

COVER SHEET

1 7 5 2 2 2  
S.E.C. Registration Number

P.S.E. Control Number

V I V A N T C O R P O R A T I O N

(Company's Full Name)

9 T H F L 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 M A N D A U E C I T Y , C E B U

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

Joan A. Giduquio-Baron  
Contact Persons

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

1 2 3 1  
Month Day  
Fiscal Year

3<sup>rd</sup> Quarterly Report 2021  
SEC FORM 17-Q

0 6 1 7  
Month Day  
Annual Meeting

FORM TYPE

N/A

Secondary license Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

1,412

1,023,397,979

58,719

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = Pls. Use black ink for scanning purposes



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **September 30, 2021**

2. Commission identification number: **175222**

3. BIR Tax Identification No.: **242-603-734-000**

**Vivant Corporation**

4. Exact name of issuer as specified in its charter

**City of Mandaluyong**

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

6. Industry Classification Code:  (SEC Use Only)

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

7. Address of issuer's principal office

**6014**  
Postal Code

**(032) 234-2256; (032) 234-2285**

8. Issuer's telephone number, including area code

**NA**

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

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

Title of each Class

Number of shares of common  
stock outstanding and amount  
of debt outstanding

**Common Shares at Php 1.00 per share  
Amount of debt outstanding**

**Php 1,023,456,698  
Php 6,993,900,032**

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

Yes [] No []

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

**Philippine Stock Exchange**

**Common Stock**



12. Indicate by check mark whether the registrant:

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

Yes [] No []

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

Yes [] No []

## PART I--FINANCIAL INFORMATION

### Item 1. Financial Statements.

Please refer to attached financial statements and schedules.

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

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

*The following is a discussion and analysis of the Company's consolidated financial condition and results of operations for the interim period ended September 30, 2021 compared with the interim period ended September 30, 2020. This report should be read in conjunction with the consolidated financial statements and the notes thereto.*

#### KEY PERFORMANCE INDICATORS

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

1. **Equity in Net Earnings (or Loss) of Associates.** Equity in net earnings (or loss) of associates is the Company's share in the income or loss of associates, or investee companies accounted for under the equity method. It indicates the profitability of the associates and measures their contribution to the profitability of the parent.
2. **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).** EBITDA is calculated by taking operating income and adding back to it the interest, depreciation and amortization expenses. Since EBITDA eliminates the effects of financing and accounting decisions, it can provide a relatively good comparison of the performance of the Company with other players in the industry. It also provides a good measure of the Company's ability to generate cash from operations to cover financial charges and income taxes.

3. **Cash Flow Generated.** Cash flow generated indicates the ability of the Company to generate enough cash for operating, investing and financing activities.
4. **Debt-to-Equity Ratio (DER).** DER gives an indication of the Company's leverage position and is computed by dividing total liabilities with total stockholders' equity.
5. **Current Ratio.** Current ratio is computed by dividing current assets by current liabilities. This indicates the liquidity of the Company in the short term and measures the peso amount of current asset available to cover a peso amount of current liability.

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

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

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

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

1. Visayan Electric Company (VECO), the Company's distribution utility, recorded a 5% YoY rise in its bottomline contribution, from Php 569.8 mn to Php 596.3 mn. The drop in interest expense due to lower debt availments and higher non-core income (e.g., pole rentals and surcharges) mainly accounted for VECO's expansion in net earnings during the period in review. The 2% YoY rise in energy sales volume also contributed to the increase in net earnings.
2. 40%-owned Abovant Holdings, Inc. (AHI) posted a 15% YoY increase in its income contribution to Php 249.5 mn from Php 217.0 mn. This was driven by the increase in profitability of its associate, Cebu Energy Development Corporation (CEDC). Higher spot market prices resulted to a 52% YoY growth in energy sales of CEDC at the Wholesale Electricity Spot Market (WESM). The lower maintenance costs and interest expense resulting from principal loan payments further enhanced the company's profitability for the period.
3. 20%-owned Therma Visayas, Inc. (TVI) recorded a positive income contribution of Php 167.8 mn as of end-September 2021. This was a reversal from the net loss contribution of Php 24.7 mn in the same period last year. This was mainly attributed to the 45% YoY rise in volume of energy sold and the spike in spot market prices at the WESM during the period in review. Further to this, TVI saw a 10% YoY rise in volume of energy sold from contracts with Retail

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

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

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

1. 40%-owned Minergy Power Corporation (MPC) brought in contributions of Php 175.0 mn as of end-September 2021, lower by 50% YoY from Php 352.8 mn as of end-September 2020. This can be mainly attributed to the 11% YoY decline in the volume of energy sold. The 19% YoY rise in MPC's operating expenses also contributed to the unfavorable YoY variance.
2. 40%-owned Cebu Private Power Corporation (CPPC) posted an income contribution of Php 101.3 mn as of end-September 2021, a 22% YoY reduction from Php 130.0 mn in the same period last year in spite of better profits from increased sales on its bilateral contract (up by 23%) and revenues from dispatch of excess capacity to the WESM (up by 398%) due to higher spot market rates. The period in review recorded higher operating expenses, which was due to the non-recording of the depreciation on asset revaluation last year. Higher maintenance costs and lower interest income also contributed to the earnings contraction during the period in review.
3. 50%-owned Delta P, Inc. (DPI) recorded a 51% YoY drop in income contribution from Php 39.7 mn to Php 19.4 mn. The rise in operating expenses (up by 29% YoY) mainly accounted for the earnings contraction during the period in review.
4. 50%-owned Calamian Islands Power Corporation (CIPC) saw a 40% YoY reduction in its income contribution from Php 31.8 mn to Php 19.0 mn. This was brought about by the 17% YoY decline in energy sales volume as the COVID-19 pandemic affected overall power demand in the islands. CIPC also incurred costs for the preventive maintenance work done during the first half of 2021.
5. In March 2021, the Company, through wholly owned subsidiary Vivant Renewable Energy Corporation (VREC), acquired an equity stake of 34.85% in Buskowitz Finance, Inc. (BFI), a solar engineering, procurement and construction company. As of end September 30, 2021, BFI contributed a net loss of Php 13.9 mn.

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

1. Sale of power significantly grew by 76% YoY. This was mainly attributed to:
  - 67% YoY rise in the total energy sales of 55.2%-owned 1590 Energy Corporation (1590 EC), which was mainly driven by the 85% YoY increase in volume sold at the WESM.
  - 100%-owned Corenergy, Inc. (Corenergy) showed higher RES revenues (up 144% YoY) as of end-September 2021. This strong showing was attributed to the rise in contracted

capacity to 17.69MW as of end-September 2021 from 8.15MW as of end-September 2020, which was on the back of additional customers during the period in review.

- 100%-owned Coreenergy Solar Solutions Corporation (CSSC)<sup>1</sup>, posted a 30% YoY expansion in its volume of energy sales.
  - 65%-owned Isla Norte Energy Corporation (INEC) shored in a revenue contribution of Php 27.0 mn from its Interim Power Supply Agreement (IPSA) with Bantayan Electric Cooperative, Inc. (BANELCO).
  - 90%-owned Bukidnon Power Corporation (BPC) and North Bukidnon Power Corporation (NBPC) brought in fresh revenue contributions of Php 27.9 mn and Php 23.4 mn, respectively, as of end-September 2021. The Company, through wholly owned subsidiaries, Vivant Energy Corporation (VEC) and Amberdust Holdings Corporation (AHC), acquired 90% of the outstanding shares of BPC and NBPC in the second quarter of 2021. Both companies own bunker-diesel power plants that serve two separate franchise areas in Bukidnon.
2. Management and service fees rose by 12% YoY from Php 22.4 mn to Php 25.0 mn driven by the increase in rates.
  3. 1% YoY rise in equity earnings resulting from the increase in the income contributions of four associates as of end-September 2021. These are VECO, AHI, TVI, and PRISM.

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

1. Engineering service income went down by 26% YoY. This mainly resulted from the timing of the revenue recognition by 60%-owned Watermatic Philippines, Inc. (WMP) under PFRS 15<sup>2</sup> on customer contracts. This was mitigated by revenues from the engineering service contracts of Coreenergy, which significantly rose to Php 16.0 mn as of end-September 2021 from Php 3.2 mn as of end-September 2020 as a result of increased customer base.
2. Interest income decreased by 65% YoY, which was driven by lower rates for short-term investments.
3. 76% YoY increase in total cost of services, which was mainly attributed to the 84% YoY rise in cost of generation. This was on the back of increased dispatch in 1590 EC, higher cost of purchased power in Coreenergy, increased operating expenses to service additional customers of CSSC and INEC's costs for operating under an IPSA. The cost of generation incurred by newly acquired BPC and NBPC also contributed to the cost expansion during the period in review.
4. 21% YoY rise in operating expenses.

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<sup>1</sup> The Philippine Securities and Exchange Commission approved the change in corporate name from ET Energy Island Corporation (ETEI) to Coreenergy Solar Solutions Corporation (CSSC) on August 26, 2021.

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

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

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

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

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

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

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

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

The Company's current ratio improved to 5.85x as of end-September 2021 from year-end 2020 level of 1.33x. Current assets posted a growth of 15% (attributed to the 20% rise in cash and cash equivalents,

advances by three subsidiaries to a joint venture and two associates), while current liabilities showed a significant decrease of 74% from end-2020 level. The settlement of the Company's FRCN issued in 2014, and the short-term loans of 1590 EC and INEC, coupled with the amortization of finance lease liability-current portion, contributed to the decline in current liabilities as of end-September 2021.

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

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

1. Sale of power went up by 76% YoY, which is attributed to the following:
  - 67% YoY rise in the total energy sales of 55.2%-owned 1590 EC, which was mainly driven by the 85% YoY increase in volume sold at the WESM.
  - 100%-owned Corenergy showed higher RES revenues (up 144% YoY) as of end-September 2021. This strong showing was attributed to the rise in contracted capacity to 17.69MW as of end-September 2021 from 8.15MW as of end-September 2020, which was on the back of additional customers during the period in review.
  - 100%-owned CSSC posted a 30% YoY expansion in its volume of energy sales.
  - 65%-owned INEC shored in a revenue contribution of Php 27.0 mn from its IPSA with BANELCO.
  - 90%-owned BPC and NBPC brought in fresh revenue contribution of Php 27.9 mn and Php 23.4 mn, respectively.
2. Engineering service income dropped to Php 77.9 mn from Php 105.0 mn. This was mainly attributed to the timing of revenue recognition for the engineering service contracts of 60%-owned WMP under PFRS 15. This was mitigated by revenues from the engineering service contracts of Corenergy which significantly rose to Php 16.0 mn as of end-September 2021 from Php 3.2 mn as of end-September 2020 as a result of increased customer base.
3. Management and service fees rose by 12% YoY to Php 25.0 mn. This was due to increase in the rates. The Company and VEC had a combined management fee income of Php 22.4 mn in the same period last year.
4. The Company's share in net earnings of associates and joint ventures as of end-September 2021 amounted to Php 1.324 bn, representing a 1% YoY increase from Php 1.317 bn. This was a result of the following:
  - VECO, the Company's distribution utility, recorded a 5% YoY rise in its bottomline contribution, from Php 569.8 mn to Php 596.3 mn. The drop in interest expense due to lower debt availments and higher non-core income (e.g., pole rentals and surcharges) mainly accounted for VECO's expansion in net earnings during the period in review. The 2% YoY rise in energy sales volume also contributed to the increase in net earnings.

- 40%-owned AHI posted a 15% YoY increase in its income contribution to Php 249.5 mn from Php 217.0 mn. This was driven by the increase in profitability of its associate, CEDC. Higher spot market prices resulted to a 52% YoY growth in energy sales of CEDC at the WESM. The lower maintenance costs and interest expense resulting from principal loan payments further enhanced the company's profitability for the period.
- 20%-owned TVI recorded a positive income contribution of Php 167.8 mn as of end-September 2021. This was a reversal from the net loss contribution of Php 24.7 mn in the same period last year. This was mainly attributed to the 45% YoY rise in volume of energy sales and spike in spot prices at the WESM during the period in review. Further to this, TVI saw a 10% YoY rise in volume of energy sales from contracts with RES customers. Lower operating expenses during the period in review also contributed to the enhanced profitability.
- 40%-owned Prism Energy, a RES, contributed earnings of Php 16.1 mn, 68% YoY ahead of the Php 9.6 mn in the same period last year. The robust performance can be attributed to the 12% YoY rise in volume of energy sold, enhanced margin per kilowatt hour (kWh) and lower operating expenses as of end-September 2021.

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

- 40%-owned MPC brought in contributions of Php 175.0 mn as of end-September 2021, lower by 50% YoY from Php 352.8 mn as of end-September 2020. This can be mainly attributed to the 11% YoY decline in the volume of energy sold. The 19% YoY rise in MPC's operating expenses also contributed to the unfavorable YoY variance.
- 40%-owned CPPC posted an income contribution of Php 101.3 mn as of end-September 2021, a 22% YoY reduction from Php 130.0 mn in the same period last year in spite of better profits from increased sales on its bilateral contract (up by 23%) and revenues from dispatch of excess capacity to the WESM (up by 398%) due to higher spot market rates. The period in review recorded higher operating expenses, which was due to the non-recording of the depreciation on asset revaluation last year. Higher maintenance costs and lower interest income also contributed to the earnings contraction during the period in review.
- 50%-owned DPI recorded a 51% YoY drop in income contribution from Php 39.7 mn to Php 19.4 mn. The rise in operating expenses (up by 29% YoY) mainly accounted for the earnings contraction during the period in review.
- 50%-owned CIPC saw a 40% YoY reduction in its income contribution from Php 31.8 mn to Php 19.0 mn. This was brought about by the 17% YoY decline in energy sales volume as the COVID-19 pandemic affected overall power demand in the islands. CIPC also incurred costs for the preventive maintenance work done during the first half of 2021.
- On March 24, 2021, the Company, through wholly owned subsidiary VREC, acquired an equity stake of 34.85% in BFI, a solar engineering, procurement and construction company. As of end September 30, 2021, BFI contributed a net loss of Php 13.9 mn.

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

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

1. Total cost of services rose by 76% YoY to Php 1.4 bn from Php 782.2 mn. This can be mainly attributed to the 84% YoY increase in generation cost to Php 1.3 bn from Php 698.0 mn, which resulted from the following cost expansion during the period in review:
  - (i) Increased fuel cost on the back of the rise in 1590 EC's WESM sales;
  - (ii) Higher cost of purchased power incurred by Corenergy as its energy sales volume went up by 140% YoY;
  - (iii) 49% YoY rise in CSSC's cost of on account of the technical consultancy contracts and higher depreciation cost on solar panels to service additional customers;
  - (iv) INEC's costs for operating under an IPSA; and
  - (v) Cost of generation incurred by newly acquired subsidiaries, BPC and NBPC.

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

- (i) Higher technical consultancy fees, direct labor, and other project costs of WMP; and
  - (ii) Increased engineering service fees of Corenergy to carry out its growing service contracts with customers.
2. Salaries and employee benefits went up by 17% YoY to Php 236.3 mn from Php 202.4 mn. Increase in headcount and salary rate mainly accounted for the cost expansion.
  3. Professional fees surged by 100% YoY to Php 145.0 mn from Php 72.4 mn. This was mainly due to legal fees incurred by three wholly-owned subsidiaries relating to projects.
  4. Depreciation and amortization increased by 6% YoY to Php 38.0 mn from Php 35.9 mn. This was attributed to the depreciation of newly purchased fixed assets.
  5. Taxes and licenses fell by 40% YoY to Php 30.6 mn from Php 51.0 mn. The decline in prior year gross revenues of the Company, 1590 EC and VEC resulted to lower local business taxes. Further to this, the Company and its subsidiaries incurred additional business taxes due to the change of business address in the same period last year.
  6. Outside services was up by 19% YoY to Php 20.0 mn from Php 16.7 mn. Higher technical service fees incurred by 1590 EC and payroll outsourcing services of the Company and five subsidiaries mainly accounted for the increase in cost. Further to this, costs as of the period in review included delayed billings for the Company's Enterprise Resource Planning (ERP) system.
  7. Communication and utilities went up by 67% YoY to Php 7.4 mn from Php 4.4 mn. This was mainly due to delayed billings from the Company's internet and communications service providers covering various months of 2020. Higher consumption of utilities as a result of the increased number of employees working on premise also contributed to the increase during the period in review.

8. Travel expenses rose by 29% YoY to Php 7.4 mn from Php 5.8 mn. This can be attributed to the increase in business travel frequency brought about by the loosening of travel and mobility restrictions in the second quarter of 2021.
9. Rent and association dues was higher by 64% YoY at Php 5.0 mn from Php 3.1 mn. This resulted from the escalation of common use service area fees (CUSA) and delayed billings for association dues covering the fourth quarter of 2020.
10. Representation expenses went up by 580% YoY to Php 4.5 mn from Php 0.7 mn. This was mainly due to increase in face-to-face business meetings with partners and project stakeholders.

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

1. Finance costs on the Company's FRCN was lower by 13% YoY to Php 109.6 mn from Php 125.6 mn. This reduction is attributed to lower rates for the new FRCN issued in January 2021.
2. Finance costs on lease liabilities dropped by 26% YoY to Php 43.0 mn from Php 57.9 mn, which was a result of the amortization of the finance lease under PFRS 16.
3. Unrealized foreign exchange gain is at Php 5.5 mn as of end-September 2021. This pertains to the translation of US Dollar and Euro cash balances of the Company and four subsidiaries. The depreciation of the Philippine Peso to US Dollar and Euro accounted for the 60% increase from Php 3.4 mn as of end-September 2020.
4. During the period in review, the Company, through its subsidiaries, booked the following one-off gains:
  - (i) VEC and 100%-owned VREC booked a net gain of Php 3.7 mn on the sale of their equity stake in an associate.
  - (ii) VEC booked a gain of Php 3.6 mn from the dilution of its equity stake (from 100% to 50%) in a company that will undertake a 15-MW on-grid bunker-fired power plant project in Pampanga.
  - (iii) 50.94%-owned HDFE recorded a gain on sale of its AFS investments at Php 0.6 mn.
5. Other income went down by 60% YoY from Php 52.0 mn to Php 20.7 mn. Charges for cost reimbursement by a subsidiary to an associate as of end-September 2021 was lower than the proceeds from an insurance claim by a subsidiary within the same period last year.

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

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

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

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

1. Cash and cash equivalents expanded by 20% to Php 5.9 bn as of end-September 2021 from Php 4.9 mn as of end-2020. This was mainly attributed to higher net cash generated from operating activities of Php 484.1 mn as of end-September 2021 vis-à-vis end-2020 level of Php 103.3 mn. A significant reduction in the net cash outflows for financing activities to Php 64.5 mn as of end-September 2021 from Php 291.7mn as of end-2020 also contributed to the expansion. Net cash inflows from investing activities amounted to Php 564.5 mn during the period in review, albeit posting a decline from end-2020's Php 651.2 mn.
2. Trade and other receivables went down to Php 761.2 mn as of end-September 2021 from Php 814.1 mn as of end-2020. This was mainly attributed to the receipt of dividends from MPC and CPPC that were declared in 2020. This was tempered by increased trade receivables in 1590 EC as a result of improved topline performance.
3. Advances to associates, joint ventures, and stockholders rose by 31% to Php 331.7 mn. This was on account of the advances made by three subsidiaries to a joint venture and two associates to defray pre-development project expenses.
4. Inventories reduced by 27% to Php 160.6 mn as of end-September 2021 from Php 220.5 mn as of end-2020. Fuel consumption rose proportionately with the increased volume of energy sales by 1590 EC and INEC.
5. Property, plant, and equipment rose by 43% to Php 3.2 bn, which was mainly attributed to the costs incurred for the construction of an oil-fired power plant by INEC. Project costs incurred for the water desalination plant of wholly-owned IMCC and solar projects of CSSC, and the Company's purchase of service vehicles and other assets also contributed to the increase. Moreover, the booking of fixed assets of newly acquired BPC and NBPC contributed to the expansion of this account.
6. Right-of-use assets was lower by 25% at Php 504.4 mn, which was due to the amortization as of end-September 2021.
7. Deferred income tax assets grew by 6% YoY to Php 36.0 mn as a result of the amortization of 1590 EC's finance lease liability under PFRS 16.
8. Other noncurrent assets went up by 16% YoY to Php 1.4 bn, which was mainly attributed to the goodwill recognized for the purchase of 90%-owned BPC and NBPC. Rise in creditable withholding tax (CWT) also contributed to the increase.

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

1. Trade and other payables were higher by 9% at Php 958.2 mn as of end-September 2021. This was mainly attributed to the fuel billings and output VAT that arose from the improved operations of 1590 EC and unclaimed dividends declared and paid by the Company during the period in review.
2. Income tax payable significantly increased by 55% to Php 57.4 mn, which was attributed to higher taxable earnings of 1590 EC, INEC, 100%-owned Vivant Realty Venture Corporation (VRVC), and taxable earnings from BPC.
3. Pension liability rose by 12% to Php 97.6 mn as accruals for pension expense were booked by the Company and VEC during the period in review.

The growth in liabilities were offset by the following:

1. Short-term notes payable of INEC and 1590 EC were fully paid as of end-September 2021.
2. Current portion of finance lease liabilities decreased by 46% to Php 195.2 mn. This was mainly attributed to the amortization of the finance lease recognized in 1590 EC under PFRS 16.

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

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

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

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

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

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

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

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

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

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

#### Financial Ratios

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

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

#### Material Events and Uncertainties

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

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

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

None.

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

The Company has material off-balance sheet transactions, arrangements obligations (including contingent obligations), and other relationships with unconsolidated entities created during the period in review.

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

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

#### POWER GENERATION

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

- Vivant Malogo Hydropower Inc. (VMHI) is a joint venture that will serve as the project proponent for the development and implementation of a greenfield power plant project, which will involve the construction and operation of a series of run-of-river hydropower facilities in Barangay Kapitan Ramon in Silay City, Negros Occidental. VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a 6 MW power plant facility along the Malogo river. The company has finalized the detailed engineering plans of the facility. Vivant, however, has decided to put the project on hold given the prevailing transmission constraint in the Negros grid, which is expected to be resolved by 2020 upon the completion of the Cebu-Negros-Panay 230kV backbone project of NGCP. VEC holds an effective equity stake of 67% in VMHI.
- Culna Renewable Energy Corporation (CREC) is the project proponent for the construction and operation of hybrid facilities to supply Culion Island with a guaranteed dependable capacity of 1.96 MW and to supply Linapacan Island with guaranteed dependable capacity of 0.358 MW. The Culion Power Station will have a configuration of 2.42 MW Diesel Genset, 2.80 MWp Solar PV and a battery storage system while the Linapacan Power Station's installed capacity will be composed of 540 kW Diesel Gensets and 325 kWp Solar PV. A Joint Application for the approval of the PSA was filed by CREC and BISELCO with the ERC on July 17, 2017, which is pending resolution.
- Global Energy Development Corporation (GLEDC) is a special purpose vehicle that was set up to undertake the construction and operation of a 2x335 MW coal fired power plant in La Union. In December 2017, Vivant, through wholly-owned subsidiary Vivant Integrated Generation Corporation (VIGC), and Global Business Power Corporation signed a Pre-Development Agreement to jointly participate in this project. Vivant has an effective ownership of 42.5% in GLEDC.

- La Pampanga Energy Corporation (LPEC) is an on-grid project, where VEC currently has a 50% equity stake. The project will involve the construction and operation of 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 that was awarded after a successful conduct of CSP by the distribution utility in 2020. The project will be funded through a combination of equity and debt.
- The Company, through its Business Development Group, continuously looks for opportunities in the power generation business, whether it be via greenfield, brownfield or acquisition. The Company conducts an extensive evaluation process before any proposed project is undertaken. Several factors are assessed and considered, which include but not limited to, the project's land use requirements, access to the grid, fuel supply availability and arrangements, permits and licenses, competitiveness of the plant and presence of potential offtakers. The Company intends to bankroll these projects via a combination of equity and debt, where debt will be booked at the project company.

#### WATER INFRASTRUCTURE

These projects are being undertaken through wholly-owned subsidiary, Vivant Hydrocore Holdings LLC. (VHHI).

- In February 2020, VHHI acquired a 45% equity interest in Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWs). The transaction resulted in Vivant ultimately owning 40% in Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC), the joint venture company of the City of Puerto Princesa and FLOWs in developing a combined sewerage and septage facility serving the City of Puerto Princesa.
- In June 2021, VHHI was awarded a 25-year Bulk Water Supply Agreement by the Metropolitan Cebu Water District (MCWD). VHHI will build a utility scale desalination plant that will augment the limited bulk water supply of MCWD by twenty thousand cubic meters (20,000 cu.m) per day of treated and potable water.
- Vivant, through VHHI, 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. The Company intends to bankroll these projects via a combination of equity and debt, where debt will be booked at the project company.
- Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.

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

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

Moreover, the COVID-19 outbreak and the measures the government has made in response to the pandemic have caused disruptions to businesses and economic activities. Considering the evolving nature of the pandemic, the Company continues to monitor the situation and its impact to its overall operations, including its subsidiaries and associates.

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

None.

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

None.

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

None.

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

None

#### **PART II--OTHER INFORMATION**

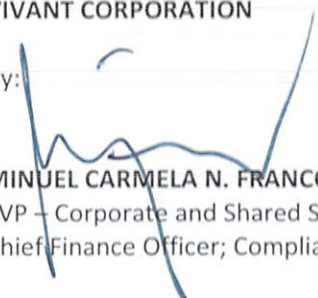
Other than what has been reported, no event has since occurred.

**SIGNATURES**

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

**VIVANT CORPORATION**

By:



**MINUEL CARMELA N. FRANCO**  
SVP – Corporate and Shared Services;  
Chief Finance Officer; Compliance Officer



**MARIA VICTORIA E. SEMBRANO**  
VP Controller and Corporate Services for Infra

*November 12, 2021*

# **VIVANT CORPORATION AND SUBSIDIARIES**

Unaudited Consolidated Financial Statements

As of September 30, 2021 (with Comparative Audited Consolidated Figures as of  
December 31, 2020) and for the Three Months Ended September 30, 2020

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(With Comparative Figures as of December 31, 2020)

(Amounts in Philippine Pesos)

	Notes	September 30, 2021	December 31, 2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	1	₱5,861,858,565	₱4,872,331,464
Trade and other receivables	2	761,197,598	814,103,832
Advances to associates, joint ventures and stockholders	2	331,698,842	253,060,382
Inventories – at cost		160,583,886	220,498,758
Prepayments and other current assets	3	285,204,185	281,892,670
<b>Total Current Assets</b>		<b>7,400,543,076</b>	<b>6,441,887,106</b>
<b>Noncurrent Assets</b>			
Investments in associates and joint ventures	4	11,286,072,598	11,247,606,324
Property, plant and equipment	5	3,238,206,321	2,260,461,407
Right-of-use assets		504,387,768	672,222,914
Investment properties	6	757,280,601	757,280,601
Deferred income tax assets		35,953,208	34,013,474
Other noncurrent assets	7	1,355,599,606	1,167,489,781
<b>Total Noncurrent Assets</b>		<b>17,177,500,102</b>	<b>16,139,074,501</b>
<b>TOTAL ASSETS</b>		<b>₱24,578,043,178</b>	<b>₱22,580,961,607</b>

Notes	September 30, 2021	December 31, 2020
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables	P958,152,120	P 875,837,380
Short term notes payable	–	749,300,741
Current portion of long-term notes payable	49,214,789	2,819,508,120
Current portion of lease liabilities	195,197,812	360,063,325
Advances from related parties	5,689,112	5,689,112
Income tax payable	57,427,461	36,955,619
<b>Total Current Liabilities</b>	<b>1,265,681,294</b>	<b>4,847,354,297</b>
<b>Noncurrent Liabilities</b>		
Long-term notes payable - net of current portion	4,320,490,672	–
Lease liabilities – net of current portion	309,805,246	303,114,979
Pension liability	97,626,418	87,541,306
Deferred income tax liabilities	161,568,222	189,832,424
Other noncurrent liabilities – net of current portion	838,728,180	837,635,182
<b>Total Noncurrent Liabilities</b>	<b>5,728,218,738</b>	<b>1,418,123,891</b>
<b>Total Liabilities</b>	<b>6,993,900,032</b>	<b>6,265,478,188</b>
<b>Equity Attributable to Equity Holders of the Parent</b>		
Capital stock	8 1,023,456,698	1,023,456,698
Additional paid-in capital	8,339,452	8,339,452
Other components of equity:		
Share in revaluation increment of an associate	1,658,598,674	1,658,598,674
Remeasurement losses on employee benefits	(13,035,095)	(13,035,095)
Share in remeasurement losses on employee benefits of associates and a joint venture	(96,181,114)	(96,181,114)
Unrealized valuation gain on financial assets at fair value through other comprehensive income (FVOCI)	4,812,209	2,862,209
Equity reserves	(25,128,554)	(25,128,554)
Retained earnings:		
Appropriated for business expansion	5,213,900,230	5,213,900,230
Unappropriated	8,564,860,323	7,674,801,422
<b>Equity Attributable to Equity Holders of the Parent</b>	<b>16,339,622,823</b>	<b>15,447,613,922</b>
<b>Equity Attributable to Non-controlling Interests</b>	<b>1,244,520,323</b>	<b>867,869,497</b>
<b>Total Equity</b>	<b>17,584,143,146</b>	<b>16,315,483,419</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P24,578,043,178</b>	<b>P22,580,961,607</b>

*See accompanying Notes to Consolidated Financial Statements.*

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD JANUARY 1 TO SEPTEMBER 30, 2021

(With Comparative Figures for the same period in 2020)

(Amounts in Philippine Pesos)

	2021	2020
<b>REVENUE</b>		
Revenue from contracts with customers		
Sale of power	P2,331,763,993	P1,324,734,369
Engineering service income	77,894,445	105,036,503
Management and service fees	25,011,082	22,369,363
	2,434,669,520	1,452,140,235
Equity in net earnings of associates and joint ventures	1,324,170,836	1,317,490,855
Interest income	17,164,946	48,729,113
	3,776,005,302	2,818,360,203
<b>COST OF SERVICES</b>		
Generation costs	1,286,014,145	698,019,351
Engineering service fees	94,257,968	84,186,865
	1,380,272,113	782,206,216
<b>OPERATING EXPENSES</b>		
Salaries and employee benefits	236,255,497	202,377,042
Professional fees	144,925,005	72,441,140
Depreciation and amortization	38,049,008	35,946,735
Taxes and licenses	30,618,037	50,956,773
Management fees	23,395,413	23,939,608
Outside services	19,958,069	16,745,704
Communication and utilities	7,411,552	4,428,023
Travel	7,406,614	5,759,594
Rent and association dues	5,019,977	3,060,566
Representation	4,506,389	662,897
Other operating expenses	61,464,333	62,834,092
	579,009,894	479,152,174
<b>INCOME FROM OPERATIONS</b>	<b>1,816,723,295</b>	<b>1,557,001,813</b>
<b>OTHER INCOME (CHARGES)</b>		
Finance costs on loans	(109,564,635)	(125,645,811)
Finance costs on lease liabilities	(43,029,118)	(57,871,633)
Foreign exchange gain (loss) – net	5,469,152	3,409,065
Gain on sale of an associate	3,684,540	–
Gain on dilution of investment in a subsidiary	3,579,734	–
Gain on sale of AFS investment	620,000	–
Other income	20,666,624	52,017,611
	(118,573,703)	(128,090,768)
<b>INCOME BEFORE INCOME TAX</b>	<b>1,698,149,592</b>	<b>1,428,911,045</b>
<b>PROVISION FOR INCOME TAX</b>	<b>122,020,496</b>	<b>92,350,218</b>
<b>NET INCOME</b>	<b>1,576,129,096</b>	<b>1,336,560,827</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>–</b>	<b>–</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>P1,576,129,096</b>	<b>P1,336,560,827</b>
<b>NET INCOME ATTRIBUTABLE TO:</b>		
Equity holders of the Parent	P1,249,727,670	P1,168,518,771
Non-controlling interests	326,401,426	168,042,056
	P1,576,129,096	P1,336,560,827
Basic and diluted earnings per share, for net income for the year attributable to equity holders of the Parent (see Note 9)	P1.221	P1.142

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

(With Comparative Figures for the same period in 2020)

(Amounts in Philippine Pesos)

	2021	2020
<b>REVENUE</b>		
Revenue from contracts with customers		
Sale of power	P799,131,381	P563,733,194
Management and service fees	25,011,082	15,446,456
Engineering service income	9,043,446	21,265,359
	833,185,909	600,445,009
Equity in net earnings of associates and joint ventures	471,783,466	412,029,109
Interest income	5,809,794	8,315,781
	1,310,779,169	1,020,789,899
<b>COST OF SERVICES</b>		
Generation costs	424,635,691	247,293,886
Engineering service fees	39,595,642	22,694,261
	464,231,333	269,988,147
<b>OPERATING EXPENSES</b>		
Salaries and employee benefits	65,548,593	51,718,912
Depreciation and amortization	14,199,204	12,546,845
Professional fees	12,243,427	20,900,371
Outside services	9,966,358	5,043,888
Management fees	4,905,000	5,028,000
Travel	4,335,227	733,089
Communication and utilities	3,262,653	1,915,888
Taxes and licenses	3,136,244	6,157,157
Representation	2,942,106	154,600
Rent and association dues	2,220,353	1,115,176
Other operating expenses	5,929,865	24,779,568
	128,689,030	130,093,494
<b>INCOME FROM OPERATIONS</b>	<b>717,858,806</b>	<b>620,708,258</b>
<b>OTHER INCOME (CHARGES)</b>		
Finance costs on loans	(41,983,456)	(42,059,746)
Finance costs on lease liabilities	(13,139,760)	(18,839,356)
Gain on sale of an associate	3,684,540	-
Gain on dilution of investment in a subsidiary	3,579,734	-
Foreign exchange gain (loss) – net	2,540,732	1,252,737
Gain on sale of AFS investment	620,000	-
Other income	7,486,069	9,044,560
	(37,212,141)	(50,601,805)
<b>INCOME BEFORE INCOME TAX</b>	<b>680,646,665</b>	<b>570,106,453</b>
<b>PROVISION FOR INCOME TAX</b>	<b>31,285,359</b>	<b>47,896,025</b>
<b>NET INCOME</b>	<b>649,361,306</b>	<b>522,210,428</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>P649,361,306</b>	<b>P522,210,428</b>
<b>NET INCOME ATTRIBUTABLE TO:</b>		
Equity holders of the Parent	P540,998,975	P425,104,881
Non-controlling interests	108,362,331	97,105,547
	P649,361,306	P522,210,428
Basic and diluted earnings per share, for net income for the year attributable to equity holders of the Parent	P0.529	P0.415

See accompanying Notes to Consolidated Financial Statements.

**VIVANT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2021**  
**(With Comparative Figures for the same period in 2020)**  
**(Amounts in Philippine Pesos)**

	Attributable to Equity Holders of the Parent											
	Share in											
	Capital Stock	Additional Paid-in Capital	Share in Revaluation Increment of an Associate	Share in Remeasurement Losses on Employee Benefits	Share in Remeasurement Losses on Employee Benefits of Associates and a Joint Venture	Unrealized Gain on Valuation of Financial Assets at FVOCI	Equity Reserves	Retained Earnings		Total	Equity Attributable to Non-Controlling Interests	Total Equity
							Appropriated	Unappropriated				
Balances at January 1, 2021	P1,023,456,698	P8,339,452	P1,658,598,674	(P13,035,095)	(P96,181,114)	P2,862,209	(P25,128,554)	P5,213,900,230	P7,674,801,422	P15,447,613,922	P867,869,497	P16,315,483,419
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	1,249,727,670	1,249,727,670	326,401,426	1,576,129,096
Dividends declared	-	-	-	-	-	-	-	-	(358,209,839)	(358,209,839)	(24,329,146)	(382,538,985)
Reversal of impairment loss on A's investment	-	-	-	-	-	1,950,000	-	-	-	1,950,000	-	1,950,000
Retained earnings from acquired subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Additional investments of non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(1,458,930)	(1,458,930)	28,397,350	26,938,420
Balances at September 30, 2021	P1,023,456,698	P8,339,452	P1,658,598,674	(P13,035,095)	(P96,181,114)	P4,812,209	(P25,128,554)	P5,213,900,230	P8,564,860,323	P16,339,622,823	P1,244,520,323	P17,584,143,146
Balances at January 1, 2020	P1,023,456,698	P8,339,452	P1,323,680,397	(P10,270,755)	(P80,413,281)	P2,836,709	(P25,128,554)	P4,449,483,361	P7,392,814,294	P14,084,798,321	P716,249,319	P14,801,047,640
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	1,168,518,771	1,168,518,771	168,042,056	1,336,560,827
Dividends declared	-	-	-	-	-	-	-	-	(467,822,060)	(467,822,060)	(159,936,000)	(627,758,060)
Additional investments of non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	84,527,618	84,527,618
Balances at September 30, 2020	P1,023,456,698	P8,339,452	P1,323,680,397	(P10,270,755)	(P80,413,281)	P2,836,709	(P25,128,554)	P4,449,483,361	P8,093,511,005	P14,785,495,032	P808,882,993	P15,594,378,025

*See accompanying Notes to Consolidated Financial Statements.*

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED SEPTEMBER 30, 2021

(With Comparative Figures for the same period in 2020)

(Amounts in Philippine Pesos)

	Notes	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		₱1,698,149,592	₱1,428,911,045
Adjustments for:			
Equity in net earnings of associates and joint ventures		(1,324,170,836)	(1,317,490,855)
Depreciation and amortization		258,244,939	229,074,717
Finance costs on loans		109,564,635	125,645,811
Finance costs on lease liabilities		43,029,118	57,871,633
Interest income		(17,164,946)	(48,729,113)
Pension expense		10,085,112	8,032,836
Unrealized foreign exchange gains		(5,469,152)	(3,409,065)
Gain on sale of an associate		(3,684,540)	—
Gain on dilution of investment in a subsidiary		(3,579,734)	—
Gain on disposal of property and equipment		(2,198,564)	—
Gain on sale of AFS investment		(620,000)	—
Operating income before working capital changes		762,185,624	479,907,009
Decrease (increase) in:			
Trade and other receivables	2	(118,035,114)	202,854,152
Inventories		65,742,328	(15,237,707)
Prepayments and other current assets	3	(10,999,337)	(118,491,673)
Increase (decrease) in trade and other payables		75,519,808	(269,565,364)
Cash generated from operations		774,413,309	279,466,417
Interest paid		(157,077,321)	(183,765,244)
Income taxes paid		(133,251,560)	(82,422,107)
Net cash flows from operating activities		484,084,428	13,279,066

	Notes	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received from associates and joint ventures		1,617,955,897	1,597,311,195
Additions to property, plant and equipment	5	(551,107,086)	(79,269,650)
Net cash outflow from acquisition of shares of a subsidiary		(420,279,113)	–
Additional investments in and advances to associates and joint ventures	4	(144,192,302)	(94,061,532)
Proceeds from:			
Sale of an associate		33,225,512	–
Disposal of property and equipment		2,724,286	–
Sale of AFS investment		2,620,000	–
Interest received		16,583,923	53,644,561
Increase in other noncurrent assets		7,293,240	(53,521,653)
Increase in intangible asset		(359,053)	(576,313)
Advances to suppliers on purchase of fixed assets		–	(545,997,978)
Net cash flows from investing activities		564,465,304	877,528,630
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from availment of loans		4,198,722,854	582,537,774
Payments of:			
Loans		(3,687,678,070)	(30,000,000)
Cash dividends		(347,863,049)	(536,524,757)
Lease liabilities		(163,289,338)	(100,624,344)
Debt issue cost		(31,926,912)	–
Net payments in advances to / from related parties		(78,638,463)	(164,619,651)
Additional investments and deposits for future stock subscription of non-controlling interest of a subsidiary		46,181,195	84,527,618
Net cash flows used in financing activities		(64,491,783)	(164,703,360)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>984,057,949</b>	<b>726,104,336</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>			
		5,469,152	3,409,065
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>			
Cash and cash equivalents		4,872,331,464	4,405,244,649
Restricted cash		2,002,202	650,000
		4,874,333,666	4,405,894,649
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>			
Cash and cash equivalents		5,861,858,565	5,134,758,050
Restricted cash		2,002,202	650,000
		₱5,863,860,767	₱5,135,408,050

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES  
Notes to Consolidated Financial Statements  
September 30, 2021

1. Cash and Cash Equivalents

This account consists of:

	September 30, 2021	December 31, 2020
Cash on hand and in banks	P807,176,887	P513,649,511
Short-term investments	5,054,681,678	4,358,681,953
	<b>P5,861,858,565</b>	<b>P4,872,331,464</b>

2. Trade and Other Receivables and Advances to Associates and Stockholders

This account consists of:

	September 30, 2021	December 31, 2020
Trade receivables	P629,374,623	P540,175,502
Dividend receivable	40,000,000	257,600,000
Advances to officers and employees	16,455,478	4,321,890
Accounts receivable	11,658,966	7,654,602
Accrued interest	4,088,631	3,582,634
Others	113,891,935	55,041,239
	<b>815,469,633</b>	<b>868,375,867</b>
Less allowance for impairment loss	54,272,035	54,272,035
	<b>P761,197,598</b>	<b>P814,103,832</b>
Advances to associates, joint ventures and stockholders	<b>P331,698,842</b>	<b>P253,060,382</b>

2.1 Aging of Trade and Other Receivables

	September 30, 2021				December 31, 2020			
	0-30 DAYS	31-60 DAYS	OVER 60 DAYS	TOTAL	0-30 DAYS	31-60 DAYS	OVER 60 DAYS	TOTAL
Trade receivables, advances and other current receivables	<b>₱436,387,526</b>	<b>₱26,188,611</b>	<b>₱352,893,496</b>	<b>₱815,469,633</b>	<b>₱610,651,931</b>	<b>₱188,070,522</b>	<b>₱69,653,414</b>	<b>₱868,375,867</b>
Less: Allowance for impairment loss			54,272,035	54,272,035			54,272,035	54,272,035
	<b>₱436,387,526</b>	<b>₱26,188,611</b>	<b>₱298,621,461</b>	<b>₱761,197,598</b>	<b>₱610,651,931</b>	<b>₱188,070,522</b>	<b>₱15,381,379</b>	<b>₱814,103,832</b>

### 3. Prepayments and Other Current Assets

The composition of this account is shown below:

	September 30, 2021	December 31, 2020
Input VAT - current	P175,794,594	P 75,782,374
Advances to suppliers and other parties	60,664,870	126,752,274
Prepaid expenses	14,241,522	41,650,277
Creditable withholding taxes - current	7,745,442	9,082,487
Others	26,757,757	28,625,258
	<b>P285,204,185</b>	<b>P281,892,670</b>

### 4. Investments in Associates and Joint Ventures

The Company's associates and joint ventures, which are all incorporated in the Philippines, and the corresponding equity ownership as of September 30, 2021 follow:

	Nature of Business	Percentage of Ownership	
		2021	2020
<b>Associates:</b>			
Visayan Electric Company, Inc. (VECO)	Power distribution	34.81	34.81
Lunar Power Core Inc. (LPCI)	Power generation	42.50	42.50
Global Luzon Energy Development Corporation (GLEDC)	Power generation	42.50	42.50
Cebu Private Power Corporation (CPPC)	Power generation	40.00	40.00
Prism Energy Inc (Prism Energy)	Power generation	40.00	40.00
Abovant Holdings Inc. (AHI)	Holding company	40.00	40.00
Minergy Power Corporation (MPC)	Power generation	40.00	40.00
Therma Visayas Inc. (TVI)	Power generation	20.00	20.00
Sabang Renewable Energy Corporation (SREC)	Power generation	-	30.00
Culina Renewable Energy Corp. (CREC)	Power generation	35.00	35.00
Lihangin Wind Energy Corporation (LWEC) <sup>3</sup>	Power generation	40.00	40.00
Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS)	Holding company	45.00	45.00
Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC)	Sewage and septage facility	40.31	40.31
Buskowitz Finance, Inc. (BFI)	Solar engineering company	34.85	-
<b>Joint ventures:</b>			
Calamian Islands Power Corp. (CIPC)	Power generation	50.00	50.00
Delta P, Inc. (DPI)	Power generation	50.00	50.00
La Pampanga Energy Corp. (LPEC)	Power generation	50.00	100.00

<sup>3</sup> Changed its corporate name from 6 Barracuda Energy Corporation (6 Barracuda) to LWEC on June 15, 2020.

The components of the carrying values of investments in associates and joint ventures are as follows:

	September 30, 2021	December 31, 2020
<b>Investment in VECO:</b>		
Acquisition Cost	P882,952,562	P882,952,562
Accumulated Equity Earnings-net	337,221,854	470,903,238
Revaluation Surplus	1,802,786,831	1,802,786,831
Carrying Value	3,022,961,247	3,156,642,631
<b>Investment in LPCI:</b>		
Acquisition Cost	114,750,000	114,750,000
Accumulated Equity Earnings-net	(607,355)	(597,848)
Carrying Value	114,142,645	114,152,152
<b>Investment in GLEDC:</b>		
Acquisition Cost	-	-
Accumulated Equity Earnings-net	(34,308,157)	(34,398,627)
Carrying Value	(34,308,157)	(34,398,627)
<b>Investment in CPPC:</b>		
Acquisition Cost	305,119,049	305,119,049
Accumulated Equity Earnings-net	(232,385,687)	(333,659,949)
Carrying Value	72,733,362	(28,540,900)
<b>Investment in Prism Energy:</b>		
Acquisition Cost	8,432,400	6,900,000
Additional investment	-	1,532,400
Accumulated Equity Earnings-net	33,370,814	17,275,001
Carrying Value	41,803,214	25,707,401
<b>Investment in AHI:</b>		
Acquisition Cost	976,784,699	976,784,699
Accumulated Equity Earnings-net	418,759,362	679,653,884
Carrying Value	1,395,544,061	1,656,438,583
<b>Investment in MPC:</b>		
Acquisition Cost	2,756,240,000	2,756,240,000
Accumulated Equity Earnings-net	653,171,227	638,145,239
Carrying Value	3,409,411,227	3,394,385,239
<b>Investment in TVI:</b>		
Acquisition Cost	2,155,304,701	2,155,304,701
Accumulated Equity Earnings-net	454,537,704	286,781,176
Carrying Value	2,609,842,405	2,442,085,877
<b>Investment in SREC:</b>		
Acquisition Cost	45,000,000	40,200,000
Additional investment	-	4,800,000
Accumulated Equity Earnings-net	(15,459,028)	(10,635,763)
Disposal of investments	(29,540,972)	
Carrying Value	-	34,364,237
<b>Investment in CREC:</b>		
Acquisition Cost	10,593,000	10,592,000
Additional investment	6,875,950	1,000
Accumulated Equity Earnings-net	(790,207)	(785,144)
Carrying Value	16,678,743	9,807,856

	September 30, 2021	December 31, 2020
<b>Investment in LWEC:</b>		
Acquisition Cost	12,730,910	12,730,910
Additional investment	2,200,000	(2,146,070)
Accumulated Equity Earnings-net	(3,277,766)	
Carrying Value	11,653,144	10,584,840
<b>Investment in FLOWS:</b>		
Acquisition Cost	65,000,000	65,000,000
Accumulated Equity Earnings-net	(2,150,610)	(2,122,511)
Carrying Value	62,849,390	62,877,489
<b>Investment in PPWRLC:</b>		
Acquisition Cost	-	-
Accumulated Equity Earnings-net	(195,215)	-
Carrying Value	(195,215)	-
<b>Investment in BFI:</b>		
Acquisition Cost	94,000,000	-
Accumulated Equity Earnings-net	(13,867,634)	-
Carrying Value	80,132,366	-
<b>Investment in CIPC:</b>		
Acquisition Cost	102,097,169	102,097,169
Accumulated Equity Earnings-net	74,559,939	55,608,928
Carrying Value	176,657,108	157,706,097
<b>Investment in DPI:</b>		
Acquisition Cost	235,261,426	255,411,833
Additional investment	-	19,849,593
Redemption of shares	-	(40,000,000)
Accumulated Equity Earnings-net	29,891,597	10,532,023
Carrying Value	265,153,023	245,793,449
<b>Investment in LPEC:</b>		
Acquisition Cost	450,000	-
Additional investment	40,666,354	-
Accumulated Equity Earnings-net	(102,319)	-
Carrying Value	41,014,035	-
<b>Total Carrying Value of Investments</b>	<b>₱11,286,072,598</b>	<b>₱11,247,606,324</b>

VREC acquired 34.85% of the total equity of BFI through a Shareholders' Agreement signed on March 10, 2021. BFI 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 to date.

LPEC is an on-grid project where VEC and AHC have a combined equity stake of 50%. In June 2021, a fifteen (15)-year PSA with Pampanga II Electric Cooperative, Inc. (PELCO II) was signed by LPEC. LPEC will construct and operate a power generation facility with a total dependable capacity of 15 MW that will supply the peaking power and ancillary requirements of PELCO II.

In May 2021, VEC and VREC sold their 30% combined shareholdings in SREC consisting of 11,250 common shares and 33,750 preferred shares. The Company recognized a consolidated gain amounting to Php 3.7 mn as a result of the sale.

## 5. Property, Plant and Equipment

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

	September 30, 2021							Total
	Land	Plant Machinery and Equipment	Condominium Units, Building and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Tools and Other Assets Improvements	Leasehold and Land Improvements	
<b>Cost</b>								
At January 1	P38,373,755	P446,465,014	P36,421,603	P71,595,486	P82,393,435	P108,620,458	P85,141,819	P1,843,810,605
Additions	-	2,861,554	-	25,240,980	6,419,142	1,172,565	380,000	515,032,845
Additions from acquired subsidiaries	6,262,000	489,510,416	182,036,775	-	795,391	-	2,683,860	-
Disposal	-	-	-	(10,179,516)	(769,162)	-	-	-
Reclassification	-	-	-	-	4,934,429	7,743,555	-	(12,677,984)
At September 30	44,635,755	938,836,984	218,458,378	86,656,950	93,773,235	117,536,578	88,205,679	2,346,165,466
<b>Accumulated Depreciation and Amortization</b>								
At January 1	-	274,297,222	24,168,840	44,386,158	61,054,645	19,607,611	28,846,292	-
Depreciation	-	46,270,452	3,399,291	9,678,042	9,019,311	5,236,678	10,603,955	-
Depreciation from acquired subsidiaries	-	136,340,348	31,927,390	-	343,162	-	1,306,262	-
Disposal	-	-	-	(9,804,613)	(618,342)	-	-	-
At September 30	-	456,908,022	59,495,521	44,259,587	69,798,776	24,844,289	40,756,509	-
Net Book Value	P44,635,755	P481,928,962	P158,962,857	P42,397,363	P23,974,459	P92,692,289	P47,449,170	P2,346,165,466
								P3,238,206,321

December 31, 2020

	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
<b>Cost</b>									
At January 1	30,731,600	₱369,568,177	₱36,421,603	₱61,933,130	₱68,361,383	₱82,290,699	₱50,439,728	₱1,003,959,166	₱1,703,705,486
Additions	7,742,155	77,012,702	-	10,900,560	9,733,096	645,741	472,091	904,213,570	1,010,719,915
Reclassification	(100,000)	(115,865)	-	-	4,372,978	25,684,018	34,230,000	(64,362,131)	(291,000)
Disposal	-	-	-	(1,238,204)	(74,022)	-	-	-	(1,312,226)
At December 31	38,373,755	446,465,014	36,421,603	71,595,486	82,393,435	108,620,458	85,141,819	1,843,810,605	2,712,822,175
<b>Accumulated Depreciation and Amortization</b>									
At January 1	-	242,497,577	23,681,714	36,273,281	50,444,337	13,359,106	16,004,497	-	382,260,512
Depreciation	-	31,823,545	487,126	9,351,081	10,684,330	6,224,605	12,878,401	-	71,449,088
Reclassification	-	(23,900)	-	-	-	23,900	(36,606)	-	(36,606)
Disposal	-	-	-	(1,238,204)	(74,022)	-	-	-	(1,312,226)
At December 31	-	274,297,222	24,168,840	44,386,158	61,054,645	19,607,611	28,846,292	-	452,360,768
Net Book Value	38,373,755	₱172,167,792	₱12,252,763	₱27,209,328	₱21,338,790	₱89,012,847	₱56,295,527	₱1,843,810,605	₱2,260,461,407

## 6. Investment Properties

	September 30, 2021	December 31, 2020
<b>Land</b>		
Cost	P733,195,868	P733,195,868
<b>Condominium Units</b>		
Cost	24,084,733	24,084,733
<b>Total Investment Properties</b>	<b>P757,280,601</b>	<b>P757,280,601</b>

Some of the Company's investment properties were leased out to the Parent company and outside parties to earn rental income. Total rental income amounting to Php 1.0 mn and Php 0.9 mn as of end-September 2021 and end-September 2020, respectively, were recorded as part of "Other income" in the consolidated statements of comprehensive income.

Management assessed that there is no significant change in the fair value of the Group's investment properties from the valuation date until September 30, 2021.

Direct costs pertain to real property taxes amounting to Php 1.4 mn and Php 0.8 mn as of end-September 2021 and 2020, respectively, are included under "Taxes and licenses" account in the consolidated statements of comprehensive income.

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

## 7. Other Noncurrent Assets

The details of this account are shown below:

	September 30, 2021	December 31, 2020
Advances to suppliers and other parties	P746,602,226	P718,694,310
Creditable withholding taxes - noncurrent	217,577,862	214,245,466
Input VAT - noncurrent	98,923,132	124,343,584
Goodwill	274,983,365	82,381,116
Financial assets at FVOCI	7,400,000	7,400,000
Software cost – net	860,789	902,260
Others - net of allowance for impairment loss of Php 48.05 mn	9,252,232	19,523,045
	<b>P1,355,599,606</b>	<b>P1,167,489,781</b>

## 8. Capital Stock

The details of the capital stock account are as follows:

	September 30, 2021	December 31, 2020
Authorized Capital Stock – P1.00 par value		
Authorized - 2,000,000	P2,000,000,000	P2,000,000,000
Issued – 1,023,456,698 shares	1,023,456,698	1,023,456,698

## 9. Earnings Per Share (EPS)

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

	September 30, 2021	December 31, 2020
Net income attributable to the shareholders of the Parent company	P1,249,727,670	P1,442,131,978
Weighted average number of outstanding common shares	1,023,456,698	1,023,456,698
<b>Basic EPS</b>	<b>P1.221</b>	<b>P1.409</b>

## 10. OTHER DISCLOSURES

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

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

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

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

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

Vivant Corporation issued an FRCN last January 27, 2021 with a total size of Php 3.0 bn. Proceeds from the issue were used to partially refinance the balloon payment on the then maturing 7-year FRCN last February 2021 and for general corporate purposes.

The FRCN issue was done in two tranches. The first tranche of notes amounting to Php 1.0 bn and the second tranche of notes amounting to Php 2.0 bn were issued at an interest rate of 3.4510% per annum (p.a.) and 4.3000% p.a., respectively. The first tranche is for a term of two years and payable on January 27, 2023 while the second tranche is for a term of five years and will mature on January 27, 2026 with principal payment of Php 50.0 mn for the first four years and a balloon payment of Php 1.8 bn on maturity.

The issue was fully subscribed by a consortium of local financial institutions composed of Metropolitan Bank and Trust Company, Land Bank of the Philippines, Robinsons Bank Corporation and BDO Unibank Inc. – Trust and Investment Group as Investment Manager for BDO Life Assurance Company, Inc. and BDO Retirement Fund.

Vivant Corporation made full payment on the principal of the 7-year fixed rate note issued on February 3, 2014 and March 31, 2014 for Php. 2.82 bn in February 2021.

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

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

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

### **Financial Instruments and Financial Risk Management**

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

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

#### **Credit Risk**

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

Generally, the maximum credit risk exposure of financial assets is their carrying amount as shown in the balance sheets. Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount. The Group's receivables are actively monitored to avoid significant concentrations of credit risk. Please refer to the Note 2.1 of the Notes to the interim Financial Statements as of September 30, 2021 for the aging analysis of the Group's receivables.

#### **Liquidity Risk**

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

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

## Foreign Currency Risk

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

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

	September 30, 2021
Loan Receivables	USD –
Trade Receivables	USD –
Cash	USD 935,598
	Euro 2,021
Trade Payables	USD –
	Euro –
Gross Exposure	USD 935,598
	Euro 2,021

The average exchange rates for the quarter ended September 30, 2021 are as follows:

US Dollar-Philippine Peso	US\$1 = Php 51.00
Euro-Philippine Peso	Eu€1 = Php 59.11

The exchange rates applicable as of September 30, 2021 are the following:

US Dollar-Philippine Peso	US\$1 = Php 51.00
Euro-Philippine Peso	Eu€1 = Php 59.11

## Sensitivity Analysis

A 10% strengthening of the Philippine Peso against US Dollar and European Euro as of September 30, 2021 would have decreased equity and profit by Php 4.8 mn. A 10% weakening of the Philippine Peso against the US Dollar and European Euro as of September 30, 2021 would have an equal but opposite effect, on the basis that all other variables remain constant.

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

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

The Company does not have investments in foreign securities.

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

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