Fredlin Agang

From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> on behalf of ICTD Submission
Sent: Tuesday, November 14, 2023 5:29 PM
To: fredlin.agang@vivant.com.ph
Subject: Re: Vivant Corporation_SEC 17Q_Q3 2023

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

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

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

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

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

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

COVER SHEET

			1	7	5	2	2	2			

S.E.C. Registration Number

P.S.E. Control Number

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

(Company's Full Name)

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

Atty. Catherine S. Bringas	(032) 232-0283, 234-2256 and 234-2285
Contact Persons	Telephone Number of the Contact Person

1	2		3	1

Month Day
Fiscal Year

SEC FORM 17-Q
3rd Quarterly Report 2023

FORM TYPE

0	6		1	5

Month Day
Annual Meeting

N/A

Secondary license Type, If Applicable

C	F	D

Dept. Requiring this Doc.

Amended Articles Number/Section

1,407	1,023,424,485	32,313
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, 2023**

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

Vivant Corporation

4. Exact name of issuer as specified in its charter

City of Mandaluyong

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

6. Industry Classification Code: (SEC Use Only)

9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu **6014**

7. Address of issuer's principal office Postal Code

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

8. Issuer's telephone number, including area code

NA

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

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares at Php 1.00 per share	**Php 1,023,456,698**
Amount of debt outstanding	**Php 9,767,140,215**

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, 2023 compared with the interim period ended September 30, 2022.This report should be read in conjunction with the unaudited consolidated financial statements and the notes thereto.

KEY PERFORMANCE INDICATORS

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

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

- **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.

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

- **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.

- **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, 2023 versus YTD September 30, 2022

On June 1, 2023, 100%-owned Vivant Energy Corporation (VEC) signed a Share Sale and Purchase Agreement (SSPA) to acquire all of the shareholdings of its joint venture partner in 50%-owned Calamian Islands Power Corporation (CIPC), Delta P, Inc. (DPI), La Pampanga Energy Corporation (LPEC). On the same date, VEC and 100%-owned Vivant Renewable Energy Corporation (VREC) signed an SSPA to acquire from the partner the latter's 50% equity stake in Culna Renewable Energy Corporation (CREC). Moreover, VEC and 100%-owned Vivant Integrated Diesel Corporation (VIDC) signed an SSPA to acquire the minority shareholder's 35% equity stake in then 65%-owned Isla Norte Power Corporation (Isla Norte). As a result, DPI, CIPC, Isla Norte (VEC and VIDC gained further control)[1], LPEC and CREC are classified as 100%-owned subsidiaries[2].

In view of the above, the accounting for the investments in DPI, CIPC, LPEC and CREC is changed from Philippine Accounting Standards (PAS) 8, *Investment in Associate and Joint Ventures* to Philippine Financial Reporting Standards (PFRS) 10, *Consolidated Financial Statements.* As it is, the consolidated financial statements of the Company as of the period in review include the following:

1. Equity share in the net earnings (losses) of these four investees from January 2023 to May 2023 in the consolidated statement of comprehensive income; and
2. Full consolidation starting June 2023 in the consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of cash flows.

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[1] Under PFRS 10, *Consolidated Financial Statements*, transactions with non-controlling interests are accounted for as equity transactions. On acquisitions of non-controlling interests, the difference between the consideration transferred and the book value of interest acquired from non-controlling interest without loss of control is reflected as being a transaction between owners and recognized directly in equity.

[2] Under PFRS 3, *Business Combination*, a business combination is defined as a transaction or other event in which an acquirer (an investor entity) obtains control of one or more businesses. It requires the entity to determine whether assets acquired and any liabilities assumed constitute a 'business'. 'Business' is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. If the assets and liabilities are not considered to be a 'business', then the transaction should be accounted for as an asset acquisition.

The financial statements as of and for the period ended September 30, 2022 are restated to consider the retrospective adjustments due to the following:

1. In 2022, the Company elected to change its policy for accounting its investment in an associate engaged in the power distribution business with respect to the associate's power distribution utility assets, i.e., from the revaluation model to the cost model. PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, requires that the change in accounting policy is accounted for retrospectively, which impacts the investment in associate and joint ventures, retained earnings, equity in net earnings of associates and joint ventures, and share in revaluation increment of an associate, net of tax.

2. The Company, through wholly owned subsidiaries VEC and Amberdust Holding Corporation (AHC), acquired two power generation subsidiaries in 2021 and completed the valuation required by the PFRS 3, *Business Combination*, by December 31, 2022. The revised purchase price allocation resulted in a fair value adjustment to Property, Plant and Equipment, and the recognition of intangible assets representing the acquirees' power supply agreements with customer electric cooperatives. As disclosed in the 2022 audited financial statements of the Company, the recognition of these adjustments started in 2021, which was the year of investment.

The table below shows the comparative figures of the key performance indicators for the periods ended September 30, 2023 and September 30, 2022, as restated.

Key Performance Indicators *Amounts in Php '000, except for ratios*	**YTD September 2023**	**YTD September 2022 (As Restated)**	**YE 2022 Audited**
Equity in Net Earnings of Associates and Joint Ventures	1,740,380	1,126,674	
EBITDA	2,670,391	1,620,841	
Net increase (decrease) in cash and cash equivalents	(1,368,699)	(488,706)	
Net cash flows from (used in) operating activities	(100,510)	110,837	
Net cash flows from (used in) investing activities	(691,391)	(1,610,715)	
Net cash flows from (used in) financing activities	(576,798)	1,011,171	
Debt-to-Equity Ratio (x)	0.51	0.48	0.48
Current Ratio (x)	1.75	2.03	1.87

The Company's share in net earnings of associates and joint ventures as of end-September 30, 2023 amounted to Php 1.7 billion (bn), representing a 54% year-on-year (YoY) increase from Php 1.1 bn. This was a result of the following:

1. Visayan Electric Company (VECO), the Company's electricity distribution utility, posted Php 804.0 million (mn) in income contribution during the period in review from Php 412.3[3] mn as of end-September 30, 2022. This was mainly attributed to the 13% YoY increase in the volume

[3] Reported as an income contribution of Php 363.4 mn in the SEC 17Q YTD September 2022 report, which accounted the share in the equity earnings from VECO using the revaluation model. In 2022, the Company elected to change its policy in applying the equity method with respect to VECO's power distribution utility assets, i.e., from the revaluation model to the cost model. The change was adopted retrospectively as presented in the 2022 audited financial statements of the Company.

of electricity sold. VECO's bottomline contribution during the period in review was net of the one-time refund to its customers for the over-recoveries of pass-through charges covering the first semester of 2023, in compliance with the Energy Regulatory Commission (ERC) Resolution No. 14[4]. In the same period last year, electricity sales volume was significantly affected by the prolonged power outage in Cebu that resulted from the devastation caused by Typhoon Odette in December 2021.

2. 40%-owned Abovant Holdings, Inc. (AHI) posted Php 349.6 mn in income contribution, a 30% YoY increase. This was driven by the increase in profitability of its associate, Cebu Energy Development Corporation (CEDC). CEDC's robust performance during the period in review was attributed to higher profit on its sale to the Wholesale Electricity Spot Market (WESM) and bilateral contracts as the volume of energy sold went up by 62% and 9% YoY, respectively. However, CEDC's profits from ancillary services dropped by 44% YoY due to the expiration of the contract in April 2023.

3. 20%-owned Therma Visayas, Inc. (TVI) recorded an income contribution of Php 248.2 mn as of end-September 2023, posting a 32% increase from Php 188.6 mn in the same period last year. This strong showing was mainly attributed to higher profits from WESM (up by 50% YoY) as volume of energy sold increased by 45% YoY. Increased profits from bilateral contracts (up by 14% YoY) as volume sales rose by 22% YoY and reduced debt service also contributed to the improved net income contribution during the period in review. However, this was tempered by the reduced profit from Retail Electricity Supply (RES) contracts (down by 24% YoY) due to increased cost of power. In January and February 2022, TVI experienced plant downtime related to Typhoon Odette that brought down generated and sold energy for the comparable period.

4. 40%-owned Minergy Power Corporation (MPC) shored in Php 239.1 mn as of the period in review, which was 7% higher than the Php 222.9 mn as of end-September 2022. This was primarily due to the 8% YoY topline growth driven by a 6% YoY rise in volume of energy sold.

5. 40%-owned Cebu Private Power Corporation (CPPC) brought in Php 57.2 mn in income contribution as of end-September 2023 vis-a-vis Php 36.7 mn in net loss contribution as of end-September 2022. This was mainly attributable to the recognition of a non-recurring revenue pertaining to the collection of additional compensation for prior year sale of energy to the WESM. In 2022, power generation companies, including CPPC, were entitled to additional compensation upon implementation of the secondary price cap by the Electricity Market Operator of the Philippines (IEMOP).

However, the above expansion in earnings contribution was tempered by the following factors:

1. 45%-owned Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS) booked a 25% decline in income contribution from Php 8.7 mn to Php 6.6 mn. This was driven by the operations of its subsidiary, Puerto Princesa Water Reclamation and Learning Center (PPWRLC). PPWRLC incurred higher operating, maintenance and overhead costs as the septage and sewerage components of its wastewater treatment facility became fully operational during the period in review. Septage and sewerage operations went online in the first and third quarter of 2022,

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[4] ERC Resolution No. 14 is also known as A Resolution Adopting the Revised Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities

respectively. Higher debt service for a long-term loan drawn in August 2022 also contributed to the decline in earnings contribution during the period in review.

2. 40%-owned Prism Energy, Inc. (Prism Energy), a RES company, posted an income contribution of Php 0.9 mn as of end-September 2023 vis-à-vis Php 2.5 mn as of end-September 2022. Prism Energy saw a 66% YoY decline in the volume of energy sold due to the expiration of customer contracts.

3. 100%-owned CIPC[5] posted an income contribution of Php 23.7 mn for the period covered January to May 2023, i.e., prior to VEC's acquisition of the 50% equity shareholding of its joint venture partner on June 1, 2023. This compares to the Php 31.4 mn in income contribution covering January to September 2022. As of end-September 2023, CIPC's total energy sales volume grew by 21% YoY.

4. 100%-owned DPI[6] contributed Php 15.8 mn to the bottomline covering January to May 2023. Starting June 1, 2023, DPI is considered as a subsidiary, as discussed above. For the period covered January to September 2022, DPI brought in an income contribution of Php 32.1 mn. Moreover, DPI's energy sales volume as of end-September 2023 was 17% higher YoY.

EBITDA was at Php 2.7 bn as of end-September 2023, 65% higher than Php 1.6[7] mn as of end-September 2022. This was mainly an outcome of the 73% YoY increase in operating income, which stemmed from the 38% YoY rise in total revenue to Php 6.1 bn. The revenue expansion was attributed to:

1. The 25% YoY increase in the sale of power to Php 3.9 bn from Php 3.1 bn, which was primarily from the improved revenue contribution by the Company's investments in oil-fired power plants, RES and solar rooftop businesses.

   Oil-fired Power Plants

   - Wholly owned DPI and CIPC brought in fresh revenue contributions covering the period June[8] to September 2023 in the amount of Php 527.7 mn and Php 259.3 mn, respectively.

   - 100%-owned Isla Norte shored in a revenue contribution of Php 595.0 mn (up by 11% YoY) driven by a 6% YoY increase in the volume of energy sold.

   On the other hand, the following offset the revenue expansion:

   - 55.2%-owned 1590 Energy Corporation (1590 EC) saw a 14% YoY drop in its topline performance as of the period in review. This was mainly driven by the 63% YoY decline in revenue from ancillary services as a result of the termination of its contract in March 2023.

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[5] Equity stake in CIPC is increased from 50% to 100% after acquiring the shareholding of the joint venture partner through the execution of an SSPA on June 1, 2023. Consequently, the investment in CIPC is accounted for under PFRS 10*, Business Combination*, from PAS 28, *Investment in* Associate, as described above.
[6] Equity stake in DPI is increased from 50% to 100% after acquiring the shareholding of the joint venture partner through the execution of an SSPA on June 1, 2023. Consequently, the investment in DPI is accounted for under PFRS 10*, Business Combination*, from PAS 28, *Investment in* Associate, as described above.
[7] Includes the impact of the change in accounting for the equity share in the net earnings of VECO from revaluation method to cost method as briefly described above.
[8] This was a result of the acquisition of the 50% equity stake from the joint venture partner, as described above.

Moreover, the volume of energy sold to the WESM saw a 32% decline YoY. However, the impact was softened by the revenue from a bilateral contract that started in April 2023, and a non-recurring revenue pertaining to the collection of additional compensation on its sale of energy to the WESM in 2022.

- 90%-owned Bukidnon Power Corporation's (BPC) revenue decreased by 18% YoY due to lower dispatch resulting to an 88% YoY decline in volume sold. In the same period last year, BPC booked a non-recurring revenue from the dispatch of emergency power.

Retail Electricity Supply (RES)

- 100%-owned Corenergy, Inc. (Corenergy) showed higher RES revenue (up by 108% YoY) as of end-September 2023. This strong showing was due to the increased volume sold (up by 136% YoY) and improved customer base.

Solar Rooftop

- 100%-owned Corenergy Solar Solutions Corporation (CSSC), posted a 33% YoY expansion in its topline performance on account of an improved customer base and increased total contracted capacity (up by 27% YoY) during the period in review.

- 100%-owned Vivant Solar Corporation (VSC) contributed Php 3.8 mn in revenue as of end-September 2023 from Php 2.3 mn as of end-September 2022 as energy volume sales grew by 69% YoY.

- The solar rooftop business of 100%-owned Corenergy contributed revenue of Php 5.3 mn. This was mainly attributed to the 79% YoY rise in volume sold on the back of increased number of customers.

2. 54% YoY expansion in equity earnings resulting from the increase in the income contributions of five associates as of end-September 2023. This was tempered by the reduced income contributions from DPI and CIPC due to the change in accounting for these investments from associates to subsidiaries[9] starting June 2023.

3. 334% YoY increase in management fees to Php 282.2 mn from Php 65.1 mn that mainly stemmed from a non-recurring technical services contract of VEC during the period in review.

4. Interest income significantly increased by 278% YoY, which was driven by higher interest rates for short-term money market placements.

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[9] Under PFRS 10, *Consolidated Financial Statements*, 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.

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

1. Engineering service revenue declined by 47% YoY to Php 16.4 mn. The topline performance of Corenergy's engineering services operations went down by 55% YoY. In 2022, Corenergy had engineering service contracts which were completed in the same year. During the period in review, Corenergy did not have billable charges as services for new contracts with customers are still on-going. Meanwhile, 60%-owned Watermatic Philippines Corporation (WMP) posted a 283% YoY increase in its revenue on service engineering contracts with non-related parties.

2. Generation cost rose by 26% YoY to Php 3.0 bn due to the following:

   Oil-fired Power Plants

   - Take-up of the generation costs of DPI and CIPC for the period June 2023 to September 2023 in the amount of Php 447.7 mn and Php 188.4 mn, respectively. This was a result of the acquisition of the 50% equity stake of the joint venture partner in both investee-companies.

   - 100%-owned Isla Norte incurred higher generation cost (up by 12% YoY) on the back of a 6% YoY increase in volume of energy sold. The early payment of real property tax during the period in review also contributed to the cost expansion.

   The cost expansion was tempered by the following:

   - 1590 EC's generation cost declined by 23% YoY as a consequence of the reduced energy sold to the WESM and ancillary services as of end-September 2023 (down by 32% YoY and 68% YoY, respectively). Also, in the same period last year, 1590 EC incurred expenses for plant repairs and maintenance and depreciation expense resulting from the acquisition of the Bauang Diesel Power Plant (BDPP) in April 2022.

   - 90%-owned BPC booked a 23% YoY decline in generation cost since its energy sales volume was 88% lower YoY.

   Retail Electricity Supply

   - Increased customer base and volume sales of Corenergy's RES business (up by 136% YoY) led to higher cost of purchased power (up by 102% YoY).

Solar Rooftop

- Direct costs incurred by 100%-owned CSSC went up by 13% YoY given additional customers with new solar energy supply contracts (sales volume up by 42% YoY).

- 100%-owned VSC recorded a 52% YoY rise in its cost of services on the back of the 69% YoY growth in energy sales volume.

- The solar rooftop operations of Corenergy booked higher depreciation expense as of end-September 2023. This was on account of the increased acquisition of solar panels and tools to service additional customers.

3. Engineering service fees was higher by 7% YoY to Php 24.2 mn as of end-September 2023. This was mainly attributed to higher direct costs incurred by WMP to service its on-going engineering service contracts with non-related parties during the period in review.

4. Operating expenses rose by 13% YoY.

The Company ended the period in review with a net decrease in cash, before considering the effect of changes in the foreign exchange rates, in the amount of Php 1.4 bn. This was 180% higher than the net decrease in cash as of end-September 2022 in the amount of Php 488.7 mn. Investing activities made up 51% of the total net outflow in cash as of end-September 2023 in the amount of Php 691.4 mn. The net cash flows used in financing activities in the amount of Php 576.8 mn and operating activities in the amount of Php 100.5 mn further contributed to the reduction in cash level as of the period in review.

Operating activities showed a net cash outflow of Php 100.5 mn as of end-September 2023, a reversal of the net cash inflows as of end-September 2022 of Php 110.8mn. This was mainly due to the significant rise in prepayments (development costs for a solar plant facility in Bulacan, higher creditable withholding taxes (CWTs) and input VAT booked by the Company, VEC, Isla Norte, and Corenergy, and input VAT booked by 100%-owned Isla Mactan-Cordova Corporation (IMCC) from importation and domestic purchase of goods and services related to the development of a seawater desalination facility). Higher debt service due to increase in short-term notes and the take up of the interest payments of DPI and CIPC further contributed to the cash outflow during the period in review.

Investing activities closed the period in review with a net cash outflow of Php 691.4 mn, which was mainly on account of VEC's investment in a solar plant facility in Bulacan and development costs incurred by IMCC for the construction of a seawater desalination facility. The cash outflow made by VEC to scale up its portfolio in diesel-fired on-grid and off-grid generation assets also contributed to the reduced cash level. These were offset by dividends received from five associates. This compares to the spending of Php 1.6 bn as of end-September 2022, which was mainly due to 1590 EC's acquisition of the BDPP.

Financing activities as of end-September 2023 showed a net cash outflow of Php 576.8 mn, a reverse of the net cash inflow of Php 1.0 bn as of end-September 2022. This was mainly attributed to the principal amortization payment made by the Company for its fixed rate corporate note. During the period in review, CIPC, DPI, Isla Norte, BPC and NBPC also made principal amortization payments for their respective short-term and/or long-term loans. Moreover, payments of cash dividends by the Company, NBPC, BPC, DPI & CIPC, and finance lease payments by the Company, WMP, DPI and CIPC contributed to the use of cash as of end-September 2023. These were tempered by the proceeds from the short-term loans drawn by VEC and Corenergy, and collections from an associate for its full payment of an interest-bearing loan from the Company.

Debt-to-Equity ratio went up to 0.51x as of end-September 2023, vis-à-vis as of end-2022 level of 0.48x. Total equity increased by 8%, which was mainly attributed to the earnings net of the dividends declared by the Company as of end-September 2023. Meanwhile, total liabilities went up by 14%, which stemmed from the following:

1. Short-term loans drawn by VEC and Corenergy;
2. Consolidation of the liabilities of newly-acquired subsidiaries, San Ildefonso Alternative Energy Corp. (SIAEC), DPI and CIPC;
3. Higher trade and other payables, which were mainly attributed to the amount due to the joint venture partner on the acquisition of shares in subsidiaries, and Corenergy's trade liabilities on the back of improved RES operations;
4. Accrual of income taxes by seven subsidiaries and;
5. Accrued pension booked by the Company, and six wholly-owned subsidiaries.

These additions were offset by the principal amortization payments made by the Company, DPI, CIPC, BPC, NBPC and Isla Norte.

The Company's current ratio went down to 1.75x as of the period in review from the year-end 2022 level of 1.87x. Current liabilities increased by 11% brought by the short-term loans drawn by VEC and Corenergy, and the take-up of the current liabilities of newly-acquired subsidiaries, SIAEC, DPI and CIPC. This was offset by the principal amortization payments made by the Company, CIPC, DPI, Isla Norte, BPC, and NBPC, amortization of finance lease booked by the Company, WMP, DPI and CIPC, payment made by a subsidiary to a minority shareholder for an interest-bearing loan, and payment made by another subsidiary to its minority shareholder for advances made in prior years. Meanwhile, current assets rose by 4%. The increase in trade receivables (mostly from the newly acquired subsidiaries, DPI and CIPC, attributed to their power generation operations), inventories (mostly from DPI and CIPC) and prepayments (attributed to the development cost for a solar plant facility and input VAT booked by IMCC from importation and domestic purchases of goods and services related to the development of a seawater desalination facility).

Material Changes in Line Items of Registrant's Income Statement
(YTD September 2023 vs. YTD September 2022)

As of end-September 2023, the Company's total revenues amounted to Php 6.1 bn, recording a 38% YoY increase from Php 4.4 bn.

1. Sale of power rose by 25% YoY to Php 3.9 bn from Php 3.1 bn, which was primarily from the improved revenue contribution by the Company's investments in oil-fired power plants, RES and solar rooftop businesses.

    Oil-fired Power Plants

    - Wholly owned DPI and CIPC brought in fresh revenue contributions covering the period June to September 2023 in the amount of Php 527.7 mn and Php 259.3 mn, respectively.

    - 100%-owned Isla Norte shored in a revenue contribution of Php 595.0 mn (up by 11% YoY) driven by a 6% YoY increase in the volume of energy sold.

On the other hand, the following offset the revenue expansion:

- 55.2%-owned 1590 EC saw a 14% YoY drop in its topline performance as of the period in review. This was mainly driven by the 63% YoY decline in revenue from ancillary services as a result of the termination of its contract in March 2023. Moreover, the volume of energy sold to the WESM saw a 32% decline YoY. However, the impact was softened by the revenue from a bilateral contract that started in April 2023, and a non-recurring revenue pertaining to the collection of additional compensation on its sale of energy to the WESM in 2022.

- 90%-owned BPC's revenue decreased by 18% YoY as a result of lower dispatch resulting to an 88% YoY decline in volume sold. In the same period last year, BPC booked a non-recurring revenue from the dispatch of emergency power.

Retail Electricity Supply (RES)

- 100%-owned Corenergy showed higher RES revenue (up by 108% YoY) as of end-September 2023. This strong showing was due to the increased volume sold (up by 136% YoY) and improved customer base.

Solar Rooftop

- 100%-owned CSSC, posted a 33% YoY expansion in its topline performance on account of an improved customer base and increased total contracted capacity (up by 27% YoY) during the period in review.

- 100%-owned VSC contributed Php 3.8 mn in revenue as of end-September 2023 from Php 2.3 mn as of end-September 2022 as energy volume sales grew by 69% YoY.

- The solar rooftop business of 100%-owned Corenergy contributed revenue of Php 5.3 mn. This was mainly attributed to the 79% YoY rise in volume sold on the back of increased number of customers.

2. 334% YoY increase in management fees to Php 282.2 mn from Php 65.1 mn that mainly stemmed from a non-recurring technical services contract of VEC during the period in review.

3. Engineering service revenue declined by 47% YoY to Php 16.4 mn. The topline performance of Corenergy's engineering service operations went down by 55% YoY. In 2022, Corenergy had engineering service contracts which were completed in the same year. During the period in review, Corenergy did not have billable charges as services for new contracts with customers are still on-going. Meanwhile, 60%-owned WMP posted a 283% YoY increase in its revenue on service engineering contract with non-related parties.

4. The Company's share in net earnings of associates and joint ventures as of September 30, 2023 amounted to Php 1.7 bn, representing a 54% YoY increase from Php 1.1 bn. This was a result of the following:

   - VECO, the Company's electricity distribution utility, posted Php 804.0 mn in income contribution during the period in review from Php 412.3[3] mn as of end-September 30, 2022. This was mainly attributed to the 13% YoY increase in the volume of electricity sold. VECO's bottomline contribution during the period in review was net of the one-time refund to its customers for the over-recoveries of pass-through charges covering the first semester of 2023, in compliance with the ERC Resolution No. 14. In the same period last year, electricity sales volume was significantly affected by the prolonged power outage in Cebu that resulted from the devastation caused by Typhoon Odette in December 2021.

- 40%-owned AHI posted Php 349.6 mn in income contribution, a 30% YoY increase. This was driven by the increase in profitability of its associate, CEDC. CEDC's robust performance during the period in review was attributed to higher profit on its sale to the WESM and bilateral contracts as the volume of energy sold went up by 62% and 9% YoY, respectively. However, CEDC's profits from ancillary services dropped by 44% YoY due to the expiration of the contract in April 2023.

- 20%-owned TVI recorded an income contribution of Php 248.2 mn as of end-September 2023, posting a 32% increase from Php 188.6 mn in the same period last year. This strong showing was mainly attributed to higher profits from WESM (up by 50% YoY) as volume of energy sold increased by 45% YoY. Increased profits from bilateral contracts (up by 14%) as volume sales rose by 22% YoY and reduced debt service also contributed to the improved net income contribution during the period in review. However, this was tempered by the reduced profit from RES contracts (down by 24% YoY) due to increased cost of power. In January and February 2022, TVI experienced plant downtime related to Typhoon Odette that brought down generated and sold energy for the comparable period.

- 40%-owned MPC shored in Php 239.1 mn as of the period in review, which was 7% higher than the Php 222.9 mn as of end-September 2022. This was primarily due to the 8% YoY topline growth because of a 6% YoY rise in volume of energy sold.

- 40%-owned CPPC brought in Php 57.2 mn in income contribution as of end-September 2023 vis-a-vis Php 36.7 mn in net loss contribution as of end-September 2022. This was mainly attributable to the recognition of a non-recurring revenue pertaining to the collection of additional compensation for prior year sale of energy to the WESM. In 2022, power generation companies, including CPPC, were entitled to additional compensation upon implementation of the secondary price cap by the IEMOP.

However, the above expansion in earnings contribution were tempered by the following factors:

- 45%-owned FLOWS booked a 25% decline in income contribution from Php 8.7 mn to Php 6.6 mn. This was driven by the operations of its subsidiary, PPWRLC. PPWRLC incurred higher operating, maintenance and overhead costs as the septage and sewerage components of its wastewater treatment facility became fully operational during the period in review. Septage and sewerage operations went online in the first and third quarter of 2022, respectively. Higher debt service for a long-term loan drawn in August 2022 also contributed to the decline in earnings contribution during the period in review.

- 40%-owned Prism Energy, a RES company, posted an income contribution of Php 0.9 mn as of end-September 2023 vis-à-vis Php 2.5 mn as of end-September 2022. Prism Energy saw a 66% YoY decline in the volume of energy sold due to the expiration of customer contracts.

- 100%-owned CIPC posted an income contribution of Php 23.7 mn for the period covered January to May 2023, i.e., prior to VEC's acquisition of the 50% equity shareholding of its joint venture partner on June 1, 2023. This compares to the Php 31.4 mn in income contribution covering January to September 2022. As of end-September 2023, CIPC's total energy sales volume grew by 21% YoY.

- 100%-owned DPI contributed Php 15.8 mn to the bottomline covering January to May 2023. Starting June 1, 2023, DPI is considered as a subsidiary, as discussed above. For the period covered January to September 2022, DPI brought in an income contribution of Php 32.1 mn. Moreover, DPI's energy sales volume as of end-September 2023 was 17% higher YoY

6. Interest income significantly increased by 278%, which was driven by higher interest rates for short-term money market placements.

Total cost of services and operating expenses as of end-September 2023 went up by 24% YoY to Php 3.8 bn from Php 3.0 bn.

1. Total cost of services rose by 26% YoY to Php 3.0 bn. This was mainly attributed to the following:

   a) Generation costs went up to Php 3.0 bn, 26% higher YoY, on account of:

      Oil-fired Power Plants

      - Take-up of the generation costs of DPI and CIPC for the period June 2023 to September 2023, in the amount of Php 447.7 mn and Php 188.4 mn, respectively. This was a result of the acquisition of the 50% equity stake of the joint venture partner in both investee-companies.

      - 100%-owned Isla Norte incurred higher generation cost (up by 12% YoY) on the back of a 6% YoY increase in volume of energy sold. The early payment of real property tax during the period in review also contributed to the cost expansion.

      The cost expansion was tempered by the following:

      - 1590 EC's generation cost declined by 23% YoY as a consequence of the reduced energy sold to the WESM and ancillary services as of end-September 2023 (down by 32% YoY and 68% YoY, respectively). Also, in the same period last year, 1590 EC incurred expenses for plant repairs and maintenance and depreciation expense resulting from the acquisition of the BDPP in April 2022.

      - 90%-owned BPC booked a 23% YoY decline in generation cost since its energy sales volume was 88% lower YoY.

      Retail Electricity Supply

      - Increased customer base and volume sales of Corenergy's RES business (up by 136% YoY) led to higher cost of purchased power (up by 102% YoY).

Solar Rooftop

- Direct costs incurred by 100%-owned CSSC went up by 13% YoY given additional customers with new solar energy supply contracts (sales volume up by 42% YoY).

- 100%-owned VSC recorded a 52% YoY rise in its cost of services on the back of the 69% YoY growth in energy sales volume.

- The solar rooftop operations of Corenergy booked higher depreciation expense as of end-September 2023. This was on account of the increased acquisition of solar panels and tools to service additional customers.

b) Engineering service fees was higher by 7% YoY to Php 24.2 mn as of end-September 2023. This was mainly attributed to higher direct costs incurred by WMP to service its on-going engineering service contracts with non-related parties during the period in review.

2. Salaries and employee benefits went up by 12% YoY to Php 338.5 mn from Php 301.8 mn. Increased headcount and salary rates mainly accounted for the cost expansion.

3. Professional fees was 16% higher YoY at Php 57.5 mn. This was mainly attributed to higher consultancy fees incurred for project development, risk-based strategy and organizational development during the period in review.

4. Taxes and licenses were lower by 37% YoY to Php 56.9 mn from Php 89.8 mn. The documentary stamp tax (DST) incurred as of end-September 2022 (related to the purchase of the BDPP) was higher than the DST paid for the same period in 2023 (related to infusions to subsidiaries for project funding and short-term loans of VEC).

5. Depreciation and amortization went up to Php 46.7 mn, 16% higher YoY. This was mainly attributed to newly acquired fixed assets during the period in review.

6. Management and directors' fees grew by 70% YoY to Php 39.8 mn. This was mainly attributed to higher management fees, increased number of board and committee meetings and higher director's per diem.

7. Outside services significantly grew by 147% YoY to Php 31.0 mn. This can be attributed to the increased fee for the marketing services incurred by a subsidiary, and the security services and outsourced personnel incurred by three subsidiaries.

8. Travel expenses were higher by 98% YoY to Php 25.6 mn. This can be mainly attributed to the increased frequency of business travels for meetings with partners and stakeholders, and site visit for project development. Furthermore, fuel expenses for fleet cars went up since the number of units, frequency of fieldwork and employees working on premises increased during the period in review.

9. Communication and utilities expenses declined by 6% to Php 8.7 mn from Php 9.3mn. The Company incurred communication expenses covering various periods in 2021 wherein the billings were received as of end-September 2022. This was higher than the increased consumption of water and electricity as a result of the increased number of employees working on premises as of end-September 2023.

10. Representation expenses was posted at Php 6.2 mn, 9% higher YoY. This was mainly due to the increased spending for official business functions during the period in review.

11. Rent and association dues were lower by 8% to Php 3.2 mn from Php 3.5 mn. Lower assets rental of two subsidiaries during the period in review mainly accounted for the decline in cost.

12. Other operating expenses went up to Php 72.1 mn, posting a 26% increase YoY. This was mainly attributed to higher cost on subscriptions to work management and communication tools, insurance premium, and higher office supplies consumption due to increase in headcount.

Vivant booked Php 179.0 mn in other charges as of end-September 2023, recording an increase of 9% from Php 164.1 mn in other charges booked in the same period last year. The following account for the movement:

1. Finance costs on loans was 50% higher YoY to Php 256.4 mn. Debt servicing of seven subsidiaries accounted for the cost expansion, namely:
    a. Isla Norte from its short-term and long-term loans drawn as of the second semester of 2022.
    b. VEC from its short-term loans drawn in February, March and June 2023.
    c. BPC and NBPC from the refinancing of its long-term loans in the second quarter of 2022, which had higher loan amounts and interest rates.
    d. Corenergy from its short-term loans drawn in February 2023.
    e. The take-up of the finance costs of the term loans of CIPC & DPI.

2. Unrealized foreign exchange loss stands at Php 5.0 mn as of end-September 2023, a reversal of the unrealized foreign exchange gain of Php 64.3 mn as of end-September 2022. This pertains to the translation of the US Dollar and Euro cash balances of the Company and its subsidiaries.

The increase in other charges were offset by the following:

1. VEC booked a gain on bargain purchase of Php 64.7 mn as a result of the purchase price allocation under PFRS 3, *Business Combination*[10], related to its acquisition of the 50% equity stake in DPI from the joint venture partner.

2. Finance costs on lease liabilities dropped by 89% YoY to Php 0.9 mn. As of end-September 2022, 1590 EC derecognized the finance cost resulting from the purchase of the BDPP.

3. Other income of Php 18.7 mn as of end-September 2023. This was mainly on account of the interest earned from an interest-bearing loan of an associate, which was collected during the period in review.

[10] As allowed by PFRS 3, the assets recognized and liabilities assumed were based on provisional assessment of their fair value. The valuation had not been completed by the date of this report. Hence the determination of final amount of property, plant and equipment, intangible assets, trade and other payables, long-term notes payable, goodwill, gain on bargain purchase, and non-controlling interest are subject to change within one (1) year of measurement period after the acquisition date.

As of end-September 2023, the Company booked a consolidated provision for income tax of Php 138.5 mn, which was 69% higher than the Php 82.1 mn in accrued consolidated income tax provision in the same period last year. This was mainly due to higher taxable income of 1590 EC and Corenergy, and the take-up of the accrued income taxes of DPI and CIPC.

Taking all of the above into account, the Company recorded a total net income of Php 2.0 bn for the period ending September 30, 2023, which was 83% higher than end-September 2022's net income of Php 1.1[11] bn. Net income attributable to parent, net of the share of the minority shareholders of six subsidiaries, amounted to Php 1.9 bn as of end-September 2023 from Php 978.0[12] mn as of end-September 2022.

Changes in Registrant's Consolidated Resources, Liabilities and Shareholders' Equity (End-September 2023 vs. Year-end 2022)

The Company's total assets as of end-September 2023 amounted to Php 29.1 bn, which was higher than year end-2022's level of Php 26.4 bn. The following are the material movements in the consolidated assets of the Company during the period in review.

1. Cash and cash equivalents was reduced to Php 3.5 bn as of end-September 2023. Spending for investing activities amounting to Php 691.4 mn as of end-September 2023, albeit lower than the net cash outflows as of end-September 2022 amounting to Php 1.6 bn, mainly drove the decrease in cash. Financing activities posted a net cash outflow of Php 576.8 mn during the period in review, a reverse of the net cash inflows as of end-September 2022 of Php 1.0 bn. Cash amounting to Php 100.5 mn was used in operating activities.

2. Trade and other receivables went up by 45% to Php 2.0 bn as of end-September 2023. This was mainly attributed to the take-up of the receivables of the then joint ventures turned subsidiaries, DPI and CIPC. The improved operations of Corenergy and the granting of extended payment term to BPC's customer further contributed to the asset expansion.

3. Advances to associates, joint ventures, and stockholders declined by 45% YoY to Php 162.4 mn. This was mainly on account of the collection from an associate for the full settlement of its interest-bearing loan from the Company. Moreover, with the then three joint ventures and one associate becoming subsidiaries starting June 1, 2023, VEC's advances to these entities, which were outstanding as of year-end 2022, were eliminated for financial reporting purposes. The said elimination of related party advances also contributed to the asset contraction.

4. Inventories increased by 137% to Php 420.3 mn as of end-September 2023, mainly from the take-up of the inventories of DPI and CIPC resulting from the business combination. This was tempered by the fuel consumption of 1590 EC, Isla Norte, BPC and NBPC, and the use of personal protective equipment by WMP for project site safety.

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[11] Reported as Php 1.0 bn in the SEC 17Q YTD September 2022 report. The change is mainly due to the restatements of the financial statements as of and for the period ended September 30, 2022 to consider the retrospective adjustments briefly described above.

[12] Reported as Php 943.3 mn in the SEC 17Q YTD September 2022 report. The change is mainly due to the restatements of the financial statements as of and for the period ended September 30, 2022 to consider the retrospective adjustments briefly described above.

5. Prepayments and other current assets were higher by 204% to Php 1.4 bn. This was mainly attributed to the prepayments for the development of the solar plant facility in Bulacan. Improved operations of Isla Norte and Corenergy resulted to higher CWTs and deferred input VAT, and Corenergy saw an increase in its security deposits as new RES customers were energized. Moreover, IMCC had input VAT during the period in review from its importation and domestic purchase of goods and services related to the development of its seawater desalination plant.

6. Property, plant and equipment increased by 37% to Php 8.0 bn, which was mainly attributed to the take-up of the assets of newly-acquired subsidiary, SIAEC, costs for the on-going construction of a seawater desalination plant (Construction-in-Progress) by wholly-owned IMCC, acquisition of solar panels and tools by Corenergy to service additional customers, and land acquisition by 90%-owned BPC. Moreover, new diesel-fired on-grid and off-grid generation assets were acquired by VEC during the year in review on account of the expansion of its interests in power generation business. The purchase of various fixed assets by the Company and VEC further contributed to the asset expansion.

7. Right-of-use assets (ROU) decreased by 18% YoY to Php 18.2 mn due to the depreciation for the period. The decline was mitigated by the take up of the ROU assets of CIPC and DPI, and the lease extension of a subsidiary's office space.

8. Deferred income tax assets increased by 15% to Php 15.8 mn from Php 13.8 mn from the take up of the assets of DPI.

9. Other non-current assets amounted to Php 2.1 bn, 12% higher than end-2022's Php1.9 bn. This was mainly attributed to the take-up of the noncurrent assets of DPI, CIPC, LPEC and CREC related to the business combination. The rise in noncurrent VAT booked by 1590 EC and Isla Norte, take-up of input VAT of newly-acquired subsidiary, SIAEC, and the take up of goodwill[13] from acquiring additional 50% shareholding in CIPC also contributed to the expansion of this account.

Total consolidated liabilities amounted to Php 9.8 bn as of end-September 2023, 14% higher than the end-2022 level of Php 8.5 bn. This was mainly attributed to the 87% increase in short-term notes payable, which was on account of the loans drawn by VEC and Corenergy in various periods within the period in review. This was offset by Isla Norte's full settlement of its short-term note as of end-September 2023.

Other factors that contributed to the expansion of liabilities include:

1. Trade and other payables increased by 27% from Php 1.5 bn to Php 1.9 bn mainly from the take-up of trade and non-trade payables of newly-acquired subsidiary, SIAEC, and newly-consolidated subsidiaries, DPI, CIPC, CREC & LPEC. This is further increased by the outstanding payable related to the acquisition of the partner's shareholding in DPI, CIPC, Isla Norte, CREC and LPEC.

[13]As allowed by PFRS 3, the assets recognized and liabilities assumed were based on provisional assessment of their fair value. The valuation had not been completed by the date of this report. Hence the determination of final amount of property, plant and equipment, intangible assets, trade and other payables, long-term notes payable, goodwill, gain on bargain purchase, and non-controlling interest are subject to change within one (1) year of measurement period after the acquisition date.

2. Income tax payable significantly rose to Php 55.3 mn from Php 7.5 mn. This was mainly attributed to higher taxable earnings of Corenergy and NBPC on the back of improved operations, and higher taxable earnings in 1590EC related to the non-recurring revenue, i.e., additional compensation on its sale of energy to the WESM in 2022. The take-up of the accrued income taxes of CIPC, DPI, and rental income of 100%-owned Vivant Realty Ventures Corporation (VRVC) also contributed to the increase in tax liability.

3. Pension liability as of end-September 2023 was at Php 79.1 mn, a 23% increase from the end-2022 level of Php 64.2 mn. Accrual of pension expenses booked by the Company, and six wholly-owned subsidiaries mainly accounted for the expansion of this account.

The expansion in liabilities was offset by the following:

1. Advances from related parties shrank by 78% to Php 2.4 mn. This was attributed to the payment made by a subsidiary to a minority shareholder for an interest-bearing loan, and payment made by another subsidiary to its minority shareholder for advances made in prior years.

2. Current and noncurrent notes payable decreased by 6% to Php 4.4 bn from Php 4.6 bn. This was mainly attributed to the principal amortization payments made by the Company, Isla Norte, BPC & NBPC. However, the drop was offset by the take up of the term loans of newly consolidated subsidiaries, DPI and CIPC.

3. Finance lease liabilities decreased by 12% to Php 23.6 mn brought by amortization of finance lease in the Company, WMP, DPI and CIPC, offset by the take up of liabilities of the newly-consolidated subsidiaries, DPI & CIPC.

Equity reserves increased by 20% to Php 30.3 mn, which was attributed to the acquisition of the 35% non-controlling interest in Isla Norte. 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.

As a result of net income generated, net of the dividends declared by the Company, total stockholders' equity increased by 8%, from Php 17.9 bn as of year-end 2022 to Php 19.3 bn as of end-September 2023. Meanwhile, equity attributable to parent was at Php 18.0 bn as of end-September 2023, up by 9% vis-à-vis end-2022's Php 16.5 bn.

Material Changes in the Consolidated Liquidity and Cash Reserves of Registrant
(End-September 2023 vs. End-September 2022)

Cash and cash equivalents fell by 33% YoY, from Php 5.2 bn as of end-September 2022 to Php 3.5 bn as of end-September 2023.

The Company ended the period in review with a net decrease in cash, before considering the effect of changes in the foreign exchange rates, in the amount of Php 1.4 bn. This was 180% higher than the net decrease in cash as of end-September 2022 in the amount of Php 488.7 mn. Investing activities made up 51% of the total net outflow in cash as of end-September 2023 in the amount of Php 691.4 mn. The net cash flows used in financing activities in the amount of Php 576.8 mn and operating activities in the amount of Php 100.5 mn further contributed to the reduction in cash level as of the period in review.

Operating activities showed a net cash outflow of Php 100.5 mn as of end-September 2023, a reversal of the net cash inflows as of end-September 2022 of Php 110.8mn. This was mainly due to the significant rise in prepayments (development costs for a solar plant facility in Bulacan, higher CWTs and input VAT booked by the Company, VEC, Isla Norte, and Corenergy, and input VAT booked by 100%-owned IMCC from importation and domestic purchase of goods and services related to the development of a seawater desalination facility). Higher debt service due to increase in short-term notes and the take up of the interest payments of DPI and CIPC further contributed to the cash outflow during the period in review.

Investing activities closed the period in review with a net cash outflow of Php 691.4 mn, which was mainly on account of VEC's investment in a solar plant facility in Bulacan, and development costs incurred by IMCC for the construction of a seawater desalination facility. The cash outflow made by VEC to scale up its portfolio in diesel-fired on-grid and off-grid generation assets also contributed to the reduced cash level. These were offset by dividends received from five associates. This compares to the spending of Php 1.6 bn as of end-September 2022, which was mainly due to 1590 EC's acquisition of the BDPP.

Financing activities as of end-September 2023 showed a net cash outflow of Php 576.8 mn, a reverse of the net cash inflow of Php 1.0 bn as of end-September 2022. This was mainly attributed to the principal amortization payment made by the Company for its fixed rate corporate note. During the period in review, CIPC, DPI, Isla Norte, BPC and NBPC also made principal amortization payments for their respective short-term and/or long-term loans. Moreover, payments of cash dividends by the Company, NBPC, BPC, DPI & CIPC, and finance lease payments by the Company, WMP, DPI and CIPC contributed to the use of cash as of end-September 2023. These were tempered by the proceeds from the short-term loans drawn by VEC and Corenergy, and collections from an associate for its full payment of an interest-bearing loan from the Company.

Financial Ratios

Debt-to-Equity ratio went up to 0.51x as of end-September 2023, vis-à-vis as of end-2022 level of 0.48x. Total equity increased by 8%, which was mainly attributed to the earnings, net of the dividends declared by the Company, as of end-September 2023. Meanwhile, total liabilities went up by 14%, which stemmed from the following:

1. Short-term loans drawn by VEC and Corenergy;
2. Consolidation of the liabilities of newly-acquired subsidiaries, SIAEC, DPI and CIPC;
3. Higher trade and other payables which were mainly attributed to the amount due to the joint venture partner on the acquisition of shares in subsidiaries, and Corenergy's trade liabilities on the back of improved RES operations;
4. Accrual of income taxes by seven subsidiaries and;
5. Accrued pension booked by the Company, and six wholly-owned subsidiaries.

These additions were offset by the principal amortization payments made by the Company, DPI, CIPC, BPC, NBPC and Isla Norte.

The Company's current ratio went down to 1.75x as of the period in review from the year-end 2022 level of 1.87x. Current liabilities increased by 11% brought by the short-term loans drawn by VEC and Corenergy, and the take-up of the current liabilities of newly-acquired subsidiaries, SIAEC, DPI and CIPC. This was offset by the principal amortization payments made by the Company, CIPC, DPI, Isla Norte, BPC, and NBPC, amortization of finance lease booked by the Company, WMP, DPI and CIPC, payment made by a subsidiary to a minority shareholder for an interest-bearing loan, and payment made by another subsidiary to its minority shareholder for advances made in prior years. Meanwhile, current assets rose by 4%. The increase in trade receivables (mostly from the newly acquired subsidiaries, DPI and CIPC, attributed to their power generation operations), inventories (mostly from DPI and CIPC) and prepayments (attributed to the development cost for a solar plant facility and input VAT booked by IMCC from importation and domestic purchases of goods and services related to the development of a seawater desalination facility).

Material Events and Uncertainties

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

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

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

  None.

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

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

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

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

  POWER GENERATION

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

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

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

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

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

- SIAEC is the project company that will operate a solar power plant facility in San Ildefonso, Bulacan. The facility is undergoing construction with a target capacity of 22 MWp and ancillary facilities. SIAEC is targeting to start commercial operations within 2023. VEC has an effective ownership of 100% in SIAEC.

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

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

WATER INFRASTRUCTURE

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

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

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

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

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

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

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

  None.

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

  None.

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

  None.

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

  None

PART II--OTHER INFORMATION

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

SIGNATURES

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

VIVANT CORPORATION

By:

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

DYAN RAMONA S. OLEGARIO
Assistant Vice President – Accounting

November 14, 2023

VIVANT CORPORATION AND SUBSIDIARIES

Unaudited Consolidated Financial Statements
As of September 30, 2023 (with Comparative Audited Consolidated Figures as of December 31, 2022) and for the Nine Months Ended September 30, 2023

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(With Comparative Figures as of December 31, 2022)
(Amounts in Philippine Pesos)

	Notes	**September 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	1	**₱3,519,620,525**	₱4,893,357,226
Trade and other receivables	2	**1,971,843,184**	1,362,706,195
Advances to associates, joint ventures and stockholders	2	**162,409,895**	294,016,208
Inventories – at cost		**420,324,745**	177,720,556
Prepayments and other current assets	3	**1,355,973,194**	446,283,559
Total Current Assets		**7,430,171,543**	7,174,083,744
Noncurrent Assets			
Investments in associates and joint ventures	4	**10,571,479,918**	10,578,321,124
Property, plant and equipment	5	**8,048,325,181**	5,877,554,921
Right-of-use assets		**18,181,828**	22,112,091
Investment properties	6	**924,036,600**	924,036,600
Deferred income tax assets		**15,787,736**	13,759,370
Other noncurrent assets	7	**2,071,356,234**	1,850,135,618
Total Noncurrent Assets		**21,649,167,497**	19,265,919,724
TOTAL ASSETS		**₱29,079,339,040**	₱26,440,003,468

	Notes	**September 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables		**₱1,927,918,675**	₱ 1,522,307,377
Short-term notes payable		**2,191,814,644**	1,170,300,000
Current portion of long-term notes payable		**76,138,733**	1,115,158,717
Current portion of lease liabilities		**1,202,305**	13,340,222
Advances from related parties		**2,350,050**	10,886,165
Income tax payable		**55,277,334**	7,528,408
Total Current Liabilities		**4,254,701,741**	3,839,520,889
Noncurrent Liabilities			
Long-term notes payable - net of current portion		**4,290,361,745**	3,508,465,451
Lease liabilities – net of current portion		**22,361,666**	13,469,730
Pension liability		**79,071,971**	64,195,472
Deferred income tax liabilities		**262,808,961**	267,362,207
Other noncurrent liabilities – net of current portion		**857,834,131**	838,293,931
Total Noncurrent Liabilities		**5,512,438,474**	4,691,786,791
Total Liabilities		**9,767,140,215**	8,531,307,680
Equity Attributable to Equity Holders of the Parent			
Capital stock	8	**1,023,456,698**	1,023,456,698
Additional paid-in capital		**8,339,452**	8,339,452
Other components of equity:			
Share in remeasurement losses on employee benefits of associates and a joint venture		**(94,016,067)**	(94,016,067)
Remeasurement gain on employee benefits		**7,123,993**	7,123,993
Unrealized valuation gain on financial assets at fair value through other comprehensive income (FVOCI)		**26,517,514**	26,517,514
Equity reserves		**(30,252,298)**	(25,128,554)
Retained earnings:			
Appropriated for business expansion		**6,820,897,482**	6,820,897,482
Unappropriated		**10,204,768,743**	8,727,306,176
Equity Attributable to Equity Holders of the Parent		**17,966,835,517**	16,494,496,694
Equity Attributable to Non-controlling Interests		**1,345,363,308**	1,414,199,094
Total Equity		**19,312,198,825**	17,908,695,788
TOTAL LIABILITIES AND EQUITY		**₱29,079,339,040**	₱26,440,003,468

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD JANUARY 1 TO SEPTEMBER 30, 2023
(With Comparative Figures for the same period in 2022)
(Amounts in Philippine Pesos)

	2023	2022 (Restated)
REVENUE		
Revenue from contracts with customers		
Sale of power	**₱3,908,532,947**	3,119,894,027
Management and service fees	**282,204,267**	65,086,360
Engineering service income	**16,404,542**	30,671,986
	4,207,141,756	3,215,652,373
Equity in net earnings of associates and joint ventures	**1,740,380,004**	1,126,673,572
Interest income	**102,917,089**	27,228,555
	6,050,438,849	4,369,554,500
COST OF SERVICES		
Generation costs	**3,048,081,951**	2,414,533,440
Engineering service fees	**24,178,617**	22,609,932
	3,072,260,568	2,437,143,372
OPERATING EXPENSES		
Salaries and employee benefits	**338,543,717**	301,787,648
Professional fees	**57,490,603**	49,503,575
Taxes and licenses	**56,947,358**	89,820,728
Depreciation and amortization	**46,682,958**	40,291,859
Management fees	**39,792,216**	23,405,157
Outside services	**30,975,859**	12,531,634
Travel	**25,560,316**	12,882,931
Communication and utilities	**8,726,037**	9,313,378
Representation	**6,175,821**	5,658,773
Rent and association dues	**3,244,624**	3,529,763
Other operating expenses	**72,134,667**	57,129,982
	686,274,176	605,855,428
INCOME FROM OPERATIONS	**2,291,904,105**	1,326,555,700
OTHER INCOME (CHARGES)		
Finance costs on loans	**(256,382,753)**	(171,214,333)
Gain on bargain purchase	**64,685,698**	–
Foreign exchange gain (loss) – net	**(5,037,778)**	64,268,109
Finance costs on lease liabilities	**(948,335)**	(8,638,766)
Other income - net	**18,671,136**	(48,510,326)
	(179,012,032)	(164,095,316)
INCOME BEFORE INCOME TAX	**2,112,892,073**	1,162,460,384
PROVISION FOR INCOME TAX	**138,536,396**	82,100,915
NET INCOME	**1,974,355,677**	1,080,359,469
OTHER COMPREHENSIVE INCOME	**53,879**	–
TOTAL COMPREHENSIVE INCOME	**₱1,974,409,556**	₱1,080,359,469
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent	**₱1,877,629,873**	₱978,036,213
Non-controlling interests	**96,725,804**	102,323,256
	₱1,974,355,677	₱1,080,359,469
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent	**₱1,877,662,201**	₱978,036,213
Non-controlling interests	**96,747,355**	102,323,256
	₱1,974,409,556	₱1,080,359,469
Basic and diluted earnings per share, for net income for the year attributable to equity holders of the Parent (see Note 9)	**₱1.84**	₱0.96

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2023
(With Comparative Figures for the same period in 2022)
(Amounts in Philippine Pesos)

	2023	2022 (Restated)
REVENUE		
Revenue from contracts with customers		
Sale of power	**₱1,432,508,316**	₱1,129,533,117
Management and service fees	**237,270,937**	21,695,453
Engineering service income	**13,713,706**	8,914,676
	1,683,492,959	1,160,143,246
Equity in net earnings of associates and joint ventures	**407,192,812**	489,252,215
Interest income	**41,319,944**	15,923,405
	2,132,005,715	1,665,318,866
COST OF SERVICES		
Generation costs	**1,207,126,116**	889,454,337
Engineering service fees	**8,706,820**	782,565
	1,215,832,936	890,236,902
OPERATING EXPENSES		
Salaries and employee benefits	**97,039,269**	85,722,246
Management fees	**27,397,216**	8,946,667
Professional fees	**25,452,905**	23,733,795
Depreciation and amortization	**17,704,651**	13,312,009
Outside services	**16,910,301**	3,768,111
Travel	**13,304,240**	4,233,967
Taxes and licenses	**9,970,344**	15,746,211
Communication and utilities	**3,558,855**	2,639,759
Representation	**2,955,306**	1,899,417
Rent and association dues	**884,320**	458,930
Other operating expenses	**29,767,784**	23,252,597
	244,945,191	183,713,709
INCOME FROM OPERATIONS	**671,227,588**	591,368,255
OTHER INCOME (CHARGES)		
Finance costs on loans	**(100,062,934)**	(62,950,612)
Foreign exchange gain (loss) – net	**7,087,011**	28,985,143
Finance costs on lease liabilities	**(148,537)**	(369,632)
Other income – net,	**44,478,277**	28,220,279
	(48,646,183)	(6,114,822)
INCOME BEFORE INCOME TAX	**622,581,405**	585,253,433
PROVISION FOR INCOME TAX	**34,675,893**	45,751,890
NET INCOME	**587,905,512**	539,501,543
OTHER COMPREHENSIVE INCOME	**54,758**	–
TOTAL COMPREHENSIVE INCOME	**₱587,960,270**	₱539,501,543
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent	**₱596,129,361**	₱502,726,918
Non-controlling interests	**(8,223,849)**	36,774,625
	₱587,905,512	₱539,501,543
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent	**₱596,162,216**	₱502,726,918
Non-controlling interests	**(8,201,946)**	36,774,625
	₱587,960,270	₱539,501,543
Basic and diluted earnings per share, for net income for the year attributable to equity holders of the Parent (see Note 9)	**₱0.58**	₱0.49

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
(With Comparative Figures for the same period in 2022)
(Amounts in Philippine Pesos)

	Attributable to Equity Holders of the Parent											
								Retained Earnings				
	Capital Stock	Additional Paid-in Capital	Share in Revaluation Increment of an Associate	Remeasurement Losses on Employee Benefits	Share in Remeasurement Losses on Employee Benefits of Associates and a Joint Venture	Unrealized Valuation Gain on Financial Assets at FVOCI	Equity Reserves	Appropriated	Unappropriated	Total	Equity Attributable to Non-Controlling Interests	Total Equity
Balances at January 1, 2023	**₱1,023,456,698**	**₱8,339,452**	**₱–**	**₱7,123,993**	**(₱94,016,067)**	**₱26,517,514**	**(₱25,128,554)**	**₱6,820,897,482**	**₱8,727,306,176**	**₱16,494,496,694**	**₱1,414,199,094**	**₱17,908,695,788**
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,877,629,873**	**1,877,629,873**	**96,725,804**	**1,974,355,677**
Dividends declared	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(398,841,075)**	**(398,841,075)**	**(1,060,000)**	**(399,901,075)**
Acquisition of new subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(5,123,744)**	**–**	**(1,380,110)**	**(6,503,854)**	**(164,501,590)**	**(171,005,444)**
Adjustment on foreign translation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**53,879**	**53,879**	**–**	**53,879**
Balances at September 30, 2023	**₱1,023,456,698**	**₱8,339,452**	**₱–**	**₱7,123,993**	**(₱94,016,067)**	**₱26,517,514**	**(₱30,252,298)**	**₱6,820,897,482**	**₱10,204,768,743**	**₱17,966,835,517**	**₱1,345,363,308**	**₱19,312,198,825**
Balances at January 1, 2022 (Restated)	₱1,023,456,698	₱8,339,452	₱–	(₱56,940)	(₱94,016,067)	₱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 (loss)	–	–	–	–	–	–	–	–	978,036,213	978,036,213	102,323,256	1,080,359,469
Dividends declared	–	–	–	–	–	–	–	–	(444,282,552)	(444,282,552)	–	(444,282,552)
Acquisition of new subsidiaries	–	–	–	–	–	–	–	–	–	–	248,037,489	248,037,489
Balances at September 30, 2022	₱1,023,456,698	₱8,339,452	₱–	(₱56,940)	(₱94,016,067)	₱4,643,039	(₱25,128,554)	₱6,198,363,882	₱8,732,612,026	₱15,848,213,536	₱1,414,194,348	₱17,262,407,884

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
(With Comparative Figures for the same period in 2022)
(Amounts in Philippine Pesos)

	Notes	**2023**	2022(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱2,112,892,073**	₱1,162,460,384
Adjustments for:			
Equity in net earnings of associates and joint ventures		**(1,740,380,004)**	(1,126,673,572)
Depreciation and amortization		**359,815,968**	342,795,571
Finance costs on loans		**256,382,753**	171,214,333
Interest income		**(102,917,089)**	(27,228,555)
Pension expense		**13,925,888**	23,643,654
Unrealized foreign exchange losses (gains)		**5,037,778**	(64,268,109)
Finance costs on lease liabilities		**948,335**	8,638,766
Gain on disposal of fixed assets		**(650,298)**	(64,473)
Loss on the derecognition of ROU		**-**	79,568,449
Gain on bargain purchase		**(64,685,698)**	-
Operating income before working capital changes		**840,369,706**	570,086,448
Decrease (increase) in:			
Trade and other receivables	2	**175,764,104**	(409,070,948)
Inventories		**(28,830,004)**	(36,222,154)
Prepayments and other current assets	3	**(832,898,446)**	(69,970,644)
Increase in trade and other payables		**77,844,741**	339,536,179
Net cash generated from operations		**232,250,101**	394,358,881
Interest paid		**(250,358,878)**	(185,003,485)
Income taxes paid		**(82,401,072)**	(98,518,184)
Net cash flows from (used in) operating activities		**(100,509,849)**	110,837,212

	Notes	2023	2022(Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant, and equipment	5	**(1,336,252,064)**	(2,527,178,342)
Dividends received from associates and joint ventures		**1,407,784,532**	1,295,935,658
Increase in other noncurrent assets		**(322,163,731)**	(66,580,837)
Acquisition of subsidiaries		**(268,304,542)**	–
Additional investments and advances to associates and joint ventures	4	**(251,169,256)**	(68,400,000)
Interest received		**77,459,133**	24,919,342
Proceeds from disposal of fixed assets		**1,570,748**	764,677
Increase in intangible asset		**(316,118)**	(175,375)
Redemption of equity interest in an associate		**475**	–
Additions to financial asset at FVOCI		–	(270,000,000)
Net cash flows used in investing activities		**(691,390,823)**	(1,610,714,877)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Loans		**(1,173,511,111)**	(334,085,659)
Lease liabilities		**(21,143,291)**	(70,184,257)
Cash dividends		**(534,574,692)**	(444,519,521)
Proceeds from loans		**1,064,102,985**	1,614,096,179
Net proceeds (payments) on advances to / from related parties		**88,327,858**	(2,172,827)
Additional investments and deposits for future stock subscription of non-controlling interest of a subsidiary		–	248,037,489
Net cash flows from (used in) financing activities		**(576,798,251)**	1,011,171,404
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,368,698,923)**	(488,706,261)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(5,037,778)**	64,268,109
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD			
Cash and cash equivalents		**4,893,357,226**	5,650,024,939
Restricted cash		**2,003,119**	2,003,311
		4,895,360,345	5,652,028,250
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
Cash and cash equivalents		**3,519,620,525**	5,225,586,787
Restricted cash		**28,290,374**	2,003,119
		₱3,547,910,899	₱5,227,589,906

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
September 30, 2023

1. Cash and Cash Equivalents

This account consists of:

	September 30, 2023	December 31, 2022
Cash on hand and in banks	**₱435,983,796**	₱1,901,784,675
Short-term investments	**3,083,636,729**	2,991,572,551
	₱3,519,620,525	₱4,893,357,226

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

This account consists of:

	September 30, 2023	December 31, 2022
Trade receivables	**₱1,889,367,713**	₱1,270,727,568
Advances to officers and employees	**27,366,372**	6,364,939
Accrued interest	**17,960,406**	10,279,936
Accounts receivable	**4,196,202**	11,161,303
Dividend receivable	**-**	7,760,000
Others	**74,946,514**	98,406,472
	2,013,837,207	1,404,700,218
Less allowance for impairment loss	**41,994,023**	41,994,023
	₱1,971,843,184	₱1,362,706,195

Advances to associates, joint ventures and stockholders	**₱162,409,895**	₱294,016,208

2.1 Aging of Trade and Other Receivables

	September 30, 2023				December 31, 2022			
	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	**₱963,976,241**	**₱226,109,360**	**₱823,751,606**	**₱2,013,837,207**	₱944,608,676	₱18,724,303	₱441,367,239	₱1,404,700,218
Less: Allowance for impairment loss			**41,994,023**	**41,994,023**			41,994,023	41,994,023
	₱963,976,241	**₱226,109,360**	**₱781,757,583**	**₱1,971,843,184**	₱944,608,676	₱18,724,303	₱399,373,216	₱1,362,706,195

3. Prepayments and Other Current Assets

The composition of this account is shown below:

	September 30, 2023	December 31, 2022
Advances to suppliers and other parties	**₱656,560,287**	₱107,751,455
Input VAT - current	**498,737,401**	167,475,443
Creditable withholding taxes - current	**85,880,971**	63,489,165
Prepaid expenses	**67,448,895**	74,809,857
Security deposit	**42,421,520**	26,649,668
Others	**4,924,120**	6,107,971
	₱1,355,973,194	₱446,283,559

Others include cash restricted for implementing environmental and community projects pursuant to the agreement entered with the Department of Environment and Natural Resources and PGLU.

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, 2023 and September 30, 2022 follow:

		Percentage of Ownership	
	Nature of Business	**2023**	2022
Associates:			
Visayan Electric Company, Inc. (VECO)	Power distribution	**34.81**	34.81
Lunar Power Core Inc. (LPCI)	Power generation	**42.50**	42.50
Global Luzon Energy Development Corporation (GLEDC)	Power generation	**42.50**	42.50
Cebu Private Power Corporation (CPPC)	Power generation	**40.00**	40.00
Prism Energy Inc (Prism Energy)	Power generation	**40.00**	40.00
Abovant Holdings Inc. (AHI)	Holding company	**40.00**	40.00
Minergy Power Corporation (MPC)	Power generation	**40.00**	40.00
Therma Visayas Inc. (TVI)	Power generation	**20.00**	20.00
Culna Renewable Energy Corp. (CREC)	Power generation	**100.00**	35.00
Lihangin Wind Energy Corporation (LWEC)	Power generation	**40.00**	40.00
Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS)	Holding company	**45.00**	45.00
Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC)	Sewage and septage facility	**40.31**	40.31
Joint ventures:			
Calamian Islands Power Corp. (CIPC)	Power generation	**100.00**	50.00
Delta P, Inc. (DPI)	Power generation	**100.00**	50.00
La Pampanga Energy Corp. (LPEC)	Power generation	**100.00**	50.00

On June 1, 2023, 100%-owned Vivant Energy Corporation (VEC) signed a Share Sale and Purchase Agreement (SSPA) to acquire all of the shareholdings of its joint venture partner in 50%-owned CIPC, DPI, LPEC. On the same date, VEC and 100%-owned Vivant Renewable Energy Corporation (VREC) signed an SSPA to acquire from the partner the latter's 65% equity stake in CREC. As a result, DPI, CIPC, LPEC and CREC are classified as 100%-owned subsidiaries.

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

`

	September 30, 2023	December 31, 2022
Investment in VECO:		
Acquisition Cost	**₱840,393,111**	₱840,393,111
Accumulated Equity Earnings-net	**709,637,553**	669,317,641
Carrying Value	**1,550,030,664**	1,509,710,752
Investment in LPCI:		
Acquisition Cost	**114,750,000**	114,750,000
Accumulated Equity Earnings-net	**(704,950)**	(693,921)
Carrying Value	**114,045,050**	114,056,079
Investment in GLEDC:		
Acquisition Cost	**-**	-
Accumulated Equity Earnings-net	**(44,258,441)**	(41,416,442)
Carrying Value	**(44,258,441)**	(41,416,442)
Investment in CPPC:		
Acquisition Cost	**305,119,049**	305,119,049
Accumulated Equity Earnings-net	**(192,406,392)**	(142,343,811)
Carrying Value	**112,712,657**	162,775,238
Investment in Prism Energy:		
Acquisition Cost	**8,432,400**	8,432,400
Accumulated Equity Earnings-net	**27,171,794**	26,278,011
Carrying Value	**35,604,194**	34,710,411
Investment in AHI:		
Acquisition Cost	**976,784,699**	976,784,699
Accumulated Equity Earnings-net	**605,904,238**	573,074,739
Carrying Value	**1,582,688,937**	1,549,859,438
Investment in MPC:		
Acquisition Cost	**2,756,240,000**	2,756,240,000
Accumulated Equity Earnings-net	**910,900,301**	791,763,365
Carrying Value	**3,667,140,301**	3,548,003,365
Investment in TVI:		
Acquisition Cost	**2,155,304,701**	2,155,304,701
Accumulated Equity Earnings-net	**998,095,777**	849,863,336
Carrying Value	**3,153,400,478**	3,005,168,037
Investment in CREC:		
Acquisition Cost	**17,468,952**	17,468,952
Accumulated Equity Earnings-net	**(862,537)**	(841,626)
Derecognition	**(16,606,415)**	-
Carrying Value	**-**	16,627,326
Investment in LWEC:		
Acquisition Cost	**₱83,330,910**	83,330,910
Additional investment	**251,169,255**	-
Redemption of shares	**(475)**	-
Accumulated Equity Earnings-net	**(9,697,229)**	(8,004,996)
Carrying Value	**324,802,461**	75,325,914

	September 30, 2023	December 31, 2022
Investment in FLOWS:		
Acquisition Cost	**65,000,000**	65,000,000
Accumulated Equity Earnings-net	**(14,906,365)**	(10,190,092)
Carrying Value	**50,093,635**	54,809,908
Investment in PPWRLC:		
Acquisition Cost	**-**	-
Accumulated Equity Earnings-net	**25,219,982**	13,939,003
Carrying Value	**25,219,982**	13,939,003
Investment in CIPC:		
Acquisition Cost	**102,097,169**	102,097,169
Accumulated Equity Earnings-net	**58,126,116**	109,382,016
Derecognition	**(160,223,285)**	-
Carrying Value	**-**	211,479,185
Investment in DPI:		
Acquisition Cost	**235,261,426**	235,261,426
Accumulated Equity Earnings-net	**16,563,788**	50,729,574
Derecognition	**(251,825,214)**	-
Carrying Value	**-**	285,991,000
Investment in LPEC:		
Acquisition Cost	**40,616,354**	40,616,354
Accumulated Equity Earnings-net	**(3,665,809)**	(3,334,444)
Derecognition	**(36,950,545)**	-
Carrying Value	**-**	37,281,910
Total Carrying Value of Investments	**₱10,571,479,918**	₱10,578,321,124

5. Property, Plant and Equipment

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

	September 30, 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**
Additions	**–**	**265,560,743**	**24,056,407**	**30,755,075**	**6,905,616**	**12,203,175**	**156,163**	**996,614,885**	**1,336,252,064**
Acquisition of subsidiaries	**180,716,334**	**968,203,343**	**10,573,899**	**1,881,633**	**722,503**	**4,113,554**	**58,667**	**14,187,855**	**1,180,457,788**
Disposal	**–**	**–**	**–**	**(4,138,596)**	**(39,554)**	**–**	**–**	**–**	**(4,178,150)**
At September 30	**674,955,689**	**5,158,105,067**	**212,470,017**	**127,165,438**	**115,986,745**	**201,228,771**	**94,714,880**	**2,688,912,740**	**9,273,539,347**
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	**–**	**293,161,855**	**8,704,189**	**13,192,258**	**8,858,874**	**12,362,358**	**9,660,054**	**–**	**345,939,588**
Disposal	**–**	**–**	**–**	**(4,138,593)**	**(39,553)**	**–**			**(4,178,146)**
At September 30	**–**	**903,916,391**	**47,886,861**	**64,625,267**	**93,106,661**	**48,798,021**	**66,880,965**	**–**	**1,225,214,166**
Net Book Value	**₱674,955,689**	**₱4,254,188,676**	**₱164,583,156**	**₱62,540,171**	**₱22,880,084**	**₱152,430,750**	**₱27,833,915**	**₱2,688,912,740**	**₱8,048,325,181**

	December 31, 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	–	–	–	(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	–	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

6. Investment Properties

	September 30, 2023	December 31, 2022
Land		
Cost	**₱898,590,867**	₱898,590,867
Condominium Units		
Cost	**₱25,445,733**	25,445,733
Total Investment Properties	**₱924,036,600**	₱924,036,600

Some of the Company's investment properties are leased out to outside parties to earn rental income, for a lease period of three years. Total rental income amounting to Php 1.6 mn and Php 1.7 mn as of end-September 2023 and end-September 2022, respectively, were recorded as part of "Other income" in the consolidated statements of comprehensive income.

In 2022, an appraisal was performed on the Company's investment properties which resulted to an increase in the fair value amounting to Php 60.4 mn.

Direct costs pertain to real property taxes amounting to Php 1.0 mn and Php 0.5 mn as of end-September 2023 and 2022, 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, 2023	December 31, 2022
Advances to suppliers and other parties	**₱798,462,108**	₱698,308,703
Financial assets at FVOCI	**397,734,676**	397,734,676
Creditable withholding taxes - noncurrent	**336,210,222**	241,934,712
Input VAT - noncurrent	**192,947,492**	162,048,494
Customer contracts	**183,786,756**	199,760,084
Goodwill	**142,030,596**	129,843,626
Software cost – net	**522,114**	843,053
Others - net of allowance for impairment loss of Php 46.01 mn	**19,662,270**	19,662,270
	2,071,356,234	₱1,850,135,618

Business Combination

As a result of the business combination described in Note 4 of the interim financial statements, which was accounted for under Philippine Financial Reporting Standards (PFRS) 3, *Business Combination*, the acquisition of the additional 50% equity stake in CIPC resulted to a goodwill of Php 12.2 mn. This is presented under "Other Noncurrent Assets" in the statement of financial position. Meanwhile, the acquisition of the additional 50% equity stake in DPI resulted to a gain on bargain purchase of Php 64.7 mn, which is presented in the statement of financial condition.

As allowed by PFRS 3, the assets recognized and liabilities assumed were based on provisional assessment of their fair value. The valuation had not been completed by the date the interim financial statements as of and for the period ended September 30, 2023 were approved for issue by the Company's Board of Directors. Hence the determination of final amount of assets (including goodwill) and liabilities are subject to change within one (1) year of measurement period after the acquisition date.

8. Capital Stock

The details of the capital stock account are as follows:

	September 30, 2023	December 31, 2022
Authorized Capital Stock – ₱1.00 par value		
Authorized - 2,000,000	**₱2,000,000,000**	₱2,000,000,000
Issued – 1,023,456,698 shares	**1,023,456,698**	1,023,456,698

9. Earnings Per Share (EPS)

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

	September 30, 2023	December 31, 2022
Net income attributable to the shareholders of the Parent company	**₱1,877,629,873**	₱1,595,263,961
Weighted average number of outstanding common shares	**1,023,456,698**	1,023,456,698
Basic EPS	**₱1.835**	₱1.559

10. OTHER DISCLOSURES

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

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

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

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

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

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. Vivant Corporation paid the first principal payment of Php 50.0 mn on January 27, 2022.

The first tranche of the notes amounting to Php 1.0 bn matured and was fully paid on January 27, 2023. On the same date, Vivant Corporation made a principal payment of Php 50.0 mn on the second tranche.

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.

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, 2023 or the aging analysis of the Group's receivables.

Liquidity Risk

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

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

Foreign Currency Risk

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

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

	September 30, 2023
Loan Receivables	USD –
Trade Receivables	USD –
Cash	USD 3,413,663
	Euro 236,095
Trade Payables	USD –
	Euro –
Gross Exposure	USD 3,413,663
	Euro 236,095

The average exchange rates for the quarter ended September 30, 2023 are as follows:

US Dollar-Philippine Peso	US$1 = Php 55.96
Euro-Philippine Peso	Eu€1 = Php 60.90

The exchange rates applicable as of September 30, 2023 are the following:

US Dollar-Philippine Peso	US$1 = Php 56.96
Euro-Philippine Peso	Eu€1 = Php 60.19

Sensitivity Analysis

A 10% strengthening of the Philippine Peso against US Dollar and European Euro as of September 30, 2023 would have decreased equity and profit by Php 20.9 mn. A 10% weakening of the Philippine Peso against the US Dollar and European Euro as of September 30, 2023 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.