividends Payable	Lease Liabilities	Total Liabilities from Financing Activities
At January 1	₱2,819,508,120	₱3,820,087	₱48,791,047	₱2,872,119,254
Net cash flows	155,444,691	(357,702,924)	(12,582,549)	(214,840,782)
Noncash changes:				
Amortization of debt issue costs	10,152,532	–	–	10,152,532
Dividends declared	–	358,209,844	–	358,209,844
Debt issue cost paid in 2020	(11,290,323)	–	–	(11,290,323)
Modifications	–	–	3,947,859	3,947,859
At December 31	₱2,973,815,020	₱4,327,007	₱40,156,357	₱3,018,298,384

21. **Lease Agreements**

The Parent Company has lease contracts for various items of land and office space used in its operations. Lease of land has a lease term of 17 years, while office space generally has lease terms between 2 and 5 years. In 2023, the Parent Company entered into a lease contract for a transportation vehicle for a term of five (5) years. The Parent Company also agreed a lease contract extension for the office space for one (1) year. Generally, the Parent Company is restricted from assigning and subleasing the leased assets. The Parent Company identified these as leases under PFRS 16.

Set out below are the carrying amounts of the Parent Company's right-of-use assets and lease liabilities and the movements for the years ended December 31, 2023 and 2022:

	2023				
	Right-of-use Assets				
	Land	**Office Space**	**Vehicle**	**Total**	**Lease Liabilities**
As at January 1, 2023	**₱2,776,974**	**₱19,446,084**	**₱–**	**₱22,223,058**	**₱26,813,448**
Additions	**–**	**7,598,821**	**2,906,484**	**10,505,305**	**10,505,305**
Depreciation expense	**(231,415)**	**(13,104,023)**	**(96,883)**	**(13,432,321)**	**–**
Interest expense	**–**	**–**	**–**	**–**	**996,017**
Payments	**–**	**–**	**–**	**–**	**(16,744,243)**
As at December 31, 2023	**₱2,545,559**	**₱13,940,882**	**₱2,809,601**	**₱19,296,042**	**₱21,570,527**

	2022				
	Right-of-use Assets				
	Land	Office Space	Vehicle	Total	Lease Liabilities
As at January 1, 2023	₱3,008,389	₱32,092,790	₱–	₱35,101,179	₱40,156,357
Modifications/additions	–	219,760	–	219,760	219,760
Depreciation expense	(231,415)	(12,866,466)	–	(13,097,881)	–
Interest expense	–	–	–	–	1,750,753
Payments	–	–	–	–	(15,313,422)
As at December 31, 2023	₱2,776,974	₱19,446,084	₱–	₱22,223,058	₱26,813,448

As of December 31, 2023 and 2022, current portion of lease liabilities recognized in the parent company statements of financial position amounted to ₱16.2 million and ₱14.9 million, respectively, and noncurrent portion of lease liabilities amounted to ₱5.4 million and ₱11.9 million, respectively.

Set out below are the amounts recognized in the statements of comprehensive income for the years ended December 31:

	2023	2022
Depreciation expense of right-of-use assets	**₱13,432,322**	₱13,097,881
Interest expense on lease liabilities	**996,017**	1,750,753
Rent expense - short-term leases	**625,447**	426,316
	₱15,053,786	₱15,274,950

Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

	2023	2022
1 year	**₱17,126,123**	₱15,978,038
more than 1 year to 2 years	**1,112,028**	9,239,598
more than 2 years to 3 years	**1,112,028**	433,848
more than 3 years to 5 years	**2,154,411**	889,389
more than 5 years	**2,894,961**	3,350,501
	₱24,399,551	₱29,891,374

22. **Supplementary Information Required under Revenue Regulations 15-2010**

In compliance with the requirements set forth by the RR 15-2010, hereunder are the information on taxes, duties, and license fees paid or accrued by the Parent Company in 2023:

Details of the Parent Company's net sales, output VAT and input VAT accounts are as follows:

Value-Added Tax (VAT)

Output VAT. The Parent Company is a VAT-registered company. The Parent Company's sources of revenue are management and service fees and service income from subsidiaries, associates, and joint ventures. The VAT rate is 12.0%.

Net Sales/Receipts and Output VAT Declared in the Parent Company's VAT Returns

	Net Sales/ Receipts	Output VAT
Net sales	₱94,488,888	₱11,338,667

The Parent Company's taxable sales are based on actual collections received, hence, may not be the same as the amounts accrued under "Management and service fees" and "Service income" in the 2023 parent company statement of comprehensive income.

Input VAT. The Parent Company recognized input VAT for the purchases of goods and services from other VAT-registered individuals or corporations in 2023 amounting to ₱155,046,974.

Total input VAT available for application as of December 31, 2023 is as follows:

At January 1	
Input VAT	₱979,508
Deferred input VAT on capital goods	1,602,424
Beginning balance per income tax return	2,581,932
Current year's domestic purchases or payments for:	
Services lodged under expenses	14,236,612
Capital goods not subject to amortization	2,922,720
Goods other than capital goods	1,456,304
Total available input tax	21,187,568
Amortization of input VAT from capital goods	(691,768)
Claims against output VAT	(10,646,898)
Ending balance per income tax return	9,848,902
Deferred input VAT	1,177,639
At December 31	₱11,026,541

Customs Duties

The Parent Company does not engage in import/export transactions, hence, no customs duties were paid or recorded during the year.

Excise Tax

The Parent Company does not engage in transactions that will give rise to payment of excise taxes.

Documentary Stamp Tax
The Parent Company paid documentary stamp taxes in 2023 amounting to ₱2,484,321 of which ₱2,219,243 is from subsidiaries' cash call, ₱10,237 are from the advances from related parties and ₱254,841 from telegraphic transfer from bank transactions, insurance-related and other transactions entered during the year.

Other Taxes and Licenses
Other taxes paid during the year are as follows:

Business permit	₱1,011,670
Fringe benefit tax	449,719
Real property tax	70,718
Community tax	10,500
BIR annual registration fee	500
Others	186,154
	₱1,729,261

Withholding Taxes
The amount of taxes withheld in 2023 follows:

Expanded withholding taxes	₱19,842,736
Withholding taxes on compensation and benefits	40,524,504
Final withholding taxes	136,976
	₱60,504,216

Tax Assessments and Cases
The Parent Company does not have any pending tax cases outside the administration of the BIR.

File Upload



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AFS-0-6FEKH57E0CCKD95JHPQ2RW3Q404RNPPYPW

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Fredlin Agang

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Sent: Sunday, April 28, 2024 6:33 PM
To: VIVANTCORPORATION@VIVANT.COM.PH
Cc: VIVANTCORPORATION@VIVANT.COM.PH
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Company Information

SEC Registration No.: 0000175222
Company Name: VIVANT CORPORATION
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

Document ID: OST10411202482188498
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2023
Submission Type: Consolidated, Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

					1	7	5	2	2	2

COMPANY NAME

VIVANT CORPORATION AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

9th Floor Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
vivant@vivant.com.ph	(032) 234-2256	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,406	June 15	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Joan A. Giduquio-Baron	jbaron@jpgarcialaw.com	(032) 232-0253	0917-5356692

CONTACT PERSON's ADDRESS

9th Floor Oakridge IT Center 2, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines, 6014

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

Headquarters Cebu Office
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna St.
Mandaue City, Cebu Philippines 6014
Tel. no.: +63 (32) 243 2256

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **VIVANT CORPORATION AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2023 and 2022, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

FRANCIS DAMASUS A. GARCIA
Chairman of the Board

ARLO ANGELO G. SARMIENTO
Chief Executive Officer

MINUEL CARMELA N. FRANCO
Chief Financial Officer

Signed this 5th day of April, 2024.

REPUBLIC OF THE PHILIPPINES)
MANDAUE CITY) S.S.

ACKNOWLEDGMENT

BEFORE ME, a Notary Public for and in Mandaue City appeared on APR 08 2024 the following:

Name	Competent Evidence of Identification	
	Type/Number	**Date of Expiry/ Place of Issue**
FRANCIS DAMASUS A. GARCIA	Passport No. P0768103C	01 JUL 2032 / PCG San Francisco
ARLO ANGELO G. SARMIENTO	Passport No. P6592337A	27 MAR 2028 / DFA CEBU
MINUEL CARMELA N. FRANCO	Passport No. P9523819B	05 APR 2032 / DFA Manila

known to me and to me known to be the same persons who executed the foregoing instrument, and who acknowledged to me that the same is their true and voluntary act and deed and that of the Corporation which they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and in the place above given.

Doc. No. 67;
Page No. 15;
Book No. I;
Series of 2024.

ALTHEA A. VERGARA
Notary Public for and in the City of Mandaue and Municipalities of Cordova, Consolacion, Lilo-an, and Compostela, Cebu
Notarial Commission No. 2023-61 until December 31, 2024
Roll of Attorneys No. 72451
IBP OR No. 389076; 01/02/2024
PTR No. 1234473; 01/03/2024; Cebu
MCLE Compliance No. VII – 0010031
Valid until April 14, 2025
2nd Floor One Centre Building, C. Ouano Street, Centro, Mandaue City, Cebu, Philippines

SGV
Building a better working world

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Philippines

Tel: (032) 266 2947
Fax: (032) 266 2313
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City, Cebu, Philippines 6014

Opinion

We have audited the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounting for the Investment in Visayan Electric Company, Inc. (VECO)

As disclosed in Notes 1 and 10 to the consolidated financial statements, the Group owns 34.81% of VECO, an associate engaged in power distribution services, as at December 31, 2023 and accounts for the investment under the equity method. The application of the equity method of accounting to the Group's investment in VECO is significant to our audit because the carrying value of the investment accounted for 6% of the consolidated total assets and its equity in net earnings contributed 42% to the consolidated net income of the Group as at and for the year ended December 31, 2023, respectively. VECO's net income is significantly affected by the electricity revenue which depends on the electric consumption captured, the rates applied across different customer groups, and the systems involved in the billing process. The electric consumption captured is based on the meter readings taken on various dates for the different groups of customers (i.e., industrial, commercial, and residential customers) within the franchise area of operation.

The disclosures relating to the investment in VECO are included in Note 10 to the consolidated financial statements.

Audit Response

We obtained the relevant financial information of VECO and recomputed the Group's share in the net income of VECO for the year ended December 31, 2023. We evaluated the design and tested the controls over VECO's billing and revenue process. These include the capture and accumulation of meter data in the billing system as well as a calculation of the billed amounts, and uploading of the billed amounts from the billing system to the financial reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in the billing statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. The engagement partner on the audit resulting in this independent auditor's report is Margem A. Tagalog.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
Tax Identification No. 206-544-506
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-138-2021, November 10, 2021, valid until November 9, 2024
PTR No. 10082018, January 6, 2024, Makati City

April 5, 2024

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱4,382,540,776**	₱4,893,357,226
Trade and other receivables (Note 7)	**1,647,660,999**	1,362,706,195
Advances to associates, joint ventures and stockholders (Note 16)	**162,204,796**	294,016,208
Inventories - at cost (Note 8)	**364,692,217**	177,720,556
Prepayments and other current assets (Note 9)	**778,251,105**	446,283,559
Total Current Assets	**7,335,349,893**	7,174,083,744
Noncurrent Assets		
Investments in associates and joint ventures (Note 10)	**10,595,855,907**	10,578,321,124
Property, plant and equipment (Note 11)	**8,272,544,865**	5,877,554,921
Right-of-use assets (Note 24)	**24,539,068**	22,112,091
Investment properties (Note 12)	**1,045,469,800**	924,036,600
Deferred income tax assets - net (Note 20)	**30,485,788**	13,759,370
Other noncurrent assets (Note 13)	**2,581,289,629**	1,850,135,618
Total Noncurrent Assets	**22,550,185,057**	19,265,919,724
TOTAL ASSETS	**₱29,885,534,950**	₱26,440,003,468
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of trade and other payables (Note 14)	**₱1,842,183,949**	₱1,522,307,377
Current portion of long-term notes payable (Note 15)	**210,300,979**	1,115,158,717
Current portion of lease liabilities (Note 24)	**17,928,869**	13,340,222
Short term notes payable (Note 15)	**1,963,546,959**	1,170,300,000
Advances from related parties (Note 16)	**2,350,050**	10,886,165
Income tax payable	**34,696,280**	7,528,408
Total Current Liabilities	**4,071,007,086**	3,839,520,889
Noncurrent Liabilities		
Long-term notes payable - net of current portion (Note 15)	**4,838,054,596**	3,508,465,451
Lease liabilities - net of current portion (Note 24)	**11,912,090**	13,469,730
Pension liability (Note 19)	**185,506,597**	64,195,472
Deferred income tax liabilities - net (Note 20)	**296,402,233**	267,362,207
Other noncurrent liabilities - net of current portion (Notes 14 and 23)	**844,587,453**	838,293,931
Total Noncurrent Liabilities	**6,176,462,969**	4,691,786,791
Total Liabilities	**10,247,470,055**	8,531,307,680
Equity Attributable to Equity Holders of the Parent		
Capital stock - ₱1 par value (Note 21)		
Authorized - 2,000,000,000 shares		
Issued - 1,023,456,698 shares	**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 joint ventures (Note 10)	**(125,169,500)**	(94,016,067)

(Forward)

	December 31	
	2023	2022
Remeasurement gain (loss) on employee benefits (Note 19)	**(₱79,876,405)**	₱7,123,993
Unrealized valuation gain on financial assets at fair value through other comprehensive income (FVOCI)	**51,053,039**	26,517,514
Equity reserves (Note 21)	**(30,252,298)**	(25,128,554)
Retained earnings (Notes 10 and 21):		
Appropriated for business expansion	**7,354,810,254**	6,820,897,482
Unappropriated	**10,078,329,275**	8,727,306,176
Equity Attributable to Equity Holders of the Parent	**18,280,690,515**	16,494,496,694
Equity Attributable to Non-controlling Interests (Note 21)	**1,357,374,380**	1,414,199,094
Total Equity	**19,638,064,895**	17,908,695,788
TOTAL LIABILITIES AND EQUITY	**₱29,885,534,950**	₱26,440,003,468

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE			
Revenue from contracts with customers:			
Sale of power (Note 23):			
Generation	**₱3,965,021,793**	₱2,813,298,456	₱1,577,500,737
Retail electricity supply	**1,112,675,663**	633,488,002	301,048,099
Ancillary services	**467,544,939**	952,967,736	1,174,695,315
Management and service fees (Note 16)	**545,976,930**	86,781,813	102,589,626
Engineering service income	**17,208,763**	30,887,803	42,037,953
	6,108,428,088	4,517,423,810	3,197,871,730
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES (Note 10)	**2,044,341,881**	1,941,357,383	1,838,491,265
INTEREST INCOME (Notes 6 and 16)	**122,987,590**	60,071,043	22,961,585
	8,275,757,559	6,518,852,236	5,059,324,580
COSTS OF SERVICES			
Generation costs (Notes 17 and 23)	**4,452,496,355**	3,684,022,986	1,802,878,724
Engineering service fees (Note 17)	**52,472,919**	24,844,346	71,039,720
	4,504,969,274	3,708,867,332	1,873,918,444
OPERATING EXPENSES			
Salaries and employee benefits (Notes 18 and 19)	**414,829,817**	390,186,858	322,364,136
Outside services	**101,952,495**	19,760,683	36,535,466
Taxes and licenses (Note 12)	**101,679,439**	78,756,067	40,165,758
Professional fees (Note 16)	**100,276,383**	167,109,166	155,599,643
Depreciation and amortization (Notes 11, 13 and 24)	**62,912,226**	54,012,303	51,548,016
Travel	**47,155,207**	29,627,897	13,294,561
Management fees (Note 16)	**43,843,882**	29,219,324	25,270,413
Representation	**15,419,307**	14,883,489	9,529,837
Communication and utilities	**13,100,708**	13,405,697	9,523,925
Rent and association dues	**5,232,490**	6,465,080	8,564,767
Other operating expenses (Note 17)	**103,241,530**	89,483,412	81,773,381
	1,009,643,484	892,909,976	754,169,903
INCOME FROM OPERATIONS	**2,761,144,801**	1,917,074,928	2,431,236,233
OTHER INCOME (CHARGES)			
Finance costs on loans (Note 15)	**(363,678,611)**	(259,880,671)	(165,305,661)
Gain on fair value measurement of investment properties (Note 12)	**121,433,200**	60,394,600	106,361,400
Gain on bargain purchase (Note 13)	**64,685,699**	–	32,120,469
Foreign exchange gains (losses) - net	**(9,616,307)**	53,842,288	16,129,762
Finance costs on lease liabilities (Note 24)	**(1,108,626)**	(10,826,959)	(52,513,071)
Gain on disposal of an associate (Notes 1 and 10)	**–**	–	3,684,540
Gain on loss of control of a subsidiary (Note 1)	**–**	–	3,079,734
Other income - net (Notes 11, 12 and 17)	**1,438,365**	33,684,411	24,797,384
	(186,846,280)	(122,786,331)	(31,645,443)

(Forward)

	Years Ended December 31		
	2023	2022	2021
INCOME BEFORE INCOME TAX	**₱2,574,298,521**	₱1,794,288,597	₱2,399,590,790
PROVISION FOR INCOME TAX (Note 20)	**180,350,835**	89,561,479	167,101,028
NET INCOME	**2,393,947,686**	1,704,727,118	2,232,489,762
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in future periods:			
Remeasurement gain (loss) on employee benefits (Note 19)	**(104,392,805)**	11,157,022	17,451,342
Income tax effect	**16,390,977**	(2,511,242)	(3,453,874)
	(88,001,828)	8,645,780	13,997,468
Unrealized valuation gain on financial assets at FVOCI (Note 13)	**28,865,324**	25,734,676	2,550,000
Income tax effect	**(4,329,799)**	(3,860,201)	187,500
	24,535,525	21,874,475	2,737,500
Share in the remeasurement gains (losses) on employee benefits of associates and joint ventures, net of tax (Note 10)	**(31,585,867)**	–	2,165,047
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**(95,052,170)**	30,520,255	18,900,015
TOTAL COMPREHENSIVE INCOME	**₱2,298,895,516**	₱1,735,247,373	₱2,251,389,777
NET INCOME			
Attributable to:			
Equity holders of the parent	**₱2,284,209,380**	₱1,595,263,961	₱1,866,730,439
Non-controlling interests	**109,738,306**	109,463,157	365,759,323
	₱2,393,947,686	₱1,704,727,118	₱2,232,489,762
TOTAL COMPREHENSIVE INCOME			
Attributable to:			
Equity holders of the parent	**₱2,190,158,640**	₱1,624,319,369	₱1,883,654,471
Non-controlling interests	**108,736,876**	110,928,004	367,735,306
	₱2,298,895,516	₱1,735,247,373	₱2,251,389,777
EARNINGS PER SHARE			
Basic and diluted, for net income for the year attributable to equity holders of the parent (Note 22)	**₱2.232**	₱1.559	₱1.824

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Equity Attributable to Equity Holders of the Parent										
							Retained Earnings (Note 21)				
	Capital Stock (Note 21)	Additional Paid-in Capital	Share in Remeasurement Losses on Employee Benefits of Associates and Joint Ventures	Remeasurement Gain (Loss) on Employee Benefits	Unrealized Valuation Gain (Loss) on Financial Assets at FVOCI	Equity Reserves	Appropriated	Unappropriated	Total	Equity Attributable to Non-Controlling Interests	Total Equity
Balances at January 1, 2023	**₱1,023,456,698**	**₱8,339,452**	**(₱94,016,067)**	**₱7,123,993**	**₱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)	–	–	**(31,585,867)**	**(87,000,398)**	**24,535,525**	–	–	**2,284,209,380**	**2,190,158,640**	**108,736,876**	**2,298,895,516**
Appropriation for business expansion	–	–	–	–	–	–	**2,400,000,000**	**(2,400,000,000)**	–	–	–
Reversal of appropriation for business expansion	–	–	–	–	–	–	**(1,866,087,228)**	**1,866,087,228**	–	–	–
Acquisition of noncontrolling interests	–	–	–	–	–	**(5,123,744)**	–	–	**(5,123,744)**	**(164,501,590)**	**(169,625,334)**
Transfer of accumulated share in other comprehensive income of joint ventures upon step-acquisition (Note 10)	–	–	**432,434**	–	–	–	–	**(432,434)**	–	–	–
Cash dividends	–	–	–	–	–	–	–	**(398,841,075)**	**(398,841,075)**	**(1,060,000)**	**(399,901,075)**
Balances at December 31, 2023	**₱1,023,456,698**	**₱8,339,452**	**(₱125,169,500)**	**(₱79,876,405)**	**₱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**
Balances at January 1, 2022	₱1,023,456,698	₱8,339,452	(₱94,016,067)	(₱56,940)	₱4,643,039	(₱25,128,554)	₱6,198,363,882	₱8,198,858,365	₱15,314,459,875	₱1,063,833,603	₱16,378,293,478
Total comprehensive income	–	–	–	7,180,933	21,874,475	–	–	1,595,263,961	1,624,319,369	110,928,004	1,735,247,373
Appropriation for business expansion	–	–	–	–	–	–	2,250,000,000	(2,250,000,000)	–	–	–
Reversal of appropriation for business expansion	–	–	–	–	–	–	(1,627,466,400)	1,627,466,400	–	–	–
Additional investments of non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	248,037,487	248,037,487
Cash dividends	–	–	–	–	–	–	–	(444,282,550)	(444,282,550)	(8,600,000)	(452,882,550)
Balances at December 31, 2022	₱1,023,456,698	₱8,339,452	(₱94,016,067)	₱7,123,993	₱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
Balances at January 1, 2021	1,023,456,698	8,339,452	(96,181,114)	(13,035,095)	2,862,209	(25,128,554)	5,213,900,230	7,674,801,422	13,789,015,248	867,869,497	14,656,884,745
Total comprehensive income	–	–	2,165,047	12,978,155	1,780,830	–	–	1,866,730,439	1,883,654,471	367,735,306	2,251,389,777
Appropriation for business expansion	–	–	–	–	–	–	1,950,000,000	(1,950,000,000)	–	–	–
Reversal of appropriation for business expansion	–	–	–	–	–	–	(965,536,348)	965,536,348	–	–	–
Acquisition of subsidiaries (Note 13)	–	–	–	–	–	–	–	–	–	48,945,373	48,945,373
Additional investments of non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	55,847,573	55,847,573
Loss of control of a subsidiary	–	–	–	–	–	–	–	–	–	(500,000)	(500,000)
Cash dividends	–	–	–	–	–	–	–	(358,209,844)	(358,209,844)	(276,064,146)	(634,273,990)
Balances at December 31, 2021	₱1,023,456,698	₱8,339,452	(₱94,016,067)	(₱56,940)	₱4,643,039	(₱25,128,554)	₱6,198,363,882	₱8,198,858,365	₱15,314,459,875	₱1,063,833,603	₱16,378,293,478

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,574,298,521**	₱1,794,288,597	₱2,399,590,790
Adjustments for:			
Equity in net earnings of associates and joint ventures (Note 10)	**(2,044,341,881)**	(1,941,357,383)	(1,838,491,265)
Depreciation and amortization (Notes 11, 13, and 24)	**507,022,240**	430,230,964	360,827,821
Finance costs on loans (Note 15)	**363,678,611**	259,880,671	165,305,661
Interest income (Note 6)	**(122,987,590)**	(60,071,043)	(22,961,585)
Gain on fair value remeasurement of investment properties (Note 12)	**(121,433,200)**	(60,394,600)	(106,361,400)
Gain on bargain purchase (Note 13)	**(64,685,699)**	–	(32,120,469)
Pension expense (Note 19)	**22,261,768**	20,731,159	22,223,302
Unrealized foreign exchange loss (gains)	**9,616,307**	(53,842,288)	(16,129,762)
Finance costs on lease liabilities (Note 24)	**1,108,626**	10,826,959	52,513,071
Gain on disposal of property and equipment (Note 17)	**(650,300)**	(639,207)	(3,101,818)
Non-cash donation expense (Note 11)	**–**	8,482,143	–
Gain on disposal of an associate (Notes 1 and 10)	–	–	(3,684,540)
Gain on loss of control of a subsidiary (Notes 1 and 10)	–	–	(3,079,734)
Operating income before working capital changes	**1,123,887,403**	408,135,972	974,530,072
Decrease (increase) in:			
Trade and other receivables	**477,966,796**	(510,762,517)	(235,835,774)
Inventories	**26,802,524**	(25,045,097)	73,650,755
Prepayments and other current assets	**(238,018,513)**	(121,272,673)	(44,969,824)
Increase (decrease) in trade and other payables	**(786,196,878)**	376,164,748	120,888,620
Net cash generated from operations	**604,441,332**	127,220,433	888,263,849
Interest paid	**(262,129,493)**	(281,763,405)	(199,430,760)
Income taxes paid	**(133,301,800)**	(94,273,379)	(180,075,218)
Contributions to the retirement fund (Note 19)	**(6,718,787)**	(6,755,102)	(30,853,258)
Benefits paid out of operating funds (Note 19)	**(327,000)**	(83,571)	–
Net cash flows from (used in) operating activities	**201,964,252**	(255,655,024)	477,904,613
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates and joint ventures (Note 10)	**1,788,544,553**	1,375,935,658	1,755,155,896
Additions to property, plant and equipment (Note 11)	**(1,678,727,744)**	(2,610,405,413)	(721,327,849)
Decrease (increase) in other noncurrent assets	**(595,496,058)**	(58,417,375)	10,738,517
Additional investments and advances to associates and joint ventures (Note 10)	**(251,169,255)**	(68,400,000)	(49,742,306)
Interest received	**111,720,696**	56,534,070	20,397,915
Net cash outflow from business combinations (Note 13)	**(3,035,775)**	**–**	(392,811,115)
Proceeds from:			
Disposal of property, plant and equipment (Note 11)	**650,300**	1,960,320	3,627,540

(Forward)

	Years Ended December 31		
	2023	2022	2021
Disposal of an equity interest in an associate (Note 10)	**₱–**	₱–	₱33,225,513
Disposal of financial assets at FVOCI	**–**	–	2,620,000
Additions to financial assets at FVOCI (Note 13)	**–**	(270,000,000)	(94,000,000)
Cash in subsidiary whose control was lost (Notes 1 and 10)	**–**	–	(560,316)
Net cash flows used in investing activities	**(627,513,283)**	(1,572,792,740)	567,323,795
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans (Note 15)	**1,785,384,762**	1,663,345,070	4,506,974,410
Payments of:			
Loans (Note 15)	**(1,450,528,534)**	(353,477,270)	(3,945,898,260)
Cash dividends (Note 21)	**(401,876,299)**	(451,479,873)	(632,912,067)
Lease liabilities (Note 24)	**(17,474,599)**	(76,233,373)	(298,971,986)
Net proceeds (payments) of advances from related parties (Note 26)	**73,466,973**	(12,254,278)	31,295,643
Acquisition of noncontrolling interests (Note 21)	**(64,623,415)**	–	–
Additional investments and deposits for future stock subscriptions of non-controlling interests of a subsidiary (Note 21)	–	248,037,487	55,847,565
Net cash flows from (used in) financing activities	**(75,651,112)**	1,017,937,763	(283,664,695)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(501,200,143)**	(810,510,001)	761,563,713
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(9,616,307)**	53,842,288	16,129,762
TOTAL CASH AT BEGINNING OF YEAR			
Cash and cash equivalents (Note 6)	**4,893,357,226**	5,650,024,939	4,872,331,464
Restricted cash (Notes 9 and 13)	**2,003,880**	2,003,311	2,002,202
	4,895,361,106	5,652,028,250	4,874,333,666
TOTAL CASH AT END OF YEAR			
Cash and cash equivalents (Note 6)	**4,382,540,776**	4,893,357,226	5,650,024,939
Restricted cash (Notes 9 and 13)	**2,003,880**	2,003,880	2,003,311
	₱4,384,544,656	₱4,895,361,106	₱5,652,028,250

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Vivant Corporation (the "Parent Company" or "Vivant") was incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on May 28, 1990. The Parent Company is listed in the Philippine Stock Exchange using the symbol VVT. Vivant is the ultimate parent of the Group.

The Parent Company's primary purpose is to invest in and manage the general business of any other corporation or corporations except management of fund securities portfolios and other similar assets of a managed entity.

The Parent Company is owned by Mai-I Resources Corporation (MRC) and JEG Development Corporation (JDC) with a combined ownership of 75.84%. MRC and JDC are entities incorporated and domiciled in the Philippines.

The Parent Company and its Subsidiaries (collectively referred to as the Group) are engaged in various business activities, through its subsidiaries and affiliates, namely electric power generation (both renewable and non-renewable energy), electric power distribution, retail electricity supply, electrical engineering services, water infrastructure and real estate.

The principal office address of the Parent Company is currently located at 9th Floor Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Barangay Banilad, Mandaue City, Cebu.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries, associates and joint ventures, all incorporated in the Philippines, as at December 31, 2023 and 2022:

	2023		2022	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Subsidiaries				
Hijos De F. Escaño (HDFE)	**50.94**	**–**	50.94	–
Southern Grove Properties and Development Corp. (SGPDC)	**100.00** (n)	**–**	100.00 (n)	–
Vivant Realty Ventures Corporation (VRVC)	**–**	**100.00** (q) (r)	–	100.00 (q) (r)
Vivant Corporate Center, Inc. (VCCI)	**–**	**100.00** (q) (w)	–	100.00 (q) (w)
Vivant Infracore Holdings Inc. (VIHI)	**100.00** (v)	**–**	100.00 (v)	–
Vivant Hydrocore Holdings Inc. (VHHI)	**–**	**100.00** (y) (bb)	–	100.00 (y) (bb)
Vivant Transcore Holdings Inc. (VTHI)	**–**	**100.00** (y) (bb)	–	100.00 (y) (bb)
Isla Mactan Cordova Corporation (IMCC)	**–**	**100.00** (p) (cc)	–	100.00 (p) (cc)
Watermatic Philippines Corporation (WMP)	**–**	**60.00** (z) (cc)	–	60.00 (z) (cc)
Watermatic Southeast Asia, Ltd. (WMP SEA)	**–**	**60.00**(ee) (ff)	–	60.00(ee) (ff)
Northern Metro Cebu Water Corporation (NMCWC)	**–**	**100.00**(cc) (jj)	–	100.00(cc) (jj)
Vivant Energy Corporation (VEC)	**100.00**	**–**	100.00	–
Vivant Integrated Generation Corporation (VIGC)	**–**	**100.00** (a)	–	100.00 (a)
Vivant Geo Power Corp. (VGPC)	**–**	**100.00** (b) (g)	–	100.00 (b) (g)
Delta P Hybrid, Inc. (DPHI; formerly Vivant Isla Inc.)	**–**	**100.00** (a) (h)	–	100.00 (a) (h)
Vivant Renewable Energy Corporation (VREC)	**–**	**100.00** (a) (f)	–	100.00 (a) (f)
Corenergy Inc. (Core)	**–**	**100.00** (a)	–	100.00 (a)
Vivant Integrated Diesel Corporation (VIDC)	**–**	**100.00** (a) (i)	–	100.00 (a) (i)
Isla Norte Power Corp. (INPC)	**–**	**100.00** (e) (mm)	–	65.00 (e) (mm)

(Forward)

	2023		2022	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Southern Powercore Holding Corp. (SPHC)	–	**100.00** [(b) (s)]	–	100.00 [(b) (s)]
Amberdust Holding Corporation (AHC)	–	**100.00** [(a) (t)]	–	100.00 [(a) (t)]
Vivant-Malogo Hydropower, Inc. (VMHI)	–	**67.00** [(a)]	–	67.00 [(a)]
1590 Energy Corp. (1590 EC)	–	**55.20** [(a)]	–	55.20 [(a)]
Vivant Solar Corporation (VSC)	–	**100.00** [(a) (x)]	–	100.00 [(a) (x)]
Corenergy Solar Solutions Corporation (CSSC)	–	**100.00** [(a) (d)]	–	100.00 [(a) (d)]
Bukidnon Power Corporation (BPC)	–	**90.00**[(gg) (ii)]	–	90.00[(gg) (ii)]
North Bukidnon Power Corporation (NBPC)	–	**90.00**[(hh) (ii)]	–	90.00[(hh) (ii)]
Culna Renewable Energy Corp. (CREC)	–	**100.00** [(b) (u)]	–	35.00 [(b) (u)]
Calamian Islands Power Corp. (CIPC)	–	**100.00** [(a)]	–	50.00 [(a)]
Delta P, Inc. (Delta P)	–	**100.00** [(a)]	–	50.00 [(a)]
La Pampanga Energy Corp (LPEC)	–	**100.00** [(a) (l)]	–	50.00 [(a) (l)]
San Ildefonso Alternative Energy Corp (SIAEC)	–	**100.00** [(a) (nn)]	–	–
Meridian Power, Inc. (MPI)	–	**100.00** [(a) (oo)]	–	–
San Pablo Renewable Energy Corp (SPREC)	–	**100.00** [(a) (pp)]	–	–
Spark Grid Corp (SGC)	–	**100.00** [(a) (qq)]	–	–
Avant Energy Corp (AEC)	–	**100.00** [(a) (ss)]	–	–
Adequate Power, Inc. (API)	–	**100.00** [(a) (rr)]	–	–
Bai Energy Corp (BEC)	–	**100.00** [(a) (tt)]	–	–
South Cebu Energy Corp. (SCEC)	–	**100.00** [(a) (j)]	–	–
SolEnergy Generation Corp (SEGC)	–	**100.00** [(a) (m)]	–	–
Associates				
Visayan Electric Company, Inc. (VECO)	**34.81**	–	34.81	–
Prism Energy, Inc. (PEI)	–	**40.00** [(a)]	–	40.00 [(a)]
Abovant Holdings, Inc. (AHI)	–	**40.00** [(c)]	–	40.00 [(c)]
Cebu Private Power Corporation (CPPC)	–	**40.00** [(a)]	–	40.00 [(a)]
Minergy Power Corporation (MPC)	–	**40.00** [(c)]	–	40.00 [(c)]
Therma Visayas, Inc. (TVI)	–	**20.00** [(c)]	–	20.00 [(c)]
Lunar Power Core Inc. (LPCI)	–	**42.50** [(c) (k)]	–	42.50 [(c) (k)]
Global Luzon Energy Development Corporation (GLEDC)	–	**42.50** [(c) (o)]	–	42.50 [(c) (o)]
Lihangin Wind Energy Corp (LWEC)	–	**40.00** [(b) (aa)]	–	40.00 [(b) (aa)]
Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS)	–	**45.00** [(cc) (dd)]	–	45.00 [(cc) (dd)]
Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC)	–	**40.31**[(kk) (ll)]	–	40.31[(kk) (ll)]

a. Indirect ownership through VEC
b. Indirect ownership through VREC
c. Indirect ownership through VIGC
d. Incorporated January 11, 2017. Ownership interest in ETEI is through VSC. Changed its corporate name from ET Energy Inc. (ETEI) to Corenergy Solar Solutions Corporation (CSSC) on August 26, 2021.
e. Indirect ownership through VIDC.
f. Incorporated on January 8, 2010. Changed its corporate name from Vics-Bakun Holdings Corporation (Vics-Bakun) to VREC on October 2, 2015.
g. Incorporated on April 23, 2014
h. Incorporated on July 11 2014. Changed its corporate name from Vivant Isla Inc. (VII) to Delta P Hybrid, Inc. on February 16, 2022.
i. Incorporated on August 7, 2015
j. Incorporated May 23, 2023
k. Incorporated on June 10, 2016
l. Incorporated on May 26, 2016. Changed its corporate name from Vivant Enercore Integrated, Inc. to La Pampanga Energy Corporation (LPEC) on January 13, 2021.
m. Incorporated June 21, 2023
n. Incorporated on December 8, 2004
o. Incorporated on January 31, 2013. Ownership interest in GLEDC is through LPCI.
p. Incorporated on August 14, 2020
q. Indirect ownership through SGPDC
r. Incorporated May 19, 2017
s. Incorporated April 20, 2017
t. Incorporated August 16, 2017
u. Incorporated April 12, 2017
v. Incorporated December 18, 2018
w. Incorporated October 10, 2018.
x. Incorporated April 4, 2018. Changed its corporate name from ET-Vivant Solar Corporation (EVC) to VSC on November 9, 2020.
y. Incorporated May 20, 2019

	2023		2022	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect

z. Incorporated July 23, 2019
aa. Incorporated January 24, 2017. Changed its corporate name from 6 Barracuda Energy Corp. (6 Barracuda) to LWEC on June 15, 2020
bb. Indirect ownership through VIHI
cc. Indirect ownership through VHHI
dd. Incorporated August 31, 2018
ee. Incorporated on July 1, 2021
ff. Indirect ownership through WMP
gg. Incorporated September 23, 2014
hh. Incorporated October 10, 2016
ii. Indirect ownership through AHC
jj. Incorporated March 18, 2021
kk. Incorporated November 8, 2018
ll. Indirect ownership through FLOWS
mm. Incorporated February 14, 2022
nn. Incorporated February 18, 2016.
oo. Incorporated April 11,2023. Changed its Corporate name from Central Cebu Transitional Power Corporation.
pp. Incorporated March 29, 2023
qq. Incorporated April 12, 2023.
rr. Incorporated June 7, 2023.
ss. Incorporated May 17, 2023.
tt. Incorporated June 13, 2023

Subsidiaries

Except for 1590 EC, INPC, VMHI, Core, VII, VGPC, VIDC, CSSC, BPC, NBPC, WMP, IMCC, NMCWC, Delta P, CIPC, CREC, LPEC, SIAEC and MPI, all subsidiaries are also operating as holding and investing companies, which are primarily engaged in power generation and distribution, and water infrastructure. 1590 EC is operating a diesel power plant, while VMHI is in its pre-operating stage of building a hydro power plant in Silay, Negros Occidental. INPC is operating a diesel power plant in Bantayan, Cebu. BPC and NBPC are operating diesel-fired power plants in Bukidnon. Core is operating as a retail electricity supplier and engineering services provider. Delta P is operating an oil-fired power generation plant in Puerto Princesa, Palawan. CIPC is operating diesel-fired power generation plants in Coron and Busuanga. SIAEC is in its development stage of solar plant facility in Bulacan. MPI is operating an oil-fired power plant in Cebu. LPEC is in its pre-operating stage of building an oil-fired plant in Pampanga. CREC is in its pre-operating stage of building hybrid facilities in Culion and Linapacan islands. WMP provides engineering services, mainly for water infrastructure projects. IMCC and NMCWC are in its pre-operating stage of building a seawater desalination facility.

The following sets out brief information of the Parent Company's subsidiaries and associates:

HDFE

HDFE was incorporated on December 24, 1926, which registration was renewed for another 50 years effective November 26, 1974. The primary purpose of HDFE is to invest in, hold, own, purchase, acquire, lease, contract, operate, improve, develop, grant, sell, exchange, or otherwise dispose of real and personal properties of every kind and description including shares of stocks, bonds and other securities or evidence of indebtedness of any other corporation, association, firm, or entity, domestic or foreign, where necessary or appropriate, and to process and exercise in respect thereof of all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, without acting as, or engaging in the business of an investment company, or dealer or broker in securities.

SGPDC
SGPDC was incorporated on December 8, 2004 with a primary purpose to invest in, purchase, or otherwise acquire and own, hold, develop, use, sell, lease, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description for whatever purpose the same may have been organized. It has also direct equity shareholdings in VRVC and VCCI, both real estate companies.

On March 5, 2015, during the Special Stockholders' Meeting and Special Board Meeting, the stockholders and BOD approved that one of SGPDC's secondary purposes is to conduct and transact any and all lawful business, and to do or cause to be done any one or more of the acts and things set forth as its purposes, within or without the Philippines, and in any and all foreign countries, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers of the Company under the Corporation Code of the Philippines, or which shall at any time appear conducive to or expedient for its protection or benefit. These amendments made in SGPDC's Articles of Incorporation (AOI) were approved by the SEC on October 8, 2015.

On January 6, 2016, the SEC approved the amendment to its AOI changing its name from VC Ventures Net, Inc. to Southern Grove Properties and Development Corp. and its primary purpose is to engage in real estate business, to hold, construct, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of all kinds of real property or to act as real estate broker for such fees as may be legal and proper.

VRVC
VRVC was incorporated on May 19, 2017. Its primary purpose is to engage in the real estate business. On July 3, 2017, VRVC purchased from HDFE, a company under common control, a parcel of land located at M.J. Cuenco Ave., Tinago Central, Barangay San Roque, Cebu City amounting to ₱27.9 million, with the intention of holding the land for capital appreciation. As of December 31, 2023, VRVC is recognizing rental income from the purchased investment property (see Note 12).

VCCI
VCCI was incorporated on October 10, 2018 and its primary purpose is to engage in the real estate business. As of December 31, 2023, VCCI has not yet started its operations.

VIHI
VIHI was incorporated on December 18, 2018 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2023, VIHI is operating as a holding company for VTHI and VHHI.

VHHI
VHHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign,

without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2023, VHHI is operating as a holding company for WMP, IMCC, NMCWC, and FLOWS, a holding company.

VTHI
VTHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2023, VTHI has not yet started its operations.

IMCC
IMCC was incorporated on August 14, 2020 and its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, wastewater treatment facility and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.

As of December 31, 2023, IMCC is in its development stage.

WMP
WMP was incorporated on July 23, 2019 as a water treatment engineering company primarily engaged in the design, supply (which includes detailed design, procurement, and assembly), installation, commission, operation and maintenance of water treatment and wastewater treatment plant to be owned by WMP or for third parties. WMP also engages into bulk water supply agreements using water sourced from ground water, surface water, or desalinated water.

As of December 31, 2020, WMP has already started its operations.

WMP SEA
WMP SEA was incorporated on July 1, 2021 according to the Companies Law 5769-1999, as a limited liability company under the laws of the Republic of Israel. Its primary purpose is to buy and sell products for wastewater and wastewater treatment projects.

As of December 31, 2021, WMP SEA has already started operations.

NMCWC
NMCWC was incorporated and registered with the SEC on March 18, 2021. Its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, wastewater treatment facility, and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.

The registered office of the Company is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Philippines

As of December 31, 2023, NMCWC has not yet started operations.



VEC
VEC was incorporated on January 25, 2005 and its primary purpose is to establish, maintain and operate power plants of any kind and such other sources that may be a viable source of electric light, heat and power system and to sell to the general public, electricity as the corporation may determine.

VEC currently exists as a holding company with direct equity shareholdings in CPPC, Delta P, 1590 EC, CIPC, VMHI, TVI, DPHI, INEC, INPC, LPEC, and VIDC entities engaged in the power generation business and PEI and Core, entities engaged in the retail electricity supply. Core is also engaged in engineering services. VEC also has direct equity shareholdings on holding entities namely VIGC and VREC.

VIGC
VIGC was incorporated on November 5, 2008 with the primary purpose of holding investments in power generation companies. It has direct equity shareholdings in MPC, TVI and LPCI, entities engaged in the power generation business and AHI, a holding entity.

VGPC
VGPC was incorporated on April 23, 2014. Its primary purpose is to establish, maintain, own, and operate geothermal, thermal, hydroelectric, solar, wind, coal, diesel power plants and such other sources that may be viable source of electric light, heat and power system and to sell and/or trade electricity for light, heat and power purposes within cities, municipalities and provinces of the Philippines as the corporation may determine and enter into business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2023, VGPC is still in the pre-operating stage.

DPHI
DPHI, formerly VII, was incorporated on July 11, 2014. Its primary purpose is to engage in business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, constructing, holding, and selling power generation facilities and related facilities, or any other business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2022, DPHI is still in the pre-operating stage.

On February 16, 2022, the application the change the name of VII to Delta P Hybrid, Inc. was approved by the SEC.

VREC
VREC was incorporated on January 8, 2010 with the primary purpose of holding investments in power generation companies. On October 2, 2015, the SEC approved its application for change in corporate name from Vics Bakun Holdings Corporation to VREC. It also has direct equity shareholdings in VGPC, SPHC, AHC, VSC, CREC, and LWEC as of December 31, 2023.

Core
Core was incorporated on December 14, 2012. Its primary purpose is to buy, source and obtain electricity from generating companies or from the wholesale electricity spot market to sell, broker, market or aggregate electricity to the end-users, to provide services necessary in connection with the supply or delivery of electricity thereof, distribution utilities and other entities in the electric systems by a duly licensed electrical engineer, the conduct of energy examinations, inspections, assessments, maintenance, testing and commissioning, as amended dated May 31, 2019. As of December 31, 2023, Core has entered into retail supply contract and engineering service contracts with various customers.



VIDC
VIDC was incorporated on August 7, 2015. Its primary purpose is to establish, maintain, acquire, own, hold, and operate diesel powered generating facilities. As of December 31, 2023, VIDC is the holding company of INEC and INPC.

INEC
INEC was incorporated on June 13, 2016. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system.

As of December 31, 2021 and prior to the merger with Isla Norte Power Corporation (INPC) on December 29, 2022, INEC is effectively 65%-owned by VEC and 35%-owned by GPI through a consortium formed by VIDC.

INEC started its interim commercial operations on August 11, 2020, and the same ended on August 10, 2021. This stems from the signing of the Interim Power Supply Agreement (IPSA) with Bantayan Island Electric Cooperative Inc. (BANELCO) to supply a portion of its energy requirement. This operation, emergency in nature, is independent and different from the 15-year Power Supply Agreement (PSA) with BANELCO, which is yet to commence commercial operations as of December 31, 2022 (see Note 23).

Pending the approval of INEC's Power Supply Agreement (PSA) application, the Energy Regulatory Commission (ERC) issued a Notice of Resolution dated November 4, 2021 that contained a directive to Bantayan Electric Cooperative, Inc. (BANELCO) to source out power from any supplier which it deems fit, to ensure the continuous and unhampered supply of power within its franchise area. Thus, on November 7, 2021, INEC and BANELCO signed an IPSA for a period of 90 days, reckoned from the date of the issuance of the resolution, to supply the whole of BANELCO's energy requirement.

The registered office of INEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

INPC
Isla Norte Power Corporation (INPC) was incorporated on February 14, 2022. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power purposed within the cities, municipalities, and provinces of the Philippines.

On May 9, 2022, the members of the respective boards of directors of INEC and INPC, separately and unanimously approved a plan of merger with INPC as the surviving entity. The plan and articles of merger was approved by SEC on December 29, 2022.

The terms further provide that INPC shall become the owner of the rights, assets, privileges and other properties of INEC and shall assume all the debts and liabilities of the same as of the effective merger date in the manner as though the Company has itself incurred such liabilities and obligations.

On December 29, 2022, upon effective date of the merger, INEC ceased to exist, yet its operations continued under INPC.



In 2023, VEC and VIDC acquired the remaining interest of GPI in INPC for a total consideration of ₱169.6 million, resulting in 100% ownership by the Group in INPC (see Note 21).

The registered office of INPC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

SPHC
SPHC was incorporated on April 20, 2017. Its primary purpose is to engage in the business of holding investments in power generation companies. As of December 31, 2022, SPHC has not yet started its commercial operations.

The registered office of SPHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

AHC
AHC was incorporated on August 16, 2017. Its primary purpose is to engage in the business of a holding company. As of December 31, 2022, AHC is the holding company of BPC and NBPC.

In May 2021, AHC in partnership with VEC acquired 9% ownership in BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively. Further, AHC acquired 9% ownership in NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

On June 28, 2021, VREC assigned its 45,000 common shares in AHC with par value of ₱1.00 per share to VEC.

The registered office of AHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

VMHI
VMHI was incorporated on June 8, 2012. Its primary purpose is to engage in the business of owning, acquiring, operating, generating, collecting and distributing electricity.

VMHI is in its starting phase or pre-operational stage as a power generating entity that will implement a greenfield power plant project, involving the construction and operation of a series of run-of-river hydropower facility in Barangay Capitan Ramon in Silay City, Negros Occidental. VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a six (6) MW power plant facility along the Malogo river. The project has concluded its detailed engineering design. A tender process is underway for the construction to coincide with the project timetable, but subject to adjustments that may be brought about by regulations from the grid system operator.

On March 8, 2017, bidding for the award of the Engineering, Procurement, Construction and Commissioning ("EPCC") contract was conducted. However, the National Grid Corporation of the Philippines (NGCP) issued a prohibition to the power plants from connecting to the Negros Island Grid. Such prohibition is expected to be in place until NGCP's 230 kV backbone project is expected to be completed and ready to accommodate new capacity.

As of December 31, 2023, notwithstanding the successful bidding, the Company has withheld the awarding of the EPCC contract to implement the detailed engineering design since NGCP has not yet completed the construction of its 230 kV backbone project.

The registered office of VMHI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

1590 EC
1590 EC was incorporated and started operations on July 30, 2010. It is primarily engaged in power generation and operates a 225 MW diesel-fired power plant in Bauang, La Union. 1590 EC is also partly-owned by GPI, Eco Utilities Ventures Holdings Company, Inc. (EUVHCI) and ICS Renewables Holdings, Inc. (ICS), among others.

The registered office of 1590 EC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

On April 6, 2022, 1590 EC acquired the Buang Diesel Power Plant (BDPP) as the highest bidder during the public auction of the power plant following a post qualification evaluation. On April 19, 2022, 1590 EC and the PGLU signed the deed of transfer and conveyance (see Note 23).

VSC
VSC, formerly ET Vivant, was incorporated on April 4, 2018 primarily to engage in developing and constructing solar power generation and related facilities for lighting and power purposes and whole-selling the electric power to the wholesale electricity spot market, private distribution utilities, private electric cooperatives and other off-takers and selling and/or trading electricity for light, heat and power purposes. VSC has direct equity shareholding in CSSC, an entity engaged in the solar power generation business. In 2021, VSC has started its commercial operations.

On November 9, 2020, the application to change the name of ET Vivant to VSC was approved by the SEC.

CSSC
CSSC, formerly ET Energy Island Corporation (ETEI), was incorporated on January 11, 2017 with the primary purpose to explore, develop, build, construct, install, commission, rehabilitate, maintain, own, manage, operate and invest in, bid for or otherwise acquire power generating plants and related facilities and to engage in the business of generating, marketing, selling and supplying electricity generated from solar photovoltaic systems and components; planning and construction of photovoltaic power plants and to provide consulting services associated with photovoltaic power plants, provided that it shall not operate a public utility. In January 2019, CSSC has started its commercial operations.

On August 26, 2021, the application to change the name of ETEI to CSSC on August 26, 2021 was approved by the SEC.

BPC
BPC was incorporated to develop, construct, erect assemble, commission, own, operate, maintain, rehabilitate, and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. BPC has two (2) operating power plants in Bukidnon and have started commercial operations on February 26, 2016 for Plant 1 and February 26, 2017 for Plant 2.

On October 16, 2014, BPC entered into a PSA with First Bukidnon Electric Cooperative (FIBECO) to supply a maximum of 4.4 MW from its 2 x 2.4 MW power plant located at Barangay Barandias, Bukidnon at a specific contract rate for a period of 15 years commencing from March 15, 2015. ERC has granted a provisional approval on its rate application on August 3, 2015. The second power supply agreement was entered into with FIBECO on July 24, 2015 for a contracted capacity of 2 MW



from its 2.5 MW Fuel power plant located at Barangay Mabuhay, San Fernando, Bukidnon, for a period of 15 years starting from April 15, 2016. ERC's final approval on its rate application was dated June 6, 2017.

In May 2021, VEC and AHC acquired 81% and 9% ownership of BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively.

The registered office address of BPC is at National Highway Barandias, Pangantucan, Bukidnon.

NBPC
NBPC was incorporated to develop, construct, erect, assemble, commission, own, operate, maintain, rehabilitate and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. NBPC has started its commercial operations on September 26, 2018.

In May 2021, 2021, VEC and AHC acquired 81% and 9% ownership of NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

The registered office address of NBPC is at 2nd Floor Z-Gas Building, Purok 6A, South Poblacion, Maramag, Bukidnon.

CIPC
CIPC was incorporated on October 19, 2010 primarily to engage in the business of owning, acquiring, commissioning, operating and selling power generation facilities and related facilities, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. Currently, CIPC operates an 8 MW bunker and 0.75 MW diesel-fired power generation plants in the municipalities of Coron and Busuanga, respectively.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in CIPC for a consideration of ₱172.0 million, which resulted to a 100% ownership of the Group (see Note 13).

The registered principal office of CIPC is at Sitio Lilibutin, Barangay Guadalupe Coron, Palawan, Philippines 5316.

Delta P
Delta P was registered with SEC on September 20, 2002 primarily to operate and maintain a 16 MW heavy fuel oil-fired generating power station in Puerto Princesa, Palawan.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in Delta P for a consideration of ₱272.9 million, which resulted to an increase in the Group's ownership interest in Delta P to 100% (see Note 13).

The registered principal office of Delta P is at Km. 13 North National Highway, Sta. Lourdes, Puerto Princesa City, Palawan.

LPEC
La Pampanga Energy Corp (LPEC), formerly Vivant Enercore Integrated, Inc. (VEII), was incorporated on May 26, 2016. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel

plants and such other sources that may be a viable source of electric light, heat and power system. As of December 31, 2022, LPEC is still in the pre-operating stage.

On January 13, 2021, the application to change the name of VEII to LPEC was approved by the SEC. On June 1, 2023, the Group entered into a share purchase agreement with GPI to acquire its shares equivalent to 6,250,000 common shares and 51,750,000 preferred shares with par value of ₱1 per share for a consideration of ₱41.1 million, which resulted to 100% ownership of the Group.

In 2021, VEC entered into a joint venture with GPI which resulted to a 50% ownership in LPEC and reclassification of the investment from a subsidiary to a joint venture. As a result of the dilution, the Group recognized gain amounting to ₱3.7 million and presented as "Gain on loss of control of a subsidiary" in the statement of comprehensive income. ₱39.3 million of the net gain is attributable to the measurement of the retained interest in the former subsidiary at fair value when control was lost.

CREC

CREC, an associate through VREC, was registered on April 12, 2017 primarily to engage in the business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, and constructing conventional renewable energy and/or hybrid power generation, distribution and related facilities, and distributing and selling power, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in the furtherance of or otherwise relating to such purpose. As of December 31, 2023, CREC has not yet started its commercial operations.

On May 28, 2021, VREC and VEC entered into a share-swap agreement with a third party to sell its entire investment in SREC and acquire additional shares in CREC. The agreement resulted to VREC's and VEC's acquisition of 938 common stocks and 2,812 preferred stocks with par value of ₱1,000.00 per share in CREC, respectively.

On June 1, 2023, VEC entered into a share purchase agreement with Gigawatt Power, Inc. (GPI) to acquire its shares equivalent to 9,375 preferred shares with par value of ₱1,000 per share for a consideration of
₱6.5 million resulting to an increase of the Group's ownership interest to 100%.

The registered principal office of CREC is at Sitio Lilibutin, Barangay Guadalupe, Coron, Palawan 5316.

SIAEC

SIAEC was incorporated on February 18, 2016 with the primary purpose to engage in the business of development, investment, acquisition, construction, operation and maintenance, and sale of renewable energy facilities including generation of heat and power, sales and distribution. As of December 31, 2023, SIAEC has not yet started its commercial operations.

On February 3, 2023, VEC acquired 100% ownership of SIAEC from Cleantech Global Renewables, Inc. representing 1,250,004 common shares for a consideration of ₱5.0 million and advanced ₱381.8 million to be applied against future issuance of common stock.

The registered office of SIAEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.



MPI
MPI, formerly Central Cebu Transitional Power Corporation, was incorporated on April 11, 2023 with the primary purpose to engage in the business of establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. MPI started its commercial operations in August 2023.

The registered office of MPI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SPREC
SPREC was incorporated on March 29, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2023, SPREC has not yet started its commercial operations.

The registered office of SPREC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SGC
SGC was incorporated on April 12, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2023, SGC has not yet started its commercial operations.

The registered office of SGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

API
API was incorporated on June 7, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2023, API has not yet started its commercial operations.

The registered office of API is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

AEC
AEC was incorporated on May 17, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2023, AEC has not yet started its commercial operations.

The registered office of AEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.



BEC
BEC was incorporated on June 13, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2023, BEC has not yet started its commercial operations.

The registered office of BEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SEGC
SEGC was incorporated on June 21, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2023, SEGC has not yet started its commercial operations.

The registered office of SEGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SCEC
SCEC was incorporated on May 23, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2023, SCEC has not yet started its commercial operations.

The registered office of SCEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

Associates. VECO, PEI, AHI, CPPC, MPC, TVI, LPCI, GLEDC, LWEC, FLOWS, and PPWRLC qualify as associates of the Group.

VECO
VECO was incorporated on February 22, 1961 and whose corporate term was extended for another 50 years after the expiration on February 23, 2012. VECO is a power distribution entity, the primary activities of which are to establish, maintain and operate electric light, heat and power systems and to sell to the general public electricity for light, heat and power purposes.

VECO serves the electrical power needs of four cities (Cebu, Mandaue, Talisay and Naga) and four municipalities (Minglanilla, San Fernando, Consolacion and Lilo-an) of the greater part of Metro Cebu by virtue of legislative franchise grants.

The registered office address of VECO is at J. Panis Street, Banilad, Cebu City, Philippines.

PEI
PEI was incorporated on March 24, 2009 as a retail electricity supplier. On April 26, 2017, PEI began its operations providing qualified contestable customers the opportunity to select a contract structure that will meet their generation supply requirement.

PEI's registered principal office address is at Aboitiz Corporate Center, Gov. Manuel A. Cuenco Ave., Kasambagan, Cebu City, Philippines.

AHI
AHI was incorporated on November 28, 2007 primarily to manage entities and to provide management, investment and technical advice for enterprises engaged in electricity generation and/or distribution.

AHI and Global Formosa Power Holdings, Inc., a joint venture between Global Business Power Corp. (Global Power) and Formosa Heavy Industries (Global Formosa), signed a shareholders' agreement to develop, construct and own Cebu Energy Development Corporation (CEDC), a 246 MW coal-fired power plant in Toledo City, Cebu. AHI has a 44% direct ownership interest in CEDC.

Its principal place of business is located at Aboitiz Corporate Center, Gov. Manuel Cuenco Avenue, Kasambagan, Cebu City, Philippines.

CPPC
CPPC was incorporated on July 13, 1994 and its primary purpose is to build, construct or own power generation plants and related facilities. It operates a 70 MW bunker "C" diesel-fired power generating plant.

The registered office address of CPPC, which is also its principal place of business, is Old VECO Compound, Barangay Ermita, Carbon, Cebu City.

MPC
MPC (formerly Minergy Coal Corporation) was registered with SEC on February 18, 2013, primarily to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the generation and supply of power utilizing any fuel or energy source.

In the first quarter of 2014, MPC began construction of a 3x55 MW coal-fired power plant in Balingasag, Misamis Oriental. In September 2017, MPC started its operations.

The registered office of MPC is at Brgy. Mandangoa, Balingasag, Misamis Oriental.

TVI
TVI was registered with SEC on October 15, 1997, primarily to acquire by purchase, lease, contract, concession, or otherwise any and all real estate, land, land patents, opinions, grants, concessions, franchises, water and other rights, privileges, easements, estates, interests and mineral properties of every kind and description. The power plant started its operations in April 2019.

The registered principal office of TVI is at Barangay Bato, Toledo City, Cebu.

LPCI
LPCI was registered with SEC on June 10, 2016 and is primarily engaged in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources. As of December 31, 2023, LPCI has not started its commercial operations.

The registered office of LPCI is at 22F GT Tower International 6813 Ayala Avenue cor. H.V. dela Costa St, Makati City 1227.



GLEDC
GLEDC, a wholly owned subsidiary of LPCI, was registered with SEC on January 31, 2013. It is primarily engaged in the general business of generating power derived from coal, fossil fuel, geothermal, nuclear, natural gas, hydroelectric, and other viable sources of power, for lighting and power purposes and whole selling the electric power to electric cooperatives, distribution utilities, and industrial customers. As of December 31, 2023, GLEDC has not started its commercial operations.

The registered office of GLEDC is at 22nd Flr GT Tower International, Ayala Avenue Corner H.V. Dela Costa St. Bel-air, Makati City.

LWEC
LWEC, formerly 6 Barracuda, an associate through VREC, was incorporated and registered in the Philippine SEC on January 24, 2017. It is engaged in all aspects of exploration, assessment, development and utilization of renewable energy resources, including the procurements, acquisition, importation, construction, installation, erection, ownership, lease, operation and maintenance of edifices, structures, facilities, materials, machinery and equipment, for or related to generation and sale of power.

As of December 31, 2023, LWEC has not started commercial operations.

The registered office of LWEC is at 21/F Tower 6789 Ayala Ave., Bel-Air Makati, Metro Manila.

FLOWS
FLOWS, an associate of VHHI, was incorporated on August 31, 2018 primarily to engage in the activities of a holding company except as a stockbroker or dealer of securities, provided that, FLOWS shall not solicit, accept or take investments/placements from the public neither shall it issue investments contracts.

FLOWS has an 89.58% direct ownership interest in PPWRLC.

The registered principal office of FLOWS is at 37 Taft Street, Barangay Maligaya, Puerto Princesa City, Palawan.

PPWRLC
Puerto Princesa Water Reclamation and Learning Center, Inc. (the "Company") was incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on November 8, 2018. The Company's primary purpose is to engage in the activities of an operator, contractor and/or agent of the City of Puerto Princesa in providing septage, sewerage and sanitation services and to engage in the development, construction, operation, and maintenance of sewage and/or septage treatment plants which may also act as a tourist attraction and learning center for environmental protection. FLOWS has an 89.58% direct ownership interest in PPWRLC.

The Company already started its commercial operations on January 1, 2022. The Company's registered principal place of business is at Maligaya, Puerto Princesa City (Capital), Palawan, Region IV-B, Philippines, 5300.

Authorization to Issue the Consolidated Financial Statements. The consolidated financial statements of the Group as of and for the years ended December 31, 2023, 2022 and 2021 were approved and authorized for issuance by the Board of Directors (BOD) on April 5, 2024.

2. Basis of Preparation, Statement of Compliance and Basis of Consolidation

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at FVOCI and investment properties which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All amounts are rounded to the nearest Peso, except as otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. The Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The consolidated financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Accounting for Loss of Control

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the former subsidiary, including any non-controlling interests in the former subsidiary at the date control is lost, and components of other comprehensive income attributable to them. The Group also recognizes any investment retained in the former subsidiary at its fair value when control is lost. The Group subsequently accounts for any retained interests and for any amount owed by or to the former subsidiary in accordance with other relevant PFRSs. The fair value shall be regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of an investment in an associate or joint venture. The Group recognizes a gain or loss associated with the loss of control attributable to the former controlling interest.

The Group accounts for all amounts previously recognized in other comprehensive income in relation to former subsidiaries on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.



Transactions with Non-controlling Interests
Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the parent. Transactions with non-controlling interests are accounted for as equity transactions. On acquisitions of non-controlling interests, the difference between the consideration and the book value of the share of the net assets acquired is reflected as being a transaction between owners and recognized directly in equity. Gain or loss on disposals to non-controlling interest is also recognized directly in equity.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments, Disclosure of Accounting Policies*

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

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

  The amendments to the Practice Statement provide nonmandatory guidance.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*

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

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

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

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

The adoption of the amendments did not result to material prior period adjustments; hence the financial statements of prior period have not been restated. The Group recognized a deferred income tax liability on gross right-of-use assets amounting to ₱4.8 million for new leases entered into during the year but did not recognize the corresponding deferred income tax assets on the lease liability because management believes that the Group will not have sufficient taxable income when the temporary deductible differences reverse (see Note 20).

- Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as "Pillar Two legislation" and "Pillar Two income taxes", respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

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

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or noncurrent;
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Leases, Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

  The amendments are not expected to have a material impact on the financial statements of the Group.

- Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures, Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

  The amendments are not expected to have a material impact on the financial statements of the Group.

Effective beginning on or after January 1, 2025

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

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

  The amendments are not expected to have a material impact on the financial statements of the Group.

Deferred Effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

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

4. **Material Accounting Policy Information**

Current and Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Group measures financial instruments, such as, cash on hand and in banks, short-term placements, trade and other receivables, trade and other payables, notes payable and non-financial assets such as investment properties and AFS investments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as cash on hand and in banks, short-term investments, trade and other receivables, advances to associates and stockholders, financial assets at FVOCI, trade and other payables, advances from related parties, notes payable and investment properties.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Valuers are normally rotated every 3–6 years. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

On an interim basis, the management and the Group's external valuers present the valuation results to the audit committee. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



Financial Assets and Financial Liabilities

Financial Instruments - Initial Recognition and Subsequent Measurement

- *Classification of Financial Assets*. Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:
  - Financial assets measured at amortized cost;
  - Financial assets measured at fair value through profit or loss (FVPL);
  - Financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss
  - Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

- *Contractual Cash Flows Characteristics*. If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

  In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

- *Business Model*. The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

  The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

- *Financial Assets at Amortized Cost.* A debt financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the consolidated statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "Provision for bad debts" in the consolidated statement of comprehensive income.

As at December 31, 2023 and 2022, the Group has financial assets at amortized cost consisting of cash and cash equivalents, trade and other receivables, advances to associates, joint ventures and stockholders, and other receivables included under "Other noncurrent assets" such as advances to suppliers and other parties, due from RFM Corporation, and security deposits and restricted cash under "Other current assets" (see Notes 6, 7, 9, 13 and 16).

- *Financial Assets at FVPL.* Financial assets at FVPL are measured at FVPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

  Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

  The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. An embedded derivative is separated from the host financial liability or nonfinancial contract and accounted for as a derivative if all of the following conditions are met:

  - the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics of the host contract;
  - a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
  - the hybrid or combined instrument is not recognized as at FVPL.

  For derivatives embedded in financial asset host contracts, the Group applies the financial asset classification and measurement requirements to the entire instrument. No embedded derivatives in financial asset host contracts are recognized separately in the financial statements.

  Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.



Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL, and the gains or losses from disposal of financial investments.

As at December 31, 2023 and 2022, the Group has no financial assets at FVPL.

- *Financial Assets at FVOCI*. A financial asset is measured at FVOCI if (a) it is held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

  The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

  Dividends are recognized in profit or loss only when:
  - the Group's right to receive payment of the dividend is established;
  - it is probable that the economic benefits associated with the dividend will flow to the Group; and,
  - the amount of the dividend can be measured reliably.

  As at December 31, 2023 and 2022, the Group has financial assets at FVOCI amounting to ₱426.6 million and ₱397.7 million, respectively, and is presented as part of "Other noncurrent assets" account in Group's consolidated statements of financial position (see Note 13).

- *Classification of Financial Liabilities*. Financial liabilities are measured at amortized cost, except for the following:
  - Financial liabilities measured at fair value through profit or loss;
  - Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
  - Financial guarantee contracts;
  - Commitments to provide a loan at a below-market interest rate; and,
  - Contingent consideration recognized by an acquirer in accordance with PFRS 3.

  A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

  - if a host contract contains one or more embedded derivatives; or,

- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVPL, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group's financial liabilities include trade and other payables, notes payable and advances from related parties.

- *Impairment of Financial Assets.* Upon adoption of PFRS 9, the standard introduces the single, forward-looking "expected loss" impairment model, replacing the "incurred loss" impairment model under PAS 39.

  The Group recognizes ECL on debt instruments that are measured at amortized cost.

  No ECL is recognized on equity investments.

  ECLs are measured in a way that reflects the following:
  - an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
  - the time value of money; and,
  - reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

  Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

  - *Stage 1: 12-month ECL*. For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

  - *Stage 2: Lifetime ECL - not credit-impaired*. For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

  - *Stage 3: Lifetime ECL - credit-impaired*. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; or,
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

- *Determination of the Stage for Impairment*. At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

  An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

- *Simplified Approach.* The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to 'Trade receivables'. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

  The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Offsetting Financial Instruments. Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derecognition of Financial Assets and Liabilities

- *Financial Assets.* A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

  - the rights to receive cash flows from the asset have expired;

  - the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or



- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

- *Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Investments in Associates and Interests in Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and interests in joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.



The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing the inventory to its present location and condition is determined primarily on the basis of the weighted average method. NRV is the current replacement cost. An allowance for inventory obsolescence is provided for slow-moving, defective or damaged goods based on analyses and physical inspection.

Prepayments and Other Current Assets

Prepayments and other current assets are recognized and carried at cost, less any impairment in value. These are recognized as assets when it is probable that any future economic benefit associated with the item will flow to or from the entity and the item has a cost or value that can be measured with reliability. An asset is not recognized in the consolidated statement of financial position when expenditure has been incurred for which it is considered improbable that economic benefits will flow to the entity beyond the current accounting period. Instead, such a transaction results in the recognition of an expense in the consolidated statement of comprehensive income.

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost less accumulated depreciation and amortization, and impairment losses, if any.

Initially, an item of property, plant and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred. Land is measured at cost less any impairment losses. For land transferred from investment properties carried at fair value, the land's deemed cost is its fair value at the date of change in use.

Depreciation and amortization are computed using the straight-line method over the assets' estimated useful lives. Leasehold improvements are amortized using the straight-line method over the estimated useful life of the improvements or the term of the lease, whichever is shorter. The estimated useful lives are as follows:

	Number of Years
Plant machineries and equipment	5–10
Condominium units, building and improvements	5–40
Transportation equipment	5
Office furniture, fixtures and equipment	2–10
Tools and other assets	3–5
Leasehold and land improvements	3–10

The useful lives and depreciation and amortization method are reviewed at each reporting date to ensure that such useful lives and depreciation and amortization method are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect to those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and the related accumulated depreciation and amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

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

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period.

Investment Properties

Investment properties, which pertain to land and buildings, are properties held by the Group either to earn rentals or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are initially measured at cost. Subsequently, investment properties are measured at fair value with any change therein recognized in profit or loss following the fair value model.

The fair value of the Group's investment properties measured using the fair value model is based on the valuation carried out by independent appraisers. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices of similar properties.

Any gain or loss resulting from either a change in the fair value or the sale of investment properties is recognized in profit or loss in the year of change or derecognition.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or the start of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by start of owner-occupation or of development with a view to sell.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree pertaining to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets.

All other components of non-controlling interest are measured at fair value unless another measurement basis is required by PFRS. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PAS 39 either in the consolidated statement of comprehensive income or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the Group's interest in the fair values of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of Goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized.



Impairment of Nonfinancial Assets

As at December 31, 2023 and 2022, the Group has investments in associates and joint ventures, property, plant and equipment, intangible assets and right-of-use assets which are classified as nonfinancial assets subject to impairment.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, including impairment of inventories, are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital Stock. Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value for all issued shares.

Additional Paid-in Capital. Consideration received in excess of par value are recognized as additional paid-in capital, net of incremental costs that are directly attributable to the issuance of new shares.

Retained Earnings. Retained earnings consist of appropriated and unappropriated balances. Appropriated retained earnings are restricted for specific purposes and/or are not available for dividend declaration. Unappropriated retained earnings are not restricted and include the cumulative balance of net income or loss, any dividend distributions, prior period adjustments and effects of any change in accounting policy.



Equity Reserves. Equity reserves pertain to the difference between the consideration transferred and the book value of interest acquired from non-controlling interest without loss of control.

Revenue Recognition
Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before these goods or services are transferred to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Contracts with Customers

- *Sale of Power*. For power generation and ancillary services where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity. The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer.

  Revenue from power generation and ancillary services is recognized in the period actual capacity is delivered. Revenue is to be recognized over time since the customer simultaneously receives and consumes the benefits as the seller supplies power.

  Power retail supply also qualify as a series of distinct goods or services that are substantially the same and have the same pattern of transfer accounted for as one performance obligation. Revenue should be recognized over time based on amounts billed.

- *Management and Service fees.* Revenue from management fees, arising from services involving consultancy, management, technical, and services covered by Service Level Agreements (SLAs), are recognized over time when the related services are rendered based on the terms of the management and service contracts.

- *Engineering Service Income*. Revenue from engineering services, arising from engagement with customers availing technical and engineering expertise and covered by service contracts, are recognized overtime when the services are rendered.

For the years ended December 31, 2023, 2022 and 2021, the Group has no variable consideration and the timing of revenue recognition currently does not result in any contract assets or liabilities and there are no unfulfilled performance obligations at any point in time.

Interest Income. Interest income is recognized as interest accrues taking into account the effective yield on the assets.



Other Income. Other income includes proceeds from insurance claims, rental income and gain on disposal of property and equipment. These are generally recognized when earned. Rental income is recognized on a straight-line basis over the term of the lease while gain on disposal of property, plant and equipment is recognized as the difference between the consideration and the book value of the property, plant and equipment disposed.

Cost and Expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized in the consolidated statements of comprehensive income when incurred.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Pension Benefits

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of comprehensive income.



Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statement of comprehensive income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Taxes

Current Income Tax. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax. Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.



The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the reporting date. Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group records uncertain tax positions on the basis of a two-step process whereby the Group determines whether it is more likely than not that the tax positions will be sustained based on technical merits of the position, and for those tax positions that meet the more likely than not criteria, the Group recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with related tax authority. The Group records interest and penalties on uncertain tax positions in "Income tax expense (benefit)" account in the consolidated statement of comprehensive income.

Value-Added Tax (VAT). Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.



Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follow.

	Number of Years
Office space	1–5
Plant and equipment	5
Land	4–5

Right-of-use assets are subject to impairment. Refer to the accounting policies in section on impairment of non-financial assets.

Lease Liabilities. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets. The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱0.25 million). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Foreign-currency-denominated Transactions

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at reporting date. Exchange gains and losses arising from foreign currency transactions and translations of foreign-currency-denominated monetary assets and liabilities are credited or charged to current operations.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed when material.

Earnings Per Share
Basic earnings per common share is calculated by dividing net income for the year attributable to the common stockholders of the Group by the weighted average number of common shares issued and outstanding during the year, after retroactive adjustments for any stock dividends declared.

Diluted earnings per share is calculated by dividing the net income for the year attributable to the common stockholders of the Group by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued for outstanding common stock equivalents.

As at December 31, 2023 and 2022, the Group does not have dilutive common stock equivalents.

5. Significant Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRSs requires the Group to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. In preparing these consolidated financial statements, the Group made its best estimates of certain amounts, giving due consideration to materiality. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Group believes that the following represent a summary of these significant accounting estimates and the related impact and associated risks in the consolidated financial statements.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining Fair Value of Customer Contracts as part of a Business Combination. The Group acquired two subsidiaries in 2021 and completed the valuation required by PFRS 3 in 2022 (see Note 13). The subsidiaries at the time of acquisition had existing power supply agreements with electric cooperatives. These signed customer agreements were assessed to qualify as intangible assets as at the acquisition date because they arose from an existing contractual relationship. Management determined the fair value of the customer contracts using the multi-period excess earnings method, using discounted future operating cash flows adjusted by imputed charges on contributory asset charges such as working capital, property, plant and equipment, and the assembled workforce. The discount rates used to discount these adjusted cash flows was based on the NBPC and BPC's WACC at the acquisition date of 9.65% and 9.51%, estimated using the entities' current cost of debt and an estimated cost of equity using the capital asset pricing model.

Management has assessed that no reasonably possible change in the forecasted cash flows, the contributory asset charges, or the components of the discount rate estimate would result in material changes to the fair value of customer contracts determined as of the acquisition date.

The acquisition-date fair value of customer contracts amounted to ₱233.5 million. The intangible assets were amortized over the expected remaining contractual term of the customer contracts as of the acquisition date of 10–12 years. The carrying amount of the intangible assets as of December 31, 2023 and 2022 amounted to ₱178.5 million and ₱199.8 million, respectively (see Note 13).

Determining Fair Value of Investment Properties. The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statements of comprehensive income. While the Group has opted to rely on independent appraisers to determine the fair value of its investment properties, such fair value was determined based on recent prices of similar properties with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Group made different judgments and estimates or utilized different basis in determining fair value.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 25.

Any gain or loss from a change in the fair value of each investment property is included in the consolidated statement of comprehensive income in the year in which the change arises.

As of December 31, 2023, and 2022, the carrying value of the Group's investment properties amounted to ₱1,045.5 million and ₱924.0 million, respectively (see Note 12).

Determining Non-Controlling Interest (NCI) that is Material to the Group. The Group assesses whether an NCI is material by considering factors such as the carrying amount of the NCI relative to the net equity of the Group, the profit or loss or OCI of the subsidiary attributable to the NCI, the assets and liabilities of the related subsidiary, or the amount of dividends paid by the subsidiary to the NCI, and the proportion that these amounts bear to the Group's financial position or results of operations. The Group also considers the nature of activities of the subsidiary and its relative importance or risk compared to other operations of the Group.

Based on management's assessment, it has determined that the NCI in 1590 EC is material to the Group. Information about this subsidiary with material NCI are disclosed in Notes 1 and 21.

Estimating Useful Lives of Property, Plant and Equipment and Intangible Assets. The Group reviews annually the estimated useful lives of property, plant and equipment and intangible assets and updates the estimates based on expected asset utilization, market demands and future technological developments consistent with the Group's pursuit of constant modernization of its machineries, equipment and software. However, it is possible that the factors mentioned above may change in the future which could change the estimated useful lives of the property, plant and equipment and intangible assets. The estimated useful lives are also updated if expectations differ from previous estimates due to physical wear and tear, technical obsolescence and legal or other limits on the use of the assets. A reduction in the estimated useful lives could result in a significant increase in depreciation and amortization of property, plant and equipment and intangible assets.

The carrying value of the property, plant and equipment amounted to ₱8,272.5 million and ₱5,877.6 million as of December 31, 2023 and 2022, respectively (see Note 11). The carrying value of intangible assets (relating to software costs and customer contracts under "Other noncurrent assets") amounted ₱179.1 million and ₱200.6 million as of December 31, 2023 and 2022, respectively (see Note 13).



Estimating Impairment of Nonfinancial Assets. Internal and external sources of information are reviewed at each reporting date to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may be decreased:

- Investments in associates and joint ventures
- Property, plant and equipment
- Right-of-use assets

PFRSs requires that an impairment review be performed when certain impairment indicators are present. Determining the recoverable amount, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect its consolidated financial statements. Future events could cause the Group to conclude that the investments in associates and joint ventures and property, plant and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

Assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators) are as follows:

	2023	2022
Investments in associates and joint ventures (see Note 10)	**₱10,595,855,907**	₱10,578,321,124
Property, plant and equipment (see Note 11)	**8,272,544,865**	5,877,554,921
Right-of-use assets (see Note 24)	**24,539,068**	22,112,091

In 2023, there were no impairment indicators on the Group's nonfinancial assets, except for certain property, plant and equipment of a subsidiary (see Note 11). No impairment loss was recognized as a result of the impairment test. In 2022, there were no impairment indicators on the Group's nonfinancial assets.

Estimating Impairment of Goodwill. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. In estimating the value in use, the Group estimated revenue based on existing customer contracts, anticipated projects and projected demand, and assumed, for one CGU, a consistent gross margin during the five-year horizon based on the mix of business model arrangements with current and expected customers, and for two other CGUs, a gross margin that varies depending on anticipated demand. The interest rate used to discount the net free cash flows from operations is the weighted average cost of capital (WACC) of 8.94%–9.31% as of December 31, 2023 and 8.74%–10.05% as of December 31, 2022.

As at December 31, 2023 and 2022, the carrying amount of goodwill amounted to ₱142.0 million and ₱129.8 million, respectively (see Note 13).

Estimating Realizability of Deferred Income Tax Assets. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of such deferred income tax assets to be utilized. The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Group.

Gross deferred income tax assets amounted to ₱58.5 million and ₱35.1 million as of December 31, 2023 and 2022, respectively (see Note 20).

Deferred income tax assets have not been recognized on net operating loss carry-over (NOLCO) of ₱1,555.0 million and ₱1,589.6 million as of December 31, 2023 and 2022, respectively, and minimum corporate income tax (MCIT) of ₱8.5 million and ₱0.8 million as of December 31, 2023 and 2022, respectively (see Note 20).

Estimating Legal Contingencies. The estimate of probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. Management, in consultation with its legal counsel, believes that the likely outcome of these proceedings will not have a material adverse effect on the Group's financial position and operating results.

Management also believes that the current provisions in the accounts are adequate to cover the possible claims that may arise under the current circumstances. Existing circumstances and assumptions about future developments related to these proceedings may still change. Such changes are reflected in the assumptions when they occur.

6. Cash and Cash Equivalents

	2023	2022
Cash on hand and in banks	**₱898,772,610**	₱1,901,784,675
Short-term investments	**3,483,768,166**	2,991,572,551
	₱4,382,540,776	₱4,893,357,226

Cash in banks earn interest at the respective bank deposit rates.

Short-term investments are cash equivalents and are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates.

Interest income earned from cash in banks and short-term investments amounted to ₱119.2 million, ₱60.1 million and ₱23.0 million in 2023, 2022 and 2021, respectively. Accrued interest receivable amounted to ₱20.9 million and ₱10.3 million as of December 31, 2023 and 2022, respectively (see Note 7).

7. Trade and Other Receivables

	2023	2022
Trade receivables:		
Third parties	**₱1,555,955,827**	₱1,216,187,506
Related parties (see Notes 16 and 23)	**20,013,282**	54,540,062
Accrued interest (see Note 6)	**20,945,817**	10,279,936
Advances to officers and employees	**5,694,516**	6,364,939
Accounts receivable (see Note 16)	**182,598**	11,161,303
Dividends receivable (see Notes 10 and 16)	**–**	7,760,000
Others	**81,273,031**	98,406,472
	1,684,065,071	1,404,700,218
Less allowance for impairment losses	**36,404,072**	41,994,023
	₱1,647,660,999	₱1,362,706,195

Trade receivables represent receivables from Independent Electricity Market Operator of the Philippines (IEMOP) for sales to the Wholesale Electricity Spot Market (WESM), Ancillary Services Procurement Agreement (ASPA) with NGCP and bilateral sales contracts with other parties, Power Supply Agreement (PSA), Distribution Wheeling Service (DWS), and Retail Supply Contracts (see Note 23). Trade receivables are noninterest-bearing and generally have credit terms of 30 days (see Note 23). Trade receivables with carrying amount of ₱454.7 million as of December 31, 2023 are held as collateral for Delta P's long-term debt (see Note 15).

Other receivables are mainly composed of project costs and receivables from former related parties.

The following table shows the movement in the allowance for impairment losses of receivables:

	2023	2022
At January 1	**₱41,994,023**	₱54,272,035
Provision	**410,049**	5,721,988
Recovery (see Note 17)	**(6,000,000)**	(18,000,000)
At December 31	**₱36,404,072**	₱41,994,023

Significant portion of the impairment losses pertains to individually impaired accounts.

8. Inventories - at Cost

	2023	2022
Heavy fuel oil	**₱143,151,140**	₱104,549,735
Light fuel oil	**19,635,006**	14,406,899
Lube oil	**14,833,331**	8,680,422
Spare parts	**187,072,740**	50,083,500
	₱364,692,217	₱177,720,556

The total cost of inventories recognized under "Generation costs" in the consolidated statements of comprehensive income amounted to ₱2,536.0 million, ₱2,392.2 million and ₱938.5 million in 2023, 2022 and 2021, respectively (see Note 17).

9. Prepayments and Other Current Assets

	2023	2022
Input VAT - current	**₱431,774,396**	₱167,475,443
Prepaid expenses	**205,891,052**	74,809,857
Creditable withholding taxes - current	**47,380,505**	63,489,165
Advances to suppliers and other parties	**43,910,119**	107,751,455
Others (see Note 23)	**49,295,033**	32,757,639
	₱778,251,105	₱446,283,559

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 13).

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 13).

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 year.

"Others" include cash restricted amounting to ₱2.0 million as of December 31, 2023 and 2022 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 (see Note 23).

10. Investments in Associates and Joint Ventures

The Group's associates and joint ventures, which are all incorporated in the Philippines, and the corresponding equity ownership as of December 31 follow:

		Percentage of Ownership		
	Nature of Business	**2023**	2022	2021
Associates:				
VECO	Power distribution	**34.81**	34.81	34.81
LPCI	Power generation	**42.50**	42.50	42.50
GLEDC	Power generation	**42.50**	42.50	42.50
CPPC	Power generation	**40.00**	40.00	40.00
PEI	Power generation	**40.00**	40.00	40.00
AHI	Holding company	**40.00**	40.00	40.00
MPC	Power generation	**40.00**	40.00	40.00
TVI	Power generation	**20.00**	20.00	20.00
SREC	Power generation	**–**	–	30.00
CREC*	Power generation	**100.00**	35.00	35.00
LWEC	Power generation	**40.00**	40.00	40.00
FLOWS	Holding company	**45.00**	45.00	45.00
PPWRLC	Water treatment	**40.31**	40.31	40.31

(Forward)

	Nature of Business	Percentage of Ownership		
		2023	2022	2021
Joint ventures:				
CIPC*	Power generation	**100.00**	50.00	50.00
Delta P*	Power generation	**100.00**	50.00	50.00
LPEC*	Power generation	**100.00**	50.00	–

**Became subsidiaries on June 1, 2023 (see Note 1)*

	2023	2022
Acquisition cost:		
At January 1	**₱7,743,358,223**	₱7,674,958,223
Additions	**251,169,255**	68,400,000
Step acquisitions	**(395,444,376)**	–
At December 31	**7,599,083,102**	7,743,358,223
Accumulated share in net earnings:		
At January 1	**2,928,978,968**	2,331,917,245
Equity in net earnings of associates and joint ventures	**2,044,341,881**	1,941,357,383
Cash dividends received and receivable	**(1,780,784,552)**	(1,344,295,660)
Step acquisitions	**(70,593,992)**	–
At December 31	**3,121,942,305**	2,928,978,968
Share in remeasurement gains (losses) on employee benefits of associates and joint ventures:		
At January 1	**(94,016,067)**	(94,016,067)
Share in the remeasurement losses on employee benefits	**(31,585,867)**	–
Step acquisitions	**432,434**	–
At December 31	**(125,169,500)**	(94,016,067)
	₱10,595,855,907	₱10,578,321,124

As of December 31, 2023 and 2022, the undistributed earnings of the associates and joint ventures included in the Group's retained earnings amounting to ₱3,121.9 million and ₱2,929.0 million, respectively, are not available for distribution to the stockholders unless declared as dividends by the associates and joint ventures.

LWEC

VEC made additional investments to LWEC amounting to ₱251.1 million and ₱68.4 million in 2023 and 2022, respectively. The additional infusions did not result in a change in ownership interest in LWEC.

SREC

On May 28, 2021, VREC and VEC entered into a share-swap agreement with a third party to sell their entire investment in SREC and acquire additional shares in CREC held by the said party. The agreement resulted to the sale of VEC's 29,925 preferred shares with par value of ₱1,000.00 per share and VREC's 11,250 common shares with a par value of ₱1,000.00 per share to the buyer for a consideration of ₱33.2 million. A gain on the sale of investment amounting to ₱3.7 million was recognized.

CREC
On March 24, 2021, an existing shareholder of CREC assigned its 938 common shares of CREC to VREC for a consideration of ₱1.1 million and subscription price payable to CREC amounting to ₱0.6 million.

On May 28, 2021, VREC and VEC entered into a share-swap agreement with a third party to sell its entire investment in SREC and acquire additional shares in CREC held by the said party. The agreement resulted to the VEC's acquisition of 2,812 preferred stocks with par value of ₱1,000.00 per share for a total consideration of ₱5.2 million. The transaction did not result in a change in ownership interest in CREC.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its shares equivalent to 9,375 preferred shares with par value of ₱1,000 per share for a consideration of ₱6.5 million resulting to an increase of the Group's ownership interest to 100%. The Group has assessed that the group of assets it has acquired in CREC does not constitute a business and has accounted for the acquired net assets at cost.

CIPC
On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in CIPC for a consideration of ₱172.0 million, which resulted to an increase in the Group's ownership interest in CIPC to 100%. The Group has assessed that the set of assets and activities that it has acquired in CIPC constitutes a business and has accounted for the acquisition as a business combination (see Note 13).

Delta P
On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in Delta P for a consideration of ₱272.9 million, which resulted to an increase in the Group's ownership interest in Delta P to 100%. The Group has assessed that the set of assets and activities that it has acquired in Delta P constitutes a business and has accounted for the acquisition as a business combination (see Note 13).

LPEC
In 2021, VEC entered into a joint venture agreement with GPI which resulted to a 50% ownership in LPEC and reclassification of the investment from a subsidiary to a joint venture (see Note 1). In the same year, VEC infused advances for future stock subscription amounting to ₱40.6 million in LPEC.

On June 1, 2023, the Group entered into a share purchase agreement with GPI to acquire its shares in LPEC consisting of 6,250,000 common shares and 51,750,000 preferred shares, both with a par value of ₱1 per share for total consideration of ₱41.1 million, which resulted to which resulted to an increase in the Group's ownership interest in LPEC to 100%. The Group has assessed that the set of assets it has acquired in LPEC does not constitute a business and has accounted for the acquired net assets at cost.



The following are selected financial information of the material associates of the Group as of and for the years ended December 31, 2023, 2022 and 2021:

VECO

	2023	2022	2021
Total current assets	**₱4,920,551,073**	₱5,519,111,633	₱4,385,888,164
Total noncurrent assets	**18,884,862,791**	17,915,203,930	17,635,874,580
Total current liabilities	**9,561,717,515**	9,722,486,379	7,846,069,125
Total noncurrent liabilities	**4,709,554,881**	4,599,705,333	4,631,031,218
Total equity	**9,534,141,468**	9,112,123,851	9,544,662,401
Gross revenue	**26,357,988,539**	26,977,125,092	21,689,021,868
Operating profit	**3,333,551,909**	2,269,847,546	2,747,237,218
Net income	**2,883,498,348**	2,169,835,188	2,338,687,791
Other comprehensive loss	**(86,106,592)**	–	(857,499)
Total comprehensive income	**2,797,391,756**	2,169,835,188	2,337,830,292
Group's share in net income	**1,003,745,775**	755,319,629	814,097,220
Proportion of Group's ownership	**34.81%**	34.81%	34.81%
Group's share in equity of associate	**3,318,834,645**	3,171,930,313	3,322,496,982
Share in revaluation increment and other adjustments	**(1,599,039,464)**	(1,662,219,570)	(1,740,610,202)
Carrying amount of the investment	**₱1,719,795,181**	₱1,509,710,743	₱1,581,886,780
Dividends received from VECO	**₱763,687,641**	₱827,495,660	₱729,955,901

MPC

	2023	2022	2021
Total current assets	**₱3,435,863,836**	₱4,201,022,933	₱3,700,951,701
Total noncurrent assets	**15,377,943,371**	16,909,376,253	17,063,969,413
Total current liabilities	**1,992,286,194**	3,242,063,666	2,247,453,130
Total noncurrent liabilities	**7,894,261,494**	9,050,373,824	10,131,695,716
Total equity	**8,927,259,519**	8,817,961,696	8,385,772,268
Gross revenue	**6,695,432,008**	7,447,497,810	5,652,572,661
Operating profit	**1,409,635,000**	1,657,295,454	1,577,894,717
Net income	**607,440,019**	933,519,225	550,526,078
Total comprehensive income	**607,440,019**	933,519,225	550,526,078
Group's share in net income	**242,976,008**	373,407,690	220,210,431
Proportion of Group's ownership	**40.00%**	40.00%	40.00%
Group's share in equity of associate	**3,570,903,808**	3,527,184,678	3,354,308,907
Goodwill and other adjustments	**20,075,548**	20,818,687	20,286,763
Carrying amount of investment	**₱3,590,979,356**	₱3,548,003,365	₱3,374,595,670
Dividends received from MPC	**₱200,000,016**	₱200,000,000	₱239,999,995

TVI

	2023	2022	2021
Total current assets	**₱10,478,856,901**	₱10,324,952,761	₱8,287,903,253
Total noncurrent assets	**31,745,707,936**	31,889,847,789	33,649,468,128
Total current liabilities	**4,572,615,329**	4,597,094,963	4,077,133,207
Total noncurrent liabilities	**22,285,635,538**	22,258,113,570	24,657,863,758
Total equity	**15,366,313,970**	15,359,592,017	13,202,374,416
Gross revenue	**15,294,820,389**	15,048,870,946	10,685,992,170
Operating income	**3,256,629,869**	3,022,186,775	2,717,701,465
Net income	**1,386,782,325**	1,901,715,238	903,188,516
Other comprehensive income (loss)	**(8,060,814)**	–	–
Total comprehensive income	**1,378,721,511**	1,901,715,238	903,188,516
Group's share in net income	**277,356,465**	380,343,048	180,637,703
Proportion of Group's ownership	**20.00%**	20.00%	20.00%
Group's share in equity of associate	**3,073,262,794**	3,071,918,403	2,640,474,883
Goodwill and other adjustments	**27,649,545**	(66,750,366)	(15,649,894)
Carrying amount of the investment	**₱3,100,912,339**	₱3,005,168,037	₱2,624,824,989
Dividends received from TVI	**₱180,000,000**	₱–	₱–

AHI

	2023	2022	2021
Total current assets	**₱884,440,906**	₱796,056,687	₱795,803,858
Total noncurrent assets	**3,008,643,439**	3,081,430,007	2,900,509,469
Total current liabilities	**–**	14,886	6,305
Total equity	**3,893,084,345**	3,877,471,808	3,696,307,022
Gross revenue	**1,035,267,658**	955,728,891	845,817,147
Operating profit	**1,035,189,193**	955,453,193	845,714,475
Net income	**1,035,069,070**	955,950,548	845,601,590
Other comprehensive income	**–**	–	–
Total comprehensive income	**1,035,069,070**	955,950,548	845,601,590
Group's share in net income	**414,027,628**	382,380,219	338,240,636
Proportion of Group's ownership	**40.00%**	40.00%	40.00%
Group's share in equity of associate	**1,557,233,738**	1,550,988,723	1,478,522,809
Goodwill and other adjustments	**1,853,328**	(1,629,285)	5,756,410
Carrying amount of the investment	**₱1,559,087,066**	₱1,549,359,438	₱1,484,279,219
Dividends received from AHI	**₱404,800,000**	₱316,800,000	₱510,400,000

Individually Immaterial Associates and Joint Ventures

The carrying amounts of the Group's interest in all individually immaterial associates and joint ventures that are accounted for using the equity method as of and for the year ended December 31 follows:

	2023	2022	2021
Income from continuing operations	**₱106,236,005**	₱49,906,797	₱300,600,267
Net income	**106,236,005**	49,906,797	285,305,275
Other comprehensive income	**–**	–	152,992
Total comprehensive income	**106,236,005**	49,906,798	285,458,266
Aggregate carrying amounts	**625,081,965**	966,079,541	847,272,743

The associates and joint ventures had no contingent liabilities or capital commitments as of December 31, 2023 and 2022.

11. **Property, Plant and Equipment**

	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 (see Note 13)	**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 (see Note 17)	**–**	**–**	**–**	**(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 and amortization	**–**	**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**

	2022								
	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	₱54,373,755	₱862,964,932	₱177,839,711	₱86,101,718	₱95,928,795	₱125,320,911	₱94,485,818	₱2,444,944,422	₱3,941,960,062
Additions	439,865,600	1,718,906,610	–	17,089,554	13,042,459	4,470,209	14,232	639,238,082	2,832,626,746
Reclassification	–	1,342,469,439	–	–	–	55,120,922	8,482,143	(1,406,072,504)	–
Disposal (see Note 17)	–	–	–	(4,523,946)	(573,074)	–	(8,482,143)	–	(13,579,163)
At December 31	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
Accumulated Depreciation and Amortization									
At January 1	–	344,018,341	29,593,705	46,203,515	72,049,933	26,564,826	43,861,135	–	562,291,455
Depreciation and amortization	–	266,736,195	9,588,967	12,570,939	12,810,462	9,870,837	13,359,776	–	324,937,176
Disposal	–	–	–	(3,202,852)	(573,055)	–	–	–	(3,775,907)
At December 31	–	610,754,536	39,182,672	55,571,602	84,287,340	36,435,663	57,220,911	–	883,452,724
Net Book Value	₱494,239,355	₱3,313,586,445	₱138,657,039	₱43,095,724	₱24,110,840	₱148,476,379	₱37,279,139	₱1,678,110,000	₱5,877,554,921

On April 6, 2022, the Group through its subsidiary, 1590 EC, acquired the BDPP after it was announced as the highest bidder during the public auction for the sale of the power plant (see Note 24). Total purchase price, including all directly attributable costs amounted to ₱2.1 billion and presented as part of land and plant machineries and equipment.

The construction of a 23 MW bunker-fired power plant in in Bantayan, Cebu was completed in early 2022. Thus, total costs of construction amounting to ₱1.3 billion were subsequently reclassified from construction in progress account to plant machineries and equipment and leasehold and land improvements.

In 2023, the Group purchased a 70.59 MW bunker-fired power plant located in Barangay Ermita, Cebu City for a total cash price of ₱282.3 million (see Note 16i and 16j).

The construction in progress account includes the costs for the on-going construction of a water desalination plant, solar panel installations, and mobilization fee and engineering detailed design fees paid to a third-party contractor for the construction of a subsidiary's run-of-river hydropower facility in Negros Occidental. The latter project's implementation is intended to approximately coincide with the government's 230 kV backbone project but the government has not yet completed the construction as of April 5, 2024.

In 2022, a subsidiary donated a constructed drainage system costing to ₱8.5 million to the local government unit where it operates. This amount is presented as "Other operating expenses" in the 2022 consolidated statement of comprehensive income.

Property, plant and equipment with carrying amount as of December 31, 2023 and 2022 of ₱2,116.9 million and ₱1,387.0 million, respectively, have been pledged as security for the Group's long-term liabilities (see Note 15).

In 2023, the Group determined that an impairment test has to be performed on certain property, plant and equipment of a subsidiary amounting to ₱746.8 million. In performing an impairment test calculation, the Group determined the recoverable amount of the relevant property, plant and equipment through the fair value less costs to sell of the property. The fair value less costs to sell was based on recent independent appraisals of the property. The impairment test did not result to a recognition of an impairment loss in 2023.

The fair value less costs to sell was determined based on an estimate of the reproduction cost of the property, plant and equipment. Reproduction cost is the current cost of constructing a replica of the existing structures, employing the same design and similar building materials, essentially estimating the current cost of an identical new item. The fair value was determined to be classified under Level 3 of the fair value hierarchy.

Depreciation and amortization are recognized in the consolidated statements of comprehensive income as follows:

	2023	2022	2021
Generation costs (see Note 17)	**₱422,440,749**	₱287,164,793	₱84,661,999
Operating expenses	**47,219,427**	37,772,383	37,891,528
	₱469,660,176	₱324,937,176	₱122,553,527

12. **Investment Properties**

	2023		
	Land	**Condominium Units**	**Total**
At January 1	**₱898,590,867**	**₱25,445,733**	**₱924,036,600**
Unrealized gain on fair value remeasurement	**119,957,200**	**1,476,000**	**121,433,200**
At December 31	**₱1,018,548,067**	**₱26,921,733**	**₱1,045,469,800**

	2022		
	Land	Condominium Units	Total
At January 1	₱838,460,268	₱25,181,733	₱863,642,001
Unrealized gain on fair value remeasurement	60,130,599	264,000	60,394,599
At December 31	₱898,590,867	₱25,445,733	₱924,036,600

Some of the Group's properties are leased out to outside parties to earn rental income, for a lease period of three years. Total rental income amounting to ₱2.1 million, ₱2.5 million, ₱1.1 million in 2023, 2022 and 2021, respectively, were recorded as part of "Other income" in the consolidated statements of comprehensive income.

In 2023 and 2022, an appraisal was performed on the Group's investment properties which resulted to an increase in the fair value amounting to ₱121.4 million and ₱60.4 million, respectively. Net unrealized gain on fair value remeasurement of investment properties, recognized under "Other income (charges)" in the consolidated statements of comprehensive income, amounted to ₱121.4 million, ₱60.4 million, and ₱106.4 million, in 2023, 2022, and 2021, respectively.

Direct costs pertain to real property taxes amounting to ₱1.5 million, ₱1.1 million and ₱ 0.3 million in 2023, 2022 and 2021, respectively, are included under "Taxes and licenses" account in the consolidated statements of comprehensive income. No other direct operating costs were incurred relating to investment properties in 2023, 2022, and 2021.

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

Fair value hierarchy disclosures and description of the valuation techniques used and key inputs to valuation for investment properties have been provided in Note 25.

13. **Other Noncurrent Assets**

	2023	2022
Advances to suppliers and other parties	**₱1,226,593,466**	₱698,308,703
Financial assets at FVOCI	**426,600,000**	397,734,676
Creditable withholding taxes - noncurrent (see Note 9)	**401,840,334**	241,934,712
Input VAT - noncurrent (see Note 9)	**189,414,330**	162,048,494
Customer contracts	**178,462,314**	199,760,084
Goodwill	**142,030,596**	129,843,626
Software costs - net	**639,585**	843,053
Pension asset (see Note 19)	**376,533**	–
Others - net of allowance for impairment loss of ₱46.01 million (see Note 23)	**15,332,471**	19,662,270
	₱2,581,289,629	₱1,850,135,618

Advances to Suppliers and Other Parties

Advances to suppliers pertain to cash advances given to contractors and project partners to finance the cost of project study, site development, plant rehabilitation, among others and to certain parties to comply with certain contractual obligations.

Financial Assets at FVOCI

Investments In Club Shares. These are irrevocably designated at FVOCI as the Group intends to hold these investments in the foreseeable future. As of December 31, 2023 and 2022, the carrying values of these financial assets are as follows:

Cost:	
Cebu Country Club, Inc.	₱3,400,000
Tower Club, Inc.	300,000
	3,700,000
Fair value remeasurement gain (loss):	
Cebu Country Club, Inc.	4,600,000
Tower Club, Inc.	(300,000)
	4,300,000
	₱8,000,000

- *Cebu Country Club, Inc.* In 2012, the Group acquired proprietary ownership shares in the Cebu Country Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares.

- *Tower Club, Inc.* In 2014, the Group acquired proprietary ownership shares in the Tower Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares. On September 25, 2020, the shareholders of Tower Club agreed to shorten its corporate life and permanently close by January 2022.

Investment in Buskowitz Finance, Inc. or BFI [now Buskowitz Energy, Inc. (BEI)]. In 2021, VREC made an investment amounting to ₱94.0 million, which represents initial subscription to 200,000 common shares of BFI at ₱20 per share or for a total of ₱4.0 million, representing 16.81% ownership in BFI, and advances for future stock subscription amounting to ₱90.0 million, pending approval by the SEC of BFI's application for the increase in authorized capital stock.

In June 2022, VREC made an additional investment amounting to ₱270.0 million. As of December 31, 2023 and 2022, the carrying value of the investment amounted to ₱418.6 million and ₱389.7 million. In 2023 and 2022, the Group recognized unrealized valuation gain on financial assets at FVOCI, net of deferred income tax, amounting to ₱25.7 million and ₱28.9 million, respectively.

Fair value hierarchy disclosures for the Group's financial assets at FVOCI are provided in Note 25.

Business Combinations

Acquisition of Delta P and CIPC in 2023
On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common shares preferred shares in Delta P and CIPC for a consideration of ₱272.9 million and ₱172.0 million, respectively, which resulted to an increase in the Group's ownership interest in the entities from 50% to 100%. The Group has assessed that the set of assets and activities that it has acquired in Delta P constitutes a business and has accounted for the acquisition as a business combination.

	Delta P	CIPC	Total
Cash and cash equivalents	₱149,827,824	₱28,328,008	₱178,155,832
Trade and other receivables	513,194,675	246,148,569	759,343,244
Inventories	143,168,592	70,605,593	213,774,185
Prepayments and other current assets	58,519,734	22,834,066	81,353,800
Property, plant and equipment	796,540,163	228,372,239	1,024,912,402
Right-of-use assets	1,034,077	6,349,982	7,384,059
Deferred income tax assets	1,145,632	–	1,145,632
Other noncurrent assets	91,662,905	2,489,138	94,152,043
Total assets	1,755,093,602	605,127,595	2,360,221,197
Less: Trade and other payables	310,774,228	253,857,655	564,631,883
Long-term notes payable	851,413,248	22,385,832	873,799,080
Lease liabilities	1,352,083	8,648,218	10,000,301
Pension liability	2,163,276	–	2,163,276
Deferred income tax liabilities	–	167,211	167,211
Total net assets	₱589,390,767	₱320,068,679	₱909,459,446
Goodwill arising on acquisition	₱–	₱12,186,970	₱12,186,970
Gain on bargain purchase	(64,685,699)	–	(64,685,699)
Purchase consideration transferred	₱524,705,068	₱332,255,649	₱856,960,717
Fair value of previously-held equity interest	₱251,825,214	₱160,223,283	₱412,048,497
Cash and cash equivalents	112,667,282	68,524,325	181,191,607
Unpaid portion of the consideration	160,212,572	103,508,041	263,720,613
Total consideration transferred	₱524,705,068	₱332,255,649	₱856,960,717
Cash flow on acquisition:			
Cash acquired with the subsidiary	₱149,827,824	₱28,328,008	₱178,155,832
Cash paid as part of purchase consideration	(112,667,282)	(68,524,325)	(181,191,607)
Net cash inflow (outflow)	₱37,160,542	(₱40,196,317)	(₱3,035,775)

As allowed by PFRS 3, the assets recognized and liabilities assumed were based on provisional assessment of fair value. The amounts recognized for trade and other receivables represent the gross contractual amounts receivable from counterparties.

By the date that the financial statements were approved for issue by the BOD, the valuation required by PFRS 3 had not yet been completed. Hence, the determination of the final amounts of the fair value of previously-held equity interest, trade and other receivables, property, plant and equipment, intangible assets from customer contracts, long-term notes payable, right-of-use assets and lease liabilities, and related deferred income tax adjustments and the resulting goodwill or gain on bargain purchase are subject to change within the one (1) year measurement period after the acquisition date.

As at acquisition date, Delta P and CIPC have signed contracts with customers for the sale of power which qualify for recognition as intangible assets separate from goodwill. The ₱12.2 million goodwill comprises the value of the knowhow of the business and its existing customer base. The gain on bargain purchase is presented as part of "Other income (charges)" in the 2023 consolidated statement of comprehensive income. The gain on this acquisition arose from changes to the fair value of the net identifiable assets during the period prior to the closing date.

For the year ended December 31, 2023, Delta P and CIPC contributed total revenues of ₱1.1 billion and ₱437.6 million, respectively, and net income of ₱17.9 million and ₱54.4 million, respectively, to the Group. Had the acquisitions been made at the beginning of the year, consolidated total revenues would have been ₱7.0 billion and consolidated net income would have been ₱2.4 billion.

Acquisition of North Bukidnon Power Corporation (NBPC) and Bukidnon Power Corporation (BPC) in 2021. In May 2021, VEC and AHC acquired a combined ownership of 90% in NBPC and BPC.

The following is the final purchase price allocation for the business combinations:

	NBPC	BPC	Total
Cash and cash equivalents	₱15,049,632	₱25,960,878	₱41,010,510
Trade and other receivables	6,538,783	39,538,846	46,077,629
Inventories	1,983,566	3,843,890	5,827,456
Prepayments and other current assets	2,316,113	1,286,383	3,602,496
Property, plant and equipment	294,377,722	281,679,677	576,057,399
Intangible assets – customer contracts	123,023,207	110,458,345	233,481,552
Total assets	443,289,023	462,768,019	906,057,042
Less: Trade and other payables	5,244,872	5,002,325	10,247,197
Long-term notes payable	193,339,318	139,729,730	333,069,048
Deferred tax liabilities	32,673,141	41,868,777	74,541,918
Total net assets	₱212,031,692	₱276,167,187	₱488,198,879
Non-controlling interest	(₱21,326,311)	(₱27,619,062)	(₱48,945,373)
Goodwill arising on acquisition	47,462,510	–	47,462,510
Gain on bargain purchase	–	(32,120,469)	(32,120,469)
Purchase consideration transferred	₱238,167,891	₱216,427,656	₱454,595,547
Cash and cash equivalents	₱228,282,142	₱205,539,483	₱433,821,625
Liability for additional transaction price	9,885,749	10,888,173	20,773,922
Purchase consideration transferred	₱238,167,891	₱216,427,656	₱494,595,547
Cash flow on acquisition:			
Cash acquired with the subsidiary	₱15,049,632	₱25,960,878	₱41,010,510
Cash paid as part of purchase consideration	(228,282,142)	(205,539,483)	(433,821,625)
Net cash outflow	(₱213,232,510)	(₱179,578,605)	(₱392,811,115)

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets. The goodwill of ₱47.5 million comprises the value of knowhow of the business and its existing customer base.

The gain on bargain purchase is presented as part of "Other income (charges)" in the 2021 consolidated statement of comprehensive income. The gain on this acquisition arose from changes to the fair value of the net identifiable assets during the period prior to the closing date.

The amounts recognized for trade and other receivables represent the gross contractual amounts receivable from counterparties. As at the acquisition date, management does not expect that any contractual cash flows from these receivables will not be collected.

For the period ended December 31, 2021, revenue from sale of power by NBPC and BPC amounting to ₱41.5 million and ₱48.6 million, respectively, and net income amounting to ₱11.6 million and ₱12.7 million, respectively, are recognized in the 2021 consolidated statements of comprehensive income. Had the acquisitions been made at the beginning of the year, consolidated total revenues and consolidated net income would have been ₱3,262.4 million and ₱2,236.2 million, respectively.

Goodwill

For impairment testing, goodwill acquired through business combinations are allocated to CGUs representing the operating units acquired. The following is the carrying amount of goodwill allocated to each of the CGUs.

	2023	2022
WMP	**₱82,381,116**	₱82,381,116
NBPC	**47,462,510**	47,462,510
CIPC	**12,186,970**	–
	₱142,030,596	₱129,843,626

As of December 31, 2023 and 2022, the recoverable amounts of the cash generating units have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering at least a five-year period.

Revenue forecasts are based on existing contracts, anticipated increases in demand, anticipated new projects that will be serviced by existing assets, and other economic factors. Key assumptions to the forecasts and inputs to the value-in-use calculation are as follows:

	2023		
	WMP	**NBPC**	**CIPC**
Discount rate (WACC)	**9.31%**	**9.11%**	**8.94%**
Forecast gross margins	**21–22%**	**16–45%**	**(1%)–17%**
Long-term growth rate	**n/a**	**0%**	**0%**
Terminal value	**Not considered beyond the explicit forecast period**	**Remaining EUL of the plant**	**Remaining EUL of the plant**

	2022	
	WMP	NBPC
Discount rate (WACC)	8.74%	10.05%
Forecast gross margins	21–22%	25–40%
Long-term growth rate	n/a	0%
Terminal value	Not considered beyond the explicit forecast period	Remaining EUL of the plant

Based on the impairment testing, management believes there is no impairment on goodwill in 2023 and 2022. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

Software Costs

Software costs pertain to a subsidiary's accounting software, Human Resources Information System, trading software and documents monitoring system. The movement of software costs is as follows:

	2023	2022
Cost		
At January 1	**₱9,506,562**	₱9,109,606
Additions during the year	**398,439**	396,956
At December 31	**9,905,001**	9,506,562
Accumulated Amortization		
At January 1	**8,663,509**	8,062,653
Amortization for the year	**601,907**	600,856
At December 31	**9,265,416**	8,663,509
Net Book Value	**₱639,585**	₱843,053

Customer Contracts

BPC and NBPC have existing power supply agreements with its customers when these subsidiaries were acquired in 2021. Intangible assets pertaining to these customer relationships were recognized by the Group as identifiable assets part of the business combination. These assets are being amortized over their expected useful lives of 10–12 years, based on the remaining terms of the agreements as of the acquisition date. The movement of the intangible assets are as follows:

	2023	2022
Cost		
At January 1 and December 31	**₱233,481,552**	₱233,481,552
Accumulated Amortization		
At January 1	**33,721,468**	12,423,698
Amortization for the year	**21,297,770**	21,297,770
At December 31	**55,019,238**	33,721,468
Net Book Value	**₱178,462,314**	₱199,760,084

Others

Others include receivable from RFM Corporation, the Group's previous owner, which has been fully provided with allowance for impairment losses as of December 31, 2023 and 2022. Also included in this account are deposits for future subscription in an entity that is yet to be incorporated and security deposits with various tenants and other parties in the conduct of the Group's operations.

14. **Trade and Other Payables**

	2023	2022
Trade payables	**₱1,969,461,903**	₱1,506,776,281
Accrued expenses	**185,243,231**	212,324,048
Deferred output VAT	**177,212,117**	391,475,604
Accounts payable	**155,478,265**	141,112,460
Output VAT	**109,809,538**	7,727,879
Accrued interest (see Note 15)	**36,892,360**	37,720,667
Unearned income	**15,638,697**	1,822,216
Dividends payable	**6,851,873**	8,827,097
Accrued taxes payable	**5,736,872**	4,366,556
Others (see Note 23)	**24,446,546**	48,448,500
	2,686,771,402	2,360,601,308
Less noncurrent portion (see Note 23)	**844,587,453**	838,293,931
	₱1,842,183,949	₱1,522,307,377

Trade payables significantly consist of liabilities for a subsidiary's purchases of inventories from its suppliers and advances from a supplier. Trade payables for purchases of inventories are noninterest-bearing and are normally settled on a 30 to 45-day term.

Accrued expenses mainly consist of accruals for fuel, audit fees, contracted services, legal fees, securities and transfer fees, benefits, and other expenses.

Deferred output VAT is related to the recognition of the Group's revenue from bilateral contracts, and its corresponding receivable. The deferred output VAT is eventually closed to output VAT upon collection of the related receivable.

Accounts payable consist mainly of liabilities for payroll, professional fees and other expenses.

Unearned income are advance payments from customers.

Dividends payable consists of dividends to the non-controlling interests of the Group arising from dividend declaration made by the Parent Company. Dividends declared relating to non-controlling interests amounted to ₱1.1 million, ₱8.6 million and ₱276.1 million in 2023, 2022 and 2021, respectively (see Note 21).

15. **Notes Payable**

Short-term Notes Payable

- *1590 EC*. On May 28, 2020 and June 29, 2020, 1590 EC obtained 90-day and 91-day loans from a local bank amounting to ₱95.0 million and ₱40.0 million which bear interest rates of 5.1% and 4.95% per annum, respectively. On October 26, 2020, 1590 EC made a partial payment in the amount of ₱30.0 million. Both loans totalling ₱105.0 million were extended to January 8, 2021. In February 2021, 1590 EC made another partial payment in the amount of ₱14.0 million. The balance of the two loans were extended up to April 12, 2021. 1590 EC settled the loans on April 12, 2021.

On August 2022, 1590 EC obtained a one year loan from various local banks amounting to ₱950.0 million which bears interest from 4.5%–5%. On the same date, 1590 EC secured a six-month loan from a local bank amounting to ₱176.0 million which bears an interest rate of 4.75%.

Upon maturity of the loans in 2023, 1590 EC made a partial payment of ₱10.0 million and further renewed the loans at interest rates ranging from 6.75%–7.15%. On February 5, 2024, ₱90.0 million of the loans were settled upon maturity and the rest were renewed.

- *INPC*. On various dates in 2020, Isla Norte (formerly INEC) obtained loans from a local bank totalling to ₱644.3 million. The loans bear interest rates of 4.5% and 5% per annum. All loans matured on December 3, 2020 and were subjected to monthly extensions until their settlement on April 26, 2021.

  On various dates in 2021, Isla Norte obtained loans from a local bank totalling ₱338.5 million to finance the construction of its power plant. The loans bear interest rates of 4.25% per annum. All loans matured on April 26, 2021.

  On various dates in 2022, Isla Norte obtained loans from a local bank totalling to ₱44.3 million. The loans bear interest rates of 5.5%–5.9% per annum and matured on various dates in 2023.

- *VEC*. On various dates in 2023, VEC secured short-term Notes Facility Agreement to issue ₱1.0 billion in Fixed Rate Corporate Notes (FRCN) bearing interest rates of 6.50—6.95% per annum to fund its working capital and future investments. The notes are unsecured. Short-term notes amounting to ₱170.0 million matured and were settled in November 2023. The short-term notes amounting to ₱848.0 million matured in January 2024.

- *Core*. In 2023, Core obtained a loan from a local bank amounting to ₱50.0 million at an annual interest rate of 6.95% for additional working capital financing. The loan was also settled in 2023.

Interest expense recognized in the consolidated statements of comprehensive income on these loans in 2023, 2022 and 2021, amounted to ₱122.3 million, ₱21.4 million and ₱1.8 million, respectively. Accrued interest on these loans as of December 31, 2023 and 2022 amounted to nil and ₱0.9 million, respectively (see Note 14).

Long-term Notes Payable

	Interest Rates	**2023**	2022
Parent Company – unsecured	4.1856%—4.7416%	**₱1,900,000,000**	₱2,950,000,000
INPC – secured	6.0117%—8.3556%	**1,283,764,706**	1,320,000,000
Delta P – secured	6.2000%	**817,615,846**	–
VEC – unsecured	7.5696%	**600,000,000**	–
NBPC – secured	5.5000%	**186,560,000**	203,520,000
BPC – secured	6.6400%	**159,300,000**	173,460,000
Core – secured	7.6921%	**131,349,198**	–
		5,078,589,750	4,646,980,000
Less unamortized debt issue costs		**30,234,175**	23,355,832
		5,048,355,575	4,623,624,168
Less current portion – net of unamortized debt issue costs of ₱5.8 million in 2023 and ₱2.2 million in 2022		**210,300,979**	1,115,158,717
		₱4,838,054,596	₱3,508,465,451

Parent Company. The Parent Company entered into a Notes Facility Agreement (Agreement) to issue ₱3.0 billion in Fixed Rate Corporate Notes (FRCN or the Notes) on January 29, 2014 to fund its equity investments in power generation projects, to include, but not limited to MPC and TVI. 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 Parent Company signed an Agreement to issue ₱3.0 billion 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 parent Company issued an FRCN last January 27, 2021 amounting to ₱3.0 billion 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 ₱50.0 million for the first four years and a balloon payment of ₱1.8 billion on maturity. On January 27, 2023, the first tranche on the loan matured and was settled. On January 29, 2024, ₱50.0 million of the total principal amount was settled upon maturity.

Repayments of outstanding principal amounts are scheduled as follows:

	2023	2022
Within one year	**50,000,000**	₱1,050,000,000
More than one year but not more than five years	**1,850,000,000**	1,900,000,000
	₱1,900,000,000	₱2,950,000,000

The Agreement requires that the Parent Company shall not permit its debt-to-equity ratio to exceed 2.5:1. The debt-to-equity ratio is based on the parent company debt and consolidated equity. In addition, the Agreement requires the current ratio to not fall below 1.25:1 and is based on the consolidated current assets and current liabilities. The Parent Company has complied with these ratio requirements as of December 31, 2023 and 2022.

Interest expense recognized in the consolidated statements of comprehensive income related to these notes payable amounted to ₱93.8 million, ₱133.5 million and ₱138.2 million in 2023, 2022 and 2021, respectively, and the related accrued interest expense as of December 31, 2023 and 2022 amounted to ₱12.9 million and ₱17.8 million, respectively (see Note 14).

INPC. In 2021, INPC (formerly INEC) entered into a loan agreement with Security Bank Corporation (SBC) whereby the latter agreed to provide INEC an aggregate principal amount of loan up to ₱1.32 billion to finance the construction of its 23.3 MW diesel power plant in Bantayan, Cebu. In 2022, INEC was merged into Isla Norte, the surviving corporation.



The loan has a term of fifteen (15) years, inclusive of a two (2)-year grace period on principal repayment. Seventy percent (70%) of the loan is payable in fifty-one (51) quarterly installments commencing on the 9th quarter from the date of initial borrowing until the maturity date, while the remaining thirty percent (30%) shall be paid on the maturity date. The loan bears interest which is payable quarterly.

The loan is collateralized by the following: (a) debt service reserve account letter of credit, (b) first ranking mortgage on all present and future immovable properties, (c) assignment by way of security of the company's rights, titles and interest in project documents, insurance policies, performance bonds, receivables and other revenues from the Power Supply Agreement (see Note 23), and operating account; (d) pledge of shares; (e) personal property assignment on all present and movable assets.

As of December 31, 2023 and 2022, repayments of outstanding principal amounts are scheduled as follows:

	2023	2022
Within one year	**₱72,470,587**	₱36,235,294
More than one year but not more than five years	**362,352,940**	289,882,353
More than five years	**848,941,179**	993,882,353
	₱1,283,764,706	₱1,320,000,000

The loan agreement requires INPC to maintain a debt-to-equity ratio of not greater than 3:1 and a minimum debt service coverage ratio of 1.05, computed annually beginning one year after the commercial operations date of its Power Supply Agreement on May 6, 2022 (see Note 23). As of December 31, 2023, INPC has not complied with the required debt-to-equity ratio ceiling. However, INPC has obtained in November 2023 a waiver from the lender tolerating the breach. Thus, the loan balance continued to be presented into the appropriate current and noncurrent classification.

Interest expense recognized in the consolidated statements of comprehensive income related to this loan amounted to ₱88.5 million, ₱84.3 million and ₱14.4 million in 2023, 2022 and 2021, respectively, and the related accrued interest expense amounted to ₱16.5 million and ₱16.7 million as of December 31, 2023 and 2022, respectively (see Note 14). Borrowing costs amounting to ₱60.7 million were capitalized to property, plant and equipment in 2021.

Delta P. In 2016, Delta P entered into a loan agreement with a local bank whereby the latter agreed to provide Delta P an aggregate principal amount of loan up to ₱1.2 billion to finance the construction of its 30-MW oil-fired power plant in Puerto Princesa, Palawan.

The term of the loan is for fifteen (15) years, inclusive of a two (2)-year grace period on principal repayment. Seventy percent (70%) of the loan is payable in one hundred fifty-six (156) monthly installments commencing on the 25th month from the date of initial borrowing until the maturity date, while the thirty percent (30%) shall be paid on the maturity date. The loan bears annual interest of 6.20% which is payable monthly.

The loan is collateralized by a deed of assignment of the trade receivables, deed of chattel mortgage over the machinery and equipment, deed of real estate mortgage over the leasehold improvements and buildings, and deed of assignment over the lease contracts on land covering the plant site (see Notes 7 and 11).

Repayments of outstanding principal amounts as at December 31, 2023 are scheduled as follows:

Within one year	₱62,549,846
More than one year but not more than five years	250,199,385
More than five years	504,866,615
	₱817,615,846

The loan agreement also requires Delta P to maintain a current ratio of at least 1:1 and a debt-to-equity (DE) ratio of not greater than 3:1. As at December 31, 2023, Delta P has complied with the required financial ratios.

Interest expense from long-term debt recognized in the statements of comprehensive income amounted to ₱30.5 million, and interest payable as at December 31, 2023 amounted to ₱0.5 million (see Note 14).

CIPC. On August 15, 2013, CIPC entered into a loan agreement with a local bank whereby the latter agreed to provide CIPC an aggregate principal amount of loan amounting to ₱430.0 million to finance the construction of its 8.8 MW bunker powered power plant in Coron Island, Palawan. The term of the loan is for ten (10) years, inclusive of a two-year grace period on principal repayment. The principal loan is to be paid in 96 equal consecutive monthly installments commencing on the 25th month from the initial drawdown date. The loan bears annual interest of 4.81% which is payable monthly.

The loan is collateralized by a deed of chattel mortgage over the equipment and power generators, deed of assignment over the lease contracts on land covering the Coron project site and improvements thereon and deed of assignment of the trade receivables (see Notes 7, 11 and 24).

The loan matured and was settled in 2023. Interest expense recognized in the statements of comprehensive income amounted to ₱0.3 million in 2023.

VEC. In December 2023, VEC entered into long-term Notes Facility Agreement (Agreement) with two local banks to issue ₱6.25 billion in Fixed Rate Corporate Notes (FRCN or the Notes) as standby facility for future investments. Total drawdowns on the notes amounted to ₱600.0 million. The notes are unsecured. These long-term notes will mature in December 2028.

Outstanding principal amounts as of December 31, 2023 are scheduled to be repaid beyond one year but not more than five years.

The Agreement requires that VEC shall not permit its debt-to-equity ratio to exceed 2.5:1, current ratio to not fall below 1.25:1, and debt-service coverage ratio to not fall below 1.05:1. VEC has complied with these ratio requirements as of December 31, 2023.

Interest expense recognized in the statements of comprehensive income related to these notes payable amounted to ₱0.5 million in 2023, and the related accrued interest expense as of December 31, 2023 amounted to ₱5.7 million (see Note 14).

NBPC. On June 2017, NBPC availed of a 10-year loan payable in quarterly installments commencing on September 27, 2017 up to September 27, 2027. In May and June 2018, NBPC availed of additional loans payable in quarterly installments commencing on March 27, 2019 up to September 27, 2027.

The loans carry an interest rate based on 1-year benchmark rate plus spread, repriceable annually, with a floor rate of 5%.



In June 2022, NBPC refinanced its existing loan with a new term of 9 years payable in quarterly equal installments commencing on June 22, 2022 up to June 20, 2031. The loan carries an interest rate based on 3-year benchmark rate plus spread, repriceable every 3 years, with a floor rate of 5.5%. The loan is secured by real estate mortgage, pledge of shares and assignment of project accounts.

NBPC is required to maintain a debt-to-equity ratio of not more than 2.50x and debt service coverage ratio of at least 1.15x. As of December 31, 2023 and 2022, NBPC has complied with the loan covenants.

Repayments of outstanding principal amounts are scheduled as follows:

	2023	2022
Within one year	**₱16,960,000**	₱16,960,000
More than one year but not more than five years	**67,840,000**	67,840,000
More than five years	**101,760,000**	118,720,000
	₱186,560,000	₱203,520,000

Interest expense recognized in the 2023, 2022 and 2021 consolidated statements of comprehensive income related to this loan amounted to ₱13.3 million, ₱12.6 million and ₱5.6 million, respectively, and the related accrued interest expense as of December 31, 2023 and December 31, 2022 amounted to ₱0.4 million and ₱1.2 million, respectively (see Note 14).

BPC. In September 2016, BPC availed of a 10-year loan payable in quarterly installments commencing on September 2, 2016 up to September 2, 2026. The long-term debt carries an interest rate based on 3-month benchmark rate plus spread, repriceable quarterly, with a floor rate of 5%.

On August 31, 2022, BPC refinanced its existing loan with a new term of 9 years payable in quarterly installments commencing on August 31, 2022 up to August 29, 2031. The long-term loan carries an interest rate based on 3-year benchmark rate plus spread, repriceable every 3 years, with a floor rate of 5%. The loan is secured by real estate mortgage, pledge of shares and assignment of project accounts.

BPC is required to maintain a debt-to-equity ratio of not more than 2.50x and debt service coverage ratio of at least 1.15x. As of December 31, 2023 and 2022, BPC has complied with the loan covenants.

Repayments of outstanding principal amounts are scheduled as follows:

	2023	2022
Within one year	**₱14,160,000**	₱14,160,000
More than one year but not more than five years	**56,640,000**	56,640,000
More than five years	**88,500,000**	102,660,000
	₱159,300,000	₱173,460,000

Interest expense recognized in the 2023, 2022 and 2021 consolidated statements of comprehensive income related to this loan amounted to ₱12.4 million, ₱8.1 million and ₱5.3 million, respectively, and the related accrued interest expense as of December 31, 2023 and December 31, 2022 amounted to ₱0.9 million and ₱1.1 million, respectively (see Note 14).

Core. In 2023, Core entered into an agreement with a local bank for the latter to make available a term loan facility amounting to ₱350 million to partially fund Core's solar projects. The loan is secured by a guaranty executed by VEC.

Under the agreement, Core is required to maintain a minimum debt-service coverage ratio (DSCR) of 1.15x and a maximum debt-to-equity ratio of 2.33x. The loan is subject to one-year grace period on principal amortization of payments, after which the amount shall be amortized based on an equal quarterly basis.

In 2023, Core has drawn ₱131.3 million from the facility at an interest rate of 7.6921% per annum.

Repayments of outstanding principal amounts as at December 31, 2023 are scheduled as follows:

Within one year	₱–
More than one year but not more than five years	72,971,777
More than five years	58,377,421
	₱131,349,198

Interest expense from this long-term debt recognized in the statements of comprehensive income and interest payable amounted to ₱2.1 million as at December 31, 2023 (see Note 14).

16. Related Party Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

In the normal course of business, the Group enters into transactions with related parties principally consisting of the following:

		2023			
		Outstanding Balance			
Category	**Volume**	**Receivables**	**Payables**	**Terms**	**Conditions**
Associates					
Sale of power:					
VECO (see Note 16g)	**₱–**	**₱7,957,282**	**₱–**	30 days; noninterest-bearing	Unsecured; no impairment
Lease (see Note 16j)					
CPPC	**12,000,000**	**12,000,000**	–	August 18, 2023–January 29, 2024	Unsecured; no impairment
Technical service fees (see Note 16d)					
CEDC	**56,100,000**	–	–	30 days; Noninterest-bearing	Unsecured; no impairment
FLOWS	**2,300,000**	**56,000**	–	On-demand; Noninterest-bearing	Unsecured; no impairment
Interest income on advances (see Note 16a)					
FLOWS	**17,857,143**	–	–	On demand	Unsecured; no impairment
CPPC	**3,773,250**	–	–	On demand	Unsecured; no impairment
Advances to (see Note 16a):					
PEI	–	–	**50**	Noninterest-bearing	Unsecured; no impairment
CPPC	**50,000,000**	**50,000,000**	–	7.74% interest per annum	Unsecured; no impairment

(Forward)

Category	Volume	2023 Outstanding Balance Receivables	Outstanding Balance Payables	Terms	Conditions
Advances to (see Note 16h):					
GLEDC	**₱431,979**	**₱1,879,200**	**₱ –**	30-60 days; noninterest-bearing	Unsecured; no impairment
LPCI	**–**	**102,708,539**	**–**	30-60 days; noninterest-bearing	Unsecured; no impairment
Purchase of power plant (see Note 16i)					
VECO	**282,304,000**	–	**–**	Noninterest-bearing	Unsecured
Purchase of power (see note 16k)					
TVI	**233,093,152**	–	**21,186,000**	Noninterest-bearing	Unsecured
Technical services fees (see Note 16j)					
CPPC	**4,375,000**	–	**4,375,000**	Noninterest-bearing	Unsecured
Dividends (see Note 16f):					
VECO	**763,687,641**	–	**–**	noninterest-bearing	Unsecured; no impairment
AHI	**404,800,000**	–	**–**	noninterest-bearing	Unsecured; no impairment
MPC	**200,000,016**	–	**–**	noninterest-bearing	Unsecured; no impairment
TVI	**180,000,000**	–	**–**	noninterest-bearing	Unsecured; no impairment
CPPC	**107,296,896**	–	**–**	noninterest-bearing	Unsecured; no impairment
Stockholders with Significant Influence					
Management fees expense (see Note 16e)					
MRC	**10,827,329**	–	**–**	30-60 days; noninterest-bearing	Unsecured
JDC	**7,218,220**	–	**–**	30-60 days; noninterest-bearing	Unsecured
Stockholders with Significant Influence					
Advances to/from (see Notes 16a and 16b)					
WMI	**2,930,930**	**7,617,057**	–	Noninterest-bearing	Unsecured; no impairment
APC	–	–	**2,350,000**	Interest bearing; 1-year term	Unsecured
Stockholder with No Significant Influence					
Advances to (see Note 16c):					
JGS	–	**42,676**	–	payable on demand; noninterest-bearing	Unsecured; no impairment

Category	Volume	2022 Outstanding Balance Receivables	Outstanding Balance Payables	Terms	Conditions
Associates					
Sale of power:					
VECO (see Note 16g)	₱ –	₱7,957,282	₱ –	30 days; noninterest-bearing	Unsecured; no impairment
Technical service fees (see Note 16d)					
CEDC	52,600,000	4,821,667	–	30 days; Noninterest-bearing	Unsecured; no impairment
GLEDC	–	6,000,000	–	On-demand; Noninterest-bearing	Unsecured; no impairment
Advances to (see Note 16a):					
FLOWS	–	150,000,000	–	Interest-bearing; Payable on demand	Unsecured; no impairment
CREC	–	17,500,258	–	Payable on demand	Unsecured; no impairment
PEI	–	–	50	noninterest-bearing	Unsecured; no impairment

(Forward)

	2022				
		Outstanding Balance			
Category	Volume	Receivables	Payables	Terms	Conditions
Advances to (see Note 16h):					
GLEDC	1,475	1,879,200	–	30-60 days; noninterest-bearing	Unsecured; no impairment
LPCI	8,928,192	102,708,539	–	30-60 days; noninterest-bearing	Unsecured; no impairment
Dividends (see Note 16f):					
VECO	827,495,658	–	–	noninterest-bearing	Unsecured; no impairment
MPC	200,000,000	–	–	noninterest-bearing	Unsecured; no impairment
AHI	316,800,000	–	–	noninterest-bearing	Unsecured; no impairment
Joint Ventures					
Technical service fees (see Note 16d):					
Delta P	24,151,552	26,566,707	–	30-60 days; noninterest-bearing	Unsecured; no impairment
CIPC	10,030,261	9,194,406	–	30-60 days; noninterest-bearing	Unsecured
Advances to (see Note 16a):					
Delta P	350,559	2,007,576	326	noninterest-bearing	Unsecured; no impairment
CIPC	21,022	422,222	–	noninterest-bearing	Unsecured; no impairment
LPEC	3,583,525	14,812,286	–	noninterest-bearing	Unsecured; no impairment
Dividends (see Note 16f):					
CIPC	–	7,760,000	–	noninterest-bearing	Unsecured; no impairment
Stockholder with Significant Influence					
Management fees expense (see Note 16e)					
MRC	4,050,094	–	–	30-60 days; noninterest-bearing	Unsecured
JDC	2,700,063	–	–	30-60 days; noninterest-bearing	Unsecured
Stockholders with Significant Influence					
Advances to/from (see Notes 16a and 16b)					
GPI	2,167,713	–	8,168,668	30-60 days; noninterest-bearing	Unsecured
WMI	4,686,127	4,686,127	–	noninterest-bearing	Unsecured; no impairment
APC	2,350,000		2,717,121	Interest bearing; 1-year term	Unsecured
Stockholder with No Significant Influence					
Advances to (see Note 16c):					
JGS	–	42,676	–	payable on demand; noninterest-bearing	Unsecured; no impairment

a. Advances to related parties are generally noninterest-bearing cash advances to associates, joint ventures and stockholders. The outstanding advances, presented as "Advances to associates, joint ventures and stockholders" account in the consolidated statements of financial position, are noninterest-bearing and are due on demand. These advances are for project and working capital requirements.

   On February 14, 2020, the Parent Company entered into an Interim Financing Agreement (IFA) with FLOWS for the development of a combined sewerage and septage facility serving the City of Puerto Princesa. The IFA was initially for a term of four months but were later extended. On January 13, 2023, the Parent Company collected the outstanding receivable of ₱150.0 million, and recognized interest income amounting to ₱17.9 million, presented as part of "Other income – net" in the statements of comprehensive income (see Note 17).

In 2023, VEC extended a 2-year interest-bearing promissory note to CPPC payable in lump-sum with a 7.74% interest rate per annum to cover for its working capital requirements. Interest income recognized in the statements of comprehensive income amounted to ₱3.8 million in 2023.

b. Advances from related parties are noninterest-bearing cash advances payable on demand, from the Group's joint ventures and stockholders.

c. Advances to a "stockholder with no significant influence" pertains to the life insurance plan advanced by the Parent Company for a member of its BOD.

d. Technical service fees represent the compensation for the services rendered by the Group to the associates and joint ventures. These are governed by service-level contracts executed by the Group and its associates and joint ventures. These are recognized as "Management and service fees" presented as part of the Group's revenue in the consolidated statements of comprehensive income amounting to ₱58.4 million, ₱86.8 million and ₱102.6 million in 2023, 2022, and 2021, respectively.

Outstanding receivables for management fees and service fees presented as part of "Accounts receivable" under "Trade and other receivables" account in the consolidated statements of financial position as of December 31, 2023 and 2022 amounted to ₱0.1 million and ₱46.6 million, respectively (see Note 7).

e. The Group also entered into consultancy and management service agreements with its stockholders to avail of management consultancy services. Expenses incurred related to the consultancy and management service agreements are recognized as part of "Professional fees" under "Generation costs" (see Note 17) and "Operating expenses" in the consolidated statements of comprehensive income.

f. In 2023, VECO, AHI, MPC, TVI, and CPPC declared dividends amounting to ₱763.7 million, ₱404.8 million, ₱200.0 million, ₱180.0 million and ₱107.3 million, respectively. In 2022, VECO, MPC, and AHI declared dividends amounting to ₱827.5 million, ₱200.0 million, and ₱316.8 million, respectively. The outstanding amounts from these dividend declarations are currently lodged under "Dividends receivable" (see Note 7).

g. The Group had an Energy Supply Agreement (ESA) with VECO (see Note 23), whereby the Group supplied contract energy to VECO from the 17 MW of the contracted capacity of the Unified Leyte Geothermal Power Plant administered by the Group. The ESA was terminated in October 2019. As of December 31, 2023 and 2022, the Group's trade receivables from VECO for the sale of power amounted to ₱8.0 million (see Note 7).

h. Working capital advances to LPCI and GLEDC are noninterest-bearing, collateral-free and are due on demand. As of December 31, 2023 and 2022, the Group's receivable from transactions with LPCI amounted to ₱102.7 million and ₱1.9 million with GLEDC.

i. On August 18, 2023, a subsidiary of the Group purchased power plant assets for a total cash consideration of ₱282.3 million (see Note 11).

j. The Group generated income from the interim lease of the power plant to CPPC amounting to ₱12.0 million in 2023 (see Note 17). The Group also incurred expenses amounting to ₱4.4 million from its interim technical services agreement with CPPC for its operation, management and maintenance (see Note 17).



k. In 2022, a subsidiary entered into a PSA with Therma Visayas, Inc. to purchase power for a fixed fee per MW hour. The PSA is valid from December 26, 2022 to December 25, 2024 for a contracted capacity of 5 MW.

The above transactions are generally settled through cash.

Compensation and Benefits of Key Management Personnel
The compensation of the Group's key management personnel by benefit type follows:

	2023	2022	2021
Short-term employee benefits	**₱180,751,811**	₱173,320,326	₱153,391,047
Post-employment pension benefits (see Note 19)	**7,083,033**	8,120,745	7,267,643
	₱187,834,844	₱181,441,071	₱160,658,690

17. Costs of Services and Other Operating Expenses

Generation costs
The Group's cost of services pertains to the costs incurred in the operation of the BDPP and the power plants in Bantayan Island and Bukidnon, are as follows:

	2023	2022	2021
Heavy fuel oil (see Notes 8 and 23)	**₱2,242,942,536**	₱2,142,610,532	₱783,844,384
Purchased power (see Note 23)	**1,089,061,079**	616,814,812	225,034,543
Depreciation and amortization (see Notes 11 and 24)	**440,688,181**	374,248,715	307,115,132
Light fuel oil (see Notes 8 and 23)	**176,508,800**	131,245,129	73,809,557
Salaries, wages and employee benefits (see Note 18)	**133,227,396**	95,347,196	85,512,567
Contractual and outside services (see Note 16j)	**98,510,858**	76,689,877	101,318,296
Insurance	**62,863,885**	48,149,903	38,401,046
Repairs and maintenance	**58,236,538**	38,086,273	2,355,746
Materials and supplies (see Note 8)	**49,673,410**	56,129,783	27,269,610
Lube oil (see Notes 8 and 23)	**49,413,286**	51,265,092	23,942,491
Supply and metering charges	**15,896,360**	17,858,275	16,267,814
Taxes and licenses	**10,611,963**	8,912,200	2,903,725
Rent (see Note 24)	**5,274,872**	2,102,963	17,440,475
Transportation	**1,676,502**	7,853,799	4,405,374
Market fees	**376,899**	884,993	781,797
Light and power	**278,351**	1,673,563	1,210,909
Royalty fees (see Note 24)	**–**	4,786,582	26,044,774
Professional fees (see Note 16e)	**–**	2,653,140	49,278,808
Others	**17,255,439**	6,710,159	15,941,676
	₱4,452,496,355	₱3,684,022,896	₱1,802,878,724

Amounts recognized related to the Group's participation in WESM trading, are presented as "Purchased power" and "Market fees" aggregating to ₱68.2 million, ₱39.0 million, and ₱46.6 million in 2023, 2022 and 2021, respectively.

Engineering service fees

The Group's cost of providing technical and engineering services in its retail electricity, and water treatment and desalination revenue generating activities are as follows:

	2023	2022	2021
Materials and supplies (see Note 8)	**₱17,448,008**	₱10,979,909	₱29,629,859
Salaries, wages and employee benefits (see Note 18)	**11,630,956**	4,531,957	14,207,545
Contractual and outside services	**7,209,090**	4,604,410	25,988,351
Rent (see Note 24)	**6,604,078**	–	–
Transportation	**5,603,021**	624,090	453,629
Depreciation and amortization (see Notes 11 and 24)	**3,421,833**	2,463,126	690,076
Insurance	**70,438**	–	–
Repairs and maintenance	**20,400**	–	–
Others	**465,095**	1,640,854	70,260
	₱52,472,919	₱24,844,346	₱71,039,720

Other Operating Expenses

	2023	2022	2021
Directors' per diem (see Note 18)	**₱26,883,333**	₱20,729,167	₱11,460,000
Corporate social responsibility	**22,346,535**	27,043,457	32,764,293
Dues and subscriptions	**18,489,875**	10,363,650	7,567,361
Marketing expenses	**6,573,917**	3,290,056	2,327,909
Repairs and maintenance	**5,970,244**	4,000,042	5,653,240
Insurance expense	**4,756,117**	2,836,223	2,585,963
Stand-by letter of credit	**4,214,971**	4,219,226	5,294,523
Office supplies	**4,024,591**	3,348,469	6,385,302
Regulatory expenses	**1,730,616**	2,314,567	2,013,037
Stockholders' meeting expenses	**953,366**	604,066	293,119
Others	**7,297,965**	10,734,489	5,428,634
	₱103,241,530	₱89,483,412	₱81,773,381

Regulatory expenses include payments of administrative fees charged by the PSE and SEC and other charges.

Others include sponsorships and contributions, brokerage fees, insurance expenses, medical and health expenses, outing expenses, and bank charges, among others.

Other Income - Net

	2023	2022	2021
Receivables written off	**(₱24,000,000)**	₱–	₱–
Interest from a related party	**17,857,143**	–	–
Rent income (see Notes 12 and 16)	**14,147,457**	2,453,687	1,102,620
Recovery of previously written-off receivables (see Note 7)	**6,000,000**	18,000,000	–
Gain on disposal of property, plant and equipment (see Note 11)	**650,300**	639,207	3,101,818
Other service income	**–**	1,870,000	2,237,464
Intercompany services	**–**	1,201,114	2,880,462
Others	**(13,216,535)**	9,520,403	15,475,020
	₱1,438,365	₱33,684,411	₱24,797,384

Receivables written off pertains to the disputed receivables from a customer which were finally determined to be unrecoverable by virtue of the settlement of the court case with the customer in December 2023.

Interest income from a related party pertains to interest on the settlement of the IFA with FLOWS (see Note 16a).

Recovery of previously written-off receivables in 2023 and 2022 pertains to recovery by VEC and VREC of its receivables from the sale of one of the Group's joint ventures in 2017. The receivables were previously fully provided with an allowance (see Note 7).

Others include reimbursements from third parties for equipment station use, and billings to related parties for the shared expenses initially paid by the Group on behalf of related parties (see Note 16).

18. Personnel Expenses

	2023	2022	2021
Salaries, wages and employee benefits	**₱537,426,401**	₱469,334,852	₱399,860,946
Directors' per diem (see Note 17)	**26,883,333**	20,729,167	11,460,000
Pension expense (see Note 19)	**22,261,768**	20,731,159	22,223,302
	₱586,571,502	₱510,795,178	₱433,544,248

19. Retirement Plans

The Group has a funded, noncontributory, defined benefit pension plan covering all regular, permanent employees of the Parent Company, 1590 EC, CIPC, Delta P, VEC, INPC, Core and VIHI. The plans provide lump sum benefits upon a member's normal retirement. The benefits are based on the member's final monthly salary and length of service with the Group.

The Fund for the Group's employees is administered by a trust and investment entity in the Philippines under the supervision of a trustee. The trustee is responsible for the investment strategy of the plan.

The following tables summarize the components of pension expense recognized in the consolidated statements of comprehensive income and the funded status and amounts recognized in the consolidated statements of financial position for the pension plan.

The components of the pension expense recognized under "Generation costs" and "Operating expenses" in the consolidated statements of comprehensive income follow:

	2023	2022	2021
Current service cost	**₱18,369,797**	₱17,717,173	₱18,902,166
Net interest cost	**3,891,971**	3,013,986	3,321,136
Pension expense	**₱22,261,768**	₱20,731,159	₱22,223,302

Remeasurement effects recognized in the consolidated statements of comprehensive income follow:

	2023	2022	2021
Remeasurement gain (loss) on defined benefit plan	**(₱102,653,494)**	₱16,205,942	₱18,982,444
Return on assets excluding amount included in net interest cost	**(1,739,311)**	(5,048,920)	(1,531,102)
	(₱104,392,805)	₱11,157,022	₱17,451,342

The pension liability pertaining to the Parent Company's funded group retirement plan, and 1590 EC's and Delta P's funded retirement plans as of December 31, 2023 and 2022 follows:

	2023	2022
Present value of defined benefit obligation	**₱260,370,314**	₱121,018,373
Fair value of plan assets	**(74,863,717)**	(56,822,901)
Pension liability	**₱185,506,597**	₱64,195,472

The pension asset pertaining to CIPC's funded retirement plan as of December 31, 2023 follows:

	2023	2022
Fair value of plan assets	**₱5,348,334**	₱–
Present value of defined benefit obligation	**(4,971,801)**	–
Pension asset	**₱376,533**	₱–

Changes in the present value of the defined benefit obligation follow:

	2023	2022
At January 1	**₱121,018,373**	₱134,859,953
Current service cost	**18,369,797**	17,717,173
Business combinations (see Note 13)	**14,833,696**	–
Interest cost on defined benefit obligation	**9,393,442**	5,932,672
Remeasurement loss (gain) due to:		
Changes in financial assumptions	**92,942,064**	(10,865,631)
Experience adjustments	**9,711,430**	2,227,458
Changes in demographic assumptions	–	(7,567,769)
Benefits paid from retirement fund	**(599,687)**	(21,201,912)
Benefits paid from operating funds	**(327,000)**	(83,571)
At December 31	**₱265,342,115**	₱121,018,373

Changes in the fair value of plan assets representing the funded retirement plan of the Group follow:

	2023	2022
At January 1	**₱56,822,901**	₱73,399,945
Business combinations (see Note 13)	**13,507,889**	–
Contributions to the retirement fund	**6,718,788**	6,755,102
Interest income included in net interest cost	**5,501,471**	2,918,686
Return on assets excluding amount included in net interest cost	**(1,739,311)**	(5,048,920)
Benefits paid from retirement fund	**(599,687)**	(21,201,912)
At December 31	**₱80,212,051**	₱56,822,901

Changes in the amounts recognized in the consolidated statements of financial position for pension liability follows:

	2023	2022
At January 1	**₱64,195,472**	₱61,460,008
Business combinations (see Note 13)	**2,163,276**	–
Pension expense for the year	**21,814,957**	20,731,159
Contributions to retirement fund	**(5,785,201)**	(6,755,102)
Remeasurement loss (gain) recognized for the year	**103,445,093**	(11,157,022)
Benefits paid from operating funds	**(327,000)**	(83,571)
At December 31	**₱185,506,597**	₱64,195,472

Changes in the amounts recognized in the consolidated statements of financial position for pension asset of CIPC as of December 31, 2023 follows:

At January 1	₱–
Business combinations (see Note 13)	(837,469)
Pension expense for the year	446,811
Contributions to retirement fund	(933,587)
Remeasurement loss recognized for the year	947,712
At December 31	(₱376,533)

The major categories of the plan assets as a percentage of the fair value of the total plan assets are as follows:

	2023	2022
Investment in government securities	**29.59%**	46.16%
Equity securities	**2.43%**	–
Fixed income securities:		
Unitized investment trust funds	**67.45%**	39.88%
Time certificate of deposit	**–**	13.64%
Savings deposit	**–**	0.02%
Accrued interest receivable	**0.15%**	0.30%
Other receivable	**0.38%**	–
Total plan assets	**100.00%**	100.00%

All equity instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

The control and administration of the fund vest on the trustee. The trustee shall have the full and complete power and authority to hold, manage, administer, convert, sell, assign, alter, divide, invest and reinvest the fund without distinction between principal and income, to the same extent and with the same effect as might be lawfully done by persons who own and control property and may thus exercise every power and right with respect to each item of property in this trust authority specified in the agreement and expressly conferred upon it by law.

The overall investment policy and strategy of the Group's defined benefit plan is guided by the objective of providing the necessary funding for the benefits payable under the plan and achieving such liquidity as the trustee shall, in its discretion, deem appropriate in the circumstances. The Group's current investment strategy consists substantially of fixed income securities.

The principal assumptions used in determining pension obligation for the Group's pension plan as of December 31 follow:

	2023	2022
Discount rate	**6.10%-6.17%**	6.24%–8.41%
Future salary increase rate	**6.00%-10.00%**	5.00%–7.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of the defined benefit obligation of the most recent actuarial valuation report, as of December 31, 2023 and 2022, assuming all other assumptions were held constant:

	Increase (Decrease)	Present Value Change of Defined Benefit Obligation	
		2023	2022
Discount rate	+100 basis points	**(₱29,231,919)**	(₱9,175,528)
	−100 basis points	**34,680,027**	10,620,743
Future salary increase rate	+100 basis points	**34,776,063**	11,003,656
	−100 basis points	**(29,469,928)**	(9,650,744)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the defined benefit obligation at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date), while all other assumptions remained unchanged.

The average duration of the defined benefit obligation is 11.60–21.24 years and 11.37–25.20 years as of December 31, 2023 and 2022, respectively.

The Group expects to contribute to the defined benefit plan in 2024.

The expected benefit payment assumes that all actuarial assumptions will materialize. Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2023 and 2022:

	2023	2022
Less than one year	**₱12,483,318**	₱10,152,386
More than one year to five years	**39,835,980**	21,665,748
More than five years to 10 years	**151,133,893**	95,578,896
More than 10 years to 15 years	**420,881,380**	231,451,685
More than 15 years to 20 years	**364,091,213**	157,140,442
More than 20 years	**1,282,147,182**	400,440,788
Total	**₱2,270,572,966**	₱916,429,945

20. Income Taxes

	2023	2022	2021
Current	**₱154,997,628**	₱97,784,862	₱146,282,516
Deferred	**25,353,207**	(8,223,383)	20,818,512
	₱180,350,835	₱89,561,479	₱167,101,028

The reconciliation of income tax expense computed at the applicable statutory rates to income tax expense follows:

	2023	2022	2021
Income before income tax	**₱2,574,298,521**	₱1,794,288,597	₱2,399,590,790
Tax calculated at statutory rate (25%)	**₱643,574,630**	₱448,572,149	₱599,897,698
Adjustments for the tax effects of:			
Equity in net earnings of associates and joint ventures	**(511,085,470)**	(485,339,345)	(459,622,816)
Non-deductible expenses	**37,119,050**	10,966,033	7,164,849
Non-taxable gain	**(31,858,491)**	(38,324,884)	(34,620,467)
Interest income subject to final tax	**(29,838,120)**	(13,703,600)	(4,784,876)
Unrecognized deferred income tax assets on NOLCO and MCIT	**27,370,900**	161,413,675	189,915,551
Difference of OSD over deductible expenses	**(3,176,938)**	(4,667,825)	(67,560,411)
Impact of CREATE Law	**–**	–	(13,481,090)
Others	**48,245,274**	10,645,276	(49,807,410)
	₱180,350,835	₱89,561,479	167,101,028

The components of the Group's net deferred income tax assets as of December 31 are as follows:

	2023	2022
Deferred income tax assets on:		
Net pension liability	**₱25,506,443**	₱21,803,906
Allowance for impairment losses	**11,602,774**	11,602,774
Unamortized past service costs	**1,075,449**	525,694
Unrealized foreign exchange loss	**14,125**	60,697
	38,198,791	33,993,071
Deferred income tax liabilities on:		
Unrealized foreign exchange gain	**11,900,669**	11,270,706
Right-of-use assets/	**4,824,010**	–
Unamortized debt issue costs	**2,545,404**	7,709,211
	19,270,083	18,979,917
Deferred income tax asset (liabilities) recognized in other comprehensive income:		
Remeasurement loss (gain) on employee benefits	**12,202,080**	(608,784)
Unrealized valuation gain on FVOCI investments	**(645,000)**	(645,000)
	11,557,080	(1,253,784)
Net deferred income tax assets	**₱30,485,788**	₱13,759,370

The components of the Group's net deferred income tax liabilities are as follows:

	2023	2022
Deferred income tax liabilities on:		
Unrealized fair value gain on investment property	**₱239,439,442**	₱187,151,741
Fair value adjustments upon acquisition of subsidiaries (see Note 13)	**56,577,364**	63,531,385
Unrealized foreign exchange gain	**165,095**	13,766,780
Accrued rent	**87,791**	166,346
	296,269,692	264,616,252
Deferred income tax assets on:		
Pension liability	**2,880,430**	–
Unrealized foreign exchange loss	**482,670**	–
	3,363,100	–
Deferred income tax liability (asset) recognized in other comprehensive income:		
Unrealized valuation adjustments on FVOCI investments	**8,190,000**	3,860,201
Remeasurement loss on employee benefits	**(4,694,359)**	(1,114,246)
	3,495,641	2,745,955
	₱296,402,233	₱267,362,207

In 2023 and 2022, the Group has deductible temporary differences and tax credits for which deferred tax assets have not been recognized since management believes that no sufficient taxable income will be available in the year these are expected to be reversed, settled or realized. These unrecognized deductible temporary differences and tax credits follow:

	2023	2022
NOLCO	**₱1,554,962,925**	₱1,589,563,997
MCIT	**8,524,728**	792,373

On September 30, 2020, BIR issued the RR No. 25-2020 to implement Section 4(bbbb) of Republic Act No. 11494, otherwise known as "Bayanihan to Recover as One Act". This RR provides that net operating loss of the business or enterprise for taxable years 2020 and 2021 to be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

NOLCO and MCIT as of December 31, 2022 and 2021, except for the NOLCO incurred in 2020 and 2021, can be claimed as a deduction against future taxable income and income tax due within three years from the year of incurrence from 2020–2022 and 2019–2021, respectively.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law
The 2021 statement of comprehensive income includes the effect of the reduction in income taxes under the CREATE Law.

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Group recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

21. **Equity**

Capital Stock
There were no changes in the Parent Company's authorized, issued and outstanding common shares as of December 31, 2023 and 2022.

Authorized capital stock – ₱1 par value	2,000,000,000
Issued and outstanding shares	1,023,456,698
Unissued shares	976,543,302

The Parent Company's issued capital stock originally consists of 224,880,067 common shares and 600,000,000 preferred shares that were listed in the Philippine Stock Exchange (PSE) since 2003, and 198,576,631 preferred shares that were approved for listing by the PSE on June 29, 2004. In June 2005, the SEC approved the amendment to Article VII that relates to the conversion of the Parent Company's preferred shares to common shares. As of December 31, 2023 and 2022, the Parent Company's issued capital stock all consists of common shares.

The Parent Company has 1,406 stockholders as of December 31, 2023, 1,413 stockholders as of December 31, 2022, and 1,415 stockholders as of December 31, 2021, and has complied with the Minimum Public Ownership requirement of the PSE for listed entities as of the same dates.

Dividends

The BOD declared cash dividends to its stockholders as follows:

	2023	2022	2021
Date of declaration	**May 18, 2023**	May 13, 2022	May 19, 2021
Date of record	**June 1, 2023**	May 30, 2022	June 4, 2021
Date of payment	**June 16, 2023**	June 10, 2022	June 23, 2021
Dividends declared	**₱398,841,075**	₱444,282,550	₱358,209,844
Dividends per share	**₱0.3897**	₱0.4341	₱0.3500

Appropriation of Retained Earnings for Business Expansion

Out of the 2016 retained earnings appropriation, the Parent Company made additional investment of ₱606.0 million in 2017 in two power plant projects in the Visayas and Mindanao, which amount was then reverted to unappropriated retained earnings in 2017.

In a BOD meeting held on December 21, 2017, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱2.2 billion for the investment on the two ongoing power plants in Visayas and Mindanao and a rooftop solar installation project starting 2018. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to an additional ₱1.3 billion to be used for future investments in these projects which are expected to be completed starting 2018.

Out of the 2017 retained earnings appropriation, the Parent Company made additional investment of ₱1.2 billion in 2018 on the power plant projects in the Visayas and in the rooftop solar installation project, which amount was then reverted to unappropriated retained earnings in 2018.

In a BOD meeting held on December 12, 2018, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱2.3 billion for the investments in the two on-going power plant projects in the Visayas, one on-going power plant project in Mindanao and a rooftop solar installation project. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱1.7 billion to be used for the investment in one on-going power plant project in the Visayas estimated to start commercial operations in 2021, new power generation projects in Luzon and the Visayas, and for infrastructure projects in the Visayas starting 2019.

Out of the 2018 retained earnings appropriation, the Parent Company reverted its prior appropriations amounting to ₱2.1 billion on the power plant projects in the Visayas and Mindanao due to its completion in 2019 and made additional investment amounting ₱31.6 million in 2019 on the new power generation project in Luzon, rooftop solar installation project, and infrastructure projects in Visayas.

In a BOD meeting held on November 13, 2019, the BOD has determined that the Parent Company's operations require to continue the existing appropriations amounting to ₱1.8 billion to provide appropriations for the investment in the new power generation project in the Visayas, and the on-going solar installations projects and infrastructure projects in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.6 billion to be used for the investment in the new power generation project in the

Visayas estimated to start commercial operations in 2021, solar rooftop installations projects, on-going power plant project in Luzon, and on-going infrastructure projects in Visayas.

Out of the 2019 retained earnings appropriation, the Parent Company made additional investments of ₱1.5 billion in 2020 on the new power generation project in the Visayas, on-going solar installations projects, and infrastructure projects in the Visayas, which amount was then reverted to unappropriated retained earnings in 2020.

In a BOD meeting held on November 13, 2020, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱3.0 billion to provide appropriations for the investment on the on-going power generation projects in the Visayas, solar installation projects, and infrastructure projects in Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.3 billion to be used for the investment in the new power generation projects in Luzon and Mindanao, and on-going projects on power generation, solar rooftop installations, and infrastructure projects in Visayas.

Out of the 2020 retained earnings appropriation, the Parent Company made additional investments of ₱1.0 billion in 2021 on the new power generation project in Mindanao, and on-going power generation projects, solar installation projects and infrastructure projects in the Visayas, which amount was then reverted to unappropriated retained earnings in 2021.

In a BOD meeting held on November 12, 2021, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱4.2 billion to provide appropriations for the investment on the new power generation projects in Luzon, on-going power generation projects in the Visayas, and solar installation projects and infrastructure projects in Luzon and the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.0 billion to be used for the investment in the on-going and new infrastructure projects in Luzon and the Visayas starting in 2022.

Out of the 2021 retained earnings appropriation, the Parent Company made additional investments of ₱1.6 billion in 2022 on the power generation project in the Visayas, solar installation projects and infrastructure projects in Luzon and the Visayas, which amount was then reverted to unappropriated retained earnings in 2022.

In a BOD meeting held on November 11, 2022, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱4.6 billion to provide appropriations for the investment on the new power generation projects in Luzon, solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.25 billion to be used for the investment in the on-going and new infrastructure projects in the Visayas, and new power generation projects in Luzon and the Visayas starting in 2023.

Out of the 2022 retained earnings appropriation, the Parent Company made additional investments of ₱1.9 billion in 2023 on the power generation project in Luzon, solar installation projects and infrastructure projects in Luzon and the Visayas, which amount was then reverted to unappropriated retained earnings in 2023.

Out of the 2022 retained earnings appropriation, the Parent Company made additional investments of ₱1.9 billion in 2023 on the new power generation project in Luzon, solar installation projects in Luzon and Visayas, and infrastructure projects in the Visayas, which amount was then reverted to unappropriated retained earnings in 2023.



In a BOD meeting held on November 24, 2023, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱5.0 billion to provide appropriations for the investment on the solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.4 billion to be used for the investment in the ongoing new infrastructure projects in the Visayas and new power generation projects in Luzon and the Visayas, and a new real estate project in the Visayas starting in 2024.

Unappropriated Retained Earnings

The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint ventures, including unrealized fair value adjustments on investment properties, amounting to ₱8.9 billion and ₱7.7 billion as of December 31, 2023 and 2022, respectively. Such amounts are not available for dividend distribution until such time that the Parent Company receives the dividends from the respective subsidiaries, associates and joint ventures.

Non-controlling Interests

On June 1, 2023, VEC and VIDC acquired the remaining interest of GPI in INPC for a total consideration of ₱169.6 million, resulting in 100% ownership by the Group in INPC. The transaction has been accounted for as an equity transaction with non-controlling interests, resulting to a reduction in non-controlling interests by ₱164.5 million and a decrease in "Equity reserves" by ₱5.1 million.

In 2022, 1590EC received cash amounting to ₱231.2 million from its non-controlling stockholder for the issuance of capital stock. INPC also received cash from GPI amounting to ₱16.9 million.

In 2021, INEC received cash amounting to ₱55.3 million from its non-controlling stockholder for the issuance of capital stock. LPEC also received cash from GPI amounting to ₱0.5 million.

Material Partly-Owned Subsidiary - 1590 EC

The following are selected financial information of the material partly-owned subsidiary of the Group as of and for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
Total current assets	**₱805,761,615**	₱1,068,374,263	₱993,023,145
Total noncurrent assets	**3,569,277,736**	3,751,025,697	2,154,054,662
Total current liabilities	**1,570,496,589**	2,218,327,860	933,323,365
Total noncurrent liabilities	**834,220,259**	832,756,131	995,414,558
Total equity	**1,970,322,503**	1,768,315,969	1,218,339,884
Sale of power	**1,907,736,709**	2,820,807,541	2,559,268,393
Operating profit	**341,215,108**	299,626,276	929,267,184
Net income	**204,139,608**	246,304,789	741,063,348
Total comprehensive income	**202,205,139**	249,647,528	743,338,604
Net income attributable to non-controlling interests	**91,454,544**	110,344,545	331,996,380
Total comprehensive income attributable to non-controlling interests	**90,587,902**	111,842,093	333,015,695
Dividends paid to non-controlling interests	**–**	–	250,880,000
Accumulated non-controlling interest	**880,808,639**	790,220,737	545,770,644

22. Earnings Per Share (EPS)

The amounts of EPS are computed as follows:

	2023	2022	2021
Net income attributable to shareholders of the parent	**₱2,284,209,380**	₱1,595,263,961	₱1,866,730,439
Weighted average number of outstanding common shares	**1,023,456,698**	1,023,456,698	1,023,456,698
Basic and diluted EPS	**₱2.232**	₱1.559	₱1.824

There are no potential dilutive shares as of December 31, 2023, 2022 and 2021.

23. Contracts, Commitments and Contingencies

Sale of Power

Power Supply Agreements (PSAs)

- *INEC Interim PSA.* On April 22, 2020, INEC, a subsidiary, and Bantayan Electric Cooperative, Inc. (BANELCO), an electric cooperative engaged in the distribution of electricity, light, heat and power, entered into an Interim PSA. INEC shall provide a portion of the electricity requirements of BANELCO. The Interim PSA commenced on August 11, 2020 and ended on August 10, 2021.

  On July 3, 2020, INEC and BANELCO filed a joint application to the Energy Regulatory Commission, docketed under ERC Case No. 2020-013 RC, entitled "In the Matter of the Application for Approval of the Interim Power Supply Agreement between Bantayan Island Electric Cooperative, Inc. (BANELCO) and Isla Norte Energy Corporation (INEC), with Motion for Provisional Authority", dated April 29, 2020. The ERC issued a letter to INEC and BANELCO on July 19, 2021, informing that it has granted interim relief to the parties by virtue of an order issued on July 14, 2021, subject to the rates and conditions set forth in the letter.

  In 2020, INEC received from BANELCO an advance deposit amounting to ₱15.0 million in relation to the subsidy agreement with NPC for the Interim PSA. In 2021, INEC received from the National Electrification Administration ₱20.0 million as addition to BANELCO's advance deposit in relation to the subsidy agreement. The amount is refundable to BANELCO upon approval of the application by the ERC, and collection of the subsidy from the National Power Corporation. These deposits were presented under "Others" as part of "Trade and other payables in the 2022 consolidated statements of financial position and were returned by INPC to BANELCO in 2023 (see Note 14).

- *INEC PSA.* On February 10, 2020, INEC and BANELCO entered into a PSA. Under the PSA, INEC shall provide the entire energy requirements of BANELCO and its franchise area. The agreement is for a period of 15 years, reckoned from commercial operations date. On March 27, 2022, INEC and BANELCO rescinded the PSA.

  On March 30, 2022, INEC and BANELCO filed the Joint Motion to Withdraw the Joint Application for Approval of their PSA (the Motion to Withdraw) dated March 29, 2022 before the ERC. The ERC, in an order dated May 5, 2022, denied the Joint Application for non-compliance with certain rules, procedures, and other considerations.

- *INPC PSA.* On March 30, 2022, BANELCO and INPC entered into a PSA. According to the terms of the PSA, INPC shall provide the entire energy requirements of BANELCO and its franchise area. The agreement is for a period of 15 years, reckoned from commercial operations date. On May 5, 2022, pending final resolution of INPC's application for approval of the PSA, the ERC granted provisional authority to INPC to implement the PSA, subject to certain conditions. Commercial operations in relation to the provisional authority commenced on May 6, 2022.

  On August 8, 2023, the ERC granted an Interim Relief (IR) for the continued implementation of the PSA. This IR is subject to the same terms and conditions as provided in the Order dated May 5, 2022, until revoked or until the issuance of a decision.

- *INEC 90-Day PSA.* The ERC issued a Notice of Resolution dated November 4, 2021 that contained a directive to BANELCO "to source out power from any supplier which it deems fit, to ensure the continuous and unhampered supply of power within its franchise area." BANELCO entered into a PSA with the INEC for a period of 90 days, reckoned from the date of the issuance of the resolution, to supply the whole of its energy requirement.

- *CIPC PSA.* On August 8, 2011, CIPC entered into a 15-year PSA with BISELCO, an electric cooperative engaged in the distribution of electricity, light, heat and power. CIPC shall provide a portion of the energy requirements of BISELCO, for which CIPC is entitled to receive a payment equal to the total fee which is calculated using a specified formula.

  The PSA also allows CIPC to collect from NPC a subsidy fee equivalent to the difference between the total fee and the subsidized/approved generation rate billed to BISELCO. The subsidized/approved generation rate charged shall be that approved by the Energy Regulatory Commission for Coron, Palawan expressed in Php/kWh.

  Emergency PSA. On May 9, 2023, CIPC entered into a one-year Emergency PSA with BISELCO for a contracted capacity of 615,600 kWh/month at a tariff specified in the contract.

- *Delta P PSA*. On February 6, 2009, Delta P entered into a PSA with PALECO, an electric cooperative engaged in the distribution of electricity, light, heat and power for the phase I of the PSA which ended on April 3, 2021. On March 18, 2016, Delta P and PALECO entered into another PSA for the second phase of the energy supply agreement for 18 MW for 15 years. The agreement was terminated on October 3, 2023.

  Emergency PSA. On October 3, 2023, Delta P entered into an Emergency Power Supply Agreement ("EPSA") with PALECO for a maximum term of one (1) year from the commercial operations date ("COD") for a minimum contracted energy of 11,896,560 kWh monthly at the total fee in the Emergency PSA.

- *Subsidy Agreements.* Due to the subsidized nature of the PSAs of INPC, Delta P and CIPC, the subsidiaries enter into Subsidy Agreements (SA) with NPC. The Sas allow the subsidiaries to collect the difference between the Subsidized/Approved Generation Rate (SAGR) charged to the off-taker and True Cost Generation Rate (TCGR).



- *NBPC PSA.* On January 17, 2017, NBPC entered into a Power Supply Agreement (PSA) with Bukidnon Second Electric Cooperative (BUSECO) to supply a maximum of 5 MW from its 2 x 3.1 MW power plant located at Barangay Bugcaon, Lantapan, Bukidnon at a specific contract rate for a period of 15 years commencing from commercial operation date in the second quarter of 2018, under a Build Operate Maintain (BOMT) scheme. With the BOMT agreement, NBPC's power plant will be transferred to BUSECO upon termination of the PSA.

  ERC has granted a provisional approval on its rate application on August 31, 2017 effective for only twelve (12) months. Upon expiration of the provisional authority on August 31, 2018, ERC extended the provisional authority in an order dated September 21, 2019. NBPC and BUSECO filed a motion for reconsideration for rates adjustment from the provisionally approved amounts and was partially granted by ERC on October 8, 2019. As of December 31, 2023, no decision was received from ERC on the matter.

- *BPC PSA.* On October 16, 2014, BPC entered into a Power Supply Agreement (PSA) with First Bukidnon Electric Cooperative (FIBECO) to supply a maximum of 4.4 MW from its 2 x 2.4 MW power plant located at Barangay Barandas, Bukidnon at a specific contract rate for a period of 15 years commencing from March 15, 2015. ERC has granted a provisional approval on its rate application on August 3, 2015. The second power supply agreement was entered into with FIBECO on July 24, 2015 for a contracted capacity of 2 MW from its 2.5 MW Fuel power plant located at Barangay Mabuhay, San Fernando, Bukidnon, for a period of 15 years starting from April 15, 2016. ERC's final approval on its rate application was dated June 6, 2017.

- *1590 EC PSA.* On April 2023, 1590 EC entered into a PSA with a customer for a contracted capacity of 30 MWh at an agreed tariff specified in the PSA. The contract is effective from April 26, 2023 to December 25, 2023.

Revenue from sale of power in relation to the above PSAs amounted to ₱2,593.7 million, ₱922.4 million and ₱183.6 million in 2023, 2022 and 2021, respectively.

Solar Solutions. Subsidiaries of the Group enter into power purchase agreements with various customers for the development, engineering, procurement, construction, operation and maintenance of solar generation facilities at the customers' premises. Revenue from these agreements amounted to ₱35.0 million, ₱23.1 million, and ₱9.0 million in 2023, 2022 and 2021, respectively.

Retail Electricity Supply. A subsidiary enters into various retail supply contracts with contestable customers for the supply of energy at an agreed price on a per kilowatt-hour basis. The contracts are for a period of 2 years and for a contracted capacity of 0.75–2.50 MW. Total retail electricity sales from these contracts amounted to ₱1,112.7 million, ₱633.5 million, and ₱301.0 million in 2023, 2022, and 2021, respectively.

In connection with the contracts, the subsidiary received refundable deposits from customers amounting to ₱26.2 million and ₱6.7 million as of December 31, 2023 and 2022. These are presented as part of "Other noncurrent liabilities" in the statements of financial position (see Note 14).

Ancillary Services. In January 2017, a subsidiary entered into an ASPA with NGCP to be its service provider, whereby the entity will provide dispatchable reserve to NGCP to maintain power quality, reliability, and security of the nationwide grid. The term of agreement is in force for five (5) years. Actual transactions such as nominations and scheduling started in November 2017 when the access and technical requirements were finally fulfilled. The contract expired in September 2022 subject to monthly renewal pending the result of the competitive selection process. The contract was renewed until February 25, 2023.

On August 18, 2023, CPPC executed a deed of assignment to a subsidiary of the Group with the effect that all obligations of CPPC under the ASPA for the generation facility shall be turned over to a Group's subsidiary (see Note 16). The NGCP confirmed the assignment on October 25, 2023. The ASPA is effective for a period of five (5) years, commencing November 16, 2023 up to November 15, 2028.

Revenue from ASPA with NGCP amounted to ₱467.5 million , ₱952.9 million, and ₱1,174.7 million in 2023, 2022, and 2021, respectively.

Participation in WESM. To avail of the opportunities in the competitive electricity market, certain entities of the Group registered as direct participants of the wholesale electricity spot market (WESM). The revenue from sale of power on the WESM recognized by the Group amounting to ₱1,336.3 million, ₱1,867.8 million, and ₱1,384.6 million, in 2023, 2022, and 2021, respectively, were generated from its participation in the trading of electricity at the WESM.

On March 6, 2014, the ERC rendered an Order voiding the WESM prices for the supply months of November and December 2013 and in lieu thereof, substituting regulated prices. The Order came after the ERC formed an Investigating Unit to investigate the unusual increase in WESM prices and the seemingly simultaneous withholding of capacity by electric power generators during the supply months of November and December 2013.

On March 28, 2014, a subsidiary filed its Motion for Reconsideration (MR) to the Order. In an Order dated October 15, 2014, the ERC denied the MR.

On December 10, 2014, as a result of the denial of the MR by the ERC, the subsidiary filed a Petition for Review with Application for Injunction and Temporary Restraining Order with the CA requesting for the (a) issuance of a Temporary Restraining Order and Writ of Preliminary Injunction enjoining ERC and PEMC from implementing all orders, decisions, and resolutions in ERC Case No. 2014-021 MC and (b) reversal of the Order of the ERC in ERC Case No. 2014-021 MC and (c) reinstating the November and December 2013 WESM market prices.

On November 8, 2017 the CA in the consolidated Petitions for Review, rendered a decision declaring the Orders of the ERC dated March 3, 2014, March 27, 2014, May 9, 2014 and October 15, 2014 (the "ERC Orders") for having been rendered without any factual and legal basis. Accordingly, the CA nullified the regulated prices imposed by the ERC in the ERC Orders that were to prevail in lieu of the WESM prices for the November and December 2013 supply months.



Thereafter, the ERC and Intervenor, filed their respective MRs to which the subsidiary duly filed its respective Oppositions thereto. Moreover, as of March 14, 2018, twelve (12) entities who are not original parties to the consolidated Petitions for Review but claim legal interest in the consolidated Petitions for Review filed their respective Motions for Leave to file intervention and admit the attached MRs. On September 7, 2020, the subsidiary received a Notice from the Supreme Court (Third Division) that required its Comments to a Petition for Review on Certiorari. The subsidiary was able to file its Comment and Opposition within the allowed extended period. The Supreme Court has not decided on the matter as of April 5, 2023.

Management and Service Fees

In 2023, the Group entered into service level agreements with two third-party power generation companies to provide electrical-technical services associated with the total operation and maintenance of their power plants and corporate services effective from January 1, 2023 to December 31, 2023. Total revenue from these contracts amounted to ₱472.7 million in 2023.

Generation Costs

Purchased Power

- *Bilateral Agreements.* A subsidiary of the Group enters into PSAs with generation companies to purchase power for a fixed fee per MW per hour. The PSAs are for a period of one to two years with a contract capacity of up to 5MW.

  The total cost of power purchased during the year from PSAs amounted to ₱781.6 million, ₱431.1 million, and ₱179.2 million in December 2023, 2022, and 2021, respectively (see Note 17).

  In 2023, the subsidiary also entered into PSAs with two generation companies for a contract capacity of 50–52 MW with terms of over 25 years beginning in 2025.

Fuel Supply Agreements

- *Supply Agreement for Heavy Fuel.* The Group, through its power generation subsidiaries, entered into a Supply Agreement (Consignment) with Pilipinas Shell Petroleum Corporation (PSPC) for the supply of the Group's petroleum product requirements. Under the agreement, PSPC shall sell and deliver, or procure to be delivered, and the Group shall purchase the petroleum products exclusively from PSPC. The supply agreements are in force up to December 2023 and March 31, 2024. As of April 5, 2024, the Group is in the process of renewing its supply agreement.

  On December 27, 2023, another subsidiary entered into a three (3)-year supply agreement with Northern Star Energy Corporation for the supply of the subsidiary's petroleum product requirements. The agreement is effective starting January 1, 2024 and will be in force until December 31, 2026.

  Heavy fuel oil expense recognized in the consolidated statements of comprehensive income amounted to ₱2,242.9 million, ₱2,142.6 billion, and ₱783.8 million n in 2023, 2022, and 2021, respectively (see Note 17).



- *Supply Agreement for Light Fuel Oil.* On June 10, 2020, the Group entered into a three-year supply agreement with Pilipinas Shell Petroleum Corporation for the supply of the Group's petroleum product requirements. The agreement is effective until March 31, 2024.

  Light fuel oil recognized in the consolidated statements of comprehensive income amounted to ₱176.5 million, ₱131.2 million, and ₱73.8 million in 2023, 2022, and 2021, respectively (see Note 17).

- *Supply Agreement for Lube Fuel Oil.* On October 1, 2021, the Group entered into a Supply Agreement with Pilipinas Shell Petroleum Corporation (PSPC) for the supply of the Group's fuel requirements. Under the agreement, PSPC shall sell and deliver and the Group shall purchase the fuel products from October 2, 2021 to September 30, 2022. This is effective until March 31, 2024.

  Lube fuel oil recognized under "Generation costs" in the statements of comprehensive income amounted to ₱49.4 million, ₱51.3 million, and ₱23.9 million in 2023, 2022, and 2021, respectively (see Note 17).

Distribution Wheeling Services. A subsidiary of the Group enters into Distribution Wheeling Service Agreements (DWSA) with various distribution utilities to tap their distribution services for the conveyance of electricity, through its distribution system, to the subsidiary's contestable customers.

Based on the DWSA, the subsidiary shall pass on all applicable distribution wheeling services charges namely distribution, transmission, system loss, metering, ancillary, universal and other charges, including applicable taxes, as billed by the distribution utility to the contestable customers. Total costs incurred for distribution wheeling services amounted to ₱239.7 million, ₱147.5 million, and ₱107.2 million in 2023, 2022, and 2021, respectively (see Note 17).

A bill deposit equivalent to one month of the estimated billing is usually paid to the distribution utility prior to the commencement of wheeling services to the contestable customer. As at December 31, 2023, 2022 and 2021, security deposit under this agreement amounted to ₱31.6 million, ₱15.8 million and ₱11.7 million, respectively, and is presented as "Others" under "Prepayments and other current assets" (see Note 9).

Open Access Transmission Service. Pursuant to the provision on Credit Support under Section A8.1 of the Open Access Transmission Service Rules as well as the condition set under Billing and Payments of the Transmission Service Agreement, 1590 EC provided additional credit support in the form of a security deposit presented as "Other noncurrent assets" in the consolidated statements of financial position amounting to ₱2.3 million as of December 31, 2023 and 2022 (see Note 13).

Contingencies

The Group is a party to certain proceedings and assessments in the normal course of business. The ultimate outcome of these proceedings cannot be presently determined. The Group's position has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. As allowed by PAS 37, no further disclosures were provided as this might prejudice the Group's position on this matter. Management believes, based on information currently available and professional legal advice, that the ultimate resolution of these proceedings would not likely have a material, adverse effect on the results of operations, financial position or liquidity of the Group. Existing circumstances and assumptions about future developments related to these proceedings may still change. Such changes are reflected in the assumptions when they occur.

24. Lease Agreements

- The Group has lease contracts for office space used in its operations, which generally have lease terms between 2–5 years. Leases of land from newly acquired subsidiaries have a remaining lease term of 4–5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

- On January 19, 2018, the Group entered into a lease contract with the PGLU over the BDPP after emerging as the winning Proponent during the bidding for the lease thereof. Under the lease contract, the Group can use, possess, man, operate, and maintain the BDPP for its sole account and expense, for a term of five (5) years commencing on January 1, 2019. The lease is in consideration for a monthly rental of ₱14.1 million, royalty payment at 1.5% of monthly net profit, and the infusion of total capital investment of at least ₱600.0 million over the five-year term.

  On April 6, 2022, 1590 EC was issued a Notice of Award from PGLU as the highest bidder of the BDPP during the public auction following a post qualification evaluation. The two parties executed the deed of transfer and conveyance on April 19, 2022. As a consequence of the public auction and formal transfer of ownership, the parties mutually agreed to terminate the lease agreement wherein the PGLU waives all other obligations of PGLU under the contract of lease, whether monetary or otherwise.

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year ended December 31, 2023 and December 31, 2022:

	Right-of-use Assets				
	Office Space	**Plant and Equipment**	**Land**	**Total**	**Lease Liabilities**
As at January 1, 2023	**₱22,112,091**	**₱–**	**₱–**	**₱22,112,091**	**₱26,809,952**
Acquisition of subsidiaries (see Note 13)	**–**	**–**	**7,384,059**	**7,384,059**	**10,000,301**
Additions	**7,598,821**	**2,906,484**	**–**	**10,505,305**	**10,505,305**
Depreciation expense	**(14,994,009)**	**(96,883)**	**(371,495)**	**(15,462,387)**	**–**
Interest expense	**–**	**–**	**–**	**–**	**1,108,626**
Payments	**–**	**–**	**–**	**–**	**(18,583,225)**
As at December 31, 2023	**₱14,716,903**	**₱2,809,601**	**₱7,012,564**	**₱24,539,068**	**₱29,840,959**

	Right-of-use Assets				
	Office Space	Plant and Equipment	Land	Total	Lease Liabilities
As at January 1, 2022	₱32,864,741	₱409,495,665	₱–	₱442,360,406	₱358,719,808
Remeasurement of lease liabilities	3,348,598	–	–	3,348,598	3,348,598
Pre-termination of lease	–	(341,246,387)	–	(341,246,387)	(259,025,081)
Depreciation expense	(14,101,248)	(68,249,278)	–	(82,350,526)	–
Interest expense	–	–	–	–	10,826,959
Payments	–	–	–	–	(87,060,332)
As at December 31, 2022	₱22,112,091	₱–	₱–	₱22,112,091	₱26,809,952

In 2022, there were modifications to the Parent Company's leases which increased the lease term. The remeasurement resulted to a net increase in right-of-use assets and lease liabilities by ₱3.3 million in 2022.

Set out below are the amounts recognized in the consolidated statements of comprehensive income for the years ended December 31, 2023 and 2022:

	2023	2022	2021
Depreciation expense of right-of-use assets			
Operating expenses	**₱15,090,892**	₱14,101,248	₱209,625,519
Costs of services (see Note 17)	**371,495**	68,249,278	14,750,479
Rent expense - short-term leases	**17,111,440**	8,568,043	26,005,242
Interest expense on lease liabilities	**1,108,626**	10,826,959	52,513,071
Variable lease payments (see Note 17)	**–**	4,786,582	26,044,774
	₱33,682,453	₱106,532,110	₱328,939,085

Variable lease payments are presented as royalty fees under "Costs of Services" in the consolidated statements of comprehensive income. Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

	2023	2022
Within one year	**₱18,342,849**	₱16,712,054
After one year but not more than five years	**9,131,689**	13,498,899
More than five years	**12,020,020**	–
	₱39,494,558	₱30,210,953

25. Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash and cash equivalents, trade and other receivables, advances to associates and stockholders, financial assets at FVOCI, trade and other payables, notes payable and advances from related parties. The main purpose of these financial instruments is to raise funds for the Group's operations.

The main risks from the Group's financial instruments are credit risk, liquidity risk and foreign currency risk. The BOD reviews and agrees policies for managing each of these risks and these policies are summarized below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

With respect to cash investments, the risk is mitigated by the short-term and/or liquid nature of its investments mainly in bank deposits and placements, which are placed with financial institutions of high credit standing. Receivable balances are actively monitored on an ongoing basis and acted upon regularly to avoid significant concentrations of credit risk.

Except for the trade receivables of 1590 EC from an electric cooperative and other receivables which were provided with allowance (see Note 7), management evaluated that the Group's consolidated financial assets as summarized below are of high grade and of good credit quality.

The maximum exposure to credit risk, net of allowance for impairment losses, amounted to ₱7,452.6 million and ₱7,266.2 million as of December 31, 2023 and 2022, respectively.

There are no significant concentrations of credit risk within the Group.

The Group writes off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The Group writes off an account when all of the following conditions are met:

- the asset is in past due for over 90 days, or is already an item-for-forfeiture
- contract restructuring is no longer possible

The Group may also write off financial assets that are still subject to enforcement activity. The Group has not written off outstanding loans and receivables that are still subject to enforcement activity as of December 31, 2023 and 2022.

The following are the details of the Group's assessment of credit quality and the related ECLs as at December 31, 2023 and 2022:

- *General Approach*
  - *Cash and Cash Equivalents.* As of December 31, 2023 and 2022, the ECL relating to the cash and cash equivalents of the Group is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.
  - *Advances to Associates, Joint Ventures, and Stockholders, Receivables from Related Parties and Other Receivables and Security Deposits.* No ECL is recognized for related party receivables since there were no history of default payments. As of December 31, 2023 and 2022, allowance for impairment losses pertain to individually impaired accounts of other receivables. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.
- *Simplified Approach*
  - *Trade and Accounts Receivable* - The Group applied the simplified approach under PFRS 9, using a 'provision matrix'. As of December 31, 2023 and 2022, the allowance for impairment losses as a result from performing collective impairment test amounted to ₱2.4 million and ₱2.0 million, respectively. Management evaluated that the Group's trade receivables are of high grade and of good credit quality.

The tables below show the maximum exposure to credit risk based on the Group's year-end stage classification.

	2023				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Lifetime ECL Simplified Approach**	**Total**
Gross carrying amount	**₱5,804,951,806**	**₱–**	**80,062,163**	**1,650,080,971**	**₱7,535,094,940**
Loss allowance	**–**	**–**	**(80,062,163)**	**(2,419,972)**	**(82,482,135)**
Carrying amount	**₱5,804,951,806**	**₱–**	**₱–**	**₱1,647,660,999**	**₱7,452,612,805**

	2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱5,903,523,053	₱–	₱86,062,163	₱1,364,716,118	₱7,354,301,334
Loss allowance	–	–	(86,062,163)	(2,009,923)	(88,072,086)
Carrying amount	₱5,903,523,053	₱–	₱–	₱1,362,706,195	₱7,266,229,248

The following tables set out the aging analysis per class of financial assets as of December 31, 2023 and 2022:

	2023						
		Past Due					
	Not Past Due	**Less than 30 Days**	**31-60 Days**	**61-90 Days**	**Over 90 days**	**Impaired**	**Total**
Financial Assets at Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	**₱4,382,540,776**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱4,382,540,776**
Trade and other receivables	**1,019,246,157**	**64,724,865**	**92,003,989**	**151,063,379**	**320,622,609**	**36,404,072**	**1,684,065,071**
Advances to associates, joint ventures and stockholders	**154,587,739**	–	–	–	**7,617,057**	–	**162,204,796**
Advances to suppliers and other parties (under "Other noncurrent assets")	**1,226,593,466**	–	–	–	–	–	**1,226,593,466**
Due from RFM Corporation (under "Other noncurrent assets")	–	–	–	–	–	**46,078,063**	**46,078,063**
Restricted cash (under "Other current assets")	**2,003,880**	–	–	–	–	–	**2,003,880**
Security deposits (under "Prepayments and other current assets")	**31,608,888**	–	–	–	–	–	**31,608,888**
	₱6,816,580,906	**₱64,724,865**	**₱92,003,989**	**₱151,063,379**	**₱328,239,666**	**₱82,482,135**	**₱7,535,094,940**

	2022						
		Past Due					
	Not Past Due	Less than 30 Days	31-60 Days	61-90 Days	Over 90 days	Impaired	Total
Financial Assets at Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	₱4,169,079,325	₱724,277,901	₱–	₱–	₱–	₱–	₱4,893,357,226
Trade and other receivables	359,060,700	585,547,976	18,724,303	23,469,764	375,903,452	41,994,023	1,404,700,218
Advances to associates, joint ventures and stockholders	290,664,713	631,115	350,502	207,670	2,162,208	–	294,016,208
Advances to suppliers and other parties (under "Other noncurrent assets")	698,308,703	–	–	–	–	–	698,308,703
Due from RFM Corporation (under "Other noncurrent assets")	–	–	–	–	–	46,078,063	46,078,063
Restricted cash (under "Other current assets")	2,003,880	–	–	–	–	–	2,003,880
Security deposits (under "Prepayments and other current assets")	15,837,036	–	–	–	–	–	15,837,036
	₱5,534,954,357	₱1,310,456,992	₱19,074,805	₱23,677,434	₱378,065,660	₱88,072,086	₱7,354,301,334

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 maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements and the Group's trade receivables are maintained to meet maturing obligations. The Group, in general, matches the appropriate long-term funding instruments with the general nature of its equity instruments.

The following tables summarize the Group's financial assets that can be used to manage its liquidity risk and the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as of December 31:

	2023				
	Contractual Undiscounted Payments				
	Total	On Demand	Less than 1 Year	1 to 5 Years	More than 5 Years
Financial Assets					
At amortized cost:					
Cash and cash equivalents	**₱4,382,540,776**	**₱4,286,305,576**	**₱96,235,200**	**₱–**	**₱–**
Trade and other receivables	**1,647,660,999**	**114,659,308**	**1,175,975,011**	**357,026,680**	–
Advances to associates, joint ventures, and stockholders	**162,204,796**	**162,204,796**	–	–	–
Advances to suppliers and other parties (under "Other noncurrent assets")	**1,226,593,466**	**1,226,593,466**	–	–	–
Restricted cash (under "Other current assets")	**2,003,880**	**2,003,880**	–	–	–
Security deposits (under "Other current assets")	**31,608,888**	–	**15,771,852**	**15,837,036**	–
	7,452,612,805	**5,791,767,026**	**1,287,982,063**	**372,863,716**	**–**
Financial Liabilities					
Trade and other payables*	**1,542,573,549**	**599,592,352**	**942,981,197**	–	–
Short-term notes payable	**1,963,546,959**	–	**1,963,546,959**	–	–
Long-term notes payable**	**6,269,443,163**	–	**456,090,054**	**3,839,810,913**	**1,973,542,196**
Lease liabilities	**39,494,558**	–	**18,342,849**	**9,131,689**	**12,020,020**
Advances from related parties	**2,350,050**	–	**2,350,050**	–	–
	9,817,408,279	**599,592,352**	**3,383,311,109**	**3,848,942,602**	**1,985,562,216**
Net Financial Assets (Liabilities)	**(₱2,364,795,474)**	**₱5,192,174,674**	**(₱2,095,329,046)**	**(₱3,476,078,886)**	**(₱1,985,562,216)**

**Excluding nonfinancial liabilities*
***Includes contractual interest payments*

	2022				
	Contractual Undiscounted Payments				
	Total	On Demand	Less than 1 Year	1 to 5 Years	More than 5 Years
Financial Assets					
At amortized cost:					
Cash and cash equivalents	₱4,893,357,226	₱4,169,079,325	₱724,277,901	₱–	₱–
Trade and other receivables	1,362,706,195	359,060,700	627,742,043	375,903,452	–
Advances to associates, joint ventures, and stockholders	294,016,208	294,016,208	–	–	–
Advances to a supplier (under "Other noncurrent assets")	698,308,703	–	–	698,308,703	–
Restricted cash (under "Other current assets")	2,003,880	–	569	2,003,311	–
Security deposits (under "Other current assets")	15,837,036	–	4,102,061	11,734,975	–
	7,266,229,248	4,822,156,233	1,356,122,574	1,087,950,441	–
Financial Liabilities					
Trade and other payables*	1,109,910,241	334,299,343	740,610,898	35,000,000	–
Short-term notes payable	1,170,300,000	–	1,170,300,000	–	–
Long-term notes payable**	5,626,709,943	–	1,311,199,216	3,072,653,172	1,242,857,555
Lease liabilities	30,210,953	–	16,712,054	13,498,899	–
Advances from related parties	10,886,165	5,197,053	5,689,112	–	–
	7,948,017,302	339,496,396	3,244,511,280	3,121,152,071	1,242,857,555
Net Financial Assets (Liabilities)	(₱681,788,054)	₱4,482,659,837	(₱1,888,388,706)	(₱2,033,201,630)	(₱1,242,857,555)

**Excluding nonfinancial liabilities*
***Includes contractual interest payments*

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenue or expense is denominated in a different currency from the Group's functional currency.

The foreign-currency-denominated monetary assets and their Philippine Peso equivalents follow:

	2023		
	USD	**EUR**	**Php Equivalent**
Financial Asset			
Cash	**US$1,626,611**	**€638,428**	**₱129,634,942**

	2022		
	USD	EUR	Php Equivalent
Financial Asset			
Cash	US$9,863,581	€1,131,571	₱620,929,219

The December 31 exchange rates used follows:

	2023	2022
US Dollar	**₱55.57 to US$1**	₱56.12 to US$1
Euro Dollar	**₱61.47 to €1**	₱59.55 to €1

The Group recognized net foreign exchange loss of ₱9.6 million in 2023, net foreign exchange gain of ₱53.8 million, ₱16.1 million in 2022, and 2021.

The Group manages the timing of settlements or payments to ensure that the Group is not unfavourably exposed to fluctuations of foreign exchange rates. Likewise, the Group maintains adequate PHP, US, and EUR bank deposits to fund major expenditures or payments in foreign currencies.

The tables below demonstrate the sensitivity to a reasonably possible change in the Philippine Peso, with all other variables held constant, of the Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as of December 31, 2023 and 2022.

	Change in Philippine Peso to US Dollar	
	Appreciation	Depreciation
Effect in income before income tax:		
2023 (at 2.07% appreciation and 2.07% depreciation)	**₱1,871,089**	**(₱1,871,089)**
2022 (at 8.40% appreciation and 7.13% depreciation)	₱46,497,710	(₱39,467,699)

	Change in Philippine Peso to Euro	
	Appreciation	Depreciation
Effect in income before income tax:		
2023 (at 4.73% appreciation and 4.73% depreciation)	**₱1,856,249**	**(₱1,856,249)**
2022 (at 3.77% appreciation and 4.40% depreciation)	₱2,540,416	(₱2,964,942)

There is no other impact on the Group's equity other than those already affecting the consolidated income before income tax.

Interest Rate Risk
The Group is not exposed to interest rate risk since its loans are subject to fixed interest rates and are therefore not subject to interest rate risk. Accounts receivable and other significant liabilities are noninterest-bearing. The Group has achieved a balanced mix of cash balances with various deposit rates.

Fair Value Measurement
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

Fair Value Hierarchy
The Group uses the following hierarchy for determining the fair value of assets and liabilities:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As of December 31, 2023 and 2022, the carrying values of the Group's financial instruments, except for the Group's long-term debt, approximate fair values due to their relatively short-term maturity.

The Group considers the long-term notes payable with fair value of ₱5.0 billion and ₱4.5 billion as of December 31, 2023 and 2022, respectively, as under Level 3 classification. The fair values were determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

The Group's financial assets at FVOCI and investment properties, which are classified under Level 2 and 3, respectively, are measured at fair value.

As of December 31, 2023 and 2022, there were no transfers into and out of Level 3 fair value measurements.

Changes in Valuation Techniques
There were no changes in the valuation techniques used by the Group in determining the fair value of its financial assets at FVOCI and investment properties during the year.

Highest and Best Use
As at December 31, 2023 and 2022, the current use of the Group's investment properties is considered its highest and best use.



Fair Value Hierarchy

The following tables show an analysis of the Group's assets measured at fair value recognized in the consolidated statements of financial position by level of the fair value hierarchy as of December 31, 2023 and 2022:

	2023			
		Fair Value Measurement Using		
	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value				
Financial assets at FVOCI (see Note 13)	**₱426,600,000**	**₱–**	**₱426,600,000**	**₱–**
Investment properties (see Note 12):				
Land	**1,018,548,067**	**–**	**–**	**1,018,548,067**
Condominium units	**26,921,733**	**–**	**–**	**26,921,733**

	2022			
		Fair Value Measurement Using		
	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value				
Financial assets at FVOCI (see Note 13)	₱397,734,676	₱–	₱397,734,676	₱–
Investment properties (see Note 12):				
Land	898,590,867	–	–	898,590,867
Condominium units	25,445,733	–	–	25,445,733

Valuation Techniques Used to Derive Level 3 Fair Values

The following tables show an analysis of the Group's long-term notes payable for which fair values are disclosed at Level 3 of the fair value hierarchy as at December 31:

Description	Carrying Value as of December 31, 2023	Fair Value as of December 31, 2023	Valuation Technique	Key Observable Inputs	Range (Weighted Average)
Long-term debt	**₱5,048,355,575**	**₱4,994,514,624**	**Discounted Cash Flow Approach**	**Risk-free interest rate**	**5.18%-7.68% (5.88%-7.58%)**

Description	Carrying Value as of December 31, 2022	Fair Value as of December 31, 2022	Valuation Technique	Key Observable Inputs	Range (Weighted Average)
Long-term debt	₱4,623,624,168	₱4,482,343,552	Discounted Cash Flow Approach	Risk-free interest rate	4.58%-7.92% (6.39%-7.26%)

The table below presents the following for each class of the Group's investment properties as of December 31, 2023 and 2022:

	2023			
Class of Property	**Fair Value**	**Valuation Technique**	**Key Unobservable Inputs**	**Range**
Investment properties (see Note 12):				
Land	**₱1,018,548,067**	**Sales Comparison Approach**	**Price per square meter**	**₱96,837-₱210,000**
Condominium units	**26,921,733**	**Sales Comparison Approach**	**Price per square meter**	**₱140,790–₱180,000**

	2022			
Class of Property	Fair Value	Valuation Technique	Key Unobservable Inputs	Range
Investment properties (see Note 12):				
Land	₱898,590,867	Sales Comparison Approach	Price per square meter	₱4,500–₱80,000
Condominium units	25,445,733	Sales Comparison Approach	Price per square meter	₱150,063–₱168,586

Unrealized gain on fair value remeasurement of investment properties, recognized in the consolidated statements of comprehensive income amounted to ₱121.4 million in 2023, ₱60.4 million in 2022, and ₱106.4 million in 2021 (see Note 12). All gains and losses recorded in the consolidated statements of comprehensive income for recurring fair value measurement categorized within Level 3 of the fair value hierarchy are attributable to changes in unrealized gain on fair value remeasurement of investment properties held at the end of the reporting period.

The fair values of financial assets at FVOCI is determined based on the available selling price in the market for identical assets under Level 2 as of December 31, 2023 and 2022. The Group recognized an unrealized gain on financial assets at FVOCI under "Other comprehensive income" in the consolidated statements of comprehensive income amounting to ₱24.5 million in 2023, ₱21.9 million in 2022, and ₱2.7 million in 2021 (see Note 13).

There were no transfers between Levels 1 and 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Descriptions and Definitions

The table above includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values:

Sales Comparison Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The appraiser gathers data on actual sales and/or listings, offers, and renewal options, and identifies the similarities and differences in the data, ranks the data according to their relevance, adjusts the sales prices of the comparable to account for the dissimilarities with the unit being appraised, and forms a conclusion as to the most reasonable and probable market value of the subject property.

The elements of comparison include location, physical characteristics, available utilities, zoning, and highest and best use. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography and location.

The fair value of the investment properties was based on valuations performed by an accredited independent appraiser, with a recognized and relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued, conducted on various dates in 2023 and 2022. The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied.

Significant increases (decreases) in price per square meter in isolation would result in a significantly higher (lower) fair value measurement.



Capital Management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 2023, 2022 and 2021.

The Parent Company and certain subsidiaries are required to maintain financial ratios, such as current ratio, debt-to-equity ratio and debt service coverage ratio, as part of the covenants on their notes payable (see Note 15). As of December 31, 2023 and 2022, the Parent Company and these subsidiaries, except for INPC, have complied with the requirements. As of December 31, 2023, INPC has not complied with the required debt-to-equity ratio ceiling under its loan agreement. However, INPC has obtained in November 2023 a waiver from the lender tolerating the breach (see Note 15).

The Parent Company is also subject to the Minimum Public Ownership requirement of the PSE. As of December 31, 2023 and 2022, this requirement has been complied with.

The Parent Company and other entities in the Group are not subject to other externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group determines net debt as the sum of short-term and long-term notes payable less cash and cash equivalents.

Gearing ratios of the Group as of December 31 are as follows:

	2023	2022
Notes payable	**₱7,011,902,534**	₱5,793,924,168
Less cash and cash equivalents	**4,382,540,776**	4,893,357,226
Net cash and cash equivalents (a)	**2,629,361,758**	900,566,942
Equity attributable to equity holders of the parent	**18,280,690,515**	16,494,496,694
Equity and net cash and cash equivalents (b)	**₱20,910,052,273**	₱17,395,063,636
Gearing ratio (a/b)	**0.13:1.00**	(0.05):1.00

26. **Notes to the Consolidated Statement of Cash Flows**

Changes in Liabilities arising from Financing Activities (in thousands)

	2023					
	Long-term Notes Payable	**Advances from Related Parties**	**Lease Liabilities**	**Dividends Payable**	**Short-term Notes Payable**	**Total Liabilities from Financing Activities**
January 1, 2023	**₱4,623,624**	**₱10,886**	**₱26,810**	**₱8,827**	**₱1,170,300**	**₱5,840,447**
Non-cash changes:						
Dividends declared	**–**	**–**	**–**	**399,901**	**–**	**399,901**
Amortization of debt issue cost	**8,871**	**–**	**–**	**–**	**453**	**9,324**
Collections of advances to related parties	**–**	**(82,003)**	**–**	**–**	**–**	**(82,003)**
Additions and modifications	**–**	**–**	**20,506**	**–**	**–**	**20,506**
Acquired from business combination	**873,799**	**–**	**–**	**–**	**–**	**873,799**
Net cash flows	**(457,938)**	**73,467**	**(17,475)**	**(401,876)**	**792,794**	**(11,028)**
December 31, 2023	**₱5,048,356**	**₱2,350**	**₱29,841**	**₱6,852**	**₱1,963,547**	**₱7,050,946**

	2022					
	Long-term Notes Payable	Advances from Related Parties	Lease Liabilities	Dividends Payable	Short-term Notes Payable	Total Liabilities from Financing Activities
January 1, 2022	₱4,473,541	₱5,689	₱358,719	₱7,424	₱–	₱4,845,373
Non-cash changes:						
Dividends declared	–	–	–	452,883	–	452,883
Amortization of debt issue cost	10,515	–	–	–	–	10,515
Additional advances to related parties	–	17,451	–	–	–	17,451
Pre-termination of lease	–	–	(259,025)	–	–	(259,025)
Remeasurement	–	–	3,349	–	–	3,349
Net cash flows	139,568	(12,254)	(76,233)	(451,480)	1,170,300	769,901
December 31, 2022	₱4,623,624	₱10,886	₱26,810	₱8,827	₱1,170,300	₱5,840,447

	2021					
	Long-term Notes Payable	Advances from Related Parties	Lease Liabilities	Dividends Payable	Short-term Notes Payable	Total Liabilities from Financing Activities
January 1, 2021	₱2,819,508	₱5,689	₱663,178	₱6,062	₱749,300	₱4,243,737
Non-cash changes:						
Dividends declared	–	–	–	634,274	–	634,274
Acquired notes payables from business combination	333,069	–	–	–	–	333,069
Amortization of debt issue cost	10,587	–	–	–	–	10,587
Additional advances to related parties	–	23,504	–	–	–	23,504
Additions and modifications	–	(54,800)	–	–	–	(54,800)
Remeasurement	–	–	(5,487)	–	–	(5,487)
Net cash flows	1,310,377	31,296	(298,972)	(632,912)	(749,300)	(339,511)
December 31, 2021	₱4,473,541	₱5,689	₱358,719	₱7,424	₱–	₱4,845,373

Non-cash Changes in Investing and Financing Activities

- Additions to property, plant and equipment include unpaid portion purchased on account amounting to nil in 2023, ₱140.0 million in 2022 and nil in 2020 (see Note 11). The amount also includes the carrying amount of the right-of-use asset net of the outstanding lease liability derecognized amounting to ₱82.2 million as a result of the termination in 2022 of the lease of the BDPP that was capitalized as part of the plant machinery and equipment acquired (see Notes 11 and 24).

- Of the total transaction price of ₱169.6 million to acquire the remaining interest in INPC in 2023, ₱105.1 million remains unpaid until post-closing conditions on the transfer are met (see Note 21). The unpaid transaction price is included as part of "Trade payables" in "Trade and other payables" (see Note 14).

27. Operating Segment Information

The Group is currently organized into three operating segments: (1) power generation and distribution operations, (2) infrastructure and water treatment and desalination and (3) investing in shares of stock. These operating segments are consistent with those reported to the BOD, the Group's Chief Operating Decision Maker (CODM).

The operating segments and their corresponding principal activities are as follows:

Power Generation and Distribution

1590 EC operates a diesel power plant wherein power generated is primarily traded at WESM. Core operates as a retail electricity supplier. INPC, Delta P and CIPC operate diesel-fired power plants in Bantayan Island, Mainland Palawan, and Coron and Busuanga Islands, respectively. BPC and NBPC are operating diesel-fired power plants in Bukidnon. MPI acquired in 2023 a diesel-fired power plant in Cebu City intended to generate power for ancillary services and WESM. CSSC and VSC are engaged in providing solar rooftop solutions to customers. VMHI is in its pre-operating stage of building a hydro power plant in Silay, Negros Occidental. LPEC is also in the pre-development stage of building a diesel-fired power plant in Pampanga. CREC, SIAEC and SPREC are entities in various stages of pre-development of solar generation facilities in various parts of Luzon. VII, VGPC, SGC, AEC, API, BEC, SCEC and SGEC are intended to undertake various power generation activities of the Group.

Infrastructure and Water Treatment and Desalination

WMP is a water treatment engineering company. IMCC is in its pre-operating stage of building a water desalination plant in Cordova, Cebu. NMCWC is also in its pre-operating stage of building a water treatment plant.

Investing in Shares of Stock

As disclosed in Note 1, except for the other entities mentioned above, the Parent Company and all other subsidiaries are operating as holding and investing companies. Revenue from this segment principally comes from equity in net earnings and management fees from investee companies.

VECO, an associate of the Group, is involved in the distribution and sale of electricity, while the other associates and joint ventures are engaged in the generation and supply of power to various entities and parties.



The segment results for the years ended December 31 follow:

	2023				
	Power Generation and Distribution	**Infrastructure and Water Treatment and Desalination**	**Investing in Shares of Stock**	**Eliminations**	**Consolidated**
Revenues from external customers	**₱5,555,081,891**	**₱7,369,267**	**₱472,693,599**	**₱–**	**₱6,035,144,757**
Equity in net earnings of associates and joint ventures			**2,044,341,881**	**–**	**2,044,341,881**
Revenue from inter-segment, associates and affiliates	**88,436,201**	**404,339,123**	**419,813,689**	**(839,305,682)**	**73,283,331**
Interest income	**24,847,896**	**12,693,418**	**85,446,276**	**–**	**122,987,590**
Inter-segment revenues	**(76,436,201)**	**(404,339,123)**	**(358,530,358)**	**839,305,682**	**–**
	5,591,929,787	**20,062,685**	**2,663,765,087**	**–**	**8,275,757,559**
Income from operations	**782,979,748**	**(51,988,790)**	**2,030,153,843**	**–**	**2,761,144,801**
Finance costs on loans	**(212,801,218)**	**(769,412)**	**(150,107,981)**	**–**	**(363,678,611)**
Finance costs on lease liabilities		**(539,748)**	**(568,878)**	**–**	**(1,108,626)**
Foreign exchange gains	**(730,108)**	**2,074,872**	**(10,961,071)**	**–**	**(9,616,307)**
Other income (charges)	**(25,171,201)**	**1,512,196**	**211,216,269**	**–**	**187,557,264**
Income before income tax	**544,277,221**	**(49,710,882)**	**2,079,732,182**	**–**	**2,574,298,521**
Income tax expense	**(111,662,661)**	**(61,705)**	**(68,626,469)**	**–**	**(180,350,835)**
Net income	**₱432,614,560**	**(₱49,772,587)**	**₱2,011,105,713**	**₱–**	**₱2,393,947,686**

	2022				
	Power Generation and Distribution	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Eliminations	Consolidated
Revenues from external customers	₱4,399,754,194	₱–	₱–	₱–	₱4,399,754,194
Equity in net earnings of associates and joint ventures	–	6,393,453	1,934,963,930	–	1,941,357,383
Revenue from inter-segment, associates and affiliates	40,893,853	563,854,198	3,341,746,027	(3,828,824,462)	117,669,616
Interest income	4,994,815	5,379,021	49,697,207	–	60,071,043
Inter-segment revenues	(10,766,286)	(563,093,963)	(3,254,964,213)	3,828,824,462	–
	4,434,876,576	12,532,709	2,071,442,951	–	6,518,852,236
Income from operations	47,795,891	(44,649,988)	1,913,929,025	–	1,917,074,928
Finance costs on loans	(114,270,732)	(2,609,024)	(143,000,915)	–	(259,880,671)
Finance costs on lease liabilities	(9,418,418)	(23,661)	(1,384,880)	–	(10,826,959)
Foreign exchange gains	1,902,164	20,758,025	31,182,099	–	53,842,288
Other income (charges)	1,140,312	3,450,456	89,488,243	–	94,079,011
Income before income tax	(72,850,783)	(23,074,192)	1,890,213,572	–	1,794,288,597
Income tax expense	(56,178,969)	(5,968,681)	(27,413,829)	–	(89,561,479)
Net income	(₱129,029,752)	(₱29,042,873)	₱1,862,799,743	₱–	₱1,704,727,118

	2021				
	Power Generation and Distribution	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Eliminations	Consolidated
Revenues from external customers	₱3,053,244,151	₱42,037,953	₱–	₱–	₱3,095,282,104
Equity in net earnings of associates and joint ventures	–	–	1,838,491,265	–	1,838,491,265
Revenue from inter-segment, associates and affiliates	54,680,531	132,921,602	3,938,731,566	(4,023,744,073)	102,589,626
Interest income	1,513,500	121,818	21,326,267	–	22,961,585
Inter-segment revenues	(54,680,531)	(132,921,602)	(3,836,141,940)	4,023,744,073	–
	3,054,757,651	42,159,771	1,962,407,158	–	5,059,324,580
Income from operations	755,311,359	13,386,380	1,662,538,494	–	2,431,236,233
Finance costs on loans	(34,431,129)	(1,242,751)	(129,631,781)	–	(165,305,661)
Finance costs on lease liabilities	(50,304,024)	(110,160)	(2,098,887)	–	(52,513,071)
Foreign exchange gains	2,516,541	5,108	13,608,113	–	16,129,762
Other income (charges)	(2,343,054)	542,607	171,843,974	–	170,043,527
Income before income tax	670,749,693	12,581,184	1,716,259,913	–	2,399,590,790
Income tax expense	(157,812,810)	(6,671,197)	(2,617,021)	–	(167,101,028)
Net income	₱512,936,883	₱5,909,987	₱1,713,642,892	₱–	₱2,232,489,762

The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

In 2023, revenue from sale of power to a major customer amounted to ₱988.8 million, representing 18% of the total revenue from sale of power and 16% of total revenues. In 2022, revenue from sale of power to a major customer amounted to ₱953.0 million, representing 22% of the total revenue from the sale of power and 21% of total revenues. In 2021, revenue from sale of power to two major customers amounted to ₱2.5 billion representing 82% of the total revenue from the sale of power and 78% of total revenues.

Geographical business information is not required since the Group has only one geographical segment as all of its assets is located in the Philippines, and it operates or derives all of its revenue from domestic operations.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'inter-segment revenues' row.

Other segment information included in the consolidated statements of financial position as of December 31 is as follows:

	2023			
	Power Generation	**Infrastructure and Water Treatment and Desalination**	**Investing in Shares of Stock**	**Consolidated**
Assets	**₱23,910,141,009**	**₱1,876,902,902**	**₱4,098,491,039**	**₱29,885,534,950**
Liabilities	**7,695,617,674**	**180,547,245**	**2,371,305,136**	**10,247,470,055**
Capital expenditures	**966,377,588**	**504,664,350**	**207,685,806**	**1,678,727,744**

	2022			
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Assets	₱16,619,216,673	₱1,591,835,939	₱8,228,950,856	₱26,440,003,468
Liabilities	5,517,267,798	1,084,942,675	1,929,097,207	8,531,307,680
Capital expenditures	1,720,656,727	472,054,507	417,694,179	2,610,405,413

	2021			
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Assets	₱14,061,931,482	₱629,595,810	₱8,736,229,022	₱23,427,756,314
Liabilities	3,609,142,478	373,998,751	3,066,321,607	7,049,462,836
Capital expenditures	620,235,607	74,834,098	26,258,144	721,327,849

Other segment information included in the consolidated statements of comprehensive income for the years ended December 31, 2022, 2021 and 2020 is as follows:

	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Depreciation and amortization:				
2023	**₱449,485,431**	**₱4,597,506**	**₱52,939,303**	**₱507,022,240**
2022	397,598,335	1,814,587	30,818,042	430,230,964
2021	314,923,418	3,895,412	42,008,991	360,827,821

The Management Committee monitors the operating results of each business unit separately for the purpose of determining resource allocation and assessing performance. Performance is evaluated based on (i) net income for the year, (ii) consolidated earnings before interest, taxes, and depreciation and amortization ("consolidated EBITDA"); and (iii) consolidated core net income ("CCNI"). Net income for the year is measured consistent with reported net income in the consolidated statement of comprehensive income.

Consolidated EBITDA is measured as total net income excluding interest, provision for income taxes, depreciation and amortization, finance costs, foreign exchange gains and losses, and other one-off gains and losses.

CCNI for the year is measured as consolidated net income attributable to equity holders of the parent adjusted for foreign exchange gain or loss, impairment or reversal of impairment of noncurrent assets and certain other non-recurring gain or loss, if any, net of tax effect of the foregoing adjustments.

The following table shows the reconciliation of the EBITDA to net income:

	2023	2022	2021
EBITDA	**₱3,269,605,406**	₱2,380,990,303	₱2,816,861,438
Add (deduct):			
Depreciation and amortization (see Notes 11 and 13)	**(507,022,240)**	(430,230,964)	(360,827,821)
Finance costs on loans (see Note 15)	**(363,678,611)**	(259,880,671)	(165,305,661)
Gain on fair value remeasurement of investment properties (see Note 12)	**121,433,200**	60,394,600	106,361,400
Finance costs on lease liabilities (see Note 24)	**(1,108,626)**	(10,826,959)	(52,513,071)
Gain on bargain purchase	**64,685,699**	–	32,120,469
Gain on disposal of investments	**–**	–	6,764,274
Foreign exchange gains (losses) - net	**(9,616,307)**	53,842,288	16,129,762
Income before income tax	**2,574,298,521**	1,794,288,597	2,399,590,790
Provision for income tax (see Note 20)	**(180,350,835)**	(89,561,479)	(167,101,028)
Net income	**₱2,393,947,686**	₱1,704,727,118	₱2,232,489,762

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City, Cebu, Philippines 6014

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 5, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
Tax Identification No. 206-544-506
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-138-2021, November 10, 2021, valid until November 9, 2024
PTR No. 10082018, January 6, 2024, Makati City

April 5, 2024

VIVANT CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2023

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet/Notes	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial assets at amortized cost:				
Cash and cash equivalents	–	₱4,382,540,776	₱4,382,540,776	₱119,214,340
Trade and other receivables:				
Trade receivables	–	1,575,969,109	1,575,969,109	6,108,428,088
Accrued interest	–	20,945,817	20,945,817	–
Advances to officers and employees	–	5,694,516	5,694,516	–
Accounts receivable	–	182,598	182,598	–
Dividends receivable	–	–	–	–
Others	–	44,868,959	44,868,959	–
		1,647,660,999	1,647,660,999	6,108,428,088
Advances to associates, joint ventures and stockholders	–	162,204,796	162,204,796	–
Advances to supplier and other parties	–	1,226,593,466	1,226,593,466	–
Restricted cash	–	2,003,880	2,003,880	–
Security deposits	–	31,608,888	31,608,888	–
		1,422,411,030	1,422,411,030	–
		7,452,612,805	7,452,612,805	6,227,642,428
Financial assets at fair value through other comprehensive income:				
Buskowitz Energy, Inc.	–	418,600,000	418,600,000	–
Cebu Country Club, Inc.	–	8,000,000	8,000,000	–
	–	426,600,000	426,600,000	–
Total financial assets	–	₱7,879,212,805	₱7,879,212,805	₱6,227,642,428

See Notes 6, 7, 9, 13 and 16 of the Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2023

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Reversals	Write Offs	Balance at End of Period		
						Current	Noncurrent	Total
Lunar Power Core Inc.	₱102,708,539	₱–	₱–	₱–	₱–	₱102,708,539	₱–	₱102,708,539
Cebu Private Power Corp.	–	177,445,146	(115,445,146)	–	–	62,000,000	–	62,000,000
Visayan Electric Company, Inc.	7,957,282	763,687,641	(773,687,641)	–	–	7,957,282	–	7,957,282
Global Luzon Energy Development Corporation	7,879,200	431,979	(6,431,979)	–	–	1,879,200	–	1,879,200
Faith Lived Out Visions 2 Ventures Holdings, Inc.	150,000,000	–	(150,000,000)	–	–	–	–	–
Cebu Energy Development Corp.	4,821,667	56,100,000	(81,649,677)	–	–	–	–	–
Abovant Holdings, Inc.	–	404,800,000	(404,800,000)	–	–	–	–	–
Minergy Power Corporation	–	200,000,016	(200,000,016)	–	–	–	–	–
Therma Visayas Inc.	–	180,000,000	(180,000,000)	–	–	–	–	–
Advances to stockholders	4,728,803	20,976,479	(18,045,549)	–	–	7,659,733	–	7,659,733
	₱278,095,491	₱1,783,293,011	(₱1,621,911,758)	₱–	₱–	₱170,204,754	₱–	₱170,204,754

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2023

	Balance at Beginning of Period	Additions	Collections	Conversion to Equity	Write Offs	Balance at End of Period		
						Current	Noncurrent	Total
Isla Mactan Cordova Corporation	₱769,308,039	₱300,481,435	₱–	₱–	₱–	₱1,069,789,474	₱–	₱1,069,789,474
San Ildefonso Alternative Energy Corp	–	1,052,774,074	(67,709,653)	–	–	985,064,421	–	985,064,421
Vivant Infracore Holdings Inc.	206,635,434	93,716,775	(96,950,266)	–	–	203,401,943	–	203,401,943
Calamian Island Power Corp	–	174,735,845	(8,468,203)	–	–	166,267,642	–	166,267,642
Corenergy Solar Solutions Corp.	160,430,313	540,961	(3,467,477)	–	–	157,503,797	–	157,503,797
Vivant Energy Corporation	733,760,518	345,422,160	(966,187,462)	–	–	112,995,216	–	112,995,216
Corenergy Inc.	88,581,014	72,384,290	(98,049,090)	–	–	62,916,214	–	62,916,214
Delta P, Inc.	–	89,992,208	(31,913,756)	–	–	58,078,452	–	58,078,452
Vivant Renewable Energy Corporation	24,776,112	8,632,568	(5,164,904)	–	–	28,243,776	–	28,243,776
Vivant Integrated Diesel Corporation	2,109	28,021,348	(2,109)	–	–	28,021,348	–	28,021,348
Vivant Solar Corporation	23,425,921	11,665	(52,301)	–	–	23,385,285	–	23,385,285
Southern Grove Properties and Development Corp.	10,040,418	16,020	(117,183)	–	–	9,939,255	–	9,939,255
Amberdust Holding Corp.	9,685,256	–	–	–	–	9,685,256	–	9,685,256
Hijos de F. Escaño, Inc.	550,114	3,598,660	(1,248,623)	–	–	2,900,151	–	2,900,151
Bukidnon Power Corp.	24,137,554	11,544,636	(33,340,476)	–	–	2,341,714	–	2,341,714
Watermatic Philippines	96,255	2,803,555	(1,092,620)	–	–	1,807,190	–	1,807,190
North Bukidnon Power Corp.	1,489,231	10,593,661	(10,302,334)	–	–	1,780,558	–	1,780,558
1590 Energy Corp.	106,381,121	60,411,514	(165,936,949)	–	–	855,686	–	855,686
Isla Norte Power Corp.	21,093,699	1,126,882	(21,855,770)	–	–	364,811	–	364,811
San Pablo Renewable Energy Corp	–	8,673,197	(8,629,337)	–		43,860		43,860
Vivant -Malogo Hydropower, Inc.	155,511	18,127	(158,139)	–	–	15,499	–	15,499
Vivant Integrated Generation Corporation	7,466	495,180,618	(495,187,863)	–	–	221	–	221
Delta P Hybird, Inc. (formerly Vivant Isla Inc.)	357	–	–	–	–	357	–	357
Vivant Geo Power Corp.	178	–	–	–	–	178	–	178
Vivant Hydrocore Holdings Inc.	1,170,956	2,612,488	(3,783,444)	–	–	–	–	–
Northern Metro Cebu Water Corp.	271,742	–	(271,742)	–	–	–	–	–
Vivant Realty Ventures Corp.	109,844	–	(109,844)	–	–	–	–	–
Vivant Transcore Holdings Inc.	1,836	–	(1,836)	–	–	–	–	–
Vivant Corporate Center Inc.	1,076	–	(1,076)	–	–	–	–	–
	₱2,182,112,074	₱3,466,895,590	(₱1,941,309,334)	₱–	₱–	₱2,182,112,074	₱–	₱2,182,112,074

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS

DECEMBER 31, 2023

Description	Beginning Balance	Additions of Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes	Ending Balance
Customer Contracts	₱199,760,084	₱–	(₱21,297,770)	₱–	₱–	₱178,462,314
Goodwill	129,843,626	12,186,970	–	–	–	142,030,596
Software cost	843,053	398,439	(601,907)	–	–	639,585
	₱330,446,763	₱12,585,409	(₱21,899,677)	₱–	₱–	₱321,132,495

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE E - LONG-TERM DEBT

DECEMBER 31, 2023

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Current Portion of Long-term Debt	Long-term Debt
Fixed Rate Corporate Notes (FRCN) -Vivant Corp	₱1,900,000,000	₱50,000,000	₱1,850,000,000
15-Year Project Financing Facility-Isla Norte Power Corp	1,283,764,706	72,470,588	1,211,294,118
15-Year Project Financing Facility-Delta P., Inc.	817,615,846	62,549,846	755,066,000
FRCN – Vivant Energy Corp	600,000,000	–	600,000,000
Loans Payable – North Bukidnon Power Corp	186,560,000	16,960,000	169,600,000
Loans Payable – Bukidnon Power Corp	159,300,000	14,160,000	145,140,000
10-Year Loan - Corenergy, Inc.	131,349,198	–	131,349,198
Unamortized debt issue cost	(30,234,175)	(5,839,455)	(24,394,720)
	₱5,048,355,575	₱210,300,979	₱4,838,054,596

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

DECEMBER 31, 2023

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
-Not applicable-	-Not applicable-	

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2023

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
– Not applicable –			– Not applicable –	

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE H - CAPITAL STOCK

DECEMBER 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown under Related Consolidated Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares held by Related Parties	Directors, Officers and Employees	Others
Capital stock	2,000,000,000	1,023,456,698	–	766,356,210	240,335	246,860,153

VIVANT CORPORATION

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2023

Items		Amount
Unappropriated Retained Earnings, Beginning		**₱985,537,304**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	1,866,087,228	
Effect of restatements or prior-period adjustments	—	
Others	—	1,866,087,228
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	398,841,075	
Retained Earnings appropriated during the reporting period	2,400,000,000	
Effect of restatements or prior-period adjustments	—	
Others	—	2,798,841,075
Unappropriated Retained Earnings, as adjusted		**52,783,457**
Add/Less: Net Income for the current year		**995,003,934**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Unrealized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	(45,741,149)	
Subtotal		**(45,741,149)**
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	—
Subtotal		—

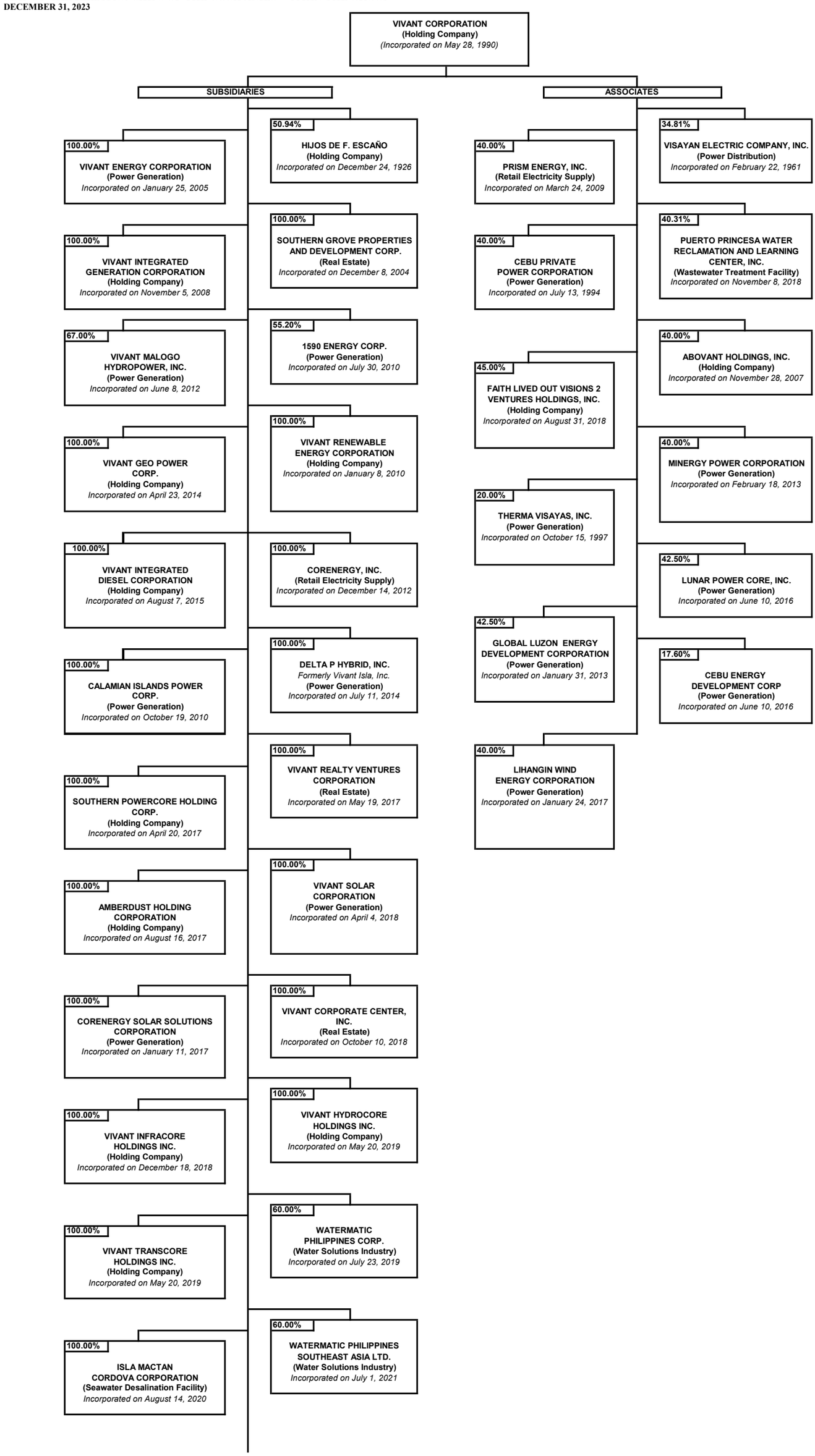
(Forward)

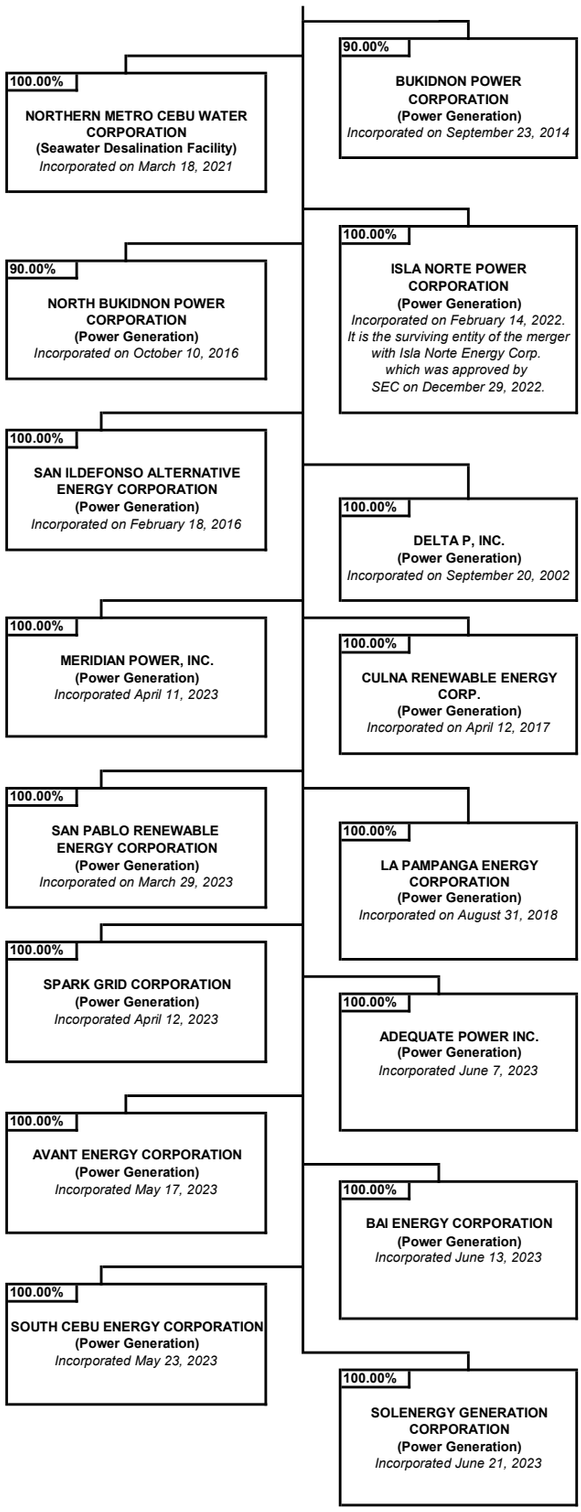
Items		Amount
Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	₱—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of Investment Property	—	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	—
Subtotal		—
Adjusted Net Income/Loss		
Add: Category D: Non-actual loss recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	—	
Subtotal		—
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	—	
Total amount of reporting relief granted during the year	—	
Others	—	
		—
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	—	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(1,526,083)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	—	
Adjustment due to deviation from PFRS/GAAP – gain(loss)	—	
Others	—	
Subtotal		**(1,526,083)**
TOTAL RETAINED EARNINGS, END OF THE YEAR FOR DIVIDEND DECLARATION		**₱1,000,520,159**

VIVANT CORPORATION AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

DECEMBER 31, 2023




100.00%
NORTHERN METRO CEBU WATER CORPORATION
(Seawater Desalination Facility)
Incorporated on March 18, 2021
90.00%
BUKIDNON POWER CORPORATION
(Power Generation)
Incorporated on September 23, 2014
90.00%
NORTH BUKIDNON POWER CORPORATION
(Power Generation)
Incorporated on October 10, 2016
100.00%
ISLA NORTE POWER CORPORATION
(Power Generation)
Incorporated on February 14, 2022.
It is the surviving entity of the merger with Isla Norte Energy Corp. which was approved by SEC on December 29, 2022.
100.00%
SAN ILDEFONSO ALTERNATIVE ENERGY CORPORATION
(Power Generation)
Incorporated on February 18, 2016
100.00%
DELTA P, INC.
(Power Generation)
Incorporated on September 20, 2002
100.00%
MERIDIAN POWER, INC.
(Power Generation)
Incorporated April 11, 2023
100.00%
CULNA RENEWABLE ENERGY CORP.
(Power Generation)
Incorporated on April 12, 2017
100.00%
SAN PABLO RENEWABLE ENERGY CORPORATION
(Power Generation)
Incorporated on March 29, 2023
100.00%
LA PAMPANGA ENERGY CORPORATION
(Power Generation)
Incorporated on August 31, 2018
100.00%
SPARK GRID CORPORATION
(Power Generation)
Incorporated April 12, 2023
100.00%
ADEQUATE POWER INC.
(Power Generation)
Incorporated June 7, 2023
100.00%
AVANT ENERGY CORPORATION
(Power Generation)
Incorporated May 17, 2023
100.00%
BAI ENERGY CORPORATION
(Power Generation)
Incorporated June 13, 2023
100.00%
SOUTH CEBU ENERGY CORPORATION
(Power Generation)
Incorporated May 23, 2023
100.00%
SOLENERGY GENERATION CORPORATION
(Power Generation)
Incorporated June 21, 2023

SGV
Building a better working world

SyCip Gorres Velayo & Co.
8th Floor JEG Tower @ One Acacia
Acacia Street corner Archbishop Reyes Avenue
Brgy. Kamputhaw, Cebu City 6000
Philippines

Tel: (032) 266 2947
Fax: (032) 266 2313
ey.com/ph

INDEPENDENT AUDITOR'S REPORT
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City
Cebu, Philippines 6014

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 5, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Margem A. Tagalog

Margem A. Tagalog
Partner
CPA Certificate No. 0098098
Tax Identification No. 206-544-506
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-138-2021, November 10, 2021, valid until November 9, 2024
PTR No. 10082018, January 6, 2024, Makati City

April 5, 2024

VIVANT CORPORATION

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Ratio	Formula	2023	2022
Current Ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets ₱7,335,349,893 Divide by: Total Current Liabilities 4,071,007,086 Current Ratio 1.80	**1.80**	1.87
Acid Test Ratio/Quick Ratio	Quick Assets (*Total Current Assets less Inventories and Prepayment and Other Current Assets*) divided by Total Current Liabilities Total Current Assets ₱7,335,349,893 Less: Inventories 364,692,217 Prepayments and Other Current Assets 778,251,105 Quick Assets ₱6,192,406,571 Divide by: Total Current Liabilities 4,071,007,086 Acid Test Ratio 1.52	**1.52**	1.71
Solvency Ratio/Debt-to-Equity Ratio	Total Liabilities divided by Total Equity Total Liabilities ₱10,247,470,055 Divide by: Total Equity 19,638,064,895 Debt-to-Equity Ratio 0.52	**0.52**	0.48
Net Debt-to-Equity Ratio	Net Debt (*Total Notes Payable less Cash and Cash Equivalents, Short-term investments and Financial Assets at FVTPL)* divided by Total Equity Total Notes Payable ₱7,011,902,534 Less: Cash and Cash Equivalents 898,772,610 Short-term Investments 3,483,768,166 Financial Assets at FVTPL – Net Debt ₱2,629,361,758 Divide by: Total Equity 19,638,064,895 Net Debt-to-Equity Ratio 0.13	**0.13**	0.05
Asset-to-Equity Ratio	Total Assets divided by Total Equity Total Assets ₱29,885,534,950 Divide by: Total Equity 19,638,064,895 Asset-to-Equity Ratio 1.52	**1.52**	1.48

Ratio	Formula	2023	2022
Interest Rate Coverage Ratio	Earnings before Income Tax, Depreciation and Amortization (*Net Income Less Non-recurring income plus Provision for Income Tax, Finance Cost on Loans and Lease Liabilities, Depreciation and Amortization)* divided by Finance Costs on Loans and Lease Liabilities Net Income ₱2,393,947,686 Less: Non-recurring income* (186,118,899) Add: Provision for Income Tax 180,350,835 Finance costs on loans and on lease liabilities 364,787,237 EBIT ₱2,752,966,859 Add: Depreciation and Amortization 507,022,240 EBITDA ₱3,259,989,099 Finance costs on loans and on lease liabilities 364,787,237 Interest Expense Coverage Ratio 8.94 **Non-recurring income includes Gain on fair value measurement of investment properties and Gain on bargain purchase.*	**8.94**	8.80
Return on Equity	Net Income attributable to Parent divided by Average Total Equity (*Equity attributable to Parent Prior Year(PY) + Equity attributable to Parent Current Year (CY) divided by 2)* Net Income attributable to Parent ₱2,284,209,380 Equity attributable to Parent CY ₱18,280,690,515 Equity attributable to Parent PY 16,494,496,694 Average Total Equity ₱17,387,593,605 Return on Equity 13.14%	**13.14%**	10.03%
Return on Assets	Net Income attributable to Parent divided by Average Total Assets (*Total Assets PY + Total Assets CY divided by 2)* Net Income attributable to Parent ₱2,284,209,380 Total Assets CY ₱29,885,534,950 Total Assets PY 26,440,003,468 Average Total Assets ₱28,162,769,209 Return on Assets 8.11%	**8.11%**	6.40%
Net Income Margin	Net Income Attributable to Parent divided by Revenue Net Income Attributable to Parent ₱2,284,209,380 Revenue 8,275,757,559 Net Income Margin 27.60%	**27.60%**	24.47%

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

Receiving: RICHMOND CARLOS AGTARAP
Receipt Date and Time: May 30, 2025 08:57:19 AM

Company Information

SEC Registration No.: 0000175222
Company Name: VIVANT CORPORATION
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

Document ID: OST10530202583433417
Document Type: I-ACGR
Document Code: I-ACGR
Period Covered: December 31, 2024
Submission Type: Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

A. Use of Form I-ACGR

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies' compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the "comply or explain" approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

B. Preparation of Report

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Contains CG Practices/ Policies, labelled as follows: (1) **"Recommendations" –** derived from the CG Code for PLCs; (2) **"Supplement to Recommendation" –** derived from the PSE CG Guidelines for Listed Companies; (3) **"Additional Recommendations"** – CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and (4) **"Optional Recommendation"** – practices taken from the ASEAN Corporate	The company shall **indicate compliance or non-compliance** with the recommended practice.	The company shall provide additional information to **support their compliance** with the recommended CG practice	The PLCs shall **provide the explanations for any non-compliance**, pursuant to the "comply or explain" approach. Please note that the explanation given should describe the non-compliance and include **how the overall Principle being recommended is still being achieved** by the company. ***"Not Applicable" or "None" shall not**

Governance Scorecard ***Items under (1) – (3) must be answered/disclosed by the PLCs following the "comply or explain" approach. Answering of items under (4) are left to the discretion of PLCs.**			**be considered as sufficient explanation**

C. Signature and Filing of the Report

a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE;**

b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures

c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.

d. The I-ACGR shall cover all relevant information from January to December of the given year.

e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.

The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the MAKATI CITY on MAY 26 2025

SIGNATURES

FRANCIS DAMASUS A. GARCIA		**ARLO ANGELO G. SARMIENTO**
Chairman		Chief Executive Officer
JOSE CARLITOS G. CRUZ		**JOSE M. LAYUG, JR.**
Independent Director		Independent Director
CARMELO MARIA L. BAUTISTA		**LAURENCE R. ROGERO**
Independent Director		Independent Director
MAILA LOURDES G. DE CASTRO		**CATHERINE S. BRINGAS**
Corporate Secretary		Compliance Officer

SUBSCRIBED AND SWORN to before me this MAY 26 2025 day of _____, affiant(s) exhibiting to me their _____, as follows:

NAME/NO.	PROOF OF IDENTITY	DATE OF EXPIRY/PLACE OF ISSUE
Francis Damasus A. Garcia	Passport No. P0768103C	July 1, 2032/ PCG San Francisco
Arlo Angelo G. Sarmiento	Passport No. P6592337A	March 27, 2028/DFA Cebu
Jose Carlitos G. Cruz	Passport No. P6593678A	March 27, 2028/DFA Manila
Jose M. Layug, Jr.	Passport No. P8099689B	November 5, 2031 /DFA Manila
Laurence R. Rogero	IBP Rolls of Attorney No. 42703	
Carmelo Maria L. Bautista	Passport No. P7256366A	May 20, 2028/DFA NCR South
Maila Lourdes G. De Castro	DL No. NO2-95-296472	October 18, 2026
Catherine S. Bringas	Passport No. P7725637B	September 29, 2031/DFA Manila

Doc No. 145
Page No. 34
Book No. I
Series of 2025.



GRACE ANN Q. BAJO
NOTARY PUBLIC FOR MAKATI CITY
Appointment No. M-257 until 31 Dec. 2026
Roll No. 84671
PTR No. 10465064 / 02 Jan. 2025 / Makati City
IBP No. 498762 / 06 Jan. 2025 / Makati City
Admitted to the Bar: 02 May 2023
6th Floor, Filipino Building, 135 Dela Rosa Street cor. Bolanos and Legaspi Streets, Legaspi Village, Makati City 1229
MCLE Compliance: VIII-0025618 – 31 March 2025 – Pasig City

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **2024**

2. SEC Identification Number **175222**

3. BIR Tax Identification No. **242-603-734-000**

4. Exact name of issuer as specified in its charter **VIVANT CORPORATION**

5. **Mandaluyong City** (SEC Use Only)
   Province, Country or other jurisdiction of incorporation or organization

6. Industry Classification Code:

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

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

9. **Not applicable.**
   Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON-COMPLIANT	**ADDITIONAL INFORMATION**	**EXPLANATION**
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	The Vivant Board is composed of directors with collective working knowledge, experience or expertise that is relevant to Company's industry. **REFERENCES** **Board of Directors Profile** https://vivant.com.ph/leadership/ **Definitive Information Statement:** https://vivant.com.ph/wp-content/uploads/2025/04/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf (Please refer to information on Directors and Officers in pages 14-22.) **Annual Report:** https://vivant.com.ph/wp-content/uploads/2025/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf (Please refer to information on Directors and Officers in pages 113-120.) **Integrated Report:** https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Integrated-Report-2024.pdf	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	COMPLIANT		

		Revised Manual on Corporate Governance: https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (Please refer to Qualifications of a Director in pages 12-13.)	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	The Board is composed of eleven (11) directors, eight (8) of whom are non-executive directors, consisting of four (4) independent directors and four (4) non-independent, non-executive directors. **REFERENCES** **Board of Directors** https://vivant.com.ph/leadership/ **General Information Sheet** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-2nd-Amended-GIS-2024-1.pdf **Definitive Information Statement:** https://vivant.com.ph/wp-content/uploads/2025/04/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf (Please refer to information on Directors and Officers in pages 14-22.) **Annual Report:**	

		https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (Please refer to information on Directors and Officers in pages 113-144.)	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	COMPLIANT	The Company's policy on training directors is found in the Board Charter and Manual on Corporate Governance. **REFERENCES** **Board Charter** https://vivant.com.ph/wp-content/uploads/2025/04/Board-Charter.pdf (Please refer to Orientation and Continuing Education Programs for Directors in page 6.) **Revised Manual on Corporate Governance:** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (Please refer to Training and Orientation Programs of Directors in age 3-4.) **PSE Edge Disclosure:** https://edge.pse.com.ph/openDiscViewer.do?edge_no=0a4977765ed16662ec6e1601ccee8f59 (The disclosure	

		informed the relevant stakeholders of the annual training held on November 8, 2024, for members of the Board of Directors and Executive Officers, including the Corporate and Assistant Corporate Secretaries. The SEC-accredited training was conducted in coordination with the Institute of Corporate Directors.)	
2. Company has an orientation program for first time directors.	COMPLIANT	The Company's Board Charter and Manual on Corporate Governance includes a provision stating that the Company "shall also properly introduce the new directors to the company by providing a comprehensive training program **REFERENCES** **Board Charter** https://vivant.com.ph/wp-content/uploads/2025/04/Board-Charter.pdf (Please refer to Orientation and Continuing Education Programs for Directors in page 6.) **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (Please refer to Training and Orientation Programs of Directors in pages 3-4)	
3. Company has relevant annual continuing training for all directors.	COMPLIANT	Please refer to Orientation and Continuing Education Programs for Directors.	

		REFERENCES **Board Charter** https://vivant.com.ph/wp-content/uploads/2025/04/Board-Charter.pdf (Please refer to Orientation and Continuing Education Programs for Directors in page 6.) **PSE Edge Disclosure:** https://edge.pse.com.ph/openDiscViewer.do?edge_no=0a4977765ed16662ec6e1601ccee8f59 (The disclosure informed the relevant stakeholders of the annual training held on November 8, 2024, for members of the Board of Directors and Executive Officers, including the Corporate and Assistant Corporate Secretaries. The SEC-accredited training was conducted in coordination with the Institute of Corporate Directors.	
Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	Please refer to the Company's Policy on Board Diversity and Manual on Corporate Governance. As part of its efforts to promote the presence and participation of women in the Board, the Company welcomed Ms. Brigette Cecile N. Garcia as member of the Board in 2022. **REFERENCES**	

		General Information Sheet https://vivant.com.ph/wp-content/uploads/2025/04/VVT-2nd-Amended-GIS-2024-1.pdf **Board Diversity** https://vivant.com.ph/wp-content/uploads/2025/04/Policy-on-Board-Diversity.pdf **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 4)	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	COMPLIANT	Please refer to the Company's Policy on Board Diversity and Manual on Corporate Governance **REFERENCES** **Board Diversity** https://vivant.com.ph/wp-content/uploads/2025/04/Policy-on-Board-Diversity.pdf **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 4)	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT		

2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT	The qualifications, duties and responsibilities of the Corporate Secretary are detailed in the Company's Manual on Corporate Governance. The Corporate Secretary, Atty. Maila G. de Castro, is neither the Compliance Officer nor a member of the Board. **REFERENCES** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 4, 5, and 6) **General Information Sheet** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-2nd-Amended-GIS-2024-1.pdf	
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT		
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	The Company's Corporate and Assistant Corporate Secretaries attended the 2024 Annual Corporate Governance Training. **REFERENCES** **PSE Edge Disclosure:** https://edge.pse.com.ph/openDiscViewer.do?edge_no=0a4977765ed16662ec6e1601ccee8f59 (The disclosure informed the relevant stakeholders of	

		the annual training held on November 8, 2024, for members of the Board of Directors and Executive Officers, including the Corporate and Assistant Corporate Secretaries. The SEC-accredited training was conducted in coordination with the Institute of Corporate Directors.) **Annual Report** https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (see page 155)	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	COMPLIANT	The Company's Corporate Secretary certifies that materials for board meetings are distributed at least five (5) days before the scheduled meeting. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 5)	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	The qualifications, duties and responsibilities of the Compliance Officer are detailed in the Company's Manual on Corporate Governance.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		

3. Compliance Officer is not a member of the board.	COMPLIANT	The Compliance Officer, Atty. Catherine S. Bringas, holds the position of Sr. AVP - Legal and she is not a member of the Board. **REFERENCES** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 6). **General Information Sheet** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-2nd-Amended-GIS-2024-1.pdf **Corporate Disclosure, SEC Form 17-C** https://vivant.com.ph/wp-content/uploads/2025/04/2024-SEC-Form-17-C-Result-of-2024-ASM-1.pdf	
4. Compliance Officer attends training/s on corporate governance.	COMPLIANT	The Company's Compliance Officer has attended the 2024 Annual Corporate Governance Training. **REFERENCES** **PSE Edge Disclosure** https://edge.pse.com.ph/openDiscViewer.do?edge_no=0a4977765ed16662ec6e1601ccee8f59 (The disclosure informed the relevant stakeholders of the annual training held on November 8, 2024 for members of the Board of Directors and Executive	

		Officers, including the Corporate and Assistant Corporate Secretaries. The SEC-accredited training was conducted in coordination with the Institute of Corporate Directors.) **Annual Report** https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (see page 155)	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	The Company's Directors actively engage and participate during meetings, contributing meaningfully to the discussions and decision-making processes. For reference, a copy of the Minutes dated November 22, 2024 is hereto attached as **Annex "A"** **REFERENCE** **Minutes of the Meeting** https://vivant.com.ph/annual-stockholders-meeting-matters/	
Recommendation 2.2			

1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	The Board of Directors actively participated in the Annual Strategic Planning Workshop held on October 3 and October 30, 2024 at Fairmont Makati, Raffles Drive, Makati Ave, Makati City. We would like to highlight that all of Vivant's Independent Directors were present in the sessions. Please see attached photo marked as **Annex "B".**	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT		
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	The Board reviews the vision statement of Vivant Corporation on an annual basis during its Strategic Planning sessions. **REFERENCE** https://vivant.com.ph/about-us/	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. **REFERENCE** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 7-8)	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	The qualifications, duties and responsibilities of the Chairman of the	

		Board are outlined in the Manual on Corporate Governance. Additionally, the qualifications of the Chairperson are detailed in his write-up. **REFERENCES** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 8) **Board of Directors and Officers** https://vivant.com.ph/leadership/	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	The Company's policy on retirement is outlined in the document attached as **Annex "C"**, entitled "Retirement Plan, Rules and Regulations", effective November 1, 2013.	
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT	The Company's succession planning program is included in the Manual on Corporate Governance. **REFERENCE:** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 9)	
Recommendation 2.5			

1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	Please refer to the relevant section of the Company's Manual on Corporate Governance. **REFERENCE:** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 10)	
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	COMPLIANT	The company has established measurable standards to align the performance-based remuneration of the executive directors and senior executives, as outlined in page 13 of the Handbook under "Other Bonuses." (Attached hereto as **Annex "D"**)	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.			
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT		

2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	Please refer to the relevant section of the Company's Manual on Corporate Governance and Nomination and Election Policy. **REFERENCES** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 11-14) **Nomination and Election Policy** https://vivant.com.ph/wp-content/uploads/2025/05/VVT-Nomination-and-Election-Policy.pdf	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT		
4. Board nomination and election policy includes how the board shortlists candidates.	COMPLIANT		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	COMPLIANT		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT		
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.			
Recommendation 2.7			

1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	Please refer to the relevant section of the Company's Manual on Corporate Governance and Related Party Transaction Policy. **REFERENCES** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 15-18) **Related Party Transaction Policy** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Corp-Related-Party-Transaction-Policy.pdf	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT		
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered *de minimis* or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance and Related Party Transaction Policy. **REFERENCES** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 15-18) **Related Party Transaction Policy** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Corp-Related-Party-Transaction-Policy.pdf	
2. Board establishes a voting system whereby a majority of non-related party	COMPLIANT	Please refer to the relevant section of the Company's Manual on Corporate	

shareholders approve specific types of related party transactions during shareholders' meetings.		Governance and Related Party Transaction Policy **REFERENCES** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 18, clause 2.7.8) **Related Party Transaction Policy** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Corp-Related-Party-Transaction-Policy.pdf	
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	The Board is primarily responsible for approving the selection of Management, led by the Chief Executive Officer (CEO), as well as the heads of the other control functions, including the Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive. These key officers are appointed by the Board during its organization meeting. Please refer to the relevant sections of the Company's Manual on Corporate Governance and 2024 SEC FORM 17-C. **REFERENCES** **Manual on Corporate Governance**	

		https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 18, clause 2.8) **SEC Form 17-C** https://vivant.com.ph/wp-content/uploads/2025/04/2024-SEC-Form-17-C-Result-of-2024-ASM-1.pdf	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	Please refer to the relevant section of the Company's Manual on Corporate Governance. **REFERENCE** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 18, clause 2.9)	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	Please refer to the relevant section of the Company's Manual on Corporate Governance. **REFERENCE** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 18, clause 2.9)	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT		
Recommendation 2.10			

1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	Please refer to the relevant sections of the Company's Manual on Corporate Governance. **REFERENCE** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 19, clause 2.10 and page 32)	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT		
3. Board approves the Internal Audit Charter.	COMPLIANT	The Board approved the Internal Audit Charter, which is available on the Company website. **REFERENCE** **Audit Committee Charter** https://vivant.com.ph/wp-content/uploads/2025/05/VVT-Amended-AuditCom-Charter.pdf	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	Please refer to the framework which was approved by the Board on August 11, 2017. The minutes of the August 11, 2017 Board meeting is attached as **Annex "E".** **REFERENCE** **Enterprise Risk Management**	

		https://www.vivant.com.ph/corporate-governance/enterprise-risk-management/	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	COMPLIANT	The Company is guided by the principles of Enterprise Risk Management outlined in its Manual on Corporate Governance and the Risk and Sustainability Committee Charter. **REFERENCE** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (please see pages 35-37). **Risk and Sustainability Committee Charter** https://vivant.com.ph/wp-content/uploads/2025/05/VVT-RiskCom-and-Sustainability-Committee-Charter.pdf **Enterprise Risk Management** https://vivant.com.ph/enterprise-risk-management/	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	The Board Charter outlines the purpose, composition, authority and responsibilities of the Board. Please	

2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT	refer to the relevant section of the Company's Board Charter. **REFERENCE** **Board Charter** https://vivant.com.ph/wp-content/uploads/2025/04/Board-Charter.pdf	
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	Please refer to the latest internal memorandum regarding the Company's Insider Trading Policy. **REFERENCE** **Insider Trading Policy** https://vivant.com.ph/wp-content/uploads/2025/04/Insider-Trading-Policy.pdf	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	COMPLIANT	All transactions involving directors are governed by the Related Party Transaction Policy. **REFERENCE** **Related Party Transaction Policy** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Corp-Related-Party-Transaction-Policy.pdf	
2. Company discloses the types of decision requiring board of directors' approval.	COMPLIANT	The Company disclosed the types of transactions requiring board approval but not limited to the following:	

		• Approval of projects • Approval of company-wide policies, manual. • Constitution of Board Committees • Approval of the Quarterly Report (SEC 17Q) • Approval of audited financial statements • Treasury matters related to transactions with banks. • Reappointment of External Auditor as endorsed by the Audit Committee. • Annual Stockholders Meeting. • Nomination and Election of Director and/or Independent Director • Amendments of its AOI and By-Laws • Declaration of dividends https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=79	
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	COMPLIANT	The Board has established six (6) committees to support the effective performance of its roles and responsibilities. Please refer to the relevant sections of the Company's	

		Manual on Corporate Governance 2023 SEC Form 17-C and Board Committees. **REFERENCES** **Board Committees** https://vivant.com.ph/leadership/ **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 19-27) **SEC Form 17 - C** https://vivant.com.ph/wp-content/uploads/2025/04/2024-SEC-Form-17-C-Result-of-2024-ASM-1.pdf	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	COMPLIANT	The Audit Committee is responsible, among other duties, for the appointment, re-appointment, and removal of the external auditor. Please refer to the relevant sections of the Company's Manual on Corporate Governance and Audit Committee Charter. **REFERENCES** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-	

		on-Corporate-Governance-2017.pdf (see pages 19-21) **Audit Committee Charter** https://vivant.com.ph/wp-content/uploads/2025/05/VVT-Amended-AuditCom-Charter.pdf	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	The Audit Committee is composed of five (5) non-executive directors, three (3) of whom are independent directors, including the Chairman. Please refer to the relevant sections of the Company's Manual on Corporate Governance, 2024 SEC Form 17-C and Audit Committee Charter. **REFERENCES** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf **Audit Committee Charter** https://vivant.com.ph/wp-content/uploads/2025/05/VVT-Amended-AuditCom-Charter.pdf **SEC Form 17 - C** https://vivant.com.ph/wp-content/uploads/2025/04/2024-SEC-Form-17-C-Result-of-2024-ASM-1.pdf	
3. All the members of the committee have relevant background, knowledge, skills,	COMPLIANT	Please refer to the Company's website, Definitive Information	

and/or experience in the areas of accounting, auditing and finance.		Statement and Annual Report for the particular details. The Chairman of the Audit Committee, Mr. Jose Carlitos G. Cruz, is a Certified Public Accountant. **REFERENCES** **Website:** https://vivant.com.ph/leadership/ **Definitive Information Statement:** https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf (Please refer to Information on Directors and Officers in pages 22-50) **Annual Report:** https://www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf (Please refer to Information on Directors and Officers in pages 113-144)	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee. Please refer to the Company's Board Committees and 2024 SEC Form 17- C. **REFERENCES**	

		Board Committees https://vivant.com.ph/leadership/ **SEC Form 17- C** https://vivant.com.ph/wp-content/uploads/2025/04/2024-SEC-Form-17-C-Result-of-2024-ASM-1.pdf	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	The Audit Committee approved the engagement for non-audit services of the Company. Specifically, in 2024, the Audit Committee approved the retainer with SyCip Gorres Velayo & Co. (SGV) for tax services. For reference, the AuditCom Minutes dated May 10, 2024 is attached as **Annex "F".**	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	COMPLIANT	On March 15, 2024, the Audit Committee held a meeting with SyCip Gorres Velayo & Co. (SGV) without the presence of the management.	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	COMPLIANT	The Audit Committee met four (4) times in 2024, on the following dates: March 15, 2024, May 10, 2024, August 12, 2024 and November 12, 2024. For reference, a notarized Certification is attached as **Annex "G".**	

2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	In 2023, the Audit Committee approved the appointment of Ms. Myla D. Lumibao as Assistant Vice President for Internal Audit. This appointment was subsequently confirmed by the Board.	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance and Corporate Governance Committee Charter. **REFERENCES** **Manual on Corporate Governance** http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 21-23) **Corporate Governance Committee Charter** http://vivant.com.ph/wp-content/uploads/2018/09/Corporate-Governance-Committee-Charter.pdf	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	COMPLIANT	The Company's Corporate Governance Committee is composed of three (3) independent directors, including the Chairman. Please refer to the Company's Manual on Corporate Governance and Corporate Governance Committee Charter.	

		REFERENCES **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 21-23) **Board Committees** https://vivant.com.ph/leadership/ **Corporate Governance Committee Member** https://vivant.com.ph/wp-content/uploads/2025/05/Corporate-Governance-Committee-Charter.pdf **SEC Form 17-C** https://vivant.com.ph/wp-content/uploads/2025/04/2024-SEC-Form-17-C-Result-of-2024-ASM-1.pdf	
3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	The Company's Corporate Governance Committee is composed of three (3) independent directors, including the Chairman. Please refer to the Company's Manual on Corporate Governance and Corporate Governance Committee Charter. **REFERENCES**	

		Manual on Corporate Governance https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 21-23) **Board Committees** https://vivant.com.ph/leadership/ **Corporate Governance Committee Member** https://vivant.com.ph/wp-content/uploads/2025/05/Corporate-Governance-Committee-Charter.pdf **SEC Form 17-C** https://vivant.com.ph/wp-content/uploads/2025/04/2024-SEC-Form-17-C-Result-of-2024-ASM-1.pdf	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	COMPLIANT	The Corporate Governance Committee convened twice (2) in 2024, on the following dates: March 7, 2024 and November 8, 2024. For reference, a notarized Certification is attached as **Annex "G".**	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	COMPLIANT	The Company has established a similar oversight body, the Risk and Sustainability Committee. Please refer to the Company's Manual on Corporate Governance	

		and Risk and Sustainability Committee Charter. **REFERENCES** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 23-24) **Risk and Sustainability Committee Charter** https://vivant.com.ph/wp-content/uploads/2025/05/VVT-RiskCom-and-Sustainability-Committee-Charter.pdf	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	In the 2024 Organizational Board Meeting of the Company, three (3) members were elected for the Risk and Sustainability Committee, composed of two (2) independent directors and one (1) non-executive director. **REFERENCES** Risk and Sustainability Committee **Members** https://vivant.com.ph/leadership/ **SEC Form 17-C** https://vivant.com.ph/wp-content/uploads/2025/04/2024-SEC-Form-17-C-Result-of-2024-ASM-1.pdf	

3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLIANT	Due to the number of Board Committees relative to the number of independent directors of the Company, the Chairman of the Risk and Sustainability Committee concurrently serves as the Chairman of the Finance Committee **REFERENCES** **Risk and Sustainability Committee Members** https://vivant.com.ph/leadership/ **SEC Form 17-C** https://vivant.com.ph/wp-content/uploads/2025/04/2024-SEC-Form-17-C-Result-of-2024-ASM-1.pdf	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	Please refer to the Company's website, Definitive Information Statement and Annual Report. **REFERENCES** **Board Committees** https://vivant.com.ph/leadership/ **Definitive Information Statement:** https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf (Please refer to Information on Directors and Officers in pages 13-50)	

		Annual Report: https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (Please refer to Information on Directors and Officers in pages 113-144)	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance, Related Party Transaction Committee Charter, Board Committees and 2024 SEC Form 17-C. **REFERENCES** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 24-26) **Related Party Transaction Committee Charter** https://vivant.com.ph/wp-content/uploads/2025/05/Related-Party-Transactions-Committee-Charter.pdf **Related Party Transaction Committee Member** https://vivant.com.ph/leadership/ **SEC Form 17-C**	

		https://vivant.com.ph/wp-content/uploads/2025/04/2024-SEC-Form-17-C-Result-of-2024-ASM-1.pdf	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	COMPLIANT	The Company's Related Party Transaction Committee is composed of one (1) non-executive director and two (2) independent directors. Its Chairman, Atty Jose M. Layug, Jr is an independent director. **REFERENCES** **Related Party Transaction Committee Member** https://vivant.com.ph/leadership/ **SEC Form 17-C** https://vivant.com.ph/wp-content/uploads/2025/04/2024-SEC-Form-17-C-Result-of-2024-ASM-1.pdf	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Please refer to the Company's Corporate Governance Committee, Related Party Transaction Committee, Audit Committee, Risk and Sustainability Committee and Finance Committee Charters.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT	**REFERENCES** **Board Committees** https://vivant.com.ph/leadership/ **Related Party Transaction Committee** https://vivant.com.ph/wp-content/uploads/2025/05/Related-	

		Party-Transactions-Committee-Charter.pdf **Corporate Governance Committee** https://vivant.com.ph/wp-content/uploads/2025/05/Corporate-Governance-Committee-Charter.pdf **Audit Committee** https://vivant.com.ph/wp-content/uploads/2025/05/VVT-Amended-AuditCom-Charter.pdf **Risk and Sustainability Committee** https://vivant.com.ph/wp-content/uploads/2025/05/VVT-RiskCom-and-Sustainability-Committee-Charter.pdf **Finance Committee** https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation-Finance-Committee-Charter.pdf The performance evaluation of the committees was conducted in June 2024 pursuant to the Board Performance Appraisal Policy. https://vivant.com.ph/wp-content/uploads/2025/04/Policy-on-Board-Performance-Appraisal.pdf	

3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	Please refer to the Company's Board Committee, Corporate Governance Committee, Related Party Transaction Committee, Audit Committee, Risk and Sustainability Committee and Finance Committee Charters. **REFERENCES** **Board Committees** https://vivant.com.ph/leadership/ **Related Party Transaction Committee** https://vivant.com.ph/wp-content/uploads/2025/05/Related-Party-Transactions-Committee-Charter.pdf **Corporate Governance Committee** https://vivant.com.ph/wp-content/uploads/2025/05/Corporate-Governance-Committee-Charter.pdf **Audit Committee** https://vivant.com.ph/wp-content/uploads/2025/05/VVT-Amended-AuditCom-Charter.pdf **Risk and Sustainability Committee** https://vivant.com.ph/wp-content/uploads/2025/05/VVT-RiskCom-and-Sustainability-Committee-Charter.pdf	

		Finance Committee https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation-Finance-Committee-Charter.pdf	
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	We confirm that the Company's Directors attend and actively participate in all meetings. See attached Minutes of November 22, 2024 Board Meeting (Annex "A")	
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	The Company's Corporate Secretary provides the meeting materials for board meetings at least five (5) days before the scheduled meeting. See attached Minutes of November 22, 2024 Board Meeting (Annex "A")	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	The Board of Directors actively exercise its oversight functions by seeking clarifications and engaging with Management on key matters during meetings of the Board and its Committee. See attached Minutes of November 22, 2024 Board Meeting (Annex "A")	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed	COMPLIANT	Please refer to the Company's Manual on Corporate Governance,	

companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.		Definitive Information Statement and Annual Report. **REFERENCES** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 27) **Definitive Information Statement:** https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf (Please refer to Information on Directors and Officers in pages 14-50) **Annual Report:** https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (Please refer to Information on Directors and Officers in pages 113-144)	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	The Company's directors are guided by the requirement set forth in the Manual on Corporate Governance to provide notice before accepting a directorship in another company.	

		https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	COMPLIANT	Please refer to the Company's website, Definitive Information Statement and Annual Report. **REFERENCES** **Website:** https://vivant.com.ph/leadership/ **Definitive Information Statement:** https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf (Please refer to Information on Directors and Officers in pages 14-50) **Annual Report:** https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (Please refer to Information on Directors and Officers in pages 113-144)	
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT	The 2025 schedule of meetings was presented during the regular board meeting of the board of directors on November 22, 2024.	

		For reference, the Minutes dated November 22, 2024 is attached as **Annex "A"**	
3. Board of directors meet at least six times during the year.	COMPLIANT	For 2024, the Board of Directors held seven (7) regular meetings, specifically, on the following dates: January 31, 2024, April 5, 2024, May 24, 2024, May 30, 2024, June 20, 2024, September 20, 2024, November 22, 2024. For reference, a notarized Certification is attached as **Annex "G"**	
4. Company requires as minimum quorum of at least 2/3 for board decisions.			
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	COMPLIANT	The Company has four (4) independent directors out of the eleven (11) members of the Board. Please refer to the Company's website, Definitive Information Statement, General Information Sheet and Annual Report. **REFERENCES** **Website:** https://vivant.com.ph/leadership/	

		Definitive Information Statement: https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf (Please refer to Information on Directors and Officers in pages 14-50) **General Information Sheet** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-2nd-Amended-GIS-2024-1.pdf **Annual Report:** https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	COMPLIANT	Please refer to the Company's website, Definitive Information Statement and Annual Report. The Company's independent directors possess all the qualifications and none of the disqualifications prescribed for the positions. All elected independent directors executed a certification in accordance with the Securities Regulation Code and its Implementing Rules and Regulations, the Code of Corporate Governance and other applicable issuances of the SEC.	

		REFERENCES **Website:** https://vivant.com.ph/leadership/ **Definitive Information Statement:** https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf (Please refer to Information on Directors and Officers in pages 14-50) **Annual Report:** https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (Please refer to Information on Directors and Officers in pages 113-144)	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	COMPLIANT	The Company prohibits its directors from voting in favor of any controlling group or other stakeholder, and requires that all decisions be made solely in the best interest of Vivant Corporation. Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 7)	

Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	COMPLIANT	Please refer to the Company's Definitive Information Statement and Annual Report. **REFERENCES** **Annual Report:** https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (Please refer to Information on Directors and Officers in pages 113-144) **Definitive Information Statement:** https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf (Please refer to Information on Directors and Officers in pages 14-50)	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT	While Vivant does not have a standalone written policy on the term limit of independent directors, it adheres to the provisions of SEC Memorandum Circular No. 4, Series of 2017. In compliance with the nine (9)-year cumulative term limit for independent directors, Atty. Jesus B. Garcia, Jr. and Ambassador Raul Ch. Rabe stepped down from the Board in 2021, after completing their	

		respective terms. They were succeeded by Atty. Laurence R. Rogero and Mr. Jose Carlitos G. Cruz.	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	COMPLIANT	The Company has not exercised the option to extend the term of its independent directors beyond what is allowed by SEC Memorandum Circular No. 9, Series of 2011. To date, no independent director has served beyond the nine (9)-year cumulative limit.	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	The Company's Chairman of the Board is Mr. Francis Damasus A. Garcia, while Mr. Arlo Angelo G. Sarmiento serves as the Chief Executive Officer. Please refer to the Company's SEC Form 17-C and General Information Sheet. **REFERENCES** **SEC Form 17-C** https://vivant.com.ph/wp-content/uploads/2025/04/2024-SEC-Form-17-C-Result-of-2024-ASM-1.pdf **General Information Sheet** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-2nd-Amended-GIS-2024-1.pdf	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	The respective duties and responsibilities of the Chairman of the Board and Chief Executive Officer are defined and disclosed in the	

		Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 8)	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	COMPLIANT	The Company's Chairman of the Board is a non-executive director. Mr. Laurence R. Rogero was designated as lead director in 2024. **REFERENCES** **Manual on Corporate Governance**. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 30) **SEC Form 17-C** https://vivant.com.ph/wp-content/uploads/2025/04/2024-SEC-Form-17-C-Result-of-2024-ASM-1.pdf	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	COMPLIANT	Vivant's policy is found in: https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf To date, Vivant has not had an occassion to enforce this provision.	
Recommendation 5.7			

1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	COMPLIANT	The non-executive directors convened a meeting on March 15, 2024, with SyCip Gorres Velayo & Co. The meeting was chaired by the Lead Independent Director.	
2. The meetings are chaired by the lead independent director.	COMPLIANT		
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.			
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	In June 2024, the Board of Directors and its Board Committees conducted a self-assessment of their performance in accordance with the Board Performance Appraisal Policy. http://vivant.com.ph/wp-content/uploads/2019/06/Policy-on-Board-Performance-Appraisal.pdf	
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT		
3. The individual members conduct a self-assessment of their performance.	COMPLIANT		
4. Each committee conducts a self-assessment of its performance.	COMPLIANT		
5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT	The company engaged the services of Institute of Corporate Directors, Inc. (ICD) to facilitate the assessment of the Board's performance.	

Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	COMPLIANT	Please refer to the Company's Policy on Board Performance Appraisal. https://vivant.com.ph/wp-content/uploads/2025/04/Policy-on-Board-Performance-Appraisal.pdf	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	Please refer to the Company's website at https://vivant.com.ph/contact-us/	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	COMPLIANT	Please refer to the Company's Code of Business Conduct and Ethics. https://vivant.com.ph/wp-content/uploads/2025/04/Code-of-Business-Conduct-and-Ethics.pdf	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	Please refer to the Company's Code of Business Conduct and Ethics. https://vivant.com.ph/wp-content/uploads/2025/04/Code-of-Business-Conduct-and-Ethics.pdf	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	Please refer to the Company's Code of Business Conduct and Ethics. https://vivant.com.ph/wp-content/uploads/2025/04/Code-of-Business-Conduct-and-Ethics.pdf	

1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	COMPLIANT	Please refer to the Company's Anti-corruption Policy and Code of Business Conduct and Ethics. **REFERENCES** **Anti-corruption Policy** https://vivant.com.ph/wp-content/uploads/2025/04/Anti-Corruption-Policy-and-Program.pdff **Code of Business Conduct and Ethics** https://vivant.com.ph/wp-content/uploads/2025/04/Code-of-Business-Conduct-and-Ethics.pdf	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	Please refer to the Company's Code of Business Conduct and Ethics. https://vivant.com.ph/wp-content/uploads/2025/04/Code-of-Business-Conduct-and-Ethics.pdf	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT		
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other	COMPLIANT	Please refer to the Company's website for SEC filings.	

stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.		https://vivant.com.ph/company-disclosure/	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	COMPLIANT	For fiscal year 2024, the Company submitted its Annual Report and Consolidated Financial Statements to the Securities and Exchange Commission via electronic mail on April 11, 2025. Attached as **Annex "H"** is the e-mail acknowledgment of receipt from the Market and Securities Regulation Department **REFERENCE** https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	COMPLIANT	The Company has conducted a thorough assessment of its key risk factors and provides disclosure of its principal risks in the Definitive Information Statement. Following this review, the identity of the Company's controlling shareholders has been determined not to represent a principal risk to the Company at this time. Accordingly, this risk is not included among those identified as material to the Company's operations, financial position, or long-	

		term strategy. Please refer to the relevant section of the Definitive Information Statement. **REFERENCE** **Definitive Information Statement** https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf (see pages 148-149) The Company provides sufficient disclosure regarding the ownership interest of its controlling shareholders such as the Top 100 Shareholders report and the Public Ownership Report. **REFERENCES** **Annual Report** https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (see pages 149 -152) Definitive Information Statement https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-	

		Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf (see pages 19 - 21)	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT	Vivant Corporation's memorandum on the Disclosure of Transactions and "Blackout" transactions by Directors, Officers, Employees, and Related Individuals of Vivant Corporation Shares is attached as **Annex "I"**	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT		
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	COMPLIANT	Please refer to the Company's website, Definitive Information Statement and Annual Report. **REFERENCES** **Website:** https://vivant.com.ph/company-disclosure/ **Annual Report:** https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-	

		Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (Please refer to Information on Directors and Officers in pages 113-144) **Definitive Information Statement:** https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf (Please refer to Information on Directors and Officers in pages 14-50)	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Please refer to the Company's Definitive Information Statement and Annual Report. **REFERENCES** **Annual Report:** https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (Please refer to Information on Directors and Officers in pages 113-120) **Definitive Information Statement:** https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf (Please refer to Information on Directors and Officers in pages 14-50)	

2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Please refer to the Company's Definitive Information Statement and Annual Report. **REFERENCES** **Annual Report:** https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (Please refer to Information on Directors and Officers in pages 113-144) **Definitive Information Statement:** https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf (Please refer to Information on Directors and Officers in pages 14-50)	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	NON-COMPLIANT		Vivant Corporation does not have a policy and procedure for setting Board remuneration, because other than honoraria for meetings attended Vivant Corporation does not pay any other fee. The rates per board and committee meetings attended and the remuneration of the non-executive directors on an individual basis were disclosed in the Company's Annual Report.
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	NON-COMPLIANT		

			https://www.vivant.com.ph/wp-content/uploads/2023/05/2023-SEC-Form-17-A.pdf (Please refer to page 126)
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT		For security reasons, disclosure of individual remuneration is not practiced. In lieu thereof, Vivant Corporation provides information of the top five (5) executives as a group. https://www.vivant.com.ph/wp-content/uploads/2023/05/2023-SEC-Form-17-A.pdf (Please refer to page 125)
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 15-18) https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Corp-Related-Party-Transaction-Policy.pdf For fiscal year 2024, there was no transaction involving a director or executive officer involving conflict of interest.	
2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	For fiscal year 2024, there was no transaction involving a director or executive officer involving conflict of interest.	

		https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (see page 31-32)	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 18 on Procedure and Guidelines)	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance and Related Party Transaction Policy. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 16-Procedure and Guidelines) https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Corp-Related-Party-Transaction-Policy.pdf	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely	COMPLIANT	Please refer to the Company's disclosures in PSE Edge. **REFERENCES** **PSE Edge**	

affect the viability or the interest of its shareholders and other stakeholders.		http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=79 **SEC Filings** https://vivant.com.ph/company-disclosure/?e-page-c0a6075=2	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT	Please refer to the Company's Policy on Related Party Transaction. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Corp-Related-Party-Transaction-Policy.pdf	Vivant Corporation has not had a Related Party Transaction in 2024 that requires an evaluation by an independent party as to the fairness of the transaction price. But Vivant Corporation has a Related Party Transaction Committee see: https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 24-26); https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Corp-Related-Party-Transaction-Policy.pdf ; and see: Related Party Transaction Committee which does not preclude the engagement of an independent consultant to evaluation the fairness of the transaction price.
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	COMPLIANT	Please refer to the Company's Definitive Information Statement. https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf (see page 17-18)	
Recommendation 8.7			

1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf	
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT		
3. Company's MCG is posted on its company website.	COMPLIANT		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives	COMPLIANT	(b)https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (see discussion on key performance indicators on pages 93) (c) Discussion on its subsidiary's market share in retail competition is in https://vivant.com.ph/wp-	(a) The Annual Report does not specify Corporate Objectives; but, by disclosing competition, major risks, the effects of existing and or probable government regulations, it is implied that overcoming these is one of the objectives of Vivant Corporation. https://www.vivant.com.ph/wp-content/uploads/2023/05/2023-SEC-Form-17-A.pdf

		content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (page 18); and discussion on reducing reliance by a subsidiary in bilateral contracts is in https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (page 28-29). (d) dividend policy https://www.vivant.com.ph/sec-filings/dividend-information/ (e)https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (Please refer to Information on Directors and Officers in pages 113-144) (f)https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (Please refer to pages 113-144) (g)https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-	(see pages 14-19)
b. Financial performance indicators	COMPLIANT		
c. Non-financial performance indicators	COMPLIANT		
d. Dividend Policy	COMPLIANT		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	COMPLIANT		
f. Attendance details of each director in all directors' meetings held during the year	COMPLIANT		
g. Total remuneration of each member of the board of directors	COMPLIANT		

		April-2025_Amended_compressed.pdf (page 146-147)	
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	COMPLIANT	Please refer to the Company's Annual Report https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	COMPLIANT	Please refer to the Company's Annual Report https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	COMPLIANT	Please refer to the Company's Annual Report https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	COMPLIANT	Please refer to the Company's Annual Report. https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf	
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance and Audit Committee Charter. **REFERENCES** **Manual on Corporate Governance** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 33) **Audit Committee Charter** https://vivant.com.ph/wp-content/uploads/2025/05/VVT-Amended-AuditCom-Charter.pdf	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance and Audit Committee Charter. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 33) https://vivant.com.ph/wp-content/uploads/2025/05/VVT-Amended-AuditCom-Charter.pdf (see page 3-External Audit)	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	COMPLIANT		There has been no removal of the external auditor that required the disclosure for the reason/s therefor.

Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	COMPLIANT	Ms. Margem A. Tagalog of SGV & Co. assumed as its engagement partner in 2021 after the five-year term of Ms. Ma. Genalin Q. Arevalo.	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	COMPLIANT	Please refer to the Company's Audit Committee Charter. https://vivant.com.ph/wp-content/uploads/2025/05/VVT-Amended-AuditCom-Charter.pdf (see page 3-External Audit)	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT	Please refer to the Company's Audit Committee Charter. https://vivant.com.ph/wp-content/uploads/2025/05/VVT-Amended-AuditCom-Charter.pdf	
Supplement to Recommendation 9.2			

1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	COMPLIANT	Please refer to the Company's Audit Committee Charter. https://vivant.com.ph/wp-content/uploads/2025/05/VVT-Amended-AuditCom-Charter.pdf (see page 3-External Audit)	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	Please refer to the Company's Audit Committee Charter. https://vivant.com.ph/wp-content/uploads/2025/05/VVT-Amended-AuditCom-Charter.pdf (see page 3-External Audit)	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	Please refer to the Company's Annual Report https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (see page 111: External Audit Fees and Services)	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	Please refer to the Company's Audit Committee Charter and Manual Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/05/VVT-Amended-AuditCom-Charter.pdf https://vivant.com.ph/wp-content/uploads/2025/04/VVT-	

		Manual-on-Corporate-Governance-2017.pdf (see page 20, clause 2.12.2 (g))	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT	Please refer to the Company's Annual Report. https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf	
1. Company's external auditor is duly accredited by the SEC under Group A category.	COMPLIANT	Please refer to the Company's **General Information Sheet** https://vivant.com.ph/wp-content/uploads/2025/04/VVT-2nd-Amended-GIS-2024-1.pdf	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	COMPLIANT	The SOAR has not been conducted. But once it will be conducted, the external auditor will agree thereto.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and	COMPLIANT	Please refer to the Company's Annual Report and Sustainability Report **Annual Report**	

governance (EESG) issues of its business, which underpin sustainability.		https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf **Integrated Report** https://vivant.com.ph/company-disclosure/	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	Please refer to the Company's Integrated Report https://vivant.com.ph/company-disclosure/	
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	COMPLIANT	In 2024, a press briefing was conducted immediately after the Annual Stockholders' Meeting.	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	COMPLIANT	Please refer to the Company's website. http://www.vivant.com.ph/	
a. Financial statements/reports (latest quarterly)	COMPLIANT	Please refer to the Company's website. https://vivant.com.ph/company-disclosure/	

b. Materials provided in briefings to analysts and media	COMPLIANT	The press materials given to the media during annual stockholders' meetings are posted on the website. https://www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf	
c. Downloadable annual report	COMPLIANT	Please refer to the Company's Annual Report. https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf	
d. Notice of ASM and/or SSM	COMPLIANT	Please refer to the Company's website. https://vivant.com.ph/wp-content/uploads/2025/05/Notice-and-Agenda-of-2025-ASM-Vivant-Corporation-2.pdf	
d. Minutes of ASM and/or SSM	COMPLIANT	Please refer to the Company's website. https://vivant.com.ph/annual-stockholders-meeting-matters/	
e. Company's Articles of Incorporation and By-Laws	COMPLIANT	Please refer to the Company's website. https://vivant.com.ph/aois-and-by-laws/	

Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	COMPLIANT	Please refer to the Company's website. http://www.vivant.com.ph/	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 33-34)	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 35-37)	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding,	COMPLIANT	https://vivant.com.ph/enterprise-risk-management/	

acceptance and compliance with the said issuances.			
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	COMPLIANT	The Company discussed the IT Roadmap or the information systems strategic plans and the recommended improvements to its IT system. Please see attached Minutes of the Risk Committee Meeting dated November 26, 2020, attached hereto as **Annex "J".**	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT	https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 34-35) https://vivant.com.ph/organisation-shareholders/ Note that Internal Audit function reports directly to the Chairman of the Board.	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	In 2024, Ms. Myla G. Lumibao was appointed as Chief Audit Executive (CAE).	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.	COMPLIANT	The CAE shall oversee and be responsible for the internal audit activity of the organization, including the portion that is outsources to a third-party service provider.	
3. In case of a fully outsourced internal audit activity, qualified independent executive		Please refer to the Company's Manual on Corporate Governance.	

or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 35)	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 35-37) https://vivant.com.ph/organisation-shareholders/	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	COMPLIANT	Company engaged the services of SGV to conduct a Risk Tolerance Study.	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	COMPLIANT	Please refer to the Company's website. https://vivant.com.ph/wp-content/uploads/2025/04/2024-SEC-Form-17-C-Result-of-2024-ASM-1.pdf https://vivant.com.ph/leadership/	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT	Please refer to the Company's Definitive Information Statement. https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-	

		Information-Statement-FY2025-compressed.pdf (see page 38)	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	COMPLIANT	Please see notarized Certification attached as **Annex "K".**	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 37-41: Promoting Shareholder Rights)	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 37-41: Promoting Shareholder Rights)	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	COMPLIANT	Please refer to the Company's Definitive Information Statement. https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-	

		Information-Statement-FY2025-compressed.pdf (see page 15-16)	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	COMPLIANT	Please refer to the Company's Definitive Information Statement. https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf (see page 15-16)	
3. Board has an effective, secure, and efficient voting system.	COMPLIANT	Please refer to the Company's Definitive Information Statement. https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf (see page72)	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	NON-COMPLIANT		Vivant Corporation implements one-share one-vote rule in accordance with law, other than for cumulative voting where minority shareholders may cumulate their votes to elect a director.
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	COMPLIANT	Please refer to the Company's website. https://vivant.com.ph/wp-content/uploads/2025/03/22-0103-Vivant-Corporation-Cert-of-Amended-	

		By-laws-w-attachments.pdf (see Article II, Section 2)	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 37-41)	
7. Company has a transparent and specific dividend policy.	COMPLIANT	After determining the unrestricted retained earnings available for possible dividend declaration, the company assesses its future need to fund future investments. For fiscal year 2024, cash dividends were paid on June 21,2024 after the Board declared dividends on May 24, 2024. https://vivant.com.ph/wp-content/uploads/2025/05/Copy-of-Vivant-Corporation-SEC-Form-17-A-11-April-2025_Amended_compressed.pdf (see page 92: Dividends)	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	COMPLIANT	In 2024, the Company appointed its stock and transfer agent, Stock and Transfer Services Inc., as scrutineer.	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders'	COMPLIANT	The 2024 Annual Shareholders' Meeting was conducted via video conferencing through Zoom. Pursuant	

Meeting with sufficient and relevant information at least 28 days before the meeting.		to the SEC the Notice of 2024, Annual Shareholders' Meeting were published in the newspaper (print and on-line) of general circulation for two (2) consecutive days specifically on May 21 and 22, 2024 and posted on the company's website at least twenty-eight (28) calendar days before the Meeting.	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	COMPLIANT	Please refer to the Company's Definitive Information Statement. https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	COMPLIANT		
b. Auditors seeking appointment/re-appointment	COMPLIANT		
c. Proxy documents	COMPLIANT		
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	Please refer to the Company's Definitive Information Statement. https://vivant.com.ph/wp-content/uploads/2025/05/Vivant-	

		Corporation_SEC-Form-20-IS_Definitive-Information-Statement-FY2025-compressed.pdf	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	The results of the shareholder votes taken at the last Annual Shareholders' Meeting were disclosed on the following working day. The minutes were posted on the website. https://vivant.com.ph/annual-stockholders-meeting-matters/	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	COMPLIANT	The minutes of the Annual Shareholders' Meeting were posted on the website on the following day of the Meeting. https://vivant.com.ph/annual-stockholders-meeting-matters/	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	COMPLIANT	The results of the shareholders votes taken at the last Annual Shareholders' Meeting were disclosed on the following working day. The minutes were posted on the website. https://vivant.com.ph/annual-stockholders-meeting-matters/	
Recommendation 13.4			

1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 40-41)	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 40-41)	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (See page 41, clause 12.6)	
2. IRO is present at every shareholder's meeting.	NON-COMPLIANT		The Company appointed Mr. Randwill Dinbo U. Macaranas as its AVP - Investor Relations in September 2024.
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	COMPLIANT	There has been no attempt to takeover Vivant Corporation, thus, there was no need to avoid such effort.	

2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	NON-COMPLIANT		As of March 31, 2025, Vivant Corporation had a public float of 24.12%. https://edge.pse.com.ph/companyPage/stockData.do?cmpy_id=79
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting			
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	COMPLIANT	For 2024, the Company utilized the platform of Convene for the conduct of the Annual Shareholders' Meeting and online voting portal. Reference: https://conveneagm.com/ph/vvt2024/	
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 41)	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the	COMPLIANT	Please refer to the Company's Manual on Corporate Governance.	

fair treatment and protection of stakeholders.		https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 41)	
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	COMPLIANT	https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 18, clause 2.76) While the Manual on Corporate Governance provides for an IRO, there is yet no appointed IRO.	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 39-41)	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	COMPLIANT	Vivant Corporation has not sought for any exemption from the application of a law, rule or regulation, especially pertaining to corporate governance issue.	
2. Company respects intellectual property rights.	COMPLIANT	There has been no instance where the respect for intellectual property rights has been compromised.	
Optional: Principle 14			

1. Company discloses its policies and practices that address customers' welfare	COMPLIANT	Please refer to the Company's Vendor Code of ethics https://vivant.com.ph/code-of-business-conduct-and-ethics/ https://vivant.com.ph/wp-content/uploads/2025/04/Code-of-Business-Conduct-and-Ethics.pdf	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	COMPLIANT	Please refer to the Company's Vendor Code of Ethics https://vivant.com.ph/code-of-business-conduct-and-ethics/	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 41-42)	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	NON-COMPLIANT		Vivant Corporation has no existing policy, but only the practice of the Discretionary Bonus (page 13 of Handbook on "Other Bonuses"(Attached as **Annex "D")**
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	See "Schedule of Corrective Actions. Table V: Safety, Health, Security and Public Order" of the Employee	

		Handbook – Code of Good Behavior (Attached as **Annex "L"**)	
3. Company has policies and practices on training and development of its employees.	COMPLIANT	See attached "Training Request Authorization Form – HR 2016-02." (Attached as **Annex "M"**)	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	COMPLIANT	Please refer to the Company's Anti-corruption Policy. https://vivant.com.ph/wp-content/uploads/2025/04/Anti-Corruption-Policy-and-Program.pdf	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	https://vivant.com.ph/wp-content/uploads/2025/04/Anti-Corruption-Policy-and-Program.pdf	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	COMPLIANT	Please refer to the Company's Anti-corruption Policy. https://vivant.com.ph/wp-content/uploads/2025/04/Anti-Corruption-Policy-and-Program.pdf	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	COMPLIANT	Please refer to the Company's Manual on Corporate Governance and Whistleblowing Policy. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf https://vivant.com.ph/wp-content/uploads/2025/05/Whistleblowing-Policy.pdf	

2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. https://vivant.com.ph/wp-content/uploads/2025/04/VVT-Manual-on-Corporate-Governance-2017.pdf https://vivant.com.ph/wp-content/uploads/2025/05/Whistleblowing-Policy.pdf	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	While Vivant Corporation has a Whistleblowing Policy, it has not had an instance of whistleblowing that gave the Board the opportunity to supervise and ensure the policy's enforcement.	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	COMPLIANT	Please refer to the Company's website. http://www.vivant.com.ph/csr/employee-volunteerism/ http://www.vivant.com.ph/csr/	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	COMPLIANT	Please refer to the Company's website. https://vivant.com.ph/foundation/	

2. Company exerts effort to interact positively with the communities in which it operates	COMPLIANT	Please refer to the Company's website. https://vivant.com.ph/foundation/	

ANNEX "A"

VIVANT CORPORATION
Minutes of the Meeting of the Board of Directors
Vivant Boardroom, 9th Floor, Oakridge IT Center 3
Oakridge Business Park, Mandaue City and via Zoom[1]
November 22, 2024 at 2:00 PM

PRESENT:

Mr. Francis Damasus A. Garcia	-	Chairman
Mr. Ramontito E. Garcia	-	Member
Mr. Arlo Angelo G. Sarmiento	-	Member
Mr. Emil Andre M. Garcia	-	Member
Ms. Brigette Cecile N. Garcia	-	Member
Mr. Charles Sylvestre A. Garcia	-	Member
Mr. Jose Marko Anton G. Sarmiento	-	Member
Mr. Jose Carlitos G. Cruz	-	Independent Director
Atty. Laurence R. Rogero	-	Independent Director
Atty. Jose M. Layug, Jr.	-	Independent Director
Mr. Carmelo Maria Luza Bautista	-	Independent Director

ALSO PRESENT:

Ms. Minuel Carmela N. Franco	-	Executive Vice President | Chief Corporate Officer | Group Chief Finance Officer | Treasurer | Chief Risk Officer
Atty. Maila G. de Castro	-	Corporate Secretary | VP – Legal | Data Protection Officer
Atty. Jess Anthony N. Garcia	-	SVP – Infrastructure
Mr. Mark D. Habana	-	Vice President
Mr. Allan A. Cuevas	-	Vice President – Corporate Communications
Mr. Ronnel Vergel E. De Leon	-	SAVP - Treasury
Ms. Dyan Ramona S. Olegario	-	AVP – Accounting
Vivant Energy Corporation		
Mr. David C. Evangelista	-	SAVP – Business Development
Mr. Al Douglas Villaos	-	SAVP – Business Development
Mr. Douglas E. Subang	-	AVP – Portfolio Management

Vivant Infracore Holdings, Inc.

[1] https://vivant-com ph.zoom.us/j/96651774686?pwd%3DjjM7XqEUYDtwwFdNRcUIeChudeGI3w.1&sa=D&source=calendar&ust=1735298291636533&usg=AOvVaw2wUNTmgmxBIElmWkokwcqt

Ms. Haidee O. Escriba	-	AVP – Business Development and Subsidiary Management
Atty. Joanne B. Babon	-	AVP – Regulatory and Industry Affairs

Board Observers:
Alexandra Mercado
Cristina Pacana
Paolo Sarmiento
Gil Emanuel Sarmiento

I. CALL TO ORDER

The Chairman of the Board of Vivant Corporation ("Vivant" or the "Corporation") Mr. Francis Damasus A. Garcia ("FDAG") called to order the Board Meeting at 02:03 o'clock in the afternoon and presided over the same. The Corporate Secretary, Atty. Maila G. de Castro ("MGD"), recorded the minutes of the proceedings.

II. CERTIFICATION OF QUORUM

MGD certified that notices of the meeting were given in accordance with the By-Laws, and with the presence of a majority of the members of the Board in person and virtually, there was a quorum to transact business.

Pursuant to the guidelines under the Securities and Exchange Commission ("SEC") Memorandum Circular No. 6, Series of 2020, MGD made a roll call and requested all parties participating in the meeting (whether in person, through videoconference, or teleconference) to state, for the record their full name, position, and location. MGD then informed the attendees who participated in the meeting in person or through videoconference or teleconference call to confirm the following:

1. That they could completely and clearly hear the others who could clearly hear them at the end of the line;
2. That they received the agenda and all materials for the meeting; and
3. That they attended the meeting through videoconference or teleconference using the devices below:

Name	Device	Location
Mr. Francis Damasus A. Garcia	In Person, Boardroom	Makati City
Mr. Ramontito E. Garcia	In Person, Boardroom	Makati City
Mr. Arlo Angelo G. Sarmiento	In Person, Boardroom	Makati City
Mr. Emil Andre M. Garcia	Laptop	Mandaue City
Ms. Brigette Cecile N. Garcia	In Person, Boardroom	Mandaue City
Mr. Charles Sylvestre A. Garcia	Laptop	Mandaue City
Mr. Jose Marko Anton G. Sarmiento	In Person, Boardroom	Makati City
Atty. Jose M. Layug, Jr.	Laptop	Ortigas City
Mr. Jose Carlitos G. Cruz	In Person, Boardroom	Makati City

Atty. Laurence R. Rogero	In Person, Boardroom	Makati City
Mr. Carmelo Maria Luza Bautista	In Person, Boardroom	Makati City
Atty. Jess Anthony N. Garcia	In Person, Boardroom	Makati City
Ms. Minuel Carmela N. Franco	In Person, Boardroom	Makati City
Atty. Maila G. De Castro	In Person, Boardroom	Makati City
Mr. Mark D. Habana	In Person, Boardroom	Mandaue City
Ms. Dyan Ramona S. Olegario	Laptop	Mandaue City
Mr. Allan A. Cuevas	In Person, Boardroom	Makati City
Ms. Haidee O. Escriba	Laptop	Mandaue City
Mr. David C. Evangelista	Laptop	Makati City
Mr. Al Douglas Villaos	Laptop	Makati City
Mr. Ronnel Vergel E. De Leon	Laptop	Makati City
Atty. Joanne B. Babon	Laptop	Makati City
Mr. Douglas E. Subang	Laptop	Mandaue City

Having satisfied themselves that the participants could hear each other completely and clearly and that the materials had been received by the Board members, MGD certified that with a majority of the Board present at the meeting in person or by videoconference or teleconference call, a quorum existed for the transaction of official business by the Board.

III. READING AND APPROVAL OF MINUTES OF PREVIOUS MEETING DATED SEPTEMBER 20, 2024

Action Taken:

After a motion duly made by Mr. Jose Carlitos G. Cruz ("JGC") and seconded by Mr. Ramontito E. Garcia ("REG"), the Board unanimously approved the minutes of the previous Board meeting.

IV. MATTERS ARISING FROM PREVIOUS MEETING

MGD presented the following updates for the matters arising from the previous meeting.

Action Taken:

There being no other questions or comments, the updates on the matters arising from the previous meeting were noted by the Board.

V. GOALS DASHBOARD

Action Taken:

There being no other questions or comments, the updates on the Goals Dashboard were noted by the Board.

VI. Q3 2024 FINANCIAL UPDATES

The third quarter (Q3) Financial Updates were presented by DSO. A copy of the report was submitted to the Corporate Secretary and is attached hereto as **Annex "B"** and was previously circulated to the Board.

DSO informed the Board that the Q3 Financials were presented and endorsed by the Audit Committee ("Audit Com") and was subsequently approved by the Board
JGC affirmed that the Audit Com thoroughly discussed the financials and that it was already filed with the Securities and Exchange Commission ("SEC"). With this, JGC suggested for the Board to move on to the next agenda item.

DSO then requested for the formal ratification of the Board for the Q3 2024 Financials disclosure with the SEC and Philippine Stock Exchange ("PSE").

Action Taken:

Upon motion duly made and seconded, the Board unanimously ratified the approval of the disclosure and filing of the Q3 2024 Financials.

JGC extended his congratulations to the Management on the Q3 Financials performance which was much higher than budget.

VII. PROJECT UPDATES

7.1. For Approval: SIAEC Capital Call

Action Taken:

7.2. For Approval: Project Juno

Mr. Al Douglas Villaos ("ADV") presented the requests for approval for Project Juno. A copy of the report was submitted to the Corporate Secretary and is attached hereto as **Annex "D"**.

Action Taken:

Upon motion duly made by JGC and seconded by Mr. Carmelo Maria Luza Bautista ("CLB"), the Board unanimously approved the following matters:

VIII. CORPORATE MATTERS

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8.3. For Approval: 2025 SGV Audit Fees

DSO presented the Audit Fees of SGV for 2024 amounting to Php2,718,580. Her presentation was part of **Annex "H"**.

JCG informed the Board that the fees have been extensively discussed by the Audit Com which agreed to endorse the approval of the same by the Board.

Action Taken:

Upon motion duly made and seconded, the Board unanimously approved to engage SGV for the year 2024 audit with a total audit fee of Php2.8Mn.

8.4. For Approval: Authorization to Secure Building Permit and Brgy Clearance for the Makati Office Construction

MGD informed the Board of the need to authorize Vivant to secure the building permit and barangay clearance for the Makati Office construction.

Action Taken:

Upon motion duly made JGC and seconded by Mr. Jose Marko Anton G. Sarmiento ("JGS"), the Board unanimously approved the following resolutions:

> *"**RESOLVED, AS IT IS HEREBY RESOLVED** that the Board of Directors of VIVANT CORPORATION (the "Corporation") authorize, as it hereby authorizes the Corporation to secure the relevant permits needed for the construction of its Makati Office at 19th Floor, Alveo Financial Tower,6974 Ayala Ave. Legaspi Village Makati City, including but not limited to Building Permit from the Local Government Unit of Makati City and Barangay Clearance ("Permits");*
>
> ***RESOLVED, FURTHER**, that the Corporation's Executive Vice President, Minuel Carmela N. Franco, be authorized, as she is hereby authorized, to execute, sign, and deliver all and any documents necessary, proper, or convenient to give effect to the foregoing authorizations;*
>
> ***RESOLVED FURTHERMORE**, that in her absence, she is hereby authorized to delegate in writing the authorities indicated above to another person;*

RESOLVED, FINALLY, *that the Board of Directors ratify, confirm, adopt, and approve any and all acts that the Authorized Representative may have executed or performed pursuant to or in connection with the above provided authority."*

8.5. For Approval: 2025 Board Calendar

MGD presented the proposed 2025 Board Calendar which was part of **Annex "H"**. LRR requested to have a one pager calendar which should be updated whenever there are changes on the schedule of meetings. The Board could refer to the said one pager calendar to check the latest schedule of the Board meetings.

For Corporate Governance standard, CLB suggested to conduct a Non-Executive Directors Meeting. IGC said that this was conducted this year with the Auditor

Action Taken:

Upon motion duly made and seconded, the Board unanimously approved the 2025 Board Calendar as presented and to have the January, May, and August meetings in Manila.

IX. OTHER MATTERS

9.1. Matters For Ratification

9.3. Other Matters

X. ADJOURNMENT

There being no other matter to be discussed, upon motion duly made and seconded, the Board meeting was adjourned at 03:36 PM.

Prepared by:

ATTY. MAILA G. DE CASTRO
Corporate Secretary

Attested by:

MR. FRANCIS DAMASUS A. GARCIA
Chairman

MR. ARLO ANGELO G. SARMIENTO
Member

MR. RAMONTITO E. GARCIA
Member

MR. CHARLES SYLVESTRE A. GARCIA
Member

MR. EMIL ANDRE M. GARCIA
Member

MR. JOSE MARKO ANTON G. SARMIENTO
Member

MS. BRIGETTE CECILE N. GARCIA
Member

ATTY. LAURENCE R. ROGERO
Independent Director

MR. JOSE CARLITOS G. CRUZ
Independent Director

MR. CARMELO MARIA LUZA BAUTISTA
Independent Director

ATTY. JOSE M. LAYUG, JR.
Independent Director

ANNEX "B"

2024 STRATEGIC PLANNING SESSION







ANNEX "C"

Schedule IV

VIVANT CORPORATION
RETIREMENT PLAN

RULES AND REGULATIONS

ARTICLE I
NAME, PURPOSE AND EFFECTIVE DATE

Section 1. NAME

The name of this Plan shall be the **VIVANT CORPORATION RETIREMENT PLAN.**

Section 2. PURPOSE

This Plan shall establish the **VIVANT CORPORATION RETIREMENT TRUST FUND** which will provide retirement, death, disability, and severance benefits for all eligible employees of the Company.

Section 3. DATE AND EFFECTIVITY

The Plan shall be in effect on November 1, 2013.

ARTICLE II
DEFINITION OF TERMS

Section 1. DEFINITIONS

The following words or phrases used in the Plan shall be defined as follows:

a) "Company" shall mean **VIVANT CORPORATION.**

b) "Plan" shall mean the Retirement Plan adopted herein together with any amendments or further amendments duly adopted by the Company.

c) "Fund" shall mean the Retirement Trust Fund established under this Plan, and shall mean generally the Company's contributions together with all income, gains and other additions thereto, less any losses, expenses, and benefit payments therefrom.

d) "Trustee" or "Trustees" shall mean the entity, person or persons appointed by the Company responsible for the assets of the fund and general administration of the Plan.

MARIA VICTORIA SEMBRANO

ARLO A.G. SARMIENTO

e) "Member" shall mean any officer or employee who has qualified for membership under Article III and whose membership has not been terminated as provided therein.

f) "Plan Salary" or "Pay" shall mean the latest monthly salary paid to the Member, or if paid daily shall be converted to monthly, for services rendered during normal working days and hours excluding allowances, overtime pay, commissions, bonuses and/or profit-sharing payments and other fluctuating emoluments or monetary benefits which are not considered as part of or integrated into the regular salary of the employee.

g) "Service" shall mean the period of service rendered by a Member as determined from the records of the Company. Period of service shall be reckoned from date of hire to date of retirement, death, permanent disability, or severance.

h) "Credited Service" shall mean the number of years and completed months of Service rendered by the Member. For purposes of determining the number of years of Credited Service, leave of absence without pay shall not be considered while a fraction of six (6) months or more shall be considered as one (1) year and a fraction of less than six (6) months shall be in accordance with Company policy.

i) "Regular Employment Status" shall mean an employee who is under the regular payroll of the Company on a full-time basis.

j) "Beneficiary" shall mean the person or persons who shall receive the death benefit provided for herein. The nomination of beneficiaries shall be in accordance with Article VI Section 2.

k) "Actuarial Advisor" shall mean a person who is accredited with the Insurance Commission as an actuary or a consulting firm with an accredited actuary in its staff.

Section 2. GENDER

The masculine pronoun shall include the feminine gender and the single number shall include the plural unless the context indicates otherwise.

ARTICLE III
MEMBERSHIP

Section 1. MEMBERSHIP

Membership in the Plan shall be automatic for all officers and employees of the Company who are considered having Regular Employment Status. Membership in the Plan will commence retroactively on the first day of the month coincident with or next following his attainment of Regular Employment Status. Upon commencement of membership the Company may require the Member to execute a pledge to the effect that he has read and is in conformity with this Plan and that he shall abide by its provisions and with any amendments and supplementary rules thereto.

MARIA VICTORIA SEMBRANO

ARLO A.G. SARMIENTO

Section 2. TERMINATION

Membership in the Plan shall cease automatically upon termination of the Member's service to the Company.

Section 3. RE-EMPLOYMENT

A Member whose membership in the Plan is terminated and is subsequently employed by the Company shall, upon re-admission to the Plan, be treated as a new Member.

Section 4. LEAVE OF ABSENCE

Membership in the Plan shall continue during any period over which a Member is on leave of absence approved by the Company in writing, and during any period of absence due to furlough, sickness, accident or other causes not constituting a severance of the employer-employee relationship.

ARTICLE IV
THE FUND

Section 1. NON-CONTRIBUTORY PLAN

No Member shall be required to make any contribution to the Fund.

Section 2. FUNDING

The funding of the Plan shall be determined by the Actuarial Advisor and payment of the benefits thereunder shall be provided for through the medium of a Fund held by a Trustee under an appropriate Trust Agreement. The contributions to the Fund so created together with gains and losses realized and unrealized plus contributed accrued liabilities, if any, shall constitute the Fund.

Section 3. VALUATION

The contributions to the Fund shall be actuarially determined at least once every two or three years.

Section 4. PROCEDURE FOR PAYMENT

Application for the payment of the retirement benefits under Article V must be made in writing in the form and manner prescribed by the Trustee and must be filed with the Trustee at least thirty (30) days in advance of the date of actual retirement, resignation or separation without cause. Decision of the Trustee shall be final and binding upon all parties.

MARIA VICTORIA SEMBRANO

ARLO A.G. SARMIENTO

Section 5. MANNER OF PAYMENT

At the option of the Trustee, all benefits under the Plan shall be payable to the withdrawing Member in the form of a single sum payable anytime within sixty (60) days from the date of such withdrawal from the Plan. Such benefit shall be payable directly to the Member or to his beneficiary as the circumstances of each case may warrant.

Section 6. NON-DIVERSION OF FUNDS

All contributions made to the Fund shall be held solely and exclusively for the benefit of the Members or their beneficiaries and no part of the said Fund shall be used for, or diverted to, purposes other than for the exclusive benefit of the members or their beneficiaries.

Section 7. WAIVER OF CLAIMS

Receipt of any benefit by any Member of the Plan shall be deemed a final settlement of any and all claims that the Member may have under the Plan. The Member shall hereby waive, quitclaim and release the Company and the Plan from any and all claims, actions and liabilities arising from this Plan.

ARTICLE V
RETIREMENT DATES AND BENEFITS

Section 1. COMPULSORY RETIREMENT

The Normal Retirement Date of a Member shall be the first day of the month coincident with or next following his sixtieth (60th) birthday. The Member's Compulsory Retirement Benefit shall be a sum equal to 100% of Plan Salary for every year of Credited Service.

Section 2. OPTIONAL RETIREMENT

A Member may elect to retire prior to his Compulsory Retirement Date provided he has completed at least ten (10) years of Service and is at least age fifty-five (55). The Member's Optional Retirement Benefit shall be a sum equal to a 100% of Plan Salary for every year of Credited Service.

Section 3. EARLY RETIREMENT

With the consent of the Company, a Member may elect to retire prior to his Optional or Compulsory Retirement Date provided he has completed at least ten (10) years of Service and is at least age fifty (50). The Member's Early Retirement Benefit shall be a sum equal to a 100% of Plan Salary for every year of Credited Service.

MARIA VICTORIA SEMBRANO ARLO A.G. SARMIENTO

Section 4. DISABILITY BENEFIT

In the event that a Member is retired by the Company due to permanent total incapacity or disability or due to sickness, as determined by a competent physician appointed by the Company, his disability retirement benefit shall be a single sum equal to 100% of Plan Salary for every year of Credited Service.

Section 5. SEVERANCE BENEFIT

A Member who is involuntarily separated by the Company due to a retrenchment program not due to serious business losses or financial reverses or redundancy or for causes not due to his own fault, misconduct, or material neglect shall be entitled to a benefit determined in accordance with the Termination Pay provision under the Labor Code or similar legislation on involuntary termination or if applicable, the amount of retirement benefits due to him hereunder, whichever is greater but shall not be entitled to all or any combination of all.

Section 6. TAX EXEMPTION OF BENEFITS

In accordance with the provisions for tax qualification under Republic Act No. 4917 (as reiterated by Section 32 (B) (6) (a) of the Tax Code of 1997), any retirement benefit received from the Plan shall be wholly exempt from tax provided the Member has served the Company for at least ten (10) years and is at least age fifty (50) at the time of retirement. It is further provided that any amount received under the Plan due to death, disability, or for any cause beyond the Member's control shall likewise be exempt from all taxes.

Section 7. DISMISSAL FOR CAUSE

A Member who is dismissed by the Company for cause shall not be entitled to any benefit under the Plan.

Section 8. FORFEITURES

The portion of the amount standing to the credit of a separated Member which is not paid to him by virtue of the limitations specified in this Plan shall be retained in the Fund and shall be used to reduce future contributions of the Company. Such forfeitures, which may arise from severance of employment, death or any other reason, shall not be applied to increase the benefits any Member would otherwise receive under the Plan at any time prior to the termination of the Plan or the complete discontinuance of Company contributions thereunder.

MARIA VICTORIA SEMBRANO

ARLO A.G. SARMIENTO

ARTICLE VI
DEATH BENEFIT

Section 1. BENEFIT

In the event that a Member dies from any cause except self-inflicted injuries, his beneficiaries shall be entitled to receive a death benefit in a lump sum equal to 100% of Plan Salary for every year of Credited Service.

Section 2. NOMINATION OF BENEFICIARY

Procedure. Each employee shall, upon eligibility to participate in the Plan, forthwith nominate in writing, in such forms as shall be prescribed by the Trustee, a person or persons entitled to succeed such Member, by testate or intestate succession under existing laws, to receive the amount which may be due the Member in case of his death or inability to receive in person any sum due him from the Fund.

Every nomination or appointment shall remain in force until the death of the nominee or appointee or until revoked or amended by the Member making it by delivering to the Trustee another nomination or appointment in the prescribed form.

In the event of death of a designated or appointed beneficiary during the lifetime of the designating or appointing Member, said Member shall forthwith nominate or appoint another person in place of the deceased beneficiary.

Failure to Nominate. If at the death of the Member there shall exist no valid nomination by him of a beneficiary, the existing laws on succession shall prevail.

If the person or persons from among those enumerated in the existing laws on succession do not exist at the time of the member's death, no death benefit shall be paid by the Plan. The death benefit which should have been paid shall be forfeited in favor of the Fund.

Minor / Incompetent Beneficiary. In case the beneficiary is a minor or under any disability to give legal discharge for payment of the benefits, then payment of the benefits shall not be made until a legal guardian is appointed in behalf of the minor or person under disability, but the beneficiary shall not be entitled to any income on the amount of the accrued benefits during the period that the payment was deferred because of the absence of a legal guardian; provided further that if the amount of benefit is such that existing laws would allow the payment thereof to the surviving parent of the minor or incompetent beneficiary, then benefit payments for the account of said beneficiary shall be made to the surviving parent of said beneficiary.

MARIA VICTORIA SEMBRANO

ARLO A. G. SARMIENTO

ARTICLE VII
ADMINISTRATION

Section 1. THE PLAN

The Plan shall be administered by a Trustee appointed by the Company who shall be responsible for the general administration of the Plan and the management of the Fund. The Company may create a Retirement Committee which will coordinate with the Trustee in the implementation of this Plan. The Trustee may seek the advice of counsel and may appoint an investment manager or managers to manage the Fund, an independent accountant to audit the Fund and an actuary to value the Fund. Fees and expenses incurred in the investing and accounting and / or actuarial audit, amendment and other services for the Plan may be charged to the Fund.

Section 2. TRUST AGREEMENT

The powers, authorities and discretion necessary or expedient for the Trustee to perform his / their duties shall be expressed in the Trust Agreement executed by the Company and the duly appointed person(s) or entity.

Section 3. RETIREMENT COMMITTEE

The duties of the retirement committee shall consist of the following functions solely as they relate to the Plan:

1. Implement the rules and procedures set forth in this Plan in filling applications for benefits, for furnishing proofs necessary to establish the Member's qualification, age and continuous service.

2. Recommend to the Trustee the appropriate payment of the amount due to the Member in accordance with the provisions of the Plan less accountabilities to the Company, if any.

3. Interpret together with the Trustee the meaning, coverage, interpretation and application of the provisions of the Plan.

ARTICLE VIII
AMENDMENT AND TERMINATION OF THE PLAN

Section 1. NON-FORFEITURE OF RIGHTS

Upon termination of the Plan or upon the complete discontinuance of contributions under the Plan, the rights of each Member to benefits accrued to the date of such termination or discontinuance, to the extent then funded, or the rights of each Member to the amounts credited to his account, if any, are non-forfeitable.

MARIA VICTORIA SEMBRANO

ARLO A.G. SARMIENTO

Section 2. AMENDMENT

The Company may amend or modify this Plan at any time. Any amendment should conform to Republic Act Nos. 4917 and 7641 and their implementing regulations. Said amendments shall be immediately communicated to the trustee and the Members of the Plan.

Section 3. TERMINATION BY LIQUIDATION

The Company reserves the right at any time on account of business necessity to terminate, withdraw, amend, or modify the Plan in whole or in part, at the discretion of the Company. In the event of the termination of the Plan, the liability of the Company to make contributions shall cease, and the assets of the Fund shall be allocated, subject to provisions for expenses of administration or liquidation.

The Trustee shall pay all debts and obligations of the Fund and settle or dispose of any claims then outstanding against the Fund, and thereafter allocate the property remaining in the Fund to the employees or their beneficiaries, as follows:

a. A sum in full or pro-rata to provide for the payment to members who are eligible for normal and late retirement, or for death and disability benefits, but who have not received their benefit payments by the date of termination of the plan.

b. If any amount remains after (a) above, a sum, in full or pro-rata, to provide for the payment of benefits to employees who are eligible for early retirement by the date of termination of the Plan.

c. If any amount remains after (b) above, a sum, in full or pro-rata, to provide for the payment of benefits to employees who remain and who may have contingent benefit interest as the Trustee/Retirement Committee may determine on the termination of the Plan.

d. Any amount remaining in the Fund after making the above allocations and after paying all liabilities shall revert to the Company.

Section 4. TERMINATION BY TRANSFER

In the event the Company terminates the Plan by transferring it to any other Fund which is similar, in the opinion of the Trustee, to the purpose and terms of this Plan, each Member shall be entitled to the same benefits as they would have had from this Plan had this Plan not been terminated.

ARTICLE IX
EFFECT OF LEGISLATION

Section 1. SOCIAL SECURITY SYSTEM AND WORKMEN'S COMPENSATION

Except as otherwise provided, whatever benefits may be due the Member on account of the Social Security Law shall not be deducted from the benefits under this Plan.

MARIA VICTORIA SEMBRANO

ARLO A.G. SARMIENTO

Section 2. NON-DUPLICATION OF BENEFITS

In the event existing or future laws, including the Collective Bargaining Agreement, require the Company to pay similar or analogous benefits to those already herein provided, the Member concerned shall not be entitled to receive both what the law, legislation or CBA requires the Company to give but shall be entitled only to whichever benefit is the greater among them; or, the Company may exercise the right to reduce its current contributions or benefits under this Plan by the amount of any amount of any payments required by the subsequent legislation or CBA in accordance with the regulations promulgated by the Company.

ARTICLE X
MISCELLANEOUS PROVISIONS

Section 1. IRREVOCABILITY

The Company shall have no right, or interest in the contributions made by them to the Trust and no part of the Fund shall revert to the Company except after satisfaction of all liabilities of the Plan; however, such contributions as may have been made by the Company as a result of overpayment may revert to the Company.

Section 2. NON-TRANSFERABILITY OF RIGHTS

No benefit payable under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or change; and any action by way of anticipating, alienating, selling, transferring, assigning, pledging, encumbering, changing the same shall be void and of no effect.

Section 3. LIEN OF THE COMPANY

The Company shall have the first lien upon the amount standing to the credit of its employee-member to cover all liabilities of the Member to the Company. Said amount of liability shall be deducted by the Trustee from the benefit payment to the Member and shall be remitted to the Company.

Section 4. EMPLOYMENT

The establishment of the Plan shall not be construed as conferring any right upon any Member or any person to a continuation of employment.

MARIA VICTORIA SEMBRANO

ARLO A.G. SARMIENTO

APPROVED:

VIVANT CORPORATION

By:

Name	:	MARIA VICTORIA SEMBRANO
Position	:	EVP FINANCE
Date	:	_____

ARLO A.G. SARMIENTO
EVP & COO

(Please sign each page of the Plan Rules.)

ANNEX "D"

COMPENSATION AND BENEFITS

PAYROLL

Payroll cut-off is on the 10th and 25th of every month. The payroll period will be on a twice a month basis, every 15th and end of the month. Payroll may be paid in cash, check, or credited automatically to an employee's payroll bank account, at management's discretion. Payslips will be available in the Human Resource Information System (HRIS)

COMPANY BENEFITS

The Company is committed to provide all employees the benefits due them in accordance with the Labor Code of the Philippines and or any other Philippine laws. In addition, the following benefits accrue to employees starting on the date of regularization and depending on the position they hold in the Company.

14th MONTH PAY
Regular employees are entitled to 14th month pay or a pro rata thereof to be disbursed before the Christmas vacation of the applicable year. This benefit is given pro rata if regularization happens in the middle of the year or if the employee terminates his employment prior to the end of the year.

OTHER BONUSES
Regular employees may also be granted additional bonuses on top of the statutory 13th month pay and the 14th month pay.

LEAVE BENEFITS
The Company provides each employee twenty four (24) working days as Service Incentive Leave (SIL) with pay every year. Employees start to earn SIL credits upon successful completion of the probationary period subject to the necessary approval process. Upon regularization, leave credits are earned monthly counting from the date of regularization, so employees who join the Company in the middle of the year are entitled to pro rata SIL.

Application for Service Incentive Leave
An employee may apply for the SIL by filing online through the HRIS. The employee's immediate manager will be notified through electronic mail of the filed SIL for approval.

1. Leaves must be used in no less than half day, or four (4)-hour increments for morning and five (5) hours in the afternoon.
2. As a general rule, one (1)-day leaves may be availed of only when filed on the HRIS at least one (1) day prior to the intended date of leave. An exception to the rule would be for those leaves availed for sickness or emergency. In such case, employee must file it upon return to work.
3. Leaves of more than two (2) days, when warranted, should be filed at least three (3) days in advance. Failure to follow this procedure would warrant the denial of the leave of absence and if the employee concerned nonetheless goes on leave, such would be considered AWOL (Absence Without Leave).
4. SILs due to sickness of three (3) days or more will be approved only if duly supported by a doctor's certificate. Said certification should have the following characteristics:
    a. Issued by a physician/specialist
    b. Indicate the employee's illness
    c. Indicate employee's fitness for work and/or full recovery from illness.

ANNEX "E"

VIVANT CORPORATION
Minutes of the Regular Meeting of the Board of
Held on August 11, 2017 at 9:00 A.M.
Vivant Corporation Boardroom
Unit 907-908 Ayala Life-FGU Center, Cebu Bus

PRESENT:

Mr. Ramontito E. Garcia	-	President
Mr. Gil A. Garcia II	-	Member
Mr. Charles Sylvestre A. Garcia	-	Member
Mr. Carmelo Maria Luza Bautista	-	Member
Mr. Jose Marko Anton G. Sarmiento	-	Member
Mr. Emil Andre M. Garcia	-	Member; VP for Operations and Business Dev't
Mr. Arlo A.G. Sarmiento	-	Member; EVP and COO
Mr. Rogelio Q. Lim	-	Independent Director
Atty. Jesus B. Garcia, Jr.	-	Independent Director
Amb. Raul Ch. Rabe	-	Independent Director

ALSO PRESENT:

Atty. Jess Anthony N. Garcia	-	Corporate Secretary/General Counsel
Ms. Minuel Carmela N. Franco	-	Treasurer/Vice President for Finance
Mr. Mark D. Habana	-	VP for Commercial Affairs
Atty. Macario C. Padullo, Jr.	-	AVP for Corporate Management Systems
Ms. Maria Victoria E. Sembrano	-	AVP for Finance

NOT PRESENT:

Mr. Dennis N. A. Garcia	-	Chairman of the Board

I. Call to Order

The President, Mr. Ramontito E. Garcia ("REG"), acted as Chairman for the Regular Meeting of the Board of Directors (the "Board") of Vivant Corporation ("Vivant"), called the meeting to order at 9:00 o'clock in the morning and presided over the same. The Corporate Secretary, Atty. Jess Anthony N. Garcia ("JNG"), recorded the minutes of the proceedings.

II. Certification of Quorum

JNG certified that notices of the meeting have been sent to all members of the Board, and that with the presence of at least a majority of its members, there was a quorum to transact business.

VII. Corporate Updates

(a) Updates

i. Risk Committee

Ms. Minuel Carmela N. Franco ("MNF") reported on updates on the Risk Committee ("Riskcom").

The Riskcom held its first meeting on June 5, 2017. The key decisions to be made pertain to the Enterprise Risk Management ("ERM") Framework based on ISO 31000, Risk Architecture, Scope, Risk Calendar, and Compliance.

MNF then presented the framework and process for managing risks based on ISO 31000 which is an international standard for risk management principles. She presented the Risk Architecture, showing the reporting and monitoring lines between and among the Board, Riskcom, Audit Committee, Risk Management Unit, Departments and Business Units.

The following were then presented as members of the Riskcom:

Amb. Raul Ch. Rabe – Chairman
Dennis N. A. Garcia – Member
Ramontito E. Garcia – Member
Charles Sylvestre A. Garcia – Member
Rogelio Q. Lim – Advisor
Arlo A. G. Sarmiento – *Ex Officio*
Emil Andre M. Garcia – *Ex Officio*
Minuel Carmela N. Franco – *Ex Officio*
Atty. Jess Anthony N. Garcia – *Ex Officio*

The Risk Management Unit shall be composed of the Chief Risk Officer and Risk Team.

The Risk Owner/Business Unit shall be the relevant Department Heads, Business Unit BoDs and Heads.

With Vivant being a holding company, risk management ("RM") will be undertaken at two (2) levels: Parent level and Group/Business Unit level. RM in each level will be dependent on identified critical risk areas resulting from the evaluation of respective business models and process mapping. RM will cover: Strategic, Operational, Hazard, and Financial types of risks.

The 2017 – 2018 Calendar for Riskcom activities was then presented to the Board.

IX. Adjournment

Upon motion duly made and seconded, the regular meeting of the Board of Vivant was adjourned at 12:00 P.M..

Prepared by:

ATTY. JESS ANTHONY N. GARCIA
Corporate Secretary

Attested by:

MR. RAMONTITO E. GARCIA
Acting Chairman

Not Present
MR. DENNIS N.A. GARCIA
Chairman

MR. JOSE MARKO ANTON G. SARMIENTO
Member

MR. CHARLES SYLVESTRE A. GARCIA
Member

MR. ARLO A.G. SARMIENTO
Member

MR. GIL A. GARCIA
Member

MR. CARMELO MARIA LUZA BAUTISTA
Member

MR. EMIL ANDRE M. GARCIA
Member

MR. ROGELIO Q. LIM
Independent Director

ATTY. JESUS B. GARCIA, JR.
Independent Director

AMB. RAUL CH. RABE
Independent Director

IX. Adjournment

Upon motion duly made and seconded, the regular meeting of the Board of Vivant was adjourned at 12:00 P.M..

Prepared by:

ATTY. JESS ANTHONY N. GARCIA
Corporate Secretary

Attested by:

MR. RAMONTITO E. GARCIA
Acting Chairman

Not Present
MR. DENNIS N.A. GARCIA
Chairman

MR. JOSE MARKO ANTON G. SARMIENTO
Member

MR. CHARLES SYLVESTRE A. GARCIA
Member

MR. ARLO A.G. SARMIENTO
Member

MR. GIL A. GARCIA
Member

MR. CARMELO MARIA LUZA BAUTISTA
Member

MR. EMIL ANDRE M. GARCIA
Member

MR. ROGELIO Q. LIM
Independent Director

ATTY. JESUS B. GARCIA, JR.
Independent Director

AMB. RAUL CH. RABE
Independent Director

ANNEX "F"

VIVANT AUDIT COMMITTEE MEETING

Minutes of the Meeting of the Audit Committee
Vivant Boardroom, 9th Floor, Oakridge IT Center 3
Oakridge Business Park, Mandaue City and via Zoom
May 10, 2024, at 9:00 AM

PRESENT:

Mr. Jose Carlitos G. Cruz	-	Chairman
Mr. Charles Sylvestre A. Garcia	-	Member
Mr. Jose Marko Anton G. Sarmiento	-	Member
Atty. Jose M. Layug, Jr.	-	Member
Atty. Laurence R. Rogero	-	Member

ALSO PRESENT:

Ms. Minuel Carmela N. Franco	-	Executive Vice President/Chief Corporate Officer
Atty. Maila G. De Castro	-	VP – Legal / Assistant Corporate Secretary
Ms. Dyan Ramona S. Olegario	-	AVP – Accounting
Mr. Myla G. Lumibao	-	AVP- Internal Audit
Atty. Michael Pluma	-	Legal Associate
Atty. Claire B. Suico	-	Legal Associate

I. CALL TO ORDER

The Chairman of the Audit Committee ("AuditCom"), Mr. Jose Carlitos G. Cruz ("JGC"), called to order the AuditCom Meeting at 9:00 o'clock in the morning and presided over the same. In view of the unavailability of the Corporate Secretary, Atty. Maila G. De Castro ("MGD"), the Assistant Corporate Secretary, recorded the minutes of the proceedings.

II. CERTIFICATION OF QUORUM

MGD certified that notices of the meeting were given in accordance with the By-Laws, and with the presence of all the members of the AuditCom in person and virtually, there was a quorum to transact business.

Pursuant to the guidelines under the Securities and Exchange Commission ("SEC") Memorandum Circular No. 6, Series of 2020, MGD made a roll call and requested all parties participating in the meeting (whether in person, through videoconference, or teleconference) to state, for the record their full name, position, and location. MGD then informed the attendees who participated in the meeting in person or through videoconference or teleconference call to confirm the following:

1. That they could completely and clearly hear the others who could clearly hear them at the end of the line;
2. That they received the agenda and all materials for the meeting; and
3. That they attended the meeting through videoconference or teleconference using the devices below:

Name	Device	Location
Jose Carlitos G. Cruz	In-Person, Boardroom	Parañaque City
Charles Sylvestre A. Garcia	Laptop	Mandaue City
Jose Marko Anton G. Sarmiento	Laptop	Mandaue City
Atty. Jose M. Layug, Jr.	Laptop	Makati City
Atty. Laurence R. Rogero	Laptop	Makati City
Minuel Carmela N. Franco	In-Person, Boardroom	Mandaue City
Atty. Maila G. De Castro	In-Person, Boardroom	Mandaue City
Dyan Ramona S. Olegario	In-Person, Boardroom	Mandaue City
Myla G. Lumibao	In-Person, Boardroom	Makati City
Atty. Michael Pluma	In-Person, Boardroom	Makati City
Atty. Claire B. Suico	In-Person, Boardroom	Mandaue City

Having satisfied themselves that the participants could hear each other completely and clearly and that the materials have been received by the AuditCom members, MGD certified that with all the members of the AuditCom present at the meeting in person or by videoconference or teleconference call, a quorum existed for the transaction of official business by the AuditCom.

III. READING AND APPROVAL OF MINUTES OF PREVIOUS MEETING

Action Taken:

Upon motion duly made by Atty. Jose M. Layug, Jr. ("JML") and seconded by Mr. Charles Sylvestre A. Garcia, the AuditCom unanimously approved and adopted the previous minutes of the AuditCom meeting.

VI. NON-AUDIT SERVICES WITH SGV

JGC briefed the AuditCom on Exhibit D1: Annual Reconfirmation of the Agreed Pre-Concurrence Process, a requirement under the SEC for publicly listed companies. He further explained that this is part of a new auditing standard that has been effective since 2023. A copy of Exhibit D1 was submitted to the Office of Corporate Secretary and is attached as **Annex "B".**

LRR asked JGC whether actual contracts need approval or if blanket approval can be granted for non-audit services. JGC clarified that with the agreed pre-concurrence, these predetermined non-audit services no longer need AuditCom approval because they do not violate the independence requirement of external auditors. The new auditing standard lists permissible services that do not impair auditor independence, facilitating the approval process. To exemplify, JGC stated that financial modelling is not part of the list of permissible non-audit services, so engaging SGV & Co. ("SGV") to handle financial modelling will require AuditCom pre-approval.

DSO also emphasized SGV's request for JGC to represent the AuditCom and MNF to represent Vivant for the annual reconfirmation.

Action Taken:

Upon motion duly made by LRR which was seconded by JML, the AuditCom unanimously approved the Annual Reconfirmation of the Agreed Pre-Concurrence Process in 2024.

Prepared by:

ATTY. MAILA G. DE CASTRO
Assistant Corporate Secretary

Attested by:

MR. JOSE CARLITOS G. CRUZ
Chairman

MR. CHARLES SYLVESTRE A. GARCIA
Member

ATTY. LAURENCE R. ROGERO
Member

ATTY. JOSE M. LAYUG, JR.
Member

MR. JOSE ANTON MARKO G. SARMIENTO
Member

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

CERTIFICATION

I, **MAILA LOURDES G. DE CASTRO**, Filipino, of legal age and with office address at 19th Floor Alveo Financial Tower, 6794 Ayala Ave., Makati City, Philippines, after being duly sworn in accordance with law, depose and state that:

1. I am the Corporate Secretary of **VIVANT CORPORATION** (the "Corporation"), a corporation duly organized and existing pursuant to and under the laws of the Republic of the Philippines, with principal business address at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Barangay Banilad, Mandaue City, Cebu, Philippines;

2. For the year ending December 31, 2024, the Board of Director of the Corporation held seven (7) regular meetings and ten (10) special meetings with the following members in attendance:

Regular Board Meetings 2024

NAME	POSITION	1/31/2024	4/5/2024	5/24/2024	5/30/2024 (Joint)	6/20/2024 (ASM)	9/20/2024	11/22/2024
Francis Damasus A. Garcia	Chairman	Present	Present	Present	Present	Present	Present	Present
Ramontito E. Garcia	Vice Chairman	Present	Present	Present	Present	Present	Not Present	Present
Arlo A.G. Sarmiento	Member	Present	Present	Present	Present	Present	Present	Present
Emil Andre M. Garcia	Member	Present	Present	Present	Present	Present	Present	Present
Charles Sylvestre A. Garcia	Member	Present	Present	Present	Present	Present	Present	Present
Jose Marko G. Sarmiento	Member	Present	Present	Present	Present	Not Present	Present	Present
Brigette Cecile N. Garcia	Member	Present	Present	Present	Present	Present	Present	Present
Carmelo Maria L. Bautista	Ind. Director	Present	Present	Present	Present	Present	Present	Present
Jose Carlitos G. Cruz	Ind. Director	Present	Present	Present	Present	Present	Present	Present
Jose M. Layug, Jr.	Ind. Director	Present	Present	Present	Not Present	Present	Present	Present
Laurence R. Rogero	Ind. Director	Present	Present	Present	Present	Present	Present	Present

3. For the year ending December 31, 2024, the Audit Committee of the Corporation held four (4) meetings with the following members in attendance:

NAME	POSITION	03/15/2024	5/10/2024	8/12/2024	11/12/2024
Jose Carlitos G. Cruz	Chairman	Present	Present	Present	Present
Charles S. A. Garcia	Member	Present	Present	Not Present	Present
Jose M. Layug, Jr	Member	Present	Present	Present	Present
Jose Marko G. Sarmiento	Member	Present	Present	Present	Present
Laurence R. Rogero	Member	Present	Present	Present	Present

r For the year ending December 31, 2024, the Corporate Governance Committee of the Corporation held two (2) meetings with the following members in attendance:

NAME	POSITION	03/07/2024	11/8/2024
Jose M. Layug, Jr	Chairman	Present	Present
Jose Carlitos G. Cruz	Member	Present	Present
Laurence R. Rogero	Member	Present	Present

5. The foregoing statements are in accordance with the records of the Corporation.

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IN WITNESS WHEREOF, I have hereunto affixed my signature on MAY 2 3 2025 in MAKATI CITY, Philippines.

ATTY. MAILA LOURDES G. DE CASTRO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 2 3 2025 in MAKATI CITY Philippines. Affiant, who is personally known to me, exhibited to me her Driver's License with No. N02-95-296472 which will expire on October 18, 2026, as competent proof of her identity.

Witness my hand and notarial seal.

Doc. No. 507;
Page No. 103;
Book No. II;
Series of 2025.



ALYANNA KRISTA SILVA FUEGO
Appointment No. M-237
Notary Public - Makati City (until 31 December 2025)
6/F Filipino Building, 135 Dela Rosa Street
Legaspi Village, Makati City
Roll of Attorneys No. 76780
PTR No. 10465660 | 02 January 2025 | Makati City
IBP No. 492945 | 02 January 2025 | Makati Chapter
MCLE Compliance: VIII-0000545 - 14 June 2024 - Pasig City

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

ANNEX "H"

The following document has been received:

Receiving: DONNA ENCARNADO
Receipt Date and Time: April 11, 2025 02:42:01 PM

Company Information

SEC Registration No.: 0000175222
Company Name: VIVANT CORPORATION
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

Document ID: OST10411202583162137
Document Type: ANNUAL_REPORT
Document Code: SEC_Form_17-A
Period Covered: December 31, 2024
Submission Type: Amendment
Remarks: with fs-Conso and parent

Acceptance of this document is subject to review of forms and contents

ANNEX "I"

MEMORANDUM

For: ***All Directors, Officers and Employees of Vivant Corporation***

From: ***Office of the Corporate Secretary***

Subject: ***Disclosure of Transactions and "Blackout" of Transactions by Directors, Officers, Employees, and Related Individuals of Vivant Corporation Shares***

Date: ***2 July 2014***

A. Disclosure of Transactions Involving Shares of Vivant Corporation

Section 23 of the Securities Regulation Code (the "Code") and Section 13 of the Revised Disclosure Rules of the Philippine Stock Exchange ("PSE") require that all directors and officers of Vivant Corporation should disclose any transaction (purchase or sale) involving directly-owned or beneficially-owned shares of Vivant Corporation.

As defined by the Code, "Beneficial Ownership" means any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote, or to direct the voting of such security; and/or investment returns or power, which includes the power to dispose of, or to direct the disposition of such security; provided, however, that a person shall be deemed to have an **indirect beneficial ownership** interest in any security which is:

i. held by members of his immediate family sharing the same household;
ii. held by a partnership in which he is a general partner;
iii. held by a corporation of which he is a controlling shareholder; or
iv. subject to any contract, arrangement or understanding which gives him voting power or investment power with respect to such securities;

A person shall also be deemed to be the beneficial owner of a security if that person has the right to acquire beneficial ownership, within thirty (30) days, including, but not limited to, any right to acquire, through the exercise of any option, warrant or right; through the conversion of any security; pursuant to the power to revoke a trust, discretionary account or similar arrangement; or pursuant to automatic termination of a trust, discretionary account or similar arrangement.

In this connection, all transactions (purchase or sale) of Vivant shares, whether directly or indirectly owned, must be reported to the Corporate Secretary **not later than two (2) trading days from the date of the transaction.** This will give sufficient time for the Corporate Secretary to disclose the transaction to the Securities and Exchange Commission (SEC) and PSE on the following trading day.

B. "Blackout" Period for Transacting Shares of Vivant Corporation

To avoid the perception of "insider trading", all directors, officers and employees deemed to have access to material and non-public information on Vivant Corporation must not purchase or sell shares, or in any way deal, with shares of Vivant Corporation during the following periods, which are hereby adopted and declared as **"blackout" periods:**

(1) Quarterly Report blackout period – 10 trading days before and until 2 trading days after the date of disclosure to the PSE and SEC

(2) Annual Report blackout period – 10 trading days before and until 2 trading days after the date of disclosure to the PSE and SEC.

(3) Material Transaction blackout period – 10 trading days before and until 2 trading days after Vivant's disclosure to the PSE and SEC of each of the material transaction or event.

The blackout periods also apply to the directors, officers and relevant employees' Related Individuals, which include the following:

1. The legal spouse (or live-in partner) of such director, officer, or employee
2. The director's, officer's, or employee's sibling
3. The sibling of the legal spouse (or live-in partner) of such director, officer, or employee
4. Any member of the immediate family of the director, officer or employee sharing the same household
5. A partnership in which the director, officer or employee in which he/she is a general partner
6. A corporation of which the director, officer or employee is the controlling shareholder
7. Any natural individual or juridical entity who gives the director, officer or employee voting power or investment power with respect to the Vivant shares, under any contract or arrangement

The Office of the Corporate Secretary shall send an e-mail to advise the directors, officers and relevant employees of any blackout period at least two (2) trading days before said period begins.

Any transaction during the blackout period may be treated by the Securities Regulation Code as insider trading and may subject the director, officer, or employee to civil (monetary) liability in a suit brought by any investor who, contemporaneously with the purchase or sale of securities that is the subject of the violation, purchased or sold securities of the same class unless such director, officer, or employee, proves that such investor knew the information or would have purchased or sold at the same price regardless of disclosure of the information to him.

Please be guided accordingly.

-Nothing follows-

ANNEX "J"

VIVANT CORPORATION
Minutes of the Meeting of the
BOARD RISK OVERSIGHT COMMITTEE
Ranudo, 9th Floor, Oakridge IT Center 3
Oakridge Business Park, Mandaue City (Via Zoom)
November 26, 2020 at 10 o'clock in the morning

Present:

Amb. Raul Ch. Rabe	-	Chairman
Mr. Ramontito E. Garcia	-	Member
Atty. Jesus B. Garcia, Jr.	-	Member
Mr. Jose Marko G. Sarmiento	-	Member
Mr. Rogelio Q. Lim	-	Member

Also Present:

Ms. Minuel Carmela N. Franco	-	SAVP – Corporate and Shared Services/ Chief Risk Officer
Mr. Grant Clark	-	AVP - Information Technology
Atty. Catherine S. Bringas	-	Acting Corporate Secretary
Mr. Nilo Aribas	-	IT Consultant

I. CALL TO ORDER

Amb. Raul Ch. Rabe ("RCR") called to order the meeting of the Board Risk Oversight Committee ("RiskCom") of Vivant Corporation ("Vivant") at ten o'clock in the morning and presided over the same. The Acting Corporate Secretary, Atty. Catherine S. Bringas ("CSB") took the minutes of the meeting.

II. CERTIFICATION OF QUORUM

CSB certified that notices of the meeting were given in accordance with the By-Laws, and with the presence of at least majority of the RiskCom, there was a quorum to transact business.

Pursuant to the guidelines under Securities and Exchange Commission ("SEC") Memorandum Circular No. 6, Series of 2020, CSB made a roll call and requested all parties participating in the meeting (whether through videoconference, or teleconference) to state, for the record their full name, position, and location. CSB then informed the attendees who participated in the meeting through videoconference or teleconference call to confirm the following:

1. That they could completely and clearly hear others who could clearly hear them at the end of the line;
2. That they received the agenda and all materials for the meeting; and
3. That they attended the meeting through videoconference or teleconference using the devices below:

Name	Device	Location
Mr. Ramontito E. Garcia	Laptop	Cebu City
Mr. Jose Marko Anton G. Sarmiento	Laptop	Cebu City
Mr. Rogelio Q. Lim	Laptop	Cebu City
Atty. Jesus B. Garcia, Jr.	Laptop	Dipolog City
Amb. Raul Ch. Rabe	Laptop	Muntinlupa City
Ms. Minuel Carmela N. Franco	Laptop	Cebu City
Atty. Catherine S. Bringas	Laptop	Pasig City
Mr. Grant Clark	Laptop	Cebu City
Mr. Nilo Aribas	Laptop	Cebu City

Having satisfied themselves that the participants could hear each other completely and clearly and that the materials have been received by the directors participating through videoconference or teleconference call, the Acting Corporate Secretary certified that with at least a majority of the members of the RiskCom present at the meeting by videoconference or teleconference call, a quorum existed for the transaction of official business by the RiskCom.

III. READING AND APPROVAL OF MINUTES OF PREVIOUS MEETING

After motion duly made and seconded, the reading of the minutes of the previous meeting was dispensed with. After a subsequent motion that was duly seconded, the minutes were approved without revisions.

IV. MATTERS ARISING FROM PREVIOUS MEETING

V. IT ROADMAP

Mr. Grant Clark ("GC") introduced the presentation as the IT Roadmap or the information systems strategic plans for Vivant and the recommended improvements to its IT system.

GC introduced the speaker, who was engaged by Vivant almost a year ago. Mr is an IT Consultant with over twenty-five years of experience. He was engaged to perform a thorough review of the IT systems, processes, and the organization of the people in the IT Department. He was also tasked to recommend a roadmap on how to implement the improvements. GC informed the RiskCom about Mr. educational and work background.

Mr. then presented *"IT Roadmap: Information System Strategic Plan"* ("ISSP"). The presentation covered updates on the ISSP and provide context on the topic on IT risks, information system policies, relevant to business continuity and overall security posture.

The approach will cover three (3) phases of the IT process – people, organization, and infrastructure. There will be holistic view and not limited to specific areas. First was to identify the IT services. The next step was to organize and structure, and maybe reinforce the people to deliver the services. The necessary tools and infrastructure are then determined. This was the core of the review of the IT of the organization. The policies and procedures were also tracked. From there, the IT security posture will be continuously looked. Movements from one location to another may cause a change in security posture and surface exposure.

The IT Department Assumptions for ISSP were identified and enumerated, as follows:

1. The IT Department will continue to provide corporate IT shared services
2. Enterprise Resiliency (through IT Business Continuity) initiative will be given priority in response to operational challenges brought about by COVID-19.
3. The current IT staff/complement will be retained, but roles will be redefined based on restructured IT organization. This also means updating the skills of the people.
4. Workstations and laptops will continue to be the primary work area of Vivant's workforce including work from home ("WFH").
5. IT/Information System ("IS") project management and technical will be enhanced to support the need of the business growth.
6. Cybersecurity will be strengthened has a consequence of the changing computing environment such as WFH and cloud computing.

Mr. discussed the goal to simplify the ISSP while making sure that key areas were covered. He came up with a strategy based on the assumptions. The IT Strategies were as follows:

1. Centralized IT infrastructure such as back-end servers, back-up, storage.
2. Establish IT systems for policy enforcement and control.
3. Strengthen program on disaster recovery and business continuity. He said this was a key topic area. The critical portion, as discussed earlier, is a situation that the Company is not prepared for. While possible scenarios are being recognized, the reality is that everything cannot be predicted. The best that can be done is to ensure that systems in place: how incidents are handled, how they are escalated, and how they are responded to. It must be ensured that each contributor in the Department must be able to respond consistent with the business recovery strategies and plans. This will be part of equipping them for their role in business continuity.
4. Restructure IT Organization, take advantage of external resources, develop training and development program for internal team.

The Proposed Sequencing of IT Projects based on ISSP was presented. Vivant must establish capability by moving critical equipment/system in the office to the cloud, a structure known to withstand disruption. He gave as an example the quarantine resulting from COVID-19, when the workforce was unable to report to work. The most important aspect of the

workspace was getting access to the system. The gray boxes in the presentation material showed the people and processes, which work hand in hand with the green boxes - infrastructure. The policies and procedures must also be updated, as well as the ability of the people who will enforce them. Then there will be enterprise back-up and recovery infrastructure. After which, there will be a simulation on IT Business Continuity Plan Execution. Each member of the organization becomes conscious of his/her tasks. This is followed by the development of Authorization Schema that pertains to establishing the effective authorizations of the users – i.e., who will have access to what. Once authorization schemes are established, this may be used by IT to enforce the policy. There is a way to audit the in the future whether the approved policy was the one actually implemented.

"The Processes: IT Services" was discussed.

There were two areas: front-end services, what the use experience (laptops and dektops), and back-end services, accessed by all users in the data center. Vivant has two data centers, one in Cebu and another in Makati. The set-up was geographically implemented. Thus, the workforce in Makati accesses the data center in Makati, and the workforce in Cebu accesses the data center in Cebu. However, Mr. Arabis noted that the geographical locations do not provide covering services across the two systems. He said this was not ideal because the system should be able to support the entire workforce regardless of where they were. He said the current set-up was not designed to sustain operations when there was disruption in place. He said that migration to cloud would allow for work to continue 24/7.

He then presented the "Proposed Consolidation/Migration to Cloud." The infrastructure was consolidated in a location that can be accessed by all the users from anywhere. The office was just one of the locations where they can access the services. This was very convenient considering the new norm. The moment information was moved to the cloud, there will be only one back up and will be centralized. There will be weekly backups and daily incremental backups.

The IT Organization/Staffing was discussed. The current set-up was that the assignment of people followed the same arrangement. There was one IT staff in Makati and two in Cebu. The IT in Makati was a single point of failure, because he was the only person able to support the Makati group. Post-migration, the roles may be consolidated to ensure that they were performed. There will be duplicate roles. As data was accumulated, the people handling the network or servers will have different focus from the ones handling the data. IT services will also be enhanced because focus on managing data will be managed by a database administrator.

One of the key changes to be incorporated was the IT Incident Response and Management. It was how the incidents will be captured and how it will be handled by the staff. Within IT, incidents, big or small are captured. It was processed either for information, alert, or crisis level reporting.

IT Business Continuity Planning Cycle was reported next. There was Assessment, where risk was assessed; Analysis, where impact was analyzed; Design and Implementation

of the strategy; and Simulate, Measure and Monitor. Simulation will allow the Company to establish a baseline based on the response, if acceptable.

Mr. continued to report on IT Organizational Set Up. The current set-up was that there were infrastructure staff, who work on the back-end servers, network administration, who provide support for desktops and laptops, and the development group, which refers to outside partners who work on the software. He said that this should be considered as a critical IT component.

He presented an illustration showing the IT system infrastructure. It gives an idea on what is affected when a certain component of the IT system was down. The lower portion showed the hardware or physical asset in the office. The top-most showed the users who do not usually see what was beneath the system that they access. These are assigned to the physical devices/assets, which, if affected, will impact the users.

Mr. also discussed crisis response from an IT perspective. In the current set-up, if an IT personnel was assigned to handle the physical assets in the premises, hints or signs of anomaly, even at the first level, must be escalated. By having an early warning of what was expected, the IT group will know how to respond accordingly.

In the cloud set-up, however, when any anomaly happens, the IT group was not constrained to the specific components earlier mentioned. Vivant was more flexible in addressing the inherent issues such as hardware failure. Most of the cloud service providers' systems are more tolerant. Since they have more servers, they can afford to bring down some of the servers without affecting the services in the top tiers.

On the process side, once the information was captured at the IT level, it may be escalated further up where it will connect to the overall Business Continuity Plan of the organization. It becomes easier for the Crisis Management Team to handle problem.

The IT Organizational Set-up was presented to the RiskCom. The current team showed that the Development Team, which was usually outsourced, also handles projects. It was between the other teams, Infrastructure and Front-end Services. They strive to ensure that the systems continue to work. The Development Team work on systems in-progress, not yet in production. Normally, operations and work-in-progress systems were not mixed. The critical functions should not be affected by any glitches by those that still needs to be polished or perfected.

The proposed set-up highlights a clear delineation between operations and the projects under business services, between those running the system and those creating the system. By having specific focus areas, as the organization grows, it will not be affected by the peculiarities of development and of operations.

RCR asked if the new system will render the regional offices or entities unnecessary. Mr. answered that the idea behind migrating to the cloud was for accessibility for operational needs. Older data which are required to be mandated for legal or other purposes,

are not intended to be stored in the cloud. He said there was still a necessity to develop systems for in-house purposes like maintaining these older data.

RCR pointed out that once the cloud is used, the full operations of the data centers in Cebu and Makati will no longer be necessary. Mr. Arabis agreed and said that there will only be one entity needed for the historical archive, either in Cebu or in Makati.

Mr. Jose Marko Anton G. Sarmiento ("JGS") asked which cloud services will be used – independent or third-party, e.g. Amazon, Google, etc. Mr. Arabis said part of Vivant's data were with Amazon and its email, with Google. He said that it was up to Vivant to determine which will be the best fit. If it will store voluminous data, Google is cheaper.

JGS asked about data security when information is dumped on the cloud. Mr. said that Vivant can opt to have the data pass through Vivant before it may be accessed through the cloud – like a re-routing of data traffic. He said this encrypted "tunnel" can be implemented. Effectively, the cloud is not public since it was not exposed. Vivant will just capitalize on the inherent availability features of the cloud provider. All the policies existing will still be enforced; only the traffic was being re-routed. JGS pointed out the risks involved in using the cloud, but if risks were mitigated, then it will be a good thing.

Atty. Jesus B. Garcia, Jr. ("JBG") critiqued the presentation. He said the presentation was very good in terms of people, organization, and infrastructure. He recalled that he was asked to give a critique of a thesis in UP Manila a long time ago relative to IT, which pointed that IT was the essence of management. At every stage of the management process, IT was necessary because of the data involved. IT still has limitations. It is merely the supplier of information, on which management acts. He said that the presentation was weak on the product which was to be produced. Since IT primarily provides information for management to base its decisions, the more important aspect is how IT will integrate information (or package information) to make the information "usable" or "chewable" by management. He said that management should be apprised of this as the more important thing. The road map should also consider artificial intelligence ("AI"). He said that management should be look into how IA can be utilized to package data into usable information.

He summarized that what should be considered were the following: 1) generation of data and integrated probably with the use of AI and 2) immediate feedback for management to address.

MATTERS ARISING:

5.1.1 Management: JBG asked management to look into how AI can be utilized to package data into usable information for management.

VI. IT SECURITY POSTURE

Mr. continued his report on IT Security Posture. Over the last months, an external scan was conducted, and the following were concluded:

1. WFH transformed enterprise to fragments of computing tools.
2. The diversity of devices, alternative connections, in multiple locations creates complexity.
3. Disruption of supply chains accelerated transformation to online.
4. Everything that touches the enterprise exposes it to potential risk.
5. There is a significant increase in cybercrime as a consequence of COVID-19.

An internal scan was made to review the risks faced by Vivant. Higher risks include hardware failure. There were also concerns on the process side, such as identity theft. A threat actor can actually assume one's identity, usually online. This is made in the form of *phishing,* where the user is manipulated to provide personal information. There were also concerns on malware and ransomware, the latter depriving one access to data. Some of these viruses are not destructive but are still disruptive. There was also the issue of the IT staff not being able to report to the office, especially during the initial stages of the quarantine. However, the staff were slowly already able to perform their jobs, even remotely.

The risks were being grouped under Infrastructure, Processes, and People. In order to address theses risks, there were short-term and long-term forms of mitigation. One of the strategies adapted for purposes of security was --- Defense in Depth ("DiD"). The concept of this was that the overall security posture of an organization depended on a series of security measures put in place.

DiD layers were discussed as follows: (1) Data Asset; (2) Application Layer, secured by username and password; (3) Host/Device, which the application must be downloaded in before it can be launched; (4) Internal Network (Vivant's network is compartmentalized, which provides control.); (5) Perimeter Network, which is the firewall gone through before one can access the internet; (6) Physical Access Control, which is the physical office providing a layer of protection; it can ensure that the people accessing are employees of the Company; and (7) Policies and Awareness.

The challenge in relying solely on DiD is that the moment the situation changes, such as the WFH arrangement, which removes the Physical Layer, the other measures may be rendered irrelevant. There was a need to reinforce the set-up since the working environment has changed. This is where the strategy on Defense in Breadth ("DiB") comes into play. The layers are made wider to allow not only preventive capability, but also detection and response.

An illustration of a DiB is called a multi-factor defense in security. For instance, one the username and password are compromised, there can already be accessed. In DiB, there is another layer added, two-factor authentication. Users will be required two things: 1) what they know – username and password, and 2) what they have – the username and password can only be used in a specific device. This gives the user a "situational awareness". Whenever someone else tries to access the system, the legitimate user will be prompted about it. Something that was prevented was also escalated with the prompt.

RCR then summarized the presentation. He asked how Vivant can be protected from scammers since it is vulnerable, being a holding company with a diverse portfolio.

Mr. Arabis said that the elements of security posture were in place. It was just having the right visibility on what was going on to make the response. He noted that the ability to prosecute is also based on the ability to gather evidence. He mentioned that one of the measures they would want to implement was a Directory System. Through this, the identity will be tied to or connected with the Infrastructure to ensure that the individual is one of Vivant's employees. He emphasized the importance of having visibility and knowledge on what was happening.

RCR added that the important thing was to note how to know the matters that were getting to Vivant's system. At a higher level, a program can be developed a program to protect Vivant. Ms. Minuel Carmela M. Franco ("MNF") clarified that part of the engagement of Mr. Aribas was to review processes and functions. Functions not in place will also be implemented. There were still a lot of internal things to be done as well, not just external.

JBG restated the importance of determining what data will be generated by management. Information was being looked at as a commodity. What was important was not the generation or location of the disparate data, rather, the integration. Instead of discussion on the levels access of data, he was keener on the discussion on the levels of information to be accessed. He was asking if it were feasible to manage or integrate data through an application which was accessible only to management.

Mr. agreed with JBG's concerns and shared some similarities to his experience working on the naval security data or information management. So much data was being gathered. However, 95% of the intelligence gathered were open-sourced. The value of the information is really on the analysis. He also emphasized the need for these systems to be in place.

Mr. Rogelio Q. Lim ("RQL") said that some of the information presented were confidential. He asked if it would be possible to come up with a presentation that cannot be saved. He added that the people who has access to the information real-time must also be determined. Some people may not need real-time data. On the utilization of AI, the ideal AI should be something that can detect inputs due to creativity and emotion. Current AI technology merely involves anticipatory decision-making.

RCR said the RiskCom should continue more discussions on IT and other related matters.

VII. OTHER MATTERS

There were no other matters to be discussed.

VIII. ADJOURNMENT

Upon a motion duly made and seconded, the meeting of the RiskCom was adjourned at 11:50 A.M.

Prepared by:

ATTY. CATHERINE S. BRINGAS
Acting Corporate Secretary

Attested by:

AMB. RAUL Ch. RABE
Chairman of the Board Risk Oversight Committee

ANNEX "K"

REPUBLIC OF THE PHILIPPINES }
MAKATI CITY } S.S.

CERTIFICATION

We, **ARLO ANGELO G. SARMIENTO and MYLA D. LUMIBAO,** Filipinos, both of legal age and with office address at 19th Floor Alveo Financial Tower, 6794 Ayala Ave., Makati City, Philippines, after being duly sworn in accordance with law, depose and state that:

1. We are the Chief Executive Officer and Chief Audit Executive, respectively of **VIVANT CORPORATION** (the "Corporation"), a corporation duly organized and existing pursuant to and under the laws of the Republic of the Philippines, with principal business address at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Barangay Banilad, Mandaue City, Cebu, Philippines;

2. The Corporation has a sound internal audit, control and compliance system in place and is working effectively;

3. The foregoing statements are in accordance with the records of the Corporation.

IN WITNESS WHEREOF, I have hereunto affixed my signature this MAY 23 2025 in MAKATI CITY, Philippines.

ARLO ANGELO G. SARMIENTO
Chief Executive Officer

MYLA D. LUMIBAO
Chief Audit Executive

SUBSCRIBED AND SWORN TO before me this MAY 23 2025 in Mandaue City, Philippines. Affiant personally exhibited to me their Philippine Passport with No. P6592337A issued on March 28, 2018 at DFA Cebu and PRC ID NO. 0099425 which will expire on 01/25/2024, respectively, as competent proof of their identities.

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Page No. 103;
Book No. II;
Series of 2025.

BUREAU OF INTERNAL REVENUE
DST 2024
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ALYANNA CRISTA SILVA FUEGO
Appointment No. M-237
Notary Public - Makati City (until 31 December 2025)
6/F Filipino Building, 106 Dela Rosa Street
Legaspi Village, Makati City
Roll of Attorneys No. 76780
PTR No. 10465060 | 02 January 2025 | Makati City
IBP No. 492945 | 02 January 2025 | Makati Chapter
MCLE Compliance: VIII-0009645 - 14 June 2024 - Pasig City

ANNEX "L"

b. Any act constituting disrespect and disregard of authority of Company superiors and officers.	15 days Suspension	30 days Suspension	Dismissal		
c. Any act which constitutes resistance, threat, intimidation or assault against a person of authority in the Company or any of this agent.	15 days Suspension	30 days Suspension	Dismissal		
d. Any other act constituting insubordination not included in the preceding sections.	15 days Suspension	30 days Suspension	Dismissal		
e. Willful disobedience of the lawful orders of the Company and any of its officers.	15 days Suspension	30 days Suspension	Dismissal		
SECTION 13 Posting on or removing from Company bulletins any material without authority.	Written Warning	6 days Suspension	15 days Suspension	30 days Suspension	Dismissal
SECTION 14 Immoral conduct or indecent / lascivious acts.	Dismissal				
SECTION 15 Removal of any Company property without proper authorization.	Written Warning	6 days Suspension	15 days Suspension	30 days	Dismissal
SECTION 16 Gambling					
a. During working hours	15 days Suspension	30 days	Dismissal		
b. On off-work time but in Company premises	15 days Suspension	30 days Suspension	Dismissal		

V. SAFETY, HEALTH, SECURITY AND PUBLIC ORDER

A clean and safe working environment benefits all employees and the Company. Therefore, it is the responsibility of each employee to follow appropriate hygienic practices; undergo annual physical examination; wear identification cards, prescribed uniforms and safety equipment; contribute to the good housekeeping and follow safety and security rules and regulations at the work place.

OFFENSE	PENALTIES				
	1st	2nd	3rd	4th	5th
SECTION 1 Failure to undergo the annual physical examination as scheduled with clinic/medical. Upon serving of Counseling or suspension, the employee shall have thirty (30) days within which to comply with his physical examination, it shall be construed as another violation.	Written Warning	3 days Suspension	6 days Suspension	15 days Suspension	30 days Suspension
NOTE: For sixth (6th) Offense – Dismissal					
SECTION 2 Reporting for work or working without ID Card for more than two times per calendar month	Written Warning	3 days Suspension	6 days Suspension	15 day Suspension	30 days Suspension
NOTE: For sixth (6th) Offense – Dismissal					
SECTION 3 Unauthorized carrying or possession of firearms, explosives, or other deadly weapons within Company premises.	Dismissal				
SECTION 4 Smoking in "No Smoking" areas or violation of other safety and security rules and regulations.					
a. If no damage or injury caused	Written Warning	6 days Suspension	15 days Suspension	30 days Suspension	Dismissal
b. If there is damage or injury caused	15 days Suspension	30 days Suspension	Dismissal		
NOTE: One (1) to thirty (30) days suspension depending on the extent of damage or injury and other aggravating and mitigating circumstances.					
SECTION 5 Committing acts against proper sanitation and good housekeeping such as littering, hanging of personal belongings in common areas and so forth.	Written Warning	3 days Suspension	6 days Suspension	15 days Suspension	30 days Suspension
SECTION 6 Willful disregard of office directive relating to sanitary conditions, cleanliness and orderli-	Written Warning	6 days Suspension	15 days Suspension	30 days Suspension	Dismissal

ness of the office, security of office supplies and equipment or performing any act contributing to unsanitary condition or practice on Company premises or job sites.					
SECTION 7 Unauthorized possession, duplication, or use of false keys, pick locks or similar devices which can open lockers, drawers, cabinets etc., or other property of the Company or those of other employee	Written Warning	6 days Suspension	15 days Suspension	30 days Suspension	Dismissal
SECTION 8 Reporting for work while having a contagious disease which may endanger the health of other employees, knowing about it, yet failing to report or willfully withholding information thereof to Company authorities.	Written Warning	6 days Suspension	15 days Suspension	30 days Suspension	Dismissal
SECTION 9 Reckless, improper, and unsafe driving/maneuvering of Company vehicles inside or outside Company premises.	Written Warning	6 days Suspension	15 days Suspension	30 days Suspension	Dismissal
NOTE: Offenses or violations of any Company Policy, Rules and Regulations not included among the foregoing will be subject to disciplinary action in accordance with the circumstances of each case.					

VI. ANTI-SEXUAL HARASSMENT

The Company is committed to upholding the rights and dignity of all its employees through the creation of a work environment characterized by professionalism, openness, respect, and trust.

The Company values the dignity of every individual, enhances the development of its human resources, guarantees full respect for human rights and upholds the dignity of its employees and applicants for employment. Towards the end, all forms of sexual harassment in the workplace are hereby declared unlawful.

OFFENSE	CORRECTIVE ACTION				
	1st	2nd	3rd	4th	5th
1. Persistently telling smutty jokes to a co-employee who has indicated that he/she finds them offensive;	Written Warning	6 days Suspension	15 days Suspension	30 days Suspension	Dismissal
2. Taunting a co-employee with constant talk of sex or sexual innuendoes;	Written Warning	6 days Suspension	15 days Suspension	30 days Suspension	Dismissal

ANNEX "M"

VIVANT

TO : ALL CONCERNED

Ref. No. HR 2019-02

FROM : HR

RE : Training Request Guidelines

DATE : May 2, 2019

This is to reiterate that all trainings shall be linked to the approved Individual Development Plan (IDP). A copy of the IDP shall be attached to the Training Request Authorization (TRA) form to facilitate training approvals.

Please see process flow below:

1. The requesting employee shall fill out the TRA and attach a copy of their approved IDP to better facilitate approvals.
2. The immediate manager shall check if said training matches the employee's IDP then approves the TRA. Once approved, it will be forwarded by the requesting employee to his Department Head or Group Head for final approval.
3. HR will verify,then determine whether said training falls within the approved training plan. If unbudgeted and/or not indicated in the approved IDP, employee is required to seek approval from the Budget Office (Corporate Planning) and the EVP (VVT) or EVP-COO (VEC).
4. Accounting will only process disbursements upon completion of the duly approved TRA.
5. HR shall facilitate training registration and payment settlement. However, forecasting of training payment will be the responsibility of the requesting employee.

The Training Brief and all materials obtained from the training event are still expected to be submitted by the employee to HR within fourteen (14) calendar days from the end of training. Failure to submit said requirements shall bar the rest of his Department from further training enrollments.

Managers are encouraged to send only up to two (2) team members to any particular training to maximize the training budget.

MINDEL CARMELA N. FRANCO
SVP – Corporate and Shared Services