



SECURITIES AND EXCHANGE COMMISSION

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COVER SHEET

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(Company's Full Name)

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

Atty. Maila Lourdes G. De Castro

Contact Persons

+63 998 957 9429

Telephone Number of the Contact Person

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Month Day
Fiscal Year

SEC FORM 17-A

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FORM TYPE

Month Day

N/A

Secondary license Type, If Applicable

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Amended Articles Number/Section

1,404

Total No. of Stockholders

1,023,430,652

Domestic

26,046

Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **2024**
2. SEC Identification Number **175222** 3. BIR Tax Identification No.
242-603-734-000
4. **VIVANT CORPORATION**
Exact name of issuer as specified in its charter
5. **City of Mandaluyong** (SEC Use Only)
Province, Country or other jurisdiction of
incorporation or organization
6. Industry Classification Code:
7. **VIVANT CORPORATION**
9th Floor, Oakridge IT Center 3, Oakridge Business Park,
A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu
Address of principal office **6014**
Postal Code
8. **(6332) 234-2256; 234-2285**
Issuer's telephone number, including area code
9. **Not Applicable.**
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	1,023,456,698
Amount of Debt Outstanding	10,446,497,024

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

Yes [x] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange

Common Stock

12. Check whether the issuer:

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

Yes [x]

No []

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

Yes [x]

No []

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. $\text{Php}19.90 \times 246,834,146 = \text{Php}4,911,999,555.40$

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

1. Business Development

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

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

The Second World War caused significant damage to the infrastructure of VECO. It was during the close of the war in 1945 that initiatives of VECO, in collaboration with the US Army, allowed the resumption of its operations to its pre-war levels. The VECO's workforce expanded, while investments in new machineries and equipment poured in. Currently, VECO stands as the second largest privately-owned electric power distribution utility in the Philippines in terms of annual gigawatt-hour (GWh) sales. As of end-2024, Vivant has an effective equity interest of approximately 35% in VECO.

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

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

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

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

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

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

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

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

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

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

In February 2014, a Memorandum of Understanding was executed by wholly-owned subsidiary Vivant Integrated Generation Corporation (VIGC) and Mindanao Energy Systems, Inc. (Minergy) that involved the possible equity investments by VIGC in Minergy's future power generation projects. Subsequent to this, a Subscription Agreement between VIGC and Minergy Coal Corporation (MCC) was executed, allowing VIGC to subscribe to 40% of all issued capital and shares of MCC. MCC, the project company established by Minergy, was tasked to build, own and operate a 3x55 MW coal-fired power plant in Balingasag, Misamis Oriental, with construction commencing in the first quarter of 2014. In 2015, MCC changed its corporate name to Minergy Power Corporation (MPC). By September 2017, the power generation facility started to feed into the franchise area of Cagayan de Oro Electric Power and Light Corporation (CEPALCO), which covers the City of Cagayan de Oro and adjoining towns. In 2023, MPC was among those affected by the Decision issued by the Supreme Court in the case filed by Alyansa Para Sa Bagong Pilipinas against the ERC, DOE, Manila Electric Company (MERALCO) and other generation companies¹ (Alyansa Case).

¹ GR No. 227670 (May 3, 2019).

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

In December 2015, following the successful conduct of a Competitive Selection Process (CSP) by the Palawan Electric Cooperative (PALECO), DPI was declared as the winning proponent and awarded a 15-year PSA for a 26.65 MW Gross Dependable Capacity. As a result, DPI embarked on an expansion program in 2016 to construct a 30 MW diesel-fired power plant. The power plant facility started to feed into the PALECO service area in the second quarter of 2017. The 15-year PSA was among the contracts affected by the Decision issued by the Supreme Court in the Alyansa Case and was terminated on October 2023. To address the power supply deficit as a result of the termination, PALECO and DPI signed a one-year Emergency Power Supply Agreement (EPSA) for the 26.65MW. Consequently, DPI participated in the CSP conducted by PALECO and was eventually awarded with a new fifteen-year PSA 40MW baseload supply on November 2024.

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

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

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

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

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

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

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

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

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

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

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

In November 2019, the Bantayan Island Electric Cooperative, Inc. (BANELCO) concluded a successful CSP by awarding a 15-year contract to supply 15 MW of the island's energy requirements to the joint venture between Vivant Integrated Diesel Corporation (VIDC), a wholly-owned subsidiary of Vivant Energy, and Gigawatt Power Inc. (GPI). In February 2020, the contract was formalized with the signing of the PSA between INEC and BANELCO. Vivant owns 65% equity in INEC through wholly-owned subsidiaries. Pending the approval of INEC's PSA application, the ERC issued a directive to BANELCO to "source out power from any supplier which it deems fit, to ensure the continuous and unhampered supply of power within its franchise area". Consequently, in November 2021, INEC and BANELCO signed an Interim Power Supply Agreement (IPSA). Upon the incorporation of the Special Purpose Vehicle

(SPV), Isla Norte Power Corporation (Isla Norte), the PSA with BANELCO was assigned to Isla Norte. On May 5, 2022 the ERC issued a provisional authority in favor of Isla Norte to implement the PSA. The provisional authority became effective upon the expiration of the IPSA. The new 23.3 MW power plant has started commercial operations on May 26, 2022.

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

On November 27, 2020, Pampanga II Electric Cooperative Inc. (PELCO II) awarded a 15-Year PSA for the Supply of 15 MW Peaking Requirement through a Build-Own-Operate Scheme to a consortium consisting of Vivant Energy and GPI. This award followed a successful CSP that was conducted by PELCO II's Third-Party Bids and Awards Committee of. The consortium subsequently invested in La Pampanga Energy Corporation (LPEC) to fulfill the rights and obligations stipulated in the PSA. The PSA was signed between LPEC and PELCO II on June 10, 2021, and is currently awaiting approval by the ERC. Pre-development activities are underway, with plans to commence construction of the power plant by the last quarter of 2025.

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

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

In March 2021, VREC signed a Shareholders' Agreement to acquire up to 34.85% of the total equity in Buskowitz Finance Inc. (BFI). In 2022, BFI changed its name to Buskowitz Energy Inc. (BEI). BEI is a solar engineering, procurement and construction company and is considered as one of the biggest players in the rooftop solar installation market in the Philippines.

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

On April 1, 2022, 1590 EC submitted its bid proposal to the PGLU during its Public Auction Sale for the power plant. Following the evaluation and verification of 1590 EC's bid proposal, and after the full payment of the purchase price based on the winning bid proposal, a Deed of

Transfer and Conveyance was executed between 1590 EC and PGLU on April 19, 2022 transferring ownership of the BDPP and the land on which it is located.

In February 2023, Vivant Energy, through wholly-owned subsidiary San Ildefonso Alternative Energy Corp. (SIAEC), acquired a 22MW peak solar project in San Ildefonso, Bulacan. As of December 31, 2023, the project is 52% complete and is expected to begin commercial operations by the 1st half of 2025.

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

In September 2023, Vivant Energy, together with Vena Energy welcomed AboitizPower Corporation (AP), through its subsidiary Aboitiz Renewables Inc., into a partnership that will develop, construct and operate a 206 MW wind power plant in Samar. The project is currently under construction and is expected to be operational in the 2nd half of 2026.

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

In December 2023, wholly-owned subsidiary Vivant Energy entered into 2 bilateral Term Loan Facility Agreements, totalling up to P6.25 bn. As of end-2024, the outstanding loan balance amounts to Php1.45 bn. These term loans are unsecured and will mature in December 2028. In October 2024, VHHI divested its 60% stake in WMP, allowing the company to refine its strategic direction and intensify growth initiatives in other areas of the water infrastructure sector. This decision is in line with Vivant's broader objective of optimizing its investment portfolio and prioritizing high-impact opportunities within the industry. In November of 2024, VREC entered into a Deed of Absolute Sale with BEI, pursuant to which VREC transferred and conveyed all of its 34.85% shareholding in BEI, thereby effectively divesting VREC's interest in BEI.

2. Business of Issuer

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

POWER GENERATION

As of end-2024, Vivant Energy holds all of Vivant’s interests in the electric power generation business. To date, the Company has built a portfolio comprised of non-renewable power generation plants with total attributable capacity of approximately 451 MW. As of December 31, 2024, approximately 64% of Vivant’s net income from business segments was accounted for by its power generation business.

The table below summarizes the operating results of the generation companies as of December 31, 2024:

Generation Companies	Energy Sold ¹ (in GWh)			Revenue ² (in Php million)		
	2022	2023	2024	2022	2023	2024
COAL						
CEDC ³	1,793.0	1,743.1	1,496.0	14,458.3	12,165.2	10,258.5
MPC ⁴	664.2	714.4	810.3	7,447.5	6,695.4	6,353.8
TVI	2,127.2	2,467.8	2,357.2	15,048.9	15,294.8	14,376.9
DIESEL						
1590 EC	174.5	97.3	84.0	2,820.8	1,877.1	2,891.4
CPPC ⁵	93.3	31.5	0.0	1,060.2	660.3	0.0
MPI	0.0	0.0	44.3	0.0	0.0	1,170.9
Delta P	91.3	117.0	154.9	1,391.7	1,657.3	2,157.9
CIPC	35.1	41.4	47.4	644.4	730.8	711.2
INEC/Isla Norte ⁶	53.6	57.5	66.4	753.8	819.5	909.6
BPC/NBPC ⁷	1.5	0.3	2.5	169.5	158.4	164.9

Notes:

1. Figures are at 100%.
2. Figures are at 100%.
3. Includes billed minimum contracted energy.
4. MPC’s PSA with CEPALCO and DPI’s PSA with PALECO were among the contracts affected by the decision issued by the Supreme Court in the case filed by Alyansa Para sa Bagong Pilipinas against ERC, DOE and MERALCO. As result of the decision and pursuant to an order issued by the ERC, MPC and CEPALCO, and DPI and PALECO were directed to desist from implementing their respective PSAs.
5. On August 18, 2023, CPPC’s Built-Operate-Transfer contract was concluded with the transfer of assets to VECO.
6. The Long-Term Power Supply Agreement with BANELCO commenced in May of 2022. The merger of INEC into Isla Norte was approved by the Securities and Exchange Commission in December 2022.
7. Investment in BPC/NBPC started in March 2021.

Cebu Private Power Corporation (CPPC)

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

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

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

In December 2010, CPPC started selling its excess capacity to the Wholesale Electricity Spot Market (WESM). In July 2013, CPPC and VECO filed an application for a new 10-year PSA with the ERC. Upon approval and implementation, the new agreement will redound to a slightly lower electricity rate for VECO. In August 2021, the CPPC PSA with VECO was terminated.

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

Delta P, Inc. (DPI)

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

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

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

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

In December 2015, after the successful conduct of a CSP by PALECO, DPI was declared as the winning proponent and awardee of the 15-year PSA for a 26.65 MW Gross Dependable Capacity. Consequently, DPI embarked on an expansion program in 2016 involving the construction of a 30 MW diesel-fired power plant. In April 2016, DPI and PALECO filed a Joint Application with the ERC for the approval of the PSA. A public hearing was held on February 17, 2017. The power plant facility started to feed into the PALECO service area in the second quarter of 2017.

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

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

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

The PSA of the new plant with PALECO was among the contracts affected by the Decision issued by the Supreme Court in the case filed by Alyansa Para Sa Bagong Pilipinas against the ERC, DOE, MERALCO and other generation companies². As a result of the said Decision and pursuant to an Order issued by the ERC, PALECO and DPI were directed to desist from implementing the PSA in October 2023. DPI filed a motion for reconsideration of the said Order which remains pending with the ERC.

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

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

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

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

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

² GR No. 227670 (May 3, 2019).

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

1590 Energy Corporation (1590 EC)

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

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

In December 2010, 1590 EC formally signified its intent to purchase the diesel power plant, thus, a Contract to Sell (CTS) was executed between 1590 EC and the PGLU, the closing of which was subject to certain conditions. In May 2012, a Mutual Rescission Agreement (MRA) was entered into by 1590 EC and the PGLU, thus terminating the CTS. Simultaneously, a MOA was executed by both parties giving 1590 EC the right to preserve, maintain and operate, including the right to use and sell the power generated by the BDPP for a period of one year. In 2013, 1590 EC and the PGLU entered into an agreement to extend the term of the MOA up to end-2015. In February 2015, the parties executed a Second Amendment to the MOA extending the term of the MOA up to end-2018.

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

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

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

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

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

Vivant-Malogo Hydropower, Inc. (VMHI)

VMHI was incorporated in June 2012 as the project company to implement a greenfield power plant project, which will involve the construction and operation of a series of run-of-river hydropower facility in Barangay Kapitan Ramon in Silay City, located in the north-western section of the Negros Island. VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a 6 MW power plant facility along the Malogo river. The company has finalized the detailed engineering plans of the facility. Construction of the plant is estimated to be completed after a period of 22 to 24 months. Vivant, however, has decided to put the project on hold given the prevailing transmission constraint in the Negros grid, which is expected to be resolved upon the completion of the Cebu-Negros-Panay 230kV backbone project of NGCP.

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

Calamian Islands Power Corporation (CIPC)

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

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

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

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

As of year-end 2024, Vivant Energy had an equity stake of 50% in CIPC.

Minergy Power Corporation (MPC)

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

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

The PSA of Unit 3 of MPC was among the contracts affected by the Decision issued by the Supreme Court in the Alyansa case³. As a result of the said Decision and pursuant to an Order issued by the ERC, CEPALCO and MPC were directed to desist from implementing PSA in June 2023. Pending the resolution of the motion for reconsideration of the said Order filed by MPC with the ERC, the Unit 3 capacity will be offered in the WESM and retail electricity suppliers.

Therma Visayas, Inc. (TVI)

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

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

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

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

Culina Renewable Energy Corporation (CREC)

CREC is the project proponent for the construction and operation of hybrid facilities to supply Culion Island with a guaranteed dependable capacity of 1.96 MW and to supply Linapacan Island with guaranteed dependable capacity of 0.358 MW. The Culion Power Station will have a configuration of 2.42 MW Diesel Genset, 2.80 MWp Solar PV and a battery storage system while the Linapacan Power Station's installed capacity will be composed of 540 kW Diesel Gensets and 325 kWp Solar PV. A Joint Application for the approval of the PSA was filed by CREC and Busuanga Island Electric Cooperative, Inc. (BISELCO) with the ERC on July 17, 2017, which is pending resolution. The Company has an effective ownership of 50% in CREC after acquiring a portion of the shares of WEnergy Global PTE, LTD.

With the intention to own 100% of CREC, in June 2023, Vivant Energy entered into an agreement with GPI for the acquisition of the latter's shares in the company, subject to the completion of certain conditions precedent.

Isla Norte Energy Corporation (INEC)

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

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

³ GR No. 227670 (May 3, 2019).

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

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

Isla Norte Power Corporation (Isla Norte)

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

To expand its investments in the off-grid market, in June 2023, Vivant Energy entered into an agreement with GPI for the acquisition of the latter's shares in Isla Norte, subject to the completion of certain conditions precedent.

La Pampanga Energy Corporation (La Pampanga)

La Pampanga is the first on-grid joint-venture between Vivant Energy and GPI to construct and operate an embedded 15MW bunker-fired power plant in Porac, Pampanga. The capacity of the embedded plant will supply the peaking power and ancillary requirements of PELCO II pursuant to the 15-year PSA awarded to Vivant Energy and GPI after a successful conduct of CSP by PELCO II in 2020. Construction of the power plant is targeted to commence by the last quarter of 2025.

In June 2023, Vivant Energy entered into an agreement with GPI for the acquisition of the latter's shares in La Pampanga. In March 2024, the transaction was completed with the transfer of GPI's shares to Vivant Energy.

Bukidnon Power Corporation (BPC)

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

North Bukidnon Power Corporation (NBPC)

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

Expecting the WESM Mindanao to commence operations in January 2023, NBPC is already registered and compliant with the requirements needed to participate in the Mindanao spot market.

Meridian Power Inc. (MPI)

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

Future Projects

Vivant's Roadmap to Tomorrow

Vivant is deeply committed to its mission of delivering excellence to industries that improve everyday living. In the face of a highly competitive business landscape, the Company is focused on maintaining its momentum—not only in achieving economic success but, more importantly, in sustaining a positive impact on communities. To achieve this, the company must remain agile in adapting to changes, drive continuous innovation, and prioritize the evolving needs and concerns of its stakeholders.

As it has always been, the Company places its stakeholders' interests at the center of its strategy. Getting closer to its 2040 vision of becoming a major conglomerate in the country, it has developed a sustainable path forward, targeting balanced growth with a strong focus on both energy and water.

The Company initially began shaping its strategies within specific markets across the energy and water value chain. It then made a significant step forward by creating detailed roadmaps outlining its strategic growth pillars. These roadmaps serve as a comprehensive guide, ensuring that actions align with and support the successful implementation of these strategies.

The Company also recognizes that strategies may not be perfect from the start. Despite the level of detail in the plans, there will be instances of both successes and failures. To address this, it plans to review the strategic roadmaps at least annually, with key learnings derived from ongoing execution and course corrections are done as needed to ensure that the roadmaps remain relevant and effective.

Energy

The Company believes that the key to sustainable and reliable energy is still a balanced portfolio of renewable and conventional capacity.

Through its wholly owned power subsidiary, Vivant Energy, the Company is looking to achieve at least 1,000 MW capacity by 2030 with an increased share of renewable assets which will account for 30% of its total generation capacity.

Renewable energy will be the dominant focus of the Company's project pipeline going forward, reflecting its commitment to driving sustainability in its core businesses. At the same time, it will continue to maintain a strong presence in conventional energy to address the current and immediate energy demands of the country.

The Company aims to strengthen its capabilities in supporting the energy needs of off-grid areas by exploring opportunities to integrate renewable technologies with existing thermal capacities. This will bring significant benefits such as reduced fuel importation and installation of renewable capacity in environmentally critical areas.

The Company is also preparing for the next wave of market liberalization by actively seeking ways to enhance its retail electricity offerings and improve overall customer experience.

ELECTRIC POWER DISTRIBUTION

In addition to investments in the power generation sector, the Company has investments in VECO, the second largest privately-owned distribution utility in the Philippines in terms of customers and annual GWh sales. As of end-2022, Vivant has a beneficial ownership in VECO of approximately 35%.

Visayan Electric Company, Inc. (VECO)

VECO, through its predecessor, has been in the distribution business since the early 1900s. It is an electric distribution utility engaged in the conveyance, distribution and sale of electric power pursuant to its legislative franchise, Republic Act No. 9339, and serves the electrical needs of four cities (Cebu, Mandaue, Talisay and Naga), and four municipalities (Consolacion, Liloan, Minglanilla, and San Fernando), all located in the Province of Cebu. Its franchise was granted by the Congress of the Philippines and is due to expire in 2030. VECO's service coverage is about 672 square kilometers serving 501,080 customers with a peak demand of 678 MW and electricity sales of 3,933 GWh in 2024.

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

	Electricity Sold (MWh)	Peak Demand (MW)	# of Customers
2022	3,175,656	589	486,414
2023	3,548,720	615	384,428
2024	3,933,149	678	501,080

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

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

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

RETAIL ELECTRICITY

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

Retail Electricity Supply

One of the objectives of the Republic Act No. 9136 otherwise known as the “Electric Power Industry Reform Act of 2001” (EPIRA) is to ensure the competitive supply of electricity at the retail level. With the implementation of the Retail Competition and Open Access (RCOA), large-scale customers will be allowed to source electricity from RES licensed by the ERC. As of December 2021, regulations have allowed electricity consumers with an average peak demand of 500kW and up, and as identified by the ERC, to join the competitive market.

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

Prism Energy, Inc. (Prism Energy)

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

As of year-end 2023, Prism Energy was serving 7 customers with a total average consumption of 4,842,412 kWh per month. The total electricity delivered to its customer base amounted to 58,108,940 kWh in 2023.

Corenergy, Inc. (Corenergy)

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

As of year-end 2024, Corenergy served 37 customers with a total average consumption of 14,159,815 kWh per month. The total electricity delivered to its customers amounted to 169,917,781 kWh in 2024.

Solar Rooftop

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

Vivant Solar Corporation⁴ (Vivant Solar)

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

As of December 2024, Corenergy Solar Solutions Corporation (CSSC), Vivant Solar's wholly owned special purpose vehicle, completed a total of 1.67 MW solar rooftop facilities for industrial customers in Visayas and 2.59 MW solar rooftop facilities in Luzon. 0.40 MW of solar rooftop facilities for commercial and industrial customers in Luzon and Visayas are currently under construction.

Corenergy, Inc. (Corenergy)

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

As of December 2023, Corenergy⁵ completed a total of 1.69 MW solar rooftop facilities for industrial customers in Luzon, 0.77 MW solar rooftop facilities for industrial customers in Visayas and 0.66 MW solar rooftop facilities in Mindanao. 1.8 MW of solar rooftop facilities for commercial and industrial customers all over the country are currently under construction.

Buskowitz Energy Inc. (BEI)⁶

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

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

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

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

⁴ On November 9, 2020, the Securities and Exchange Commission issued a Certificate of Filing of Amended Articles of Incorporation approving the change of name of the corporation from ET-Vivant Solar Corporation to Vivant Solar Corporation.

⁵ On November 18, 2020, the Securities and Exchange Commission issued a Certificate of Filing of Amended Articles of Incorporation approving the amendment of the secondary purpose of the corporation to include construction and operation of solar rooftop generation facilities.

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

Engineering Solutions

Corenergy

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

WATER INFRASTRUCTURE

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

Water Solutions

As a new entrant with limited knowledge of the industry, Vivant saw the need to enter into a partnership with an entity that has the technical know-how and capability in engineering, design and construction phases.

Watermatic Philippines Corporation (WMP)

WMP was established in July 2019 as the joint venture company of Vivant, through VHHI, and its Israeli partner WMI. Vivant's 60%-owned subsidiary specializes in providing solutions for water treatment for a variety of needs including for industry, drinking water, and agriculture. WMP's services include the design, engineering, construction, installation and operations and maintenance of water and wastewater treatment systems. It also assists clients in the project pre-development stage by providing the necessary technical studies and assessment and designing systems that are tailor-fit to the client's specific needs.

In October 2024, WMI completed the acquisition of VHHI's shares in WMP through a Share Sale and Purchase Agreement.

Wastewater Treatment

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

FLOWS was formed by its original owners to own PPWRLC in partnership with the Puerto Princesa City Government. In February 2020, VHHI acquired a 45% equity stake in FLOWS, which resulted in VHHI ultimately owning 40% in PPWRLC.

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

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

In January 2020, the project broke ground. Construction was suspended in March 2020 as a result of the restrictions brought about by the pandemic. In October 2020, the works resumed with a catch-up plan to address the delay. After successful testing and commissioning, the facility started commercial operations in March 2022.

Bulk Water Treatment

Isla Mactan-Cordova Corporation

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

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

In June 2021, VHHI was a 25-year Joint Venture Agreement by MCWD following a successful solicited bidding process for the Cordova Bulk Water Supply Project. VHHI will develop a utility-scale desalination plant that will augment the bulk water supply of MCWD by 20,000 cubic meters per day of treated and potable water. Development activities for the plant commenced in 2022 and by 2024, the plant has advanced to the testing and commissioning phase.

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

Future Projects

Water is a basic human need. The water challenges in our country, coupled with limited available resources, were the primary reasons for the formation of Vivant's water business arm, Vivant Infracore.

Its purpose is to address these challenges and ensure a sustainable water supply for all. In the last quarter of 2024, the company reached a significant milestone in one of its flagship projects when it completed the testing and commissioning of all 4 skids of IMCC. This achievement marks a key turning point being the developer of the first utility-scale seawater desalination plant in the Philippines.

As the Company moves toward a more sustainable future, it aims to expand its presence in the water sector by exploring opportunities across various segments, including bulk water supply, water distribution, and wastewater treatment. Projects will not only build the company's track record but, more critically, will strengthen relationships with key stakeholders, ensuring a long-term sustainable impact in the communities served.

(ii) Sales

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

(in Php mn)	2022	2023¹	2024
Gross Income	6,518.9	8,264.8	12,201.7
Operating Income	1,917.1	2,724.9	3,277.4
Total Assets	26,440.0	30,038.4	31,966.6

Note:

1. In the SEC 17A for FY 2023, the 2023 figures were reported at Php 8,275.8 mn, Php 2,761.1 mn and 29,885.5 mn for its gross income, operating income and total assets, respectively. The financial statements as of and for the year ended December 31, 2023 were restated to account for the finalization of the purchase price allocation for the acquisition of additional equity shareholdings in Delta P and CIPC. The restatement is in compliance to the Philippine Financial Reporting Standards (PFRS) 3, Business Combination.

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

Revenue contribution by business grouping is as follows:

	2022		2023¹		2024	
	Php mn	%-tot	Php mn	%-tot	Php mn	%-tot
Power Generation	5,004.7	77	5,962.5	72	9,284.5	76
Power Distribution	755.3	11	1,003.7	12	1,226.9	10
Retail Electricity	692.4	11	1,157.5	14	1,496.7	12
Water Infrastructure	6.4	0	18.1	0	21.0	0
Others	60.1	1	123.0	2	172.6	2
Total	6,518.9	100	8,264.8	100	12,201.7	100

Note:

1. The financial statements as of and for the years ended December 31, 2021 and 2020 were restated to account for the (1) change in accounting policy in applying the equity method with respect to an associate's power distribution utility assets, i.e., from revaluation model to the cost model. This is in compliance to Philippine Accounting Standards (PAS) 8, Accounting Policies, Changes in Accounting Estimates and Errors, wherein the change in accounting policy is accounted for retrospectively; and (2) the finalization of the purchase price allocation for the acquisition, in compliance to the Philippine Financial Reporting Standards (PFRS) 3, Business Combination, of two subsidiaries in 2021 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.

(iii) Distribution Methods of Products and Services

Power Generation

The generation companies sell their electricity either through the WESM or through bilateral PSAs with private distribution utilities, cooperatives, RES and other large end-users.

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

Electric Power Distribution

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

Retail Electricity

Retail Electricity Supply

The RES companies entered into supply contracts with its existing customers. As of year-end, Corenergy served 35 customers during the year with a total average consumption of 21,363,258 kWh per month. The total electricity delivered to its customer base amounted to 256,359,095 kWh in 2024.

Solar Rooftop

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

Engineering Solutions

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

Water Infrastructure

Water Solutions

WMP provides various services to water and wastewater private developers, private and publicly-run water utilities, and contractors among others. The agreements with the customers of WMP include full (i) engineering and design, procurement, and construction, and (ii) water process design, installations and commissioning, for both water and wastewater treatment.

In August and September 2021, WMP was awarded an A Accreditation License by the Philippine Contractors Accreditation Board (PCAB) and ISO 9001:2015 Certification on Quality Management System, respectively.

Wastewater Treatment

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

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

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

Bulk Water Treatment

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

To address Metropolitan Cebu’s water supply needs, VHHI has partnered with the Cordova LGU through an unincorporated joint venture for the development of a seawater desalination plant that will supply treated and potable water to MCWD.

In June 2021, VHHI was awarded by MCWD with a 25-year Joint Venture Agreement after a successful conduct of a solicited bidding for the Cordova Bulk Water Supply Project. VHHI will build a utility-scale desalination plant that will augment the bulk water supply of MCWD by twenty thousand cubic meters per day of treated and potable water.

(iv) New Products and Services

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

(v) Competition

Power Generation

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

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

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

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

Electric Power Distribution

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

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

Customer migration has transpired as contestable customers opted to source their electricity requirements via Retail Supply Contracts with licensed RES operators. As of date, the current threshold for voluntary participation of a contestable customer is monthly peak average demand of at least 500 kW for the preceding 12 months. The reduction from 1 MW to 750 kW and 500 kW was implemented through DOE Department Circular No. DC2017-12-0013. In the same circular, the DOE also provided for voluntary demand aggregation of electricity end-users within a contiguous area whose aggregate average peak demand in not less than 500 kW for the preceding 12 months.

Retail Electricity

Retail Electricity Supply

Vivant participates in the retail electricity market through Corenergy and Prism Energy. Competition has increased as more companies register as Retail Electricity Suppliers (RES). As of year-end-2024, there were 49 registered RES companies with the ERC.

Solar Rooftop

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

Engineering Solutions

Vivant provides engineering solutions through Corenergy. The past 3 years have seen an upward trend of demand in engineering solutions services mainly from the energy and industrial sector. Corenergy competes with both local and foreign companies to address varying service demands from testing and maintenance to design and engineering studies. Competition for testing and maintenance works has been tight as more companies are investing in widely-available, low-end test equipment, compared to the high-class test equipment utilized by Corenergy. For design and engineering studies, the main drivers in competition are the results of previous projects and customer satisfaction. Corenergy maintains competitive prices through its shared services and network of consultants.

Water Infrastructure

Water Solutions

The competition in the water EPC for conventional water treatment source from surface waters such as rivers and lakes has been tight even before WMP's entry into the industry. However, with the rising number of water-scarce cities and municipalities, demand for conventional water treatment has slowed down and shifted to more sustainable and innovative treatment technologies, such as seawater desalination. Desalination, although a proven technology worldwide, has not been implemented in the Philippines at the utility scale. It is expected that competition will increase with the entry of international providers with a footprint within the South and Southeast Asian Region due to increase in market demand.

Wastewater Treatment

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

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

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

Bulk Water Treatment

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

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

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

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

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

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

(vi) Sources of Raw Materials and Supplies

Power Generation

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

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

Electric Power Distribution

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

Below are the power purchase agreements of VECO in 2024.

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

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

Retail Electricity

Retail Electricity Supply

COREENERGY

Supplier	Contracted Capacity	Start Date	End Date
Therma Visayas, Inc,	5MW	December 26, 2022	December 25, 2024
SEM_CALACA Power Corporation	5MW	November 26, 2023	November 25, 2024
SEM_CALACA Power Corporation	10MW	November 26, 2024	November 25, 2025

Solar Rooftop

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

Engineering Solutions

Corenergy's testing equipment are sourced from reputable brands like Omicron and Fluke. Both are multinational companies and leading providers in diagnostic, testing and commissioning tools in their respective categories.

Water Infrastructure

Water Solutions

WMP's equipment and materials are sourced from various manufacturers through supply contracts. It has established a wide network of water and wastewater treatment process equipment manufacturers and materials suppliers that can deliver even purpose-built process equipment based on the client's specific requirements.

Wastewater Treatment

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

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

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

Bulk Water Treatment

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

(vii) Major Customers

Power Generation

The bulk of the total attributable electricity generated by Vivant, through its subsidiaries and associates, are sold to private distribution utilities, electric cooperatives, NGCP, RES and large industrial users through bilateral agreements. The balance is sold through the WESM. For the year 2024, Vivant had a 79:21 sales mix that was in favor of energy sales covered by sale contracts.

Electric Power Distribution

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

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

Retail Electricity

Retail Electricity Supply

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

Solar Rooftop

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

Engineering Solutions

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

Water Infrastructure

Water Solutions

A substantial portion of WMP's current customer base consists of water and wastewater developers and contractors with whom WMP entered into agreements for synergy as co-developers of water system projects.

Wastewater Treatment

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

Bulk Water Treatment

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

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

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

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

Aside from the abovementioned, below are other services provided to and/or transactions entered into by Vivant with related parties in 2024.

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

(ix) Government Approvals, Patents, Copyrights, Franchises

Power Generation

Under the EPIRA, the power generation business is not considered a public utility operation. However, there are standards, requirements and other terms and conditions set by the ERC that each existing and potential generation company should comply with. Once met, the ERC will issue a Certificate of Compliance (COC) that will allow the operation of the power generation facilities. A COC is valid for a period of 5 years from the date of issuance.

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

Solar and wind power projects must secure service contracts from the DOE to conduct pre-development and development work to determine feasibility. Once a project is deemed feasible, a Certificate of Confirmation of Commerciality is secured from the DOE and the project may proceed to construction

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

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

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

Electric Power Distribution

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

VECO's franchise is set to expire in 2030.

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

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

Retail Electricity

Retail Electricity Supply

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

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

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

Solar Rooftop

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

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

Water Infrastructure

Water Solutions

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

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

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

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

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

Wastewater Treatment

Another area where the private sector may engage in is the treatment of wastewater through Public-Private Partnership models with the LGU to develop, operate and maintain wastewater treatment systems.

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

Bulk Water Treatment

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

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

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

(x) Effect of Existing or Probable Governmental Regulations

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

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

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

Here are the salient features of the law:

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

Real Property Valuation and Assessment Reform Act (RPVARA)

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

The salient features of the law are as follows:

1. Philippine Valuation Standards (PVS) was developed by the Bureau of Local Government Finance (BLGF). This serves as the uniform valuation standard used in the appraisal or valuation of lands, buildings, machinery and other real properties for taxation and other purposes. This shall conform with the international valuation standards and principles.
2. Schedule of Market Values (SMV) shall be the table of base unit market values for all kinds of real property, except machinery, within an LGU. This is prepared by the local assessors, in conformity with the PVS, and approved by the BLGF and Secretary of Finance. The basis for real property related taxes of national and local government units shall be:
 - BIR: tax base for internal revenue taxes shall be (whichever is higher of) SMV or Gross selling price (*previously: SMV was FMV as determined by the CIR or FMV per assessor*)
 - LGU: tax base for RPT shall be assessed Value (SMV x Assessment Level)

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

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

Ease of Paying Taxes (EOPT Act)

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

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

The salient features are as follows:

1. The creation of taxpayer classification for purposes of responsive tax administration.
 - a. Micro – those with gross sales of less than Php 3 million (mn)
 - b. Small – those with gross sales of Php 3 mn to less than Php 20 mn
 - c. Medium - those with gross sales of P20M to less than P1billion
 - d. Large - those with gross sales of P1billion and aboveMicro and Small taxpayers are allowed a reduced rate of penalties (10% for surcharge, 6% for interest and 50% reduction on compromise penalty rates) and reduced number of pages in its Income Tax Return (ITR) form.
2. Taxpayers are now allowed to file and pay taxes anywhere and not bound to a specific Revenue District Office (RDO).
3. For income tax deduction purposes, withholding tax requirement has been repealed. Previously, expenses which were not subjected to the appropriate withholding tax are disallowed as deduction.
4. The timing of withholding arises at the time the income has become payable. Previously, it arises when the income has been paid, payable or accrued, whichever comes first.
5. On VAT
 - a. VAT on sales of services and use/lease of properties shall now be based on gross sales and be covered by a sales invoice. This effectively adopts the same rules on sale of goods.
 - b. Business style is not required on invoices.
 - c. Should the VAT invoice lack necessary information, the input VAT shall still be allowed provided that lacking information do not pertain to the amount of sales, VAT amount, name and TIN of issuer/purchaser, description of goods, and date of transaction. On the other hand, the seller who failed to provide the information shall be liable for noncompliance.
 - d. Sales allowances & discounts for sale of service shall be deductible from gross sales for VAT purposes provided that these are granted at the time of sale, indicated in the invoice and does not depend on future event.

- e. Seller may deduct the output VAT on uncollected receivable from next quarter's output VAT, provided the seller fully paid the VAT on the transaction; and the VAT component was not claimed as allowable deduction. However, should there be recovery, output VAT thereon should also be paid.
 - f. Claims for VAT refund are now classified into 3 categories, namely: low, medium, and high-risk. These are based on the amount of VAT refund claim, tax compliance history, frequency of filing VAT refund claims, among others. Moreover, medium and high-risk categories shall be subjected to audit.
6. On preservation of books of accounts including the subsidiary books and other accounting records, it clarified that these shall be preserved for a period of 5 years reckoned from the day following the deadline in filing a return, or if filed after the deadline, from the date of the filing of the return, for the taxable year when the last entry was made in the books of accounts.
 7. On claims for refund of erroneously paid taxes, the Commissioner shall decide within 180 days from the date of submission of complete documents. If denied, the legal basis should be stated.

The annual registration fee of P500 is removed.

Corporate Recovery and Tax Incentives for Enterprises (CREATE Act)

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

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

1. Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 mn and with total assets not exceeding Php100 mn (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
2. Minimum corporate income tax rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
3. Effective January 1, 2021, income tax rate for non-resident foreign corporation is reduced from 30% to 25%.
4. Preferential income tax rate for proprietary educational institutions and hospitals which are non-profit is reduced from 10% to 1% effective July 1, 2020 to June 30, 2023.
5. Effective January 1, 2022, regional operating headquarters currently enjoying 10% preferential income tax rate shall be subject to RCIT.
6. Imposition of improperly accumulated earnings tax is repealed.

7. Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:
 - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
 - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
 - The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.
8. Qualified export enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 10 years 5% special corporate income tax (SCIT) or enhanced deductions (ED).
9. Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.
10. For investments prior to effectivity of CREATE:
 - Registered business enterprises (RBEs) granted only an ITH – can continue with the availment of the ITH for the remaining period of the ITH.
 - RBEs granted an ITH followed 5% GIT or are currently enjoying 5% GIT – allowed to avail of the 5% GIT for 10 years.

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

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

Tax Reform for Acceleration and Inclusion Law (TRAIN Law)

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

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

1. Donor’s Tax – The donor’s tax new rate is 6% of total gifts in excess of Php250,000.00 which is also applicable if the donee is a stranger. The TRAIN Law likewise provides that a bona fide at arm’s length and donative-intent free sale, exchange, or other transfer of property made in the ordinary course of business shall be considered as made for an adequate and full consideration in money or money’s worth and is therefore not subject to the donor’s tax.
2. Excise Tax on Petroleum Products – The tax rates on petroleum products were increased which would be implemented in 3 tranches starting January 1, 2018 to January 2020.
3. Excise Tax on Mineral Products – The excise tax rate on domestic or imported coal and coke was likewise increased in 3 tranches at Php50.00 on 2018, Php100.00 on 2019, and Php150.00 on 2020.
4. Value Added Tax - The TRAIN Law broadened the Value Added Tax (VAT) base by adding several VAT exempt transactions. The VAT exempt threshold was likewise increased from Php1,919,500.00 to Php3 mn. Sale of electricity by electric cooperatives are now subject to VAT. Furthermore, the foreign currency denominated sales were removed from VAT zero-rating.
5. Documentary Stamp Tax – Most of the documentary stamp tax (DST) rates were increased by 100% except for the DST on debt instruments which was only increased by 50%. Meanwhile, the DST on policies of insurance upon property, fidelity bonds and other insurance, indemnity bonds, and deeds of sale, conveyances, and donation of real property remained unchanged.
6. Foreign Currency Deposit Unit – The final tax imposed on interest income derived by a domestic corporation from a depository bank under the expanded foreign currency deposit system was increased from 7.5% to 15%.

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

Revised Corporation Code (RCC)

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

The salient provisions in the RCC are as follows:

1. Corporate Perpetual Term – Corporations are now allowed to exist beyond the 50-year term provided in the old Corporation Code.
2. Participation via Remote Communications in Absentia – Remote communication such as videoconferencing and teleconferencing during stockholders' meetings are now allowed. Moreover, the stockholders may now participate and vote in absentia.
3. Emergency Board – The RCC allows an emergency board when a vacancy in a corporation's board of directors prevents the remaining directors from consulting a quorum and consequently from making emergency action required to prevent grave, substantial, and irreparable loss or damage.
4. One-Person Corporation – The RCC removed the absolute requirement of having a minimum of 5 individuals in the formation of corporations. The law now allows a One-Person Corporation (OPC) composed of a single stockholder, who may be a natural person, a trust or an estate.

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

1. Corporations covered by Section 17.2 of Republic Act No. 8799, otherwise known as the "Securities Regulation Code" (SRC), including those whose securities are registered with the SEC, corporations listed with an exchange or with assets of at least Php50,000,000.00 and have two hundred (200) or more holders of shares, each holding at least one hundred (100) shares of a class of its equity shares;
2. Banks and quasi-banks, NSSLAs, pawnshops, corporations engaged in money service business, preneed, trust and insurance companies, and other financial intermediaries; and
3. Other corporations engaged in businesses vested with public interest similar to the above, as may be determined by the SEC.

The foregoing corporations vested with public interest must:

1. Elect independent directors constituting at least twenty percent (20%) of the board as well as a compliance officer.
2. Submit to their shareholders and the SEC an annual report of the total compensation of each of their directors/trustees and directors/trustees' appraisal or performance report with the standards or criteria used to assess each director/trustee.

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

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

Philippine Competition Act

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

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

Securities Regulation Code (SRC)

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

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

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

Data Privacy Act (DPA)

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

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

1. Collected for specified and legitimate purposes determined and declared before, or as soon as reasonably practicable after collection, and later processed in a way compatible with such declared, specified and legitimate purposes only;
2. Processed fairly and lawfully;
3. Accurate, relevant and, where necessary for purposes for which it is to be used the processing of personal information, kept up to date; inaccurate or incomplete data must be rectified, supplemented, destroyed or their further processing restricted;
4. Adequate and not excessive in relation to the purposes for which they are collected and processed;
5. Retained only for as long as necessary for the fulfillment of the purposes for which the data was obtained or for the establishment, exercise or defense of legal claims, or for legitimate business purposes, or as provided by law; and
6. Kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the data were collected and processed.

The DPA further requires the Personal Information Controller⁷ (PIC), to do the following:

1. Registration of personal data processing systems operating in the country that involves accessing or requiring sensitive personal information of at least 1,000 individuals, including the personal data processing system of contractors, and their personnel, entering into contracts with government agencies;
2. Notification of automated processing operations where the processing becomes the sole basis of making decisions that would significantly affect the data subject;
3. Annual report of the summary of documented security incidents and personal data breaches; and,
4. Compliance with other requirements that may be provided in other issuances of the NPC.

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

However, PIC or Personal Information Processor⁸ (PIP) that employs fewer than 250 persons shall not be required to register unless the processing it carries out is likely to pose a risk to the rights and freedoms of data subjects, the processing is not occasional, or the processing includes sensitive personal information of at least 1,000 individuals.

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

The DPA likewise allows data sharing in the following instances:

1. Data sharing is expressly authorized by law and adequate safeguards for data privacy and security, and processing adheres to the principle of transparency, legitimate purpose and proportionality.
2. Data sharing in the private sector if the data subject consents to the data sharing with certain conditions indicated in the DPA that should likewise be complied with
3. Data collected from parties other than the data subject for purpose of research shall be allowed when the personal data is publicly available, or has the consent of the data subject for purpose of research. It should likewise be ensured that adequate safeguards are in place, and no decision directly affecting the data subject shall be made on the basis of the data collected or processed. The rights of the data subject shall be upheld without compromising research integrity.
4. Data sharing between government agencies for the purpose of a public function or provision of a public service shall be covered a data sharing agreement.

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

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

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

Transfer Pricing Guidelines

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

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

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

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

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

Sustainability Report

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

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

Policies related to the Power Industry

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

Wholesale Electricity Spot Market (WESM)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Launch of the Reserve Market

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

Co-Optimization of Energy and Reserves

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

Dynamic Reserve Requirements

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

Single Buyer Model for Ancillary Services

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

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

1. DC2024-01-0002: Amendments to WESM Manual on Dispute Resolution under Retail Rules
2. DC2024-01-0003: Amendments to WESM Rules and Manual
3. DC2024-01-0004: Amendments to WESM Rules and Manual on Registration, Suspension, and De-Registration of RE Generating Units
4. DC2024-01-0005: Amendments on Forecast Accuracy Standard for Must-Dispatch Generating Units
5. DC2024-05-0006: Establishing of Mindoro-Palawan Electricity Spot Market Technical Working Group
6. DC2024-06-0019: Amendments to WESM Manual on Dispatch Protocol and Creation of WESM Manual on Ancillary Services Monitoring for Reserves Market Compliance
7. DC2024-08-0026: Amendments to Market Operator Performance Standards
8. DC2024-10-0030: Amendments to WESM Rules and Manual on Dispatch Protocol and Market Surveillance During Market Intervention/Suspension

Retail Competition and Open Access (RCOA)

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

1. Establishment of the WESM;
2. Approval of unbundled transmission and distribution wheeling charges;
3. Initial implementation of the cross-subsidy removal scheme;
4. Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and
5. Transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP Administrators.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On 03 December 2020, the ERC issued Resolution No. 12, Series of 2020 which prescribes the timeline for the implementation of RCOA. The said ERC Resolution likewise provided that the coverage of RCOA was expanded for end-users with an average monthly peak demand of at least 500 kW in the preceding twelve (12) months. Moreover, the monthly billing statement from the Network Service Provider (NSP) shall be considered as proof of contestability and shall be the basis for contestable customers' retail market transaction in lieu of the Certificates of Contestability. NSPs are thus required to notify qualified end-users by indicating in their monthly bill that they are qualified Customer Customers and can now choose their preferred supplier of electricity.

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

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

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

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

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

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

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

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

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

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

The 2016 Philippine Grid Code

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

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

Among the salient points of the 2016 Grid Code are as follows:

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

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

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

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

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

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

In 2024, there has been no revisions on the 2016 PGC but energy agencies have made efforts to ensure compliance with the same.

On January 5, 2024, the DOE issued a media release to emphasize NGCP's obligation to implement the projects under the Transmission Development Plan in adherence to the 2016 PGC which mandates the development and maintenance of a reliable transmission system to meet the ever-growing power demand of the country.

The Renewable Energy Act of 2008 (RE Act)

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

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

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

1. ITH for the first 7 years of commercial operations
2. Duty-free importation of RE machinery, equipment and materials effective within ten years upon issuance of certification, provided said machinery, equipment and materials are directly, exclusively and actually used in RE facilities
3. Special realty tax rates on equipment and machinery not exceeding 1.5% of the net book value
4. Net operating loss carry over
5. Corporate tax rate of 10% after the 7th year
6. Accelerated depreciation
7. Zero percent VAT on sale of fuel or power generated from emerging energy sources and purchases of local supply of goods, properties and services of RE facilities
8. Cash incentives for RE developers for missionary electrification
9. Tax exemption on carbon emission credits.
10. Tax credit on domestic capital requirement and services.

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

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

Due to the intermittent or variable nature of certain Renewable Energy (RE) resources, RE generating units that utilize the same are declared in the RE Act as ‘must dispatch’ based on available energy and shall be given priority dispatch. In 2015, the DOE promulgated the Framework for the Implementation of Must Dispatch and Priority Dispatch of Renewable Energy Resources in the WESM⁹ where “Must Dispatch” and “Priority Dispatch” facilities were classified in accordance with the predictability of the RE resource. To enjoy the “Must Dispatch” status, a facility must be utilizing an intermittent RE resource that is difficult to predict in terms of availability such as wind, solar, ocean, run-of-river hydro, or ocean energy. “Priority Dispatch” on the other hand was limited to biomass plants under the feed-in-tariff (FIT) system.

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

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

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

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

Technology		2014	2015	2016	2017
		(Yr 1 Entrant)	(Yr 2 Entrant)	(Yr 3 Entrant)	(Yr 3 Entrant)
Biomass	2014 – 2015	6.6300	-	-	-
	2016	6.6502	6.6300	-	-
	2017	6.8539	6.6502	6.5969	-
	2018	7.1097	6.8539	6.6170	-
	2019	7.4132	7.1097	6.8197	-
	2020	7.6629	7.4132	7.0742	-
ROR Hydro	2014 – 2015	5.9000	-	-	-
	2016	5.9218	5.9000	-	-
	2017	6.0710	5.9218	5.8705	-
	2018	6.2798	6.0710	5.8922	-
	2019	6.5392	6.2798	6.0406	-
	2020	6.7772	6.5392	6.2484	-
Solar		Solar 1	Solar 2		
	2014 – 2015	9.6800	8.6900	-	-
	2016	9.7015	8.7093	8.6900	-
	2017	10.0661	9.0366	8.7093	-
	2018	10.4788	9.4071	9.0366	-
	2019	10.9441	9.8248	9.4071	-
	2020	11.2758	10.1226	9.8248	-

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

		Wind 1	Wind 2		
Wind	2014 – 2015	8.5300	7.4000	-	-
	2016	8.5525	7.4195	-	-
	2017	8.8442	7.6725	-	-
	2018	9.1905	7.9730	-	-
	2019	9.5907	8.3202	-	-
	2020	9.8976	8.5864	-	-
Bangui 1 & 2	2014 – 2015	5.9600	-	-	-
	2016	5.9757	-	-	-
	2017	6.1795	-	-	-
	2018	6.4215	-	-	-
	2019	6.7011	-	-	-
	2020	6.6156	-	-	-

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

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

1. RE systems that run of river hydropower and those capable of being installed in the qualified end-user's premises with or without battery are now eligible to participate in the net metering program.
2. All qualified end-users are required to apply for a COC and distribution utilities are required to assist the qualified end-users in their COC application by receiving and transmitting to the ERC all documentary requirements including the Net Metering Agreement (NMA) and informing the qualified end-user of the ERC's decision.
3. Distribution utilities are likewise required to furnish and install a bi-directional meter at the qualified end-user's premises, the expenses of which shall be for the account of the qualified end-user, except in the case of new customers and the qualified end-users with existing separate meters required to be replaced with a bi-directional meter.

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

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

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

1. Implementation of the one (1) -year period for the banking of net metering credits of existing and new applications;
2. Application of Off-Grid or Island Grid Systems;
3. Publication of the distribution utilities NMP including their respective hosting capacities of Distribution Systems for net metering purposes; and
4. Development of a net metering guidebook that aims to prescribe the guidelines and procedures for net metering arrangements from offer to after sales services by the net metering installers and practitioners as well as prescribing the minimum standards for all net metering installations, in collaboration with all concerned government agencies.

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

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

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

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

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

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

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

On June 10, 2022, the DOE declared the Interim Commercial Operations of the REM until such time that the Commercial Operations is declared by the DOE¹⁰.

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

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

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

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

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

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

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

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

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

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

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

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

In 2024, the Philippine RE sector had significant policy, regulatory, and industry developments aimed at accelerating the country’s transition to sustainable energy sources.

On January 29, 2024, DOE issued DC2024-01-0001 which provides for the “National Policy and General Framework, Roadmap and Guidelines for Hydrogen in the Energy Sector”. The said circular aims to lay the foundation for the integration of hydrogen as a sustainable energy source. It also outlines a strategic roadmap for hydrogen development, production, storage, distribution, utilization.

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

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

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

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

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

Off-grid Area System Operator

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

1. More than one (1) DU utilizing a High Voltage line to transmit power generated by more than one (1) Generation Company (GenCo);
2. Only one (1) DU utilizing a High Voltage line to transmit power generated by more than one (1) GenCo; and
3. Only one (1) DU utilizing its Medium Voltage line to transmit power generated by more than one (1) GenCo.

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

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

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

Reduction in Systems Loss

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

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

Competitive Selection Process (CSP)

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

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

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

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

In February 2018, the DOE finally prescribed the “Policy for the Competitive Selection Process in the Procurement by Distribution Utilities of Power Supply Agreement for the Captive Market” through Department Circular No. DC2018-02-0003. Governing all DUs in both grid and off-grid areas, the policy mandates the procurement of all PSAs for the captive market through CSP. In the said Circular, the CSP may be conducted by a Third-Party Bids and Awards Committee (TPBAC) composed of 5 members, where 3 members will come from the DU and 2 from the captive customers. In lieu of the TPBAC, the DU may also opt to engage a Third-Party Auctioneer. Direct negotiation with generation companies is allowed after at least 2 failed CSPs and there is no outstanding dispute in the conduct of the CSP.

On September 24, 2021, the DOE issued DC2021-09-0030 amending certain provisions and supplementing DC2018-02-0003. Under the said issuance, the following shall warrant a Certificate of Exemption from the conduct of CSP (COE-CSP) from the DOE:

1. Any generation projects funded by grants or donations, and will become fully-owned, operated, and controlled by the DU within its franchise area, subject to ownership and market-share limitations as provided under relevant laws and issuances. The DU may be allowed to infuse internally generated funds; Provided, that the amount shared by the DU shall not exceed thirty percent (30%) of the total project cost excluding taxes to be paid by the DU; Provided also, that the generation project or facility shall be structurally and financially unbundled from the DU’s business segment such that the generation rate from such project or facility can clearly be distinguished from the distribution rates of the DU; Provided finally, that the generation project shall not be transferred or assigned to an affiliate or subsidiary Power Supplier of the DU.
2. Negotiated procurement of emergency power supply wherein the cooperation period of the corresponding Emergency Power Supply Agreement (EPSA) shall not exceed one (1) year, and such EPSA shall be filed immediately before the ERC upon the issuance and within the effectivity of the COE-CSP; Provided, that the DU shall prove and certify that it has performed all the necessary and required due diligence, and solicited proposal from at least one (1) power supplier for EPSA to address the emergency situation and to avert and/or mitigate its consequences, and the offer/s from the available Power Supplier/s shall be attached in the request for COE-CSP; Provided also, that the procurement of emergency power supply shall be not entitled to any form of subsidy. Provided finally, that the rate shall be equivalent to or lower than the latest ERC-approved generation tariff for same or similar technology in comparable areas.
3. Any generating plant to be embedded in the DU, utilizing indigenous energy resources in the franchise area of the DU, subject to ownership and market-share limitations as provided under relevant laws and issuances, unless it intends to sell generated power outside of the embedded area, in which case, it shall undergo CSP with respect to its excess power. The size of the generation plant shall have a maximum capacity of 10 MW per Luzon DU and 5 MW per Visayas and Mindanao DU.
4. The provision for power supply by the NPC in off-grid areas prior to and until the entry of New Power Providers and in emergency circumstances, in which case, a copy of the PSA between the Electric Cooperative (EC) and the NPC shall be submitted to the DOE and the National Electrification Administration (NEA), in case of ECs.

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

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

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

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

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

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

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

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

Framework for Embedded Generators

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

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

Energy and Efficiency Conservation Act

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

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

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

1. a system for certification and assessment of energy conservation officers and energy managers to raise the standards of those engaged in energy management;
2. energy performance standards for commercial, industrial and transport sectors, including energy-consuming products;
3. labelling system for all energy-consuming product, devices and equipment;
4. mandatory energy-efficiency rating and labelling system for identified energy consuming products such as room air-conditioners, refrigeration units, and television sets to promote energy efficient appliances and raise public awareness on energy saving; and,
5. fuel efficiency testing guidelines for the conduct of fuel efficiency tests to validate information provided by vehicle manufacturers, importers and dealers.

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

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

1. Integrate energy management system policy into the business operations based on ISO 50001 or a similar framework;
2. Set up systems and programs to promote energy efficiency, conservation and sufficiency that may include installation of RE technologies;
3. Keep records of monthly energy consumption data;
4. Improve average specific energy consumption in according with annual targets of DOE
5. Submit annual Energy Consumption and Conservation Report;
6. Conduct energy audit once every 3 years and submit a report to the DOE; and
7. Employ a Certified Energy Conservation Officer or a Certified Energy Manager.

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

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

The NEECP aims to:

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

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

practices on energy efficiency in all establishments including local and national government facilities.

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

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

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

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

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

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

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

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

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

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

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

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

Energy Virtual One-Stop Shop (EVOSS)

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

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

Energy Storage System (ESS)

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

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

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

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

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

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

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

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

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

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

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

Spot Market for Ancillary Services (AS)

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

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

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

1. Regulating, Contingency, and Dispatchable Reserves shall be procured through firm contracts only;
2. Reactive Power Support AS and Black Start AS shall be procured through firm contracts only; and
3. The protocol for the central scheduling of energy and contracted reserves in the WESM shall still apply, in accordance with the WESM Rules and relevant Market Manuals.

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

1. SO shall procure Regulating, Contingency, and Dispatchable Reserves through firm contracts and the Reserve Market provided that the contracted levels per reserve region shall be as follows:
 - Regulating Reserve — Equivalent to 50% of the Regulating Reserve requirement;
 - Contingency Reserve — Equivalent to 50% of the dependable capacity of the largest generating unit;
 - Dispatchable Reserve — Equivalent to 50% of the dependable capacity of the second largest generating unit;
2. Generating units shall submit energy and reserve offers to the WESM with respect to their maximum available capacities, which shall include contracted and uncontracted capacities;

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

3. All energy and reserve offer shall be co-optimized and subjected to central scheduling, dispatch, spot pricing and settlement of the MO and SO; and
4. Reactive Power Support AS and Black Start AS shall be procured through firm contracts only.

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

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

1. The continuing development and operationalization of the Reserve Market shall take into account key policies stipulated in the DOE Roadmap, among others, RE Market, Electricity Derivatives Market, Demand-Side Bidding, and exploratory studies on Capacity Market as applicable;
2. The WESM shall provide the optimal solution for all available capacities when scheduling reserve and energy capacities through co-optimization while adhering to grid reliability requirements;
3. The SO and MO shall allow for non-discriminatory participation of all capable AS providers, including demand-side resources, in various reserve categories, provided that all participants shall comply with the certification of AS capability issued by the SO or any qualified third-party AS testing entity duly accredited by the ERC;
4. A single buyer system shall be implemented for the procurement of AS requirements whether sourced through the Reserve Market or AS procurement agreements (ASPA). Pending the DOE’s promulgation of CSP for ASPAs, the SO may continue to enter into ASPAs through its existing procedure.
5. Recovery of reserves cost among grid users shall be implemented in accordance with the guidelines on AS cost-recovery to be promulgated by the ERC; and
6. Sufficiency of reserves in the Grid shall be ensured through procurement of reserves through ASPAs and the WESM;

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

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

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

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

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

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

Competitive Selection Process for Ancillary Services

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

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

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

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

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

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

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

1. Submit its Distribution Development Plan together with the Total Electrification Master Plan. The distribution utilities shall prepare and submit its comprehensive Total Electrification Master Plan and shall contain detailed inventory of all unviable, unserved and underserved areas within its franchise;
2. Conduct the Competitive Bidding for the QTPs to serve the QTP Service Areas; and
3. Execute the QTP Service Contract (QSC) with the selected QTP.

Meanwhile, the QTP proponents must secure the necessary permits and licenses from the relevant government agencies and comply with all provisions, including the financial, technical, environmental and other performance standards for the QTP and the requirement of a Service Contract with the DOE, if applicable.

On January 21, 2022, Republic Act No. 11646 entitled, “An Act Promoting the Use of Microgrid Systems to Accelerate the Total Electrification of Unserved and Underserved Areas Nationwide” also known as the “Microgrid Systems Act” was enacted into law. Under this new law, the QTP has been renamed to “Microgrid System Providers” or “MGSP”. Such providers are not required to secure a franchise from Congress, but shall secure an Authority to Operate (ATO) from the ERC prior to its operations. MGSPs, similar to QTPs, may provide integrated power generation and distribution services in identified unserved and underserved areas. The DOE is mandated to conduct a CSP in selecting the MGSP for identified serviceable areas for MGSPs.

On May 4, 2022, the DOE issued DC No. 2022-05-0017 which sets out the Implementing Rules and Regulations (IRR) of the Microgrid Systems Act. In the IRR, all DUs are required to submit their Local Total Electrification Roadmap (LTER) which shall serve as a comprehensive 10-year strategic plan with an annual work plan to accelerate the total electrification of its franchise area. The LTER shall enumerate the DU’s unserved and underserved areas.

On December 27, 2023, the DOE conducted the opening of bid proposals for the 1st MGSP CSP. Out of the nine (9) pre-qualified bidders, only one (1) bidder, the Maharlika Consortium, submitted a proposal to provide service to unserved areas in the Provinces of Cebu, Quezon, and Palawan. A total of six (6) bid proposals from Maharlika Consortium were marked “passed” and endorsed for bid evaluation which the DOE expected to be completed on February 20, 2024.

In April 2024, the DOE awarded a microgrid system service contract to the Maharlika Consortium, which comprises Maharlika Clean Power Holdings Corp., CleanGrid Partners Pte Ltd., and WEnergy Global Pte Ltd. The purpose of this contract is to provide 24/7 electricity to eight underserved areas in Cebu, Quezon, and Palawan provinces through the deployment of a hybrid microgrid system. This system may incorporate solar power generation, energy storage capabilities, and diesel generators. The consortium is anticipated to complete the construction and operationalization of these systems within an 18-month timeframe. The

electricity rates for these systems will be subject to approval by the Energy Regulatory Commission and will be subsidized under the Universal Charge for Missionary Electrification for a period of 20 years.

In July 2024, the DOE announced the 2nd round of CSP for MGSPs, targeting the electrification of 75 identified unserved and underserved areas.

Renewable Energy Market (REM)

Pursuant to the RE Act, the DOE is mandated to establish a REM which would be an avenue for the trading of RECs which is equivalent to an amount of power generated from RE sources and a facility for mandated participants to comply with the RPS. In line with this, the DOE promulgated the RE Market Rules through Department Circular No. DC2019-12-0016 which in turn kicked off the compliance of the RPS by the mandated participants. The REM Rules applies to all electric power industry participants in Luzon, Visayas, and Mindanao, both in the On-Grid and Off-Grid Areas.

The REM Rules established the basic rules, requirements, and procedures to govern the operations of the REM which mainly aims to facilitate the efficient operation of the REM, specify the terms and conditions to which entities may be authorized to participate in the REM as well as the authority and governance framework for the REM, provide sanctions in cases of violations of the REM Rules and a timely and cost-effective framework for resolution of disputes among the REM Members and the Renewable Energy Registrar.

Registration in the REM is mandatory for the following:

1. Mandated Participants obligated by RPS to comply with their RPS requirements.
2. Entities with RE Generation Facilities that are registered in the WESM. In case of Mindanao Grid which is not yet connected to the Luzon and Visayas Grid, includes RE Generation Facilities that are connected to the main grid.
3. Entities with RE Generation Facilities who are operating in Off-Grid Systems obligated to comply with RPS requirements.

DOE in its Advisory dated 18 August 2020 provided for the recalibration of the commercial operations of the REM from June 2020 to June 2021 due to the impact of the COVID 19 pandemic.

On June 10, 2022, the DOE issued DC No. 2022-06-0019 to declared the interim commercial operations (ICOD) of REM. During the ICOD, the REM shall not yet involve any financial transactions until such time that the commercial operations of the REM has been declared by the DOE.

On July 28, 2022, the REM ICOD had its ceremonial launch spearheaded by the Philippine Market Corporation. Following the REM ICOD launching event, the RE Registrar actively participated in the Information and Education Campaign (IEC) on Various Renewable Energy Policies and Mechanisms and Focus Group Discussions (FGD) on Renewable Portfolio Standards (RPS) with REM Participants in Luzon, Visayas, Mindanao, and Metro Manila in August and September 2022. The RE Registrar provided updates on the REM implementation as well as hands-on training to the participants on the use of the Philippine Renewable Energy Market System during the said events

In 2023, the Philippine Electricity Market Corporation (PEMC) issued a series of advisories to provide guidance on the issuance, validation, and transaction of Renewable Energy Certificates (RECs). PEMC also clarified on the review and re-submission of Gross Electricity Sales Date for 2018 and 2020-2021 of RPS Mandated Participants.

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

In January 2024, the DOE declared the full commercial operations of the REM.

In March 2024, the PEMC has started accepting REM registration of Off-grid Mandated Participants who are required to comply with the Renewable Portfolio Standards (RPS).

On April 23, 2024, the ERC promulgated Resolution No. 8 Series of 2024 to adopt the Price Cap for Renewable Energy Certificates set at 241.56 PhP/MWh. In evaluating the price cap, the ERC considered the following:

1. % share of each RE technology eligible for RPS compliance
2. Average ERC-approved rate per RE technology
3. Generator Weighted Average Price (GWAP)

On the same date, the ERC issued Resolution No. 12 Series of 2024 to provide the rules governing the cost recovery mechanism of the On-Grid DUs for its compliance with the RPS.

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

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

On December 26, 2024, the IEMOP successfully transitioned the REM to full commercial operations while taking the registrar function from PEMC based on DOE's policy. The REM will facilitate the trading of RECs, thereby promoting compliance with the Renewable Portfolio Standards (RPS). For on-grid mandated participants, the RPS mandates that electricity suppliers source 11% of their power from renewable sources. The REM's activation is anticipated to enhance the integration of renewable energy into the national grid.

Green Energy Option Program (GEOP)

Consistent with the RE Act, the government aims to accelerate the exploration and development of the RE resources in order to achieve energy self-reliance through the adoption of sustainable energy development strategies. Section 9 of the RE Act mandated the DOE to establish a GEOP which would provide end-users the option to choose RE resources as their sources of energy.

On July 18, 2018, the DOE issued Department Circular No. DC2018-07-0019 which promulgated the rules and guidelines governing the establishment of the GEOP Rules. All of the RE Facilities are eligible to participate in the GEOP subject to the following rules:

1. Entities that shall utilize RE Facilities to supply power under the GEOP shall secure an operating permit from the DOE as RE Suppliers.
2. RE Facilities covered by the GEOP shall have the necessary Certificates of Compliance from the ERC.
3. Distributed energy resources and/or generation facilities specifications and standards shall conform with the rules prescribed by the ERC.

Under the DOE Department Circular No. DC2018-07-0019, all end-users with a monthly average peak demand of 100 kW and above for the past 12 months may opt to participate in the GEOP after the DOE, in consultation with the National Renewable Energy Board (NREB) and industry stakeholders, determines the technical requirements and standards are already met. Meanwhile end-user with new connection and whose estimated average monthly peak demand for the next 12 months based on the load profiling is 300 kW or above may likewise participate in the GEOP. An end-user that has been in operation for less than 12 months from the effectivity of the GEOP Rules may also participate in the GEOP.

The end-user and its RE Supplier shall execute a GEOP Supply Contract which will govern the participation of the End-User in the GEOP. The energy sales from the GEOP shall be part of the Net Electricity Sales of the distribution utilities for its RPS compliance requirement. Moreover, the RECs generated from the energy supplied to the end-users under the GEOP shall be for the account of the distribution utilities. However, for RE Facilities installed within the end-user's premises, the distribution utilities have the option to install a third kilowatt-hour meter or use the RE Facility's built-in meter to monitor the total RE generation supplied to the End-User.

The circular likewise provides that a dual billing system may be adopted by the End-User availing of the GEOP, RE Supplier and the distribution utility.

In August 2021, the ERC promulgated the regulatory framework for GEOP that sets the technical and interconnection requirements as well as the wheeling fees of RE facilities. The said GEOP Rules aimed to guide all concerned stakeholders including (a) GEOP End-users; (b) RE Suppliers; (c) Distribution Utilities (DUs); (d) Economic Zone Developers; (e) Economic Zone Utility Enterprises; (f) National Transmission Corporation (TransCo) or its successors-in interest; (g) Philippine Electricity Market Corporation (PEMC)/Market Operator (MO); (h) Supplier of Last Resort (SOLR); (i) Central Registration Body (CRB); (j) RE Registrar; and the (k) Metering Service Providers authorized by the ERC.

Under the GEOP Rules, there are two types of end-users who may qualify to avail of the GEOP: (a) All end-users with a monthly average peak demand of 100 kW and above, for the past twelve (12) months; and (b) An end-user that has been in operation for less than twelve (12) months upon effectivity of the GEOP Rules.

In May 2023, the DOE called for comments on its proposed policy to declare the implementation of GEOP in Mindanao. Under the proposed policy, all eligible and interested electricity end-users may participate based on the existing threshold level reviewed and approved by the ERC. They may voluntarily enter into a GEOP Supply Contract with RE Supplier, subject to the procedures provided in the WESM Rules, GEOP Rules, Retail Rules, Market Manuals, and other relevant laws and issuances by the DOE and ERC.

As of February 2023, there are already nineteen (19) GEOP Renewable Energy Suppliers.

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

As of May 2024, there are already 20 GEOP Renewable Energy Suppliers.

Green Energy Auction Policy (GEAP)

On July 14, 2020, the DOE issued Department Circular No. DC2020-07-0017 entitled “Promulgating the Guidelines Governing the Policy for the Conduct of Green Energy Auction in the Philippines” which provides for the GEAP. Subsequently, on November 03, 2021, the DOE issued Department Circular No. DC20201-11-0036 entitled “Providing the Revised Guidelines for the Green Energy Auction Program in the Philippines” or the “GEAP Guidelines”. This circular repealed DC2020-07-0017.

The GEAP Guidelines was promulgated to establish the implementation framework for the GEAP and provide clarity on the roles of implementing agencies/entities. This circular also supports and/or facilitate immediate and timely investments in new or additional RE capacities to ensure provision of adequate supply and competitive rates of electricity in the country. Likewise, it supports the development of new RE projects under a competitive process, together with long-term contracts. Lastly, this circular was promulgated to implement the mandate of giving preference to RE sources for a cleaner and sustainable environment.

There are two (2) components set forth in the GEA Policy namely:

1. *Green Energy Tariff (GET)* – to provide price signals on the commercial value of electricity generated from the RE facilities, resulting from a competitive process, and set the benchmark price for DUs under the Opt-in Mechanism; and
2. *Green Energy Auction* – to facilitate the determination of RE facilities that are eligible under the GEAP. To this end, the Green Energy Auction shall be administered by the DOE through the Green Energy Auction Committee (GEAC).

GET shall reflect the value of electricity, resulting a competitive process that Qualified Bidders are capable of supplying the prescribed capacity volume and delivery periods. The Winning Bidder/s shall have the most competitive bid price offered based on the Terms of Reference for a particular ARP, as determined by the Green Energy Auction Committee.

On the other hand, in the conduct of the GEA and the development of specific Terms of Reference for each auction round, the following principles shall be observed:

- a. The auction shall be conducted for New and Existing RE Capacities, as defined in this Circular, and are duly registered with the DOE with no existing power purchase agreement/power supply agreement with any DU or endUser at the time of the agreed delivery date's;
- b. Participating entities shall be allowed full recovery of prudent and reasonable economic costs incurred, *Provided*, that the Winning Bidders' bid offer shall be considered their prudent and reasonable economic costs;
- c. Efficiency and competitive prices of electricity shall be prompted;
- d. Fair and transparent processes will be observed in all stages of the GEAP; and
- e. Clean and sustainable forms of energy will be harnessed.

DC2021-11-0036 also introduced the Opt-in Mechanism in order to reduce FIT-All charges to the electricity end-users, and to meet any DU supply and RPS Requirements. Under the Opt-in Mechanism, any DU shall have the option to procure from the GEAP pool of a Winning Bidder under a particular auction round and thereby carve out of such DU-procured volumes from the pool compensable by the FIT-All.

It should be emphasized that the Green Auction including the Opt-in Mechanism shall serve as compliance with CSP requirements for DUs.

In 2022, the DOE conducted the first GEA round (GEA-1) which auctioned a total of 2000MW of RE capacity broken down as follows:

RE Resources	Luzon	Visayas	Mindanao
	Target Capacity (MW)		
Hydro	80	-	50
Biomass	60	120	50
Solar	900	260	100
Wind	360	20	-
Total	1400	400	200

On June 24, 2022, the DOE issued a Notice of Award to the GEA-1 Winning Bidders which covered a total of 100MW for Hydro, 1490MW for Solar, 3.4MW for Biomass, and 374MW for Wind Energy.

In April 4, 2023, the DOE issued a Notice of Auction for the 3rd Round of GEA (GEA-3) with the objective of achieving an RE installation target of 3,600 MW in 2024, 3,600 MW in 2025, and 4,400MW in 2026. In July 12, 2023, the DOE culminated GEA-3 through a Notice of Award to the GEA-3 Winning Bidders who will be responsible for fulfilling an additional RE capacity of over 500 MW in 2024, 750 MW in 2025, and 2100 MW in 2026.

On June 14, 2023, the ERC promulgated Resolution No. 6 Series of 2024 to adopt the GEAR Price for GEA-2, to wit:

RE Resource	GEAR Price for GEA-2 (PhP/kWh)
Rooftop Solar	4.8738
Ground-mounted Solar	4.4043
Floating Solar	5.3948
Onshore Wind	5.8481
Biomass	5.4024
Biomass Waste-to-Energy	6.2683

On September 26, 2023, to aid the Winning Bidders applying for a COC with the ERC, the DOE clarified that the Certificate of Endorsement for the Green Energy Tariff (COE-GET) that it issues to a Winning Bidder shall be considered, interpreted, and accepted as the same Certificate of Endorsement for FIT Eligibility (COE-FIT) issued by the DOE to eligible facilities under FIT. DOE likewise clarified that the Winning Bidder's GET shall be considered as the FIT due to the same during its availment from the FIT-All fund.

On December 12, 2023, the DOE issued DC No. 2023-10-0029 to provide specific GEAP auction policy and guidelines for Non-FIT-eligible RE technologies. Under the said policy, the payment and settlement of the Non-Fit Green Energy Tariff (GET) to the Non-FIT eligible RE facilities of the winning bidders shall be collected and administered through the WESM by the Market Operator. In all cases, the winning bidders shall be paid with the total GET amount without regard to their Energy Trading Amount in the WESM.

On April 8, 2024, the DOE issued DC2024-03-0010 to amend the GEAP Guidelines for Non-FIT-Eligible RE Technologies to support the upcoming 3rd Round of GEA by end of 2024.

On November 15, 2024, the DOE released the Notice of Auction (NOA) and Terms of Reference (TOR) for the third round of the Green Energy Auction (GEA-3). This auction aims to foster competition and transparency within the renewable energy (RE) sector. The auction seeks to introduce 4,475 megawatts (MW) of new renewable capacity, encompassing geothermal (100 MW), impounding hydropower (300 MW), pumped-storage hydropower (4,000 MW), and run-of-river hydro (75 MW). The delivery timelines for these projects range from 2025 to 2030. Qualified suppliers are required to register with the DOE following the release of the Price Determination Methodology (PDM) and the Green Energy Auction Reserve (GEAR) Price. The final bidder eligibility will be determined by the GEA Bids Evaluation and Awards Committee.

In a Press Release in July 2024, the DOE announced plans for the fourth Green Energy Auction (GEA-4), scheduled for the fourth quarter of 2024 which did not push through. GEA-4 was envisioned to integrate renewable energy sources with energy storage systems, collectively referred to as Integrated Renewable Energy and Energy Storage Systems (IRESS). The DOE is currently evaluating the inclusion of liquefied natural gas (LNG) technologies in GEA-4 to enhance grid stability amid increasing renewable energy integration.

The DOE intends to initiate the fifth iteration of the Green Energy Auction (GEA-5) during the third quarter of 2025. The primary objective of this initiative is to enhance the Philippines' renewable energy infrastructure by prioritizing offshore wind projects. This endeavor seeks to establish the country as a regional leader in the renewable energy sector by facilitating market access and establishing transparent development timelines for offshore wind developers. The DOE will disseminate the notification of auction and terms of reference, outlining the auction's schedule and operational procedures.

Open and Competitive Selection Process for Renewable Energy Service Contract

On October 20, 2020, the DOE issued Department Circular No. DC2020-11-0024 entitled "Adopting the Guidelines Governing the 3rd Open and Competitive Selection Process (OCSP3) in the Award of Renewable Energy Service Contract, and for Other Purposes." The circular governs the determination of legal, financial, and technical qualifications of RE Applicants, the evaluation of its applications, and the award of the RE Contracts under the OCSP3.

The eligible RE Applications under the said guidelines are Filipinos and Filipino corporation at least 60% owned and controlled by Filipinos, duly registered with SEC with purpose of engaging in renewable energy exploration, development, and utilization. Foreign-owned corporations may likewise qualify provided that the RE Contract involved is a financial or technical assistance agreement signed by the President and either technical or financial assistance for large-scale exploration, development, and utilization of geothermal resources pursuant to Section 2, Article XII of the Philippine Constitution.

On June 8, 2023, the DOE issued DC No. 2023-06-0019 to adopt the guidelines for the 4th OCSP (OCSP4). Similar to their previous issuance, the policy sets out the eligibility requirements for interested RE developers. Under this round, the DOE is opening a total of twenty (20) Pre-Determined Areas (PDAs) for Geothermal, Hydropower, and Wind Energy Resources with a potential capacity of over 300MW.

On October 27, 2023, the DOE released the result of OCSP4 wherein only three (3) winning bidders were selected covering two (2) PDAs each for Geothermal and Wind Energy Resource. Pursuant to the OCSP4 guidelines, the DOE opened the rest of the PDAs to direct applications of RE contracts by interested parties.

On June 4, 2024, the DOE released Department Circular No. DC2024-06-0018, which updates the guidelines for awarding and managing Renewable Energy (RE) Contracts through OCSP or Direct Application. These revisions are intended to streamline processes, encourage investment, and align with the government's initiative to enhance the ease of doing business within the RE sector.

Energy Conserving Design of Building

Pursuant to the Energy Efficiency and Conservation Act the DOE issued Department Circular No. DC2020-12-0026 on December 22, 2020 otherwise known as "Adoption of the Guidelines on Energy Conserving Design of Building." The guidelines prescribed for the minimum requirements for the energy conserving design of new buildings and major renovation of existing buildings. It likewise aims to encourage and promote the energy conserving design of buildings and their services in order to reduce use of energy without compromising the cost effectiveness, building function, as well as the comfort, health, safety, and productivity of the building's occupants.

The said guidelines shall apply to new buildings and its systems as well as any expansion and/or modification of existing buildings or systems designed with at least 112.5 kVA of total connected electrical loads or has at least 10,000 square meters total gross floor area.

Bayanihan to Heal as One Act (BAYANIHAN Act I)

Due to the spread of the to the COVID 19 virus in the Philippines, Presidential Proclamation No. 922-2020 was issued declaring a State of Public Health Emergency throughout the country. During the same period, Presidential Proclamation No. 929-2020 was likewise issued which placed the entire Philippines under a State of Calamity and imposed an Enhance Community Quarantine (ECQ) throughout Luzon. On March 24, 2020, Republic Act No. 11469 otherwise known as the “Bayanihan to Heal as One Act” (Bayanihan Act I) was enacted placing the whole country under a state of national emergency.

Under the Bayanihan Act I, all banks, quasi-banks, financing companies, lending companies, and other financial institutions were directed to implement a minimum of a thirty (30)-day grace period for the payment of all loans falling due within the period of the ECQ without incurring interests, penalties, fees, and other charges.

In line with Bayanihan Act I, the ERC, in its Advisory dated April 15, 2020 issued guidelines and directives for the electric power industry stakeholders. The said guideline directed distribution utilities and RES to provide a grace period to all captives and Contestable Customers through the deferment of their electricity bill falling due within the period of the ECQ or from March 16, 2020 to April 30, 2020, without interest, penalties, fees, and other charges. Such period was extended to May 15, 2020 by ERC Advisory dated 05 May 2020. In addition, the updated advisory also imposed for the amortization of payment in four (4) equal monthly installments, payable in the 4 succeeding billing months following the end of the ECQ. In addition, payments by customers in areas covered by the ECQ extension until May 15, 2020 should commence no earlier than May 30, 2020.

The DOE, on the other hand, in its Department Circular No. DC 2020-004-0008, rationalized the utilization of the Energy Regulation (ER) 1-94 Funds by the host LGU in response to COVID 19 public health emergency. This provided for a framework for the host LGU to follow in utilizing the ER 1-94 Funds to bolster their combat in mitigating, if not contain, the transmission of COVID 19 in their respective areas.

On September 11, 2020, Republic Act No. 11494, otherwise known as the “Bayanihan to Recover As One Act” (Bayanihan Act II), was signed into law which provides a P165-billion economic stimulus and relief package to sustain the government’s efforts against the COVID-19 pandemic.

Pursuant to the Bayanihan Act II, the ERC in its Advisory dated October 29, 2020 issued an updated directive directing the DUs not to implement any disconnection on account of non-payment of bills until December 31, 2020 for consumers with monthly consumption not higher than twice the ERC approved maximum lifeline consumption level. All DUs, and RES were directed to implement a minimum 30-day grace period on all payments falling due within the period of the ECQ and Modified Enhanced Community Quarantine (MECQ) without incurring interest, penalties, and other charges. Any unpaid balance after the lapse of the 30-day period shall be payable in 3 equal monthly installments without incurring interest, penalties, and other charges. Similarly, the DOE likewise issued an Advisory dated September 23, 2020 indicating that the 30-day grace period and staggered payment without interests, penalties and other charges are applicable to all power sector billings falling due during the period of the Community Quarantine (CQ).

The Bayanihan Act II likewise directed all banks, quasi-banks, financing companies, lending companies, and other financial institutions to implement a one-time minimum sixty (60)-day grace period for the payment of all existing, current, and outstanding loans falling due, or any part thereof, on or before December 31, 2020. The said law likewise provided for staggered payment without interest on interest, penalties, and other charges until December 31, 2020, or as may be agreed upon by the parties.

ERC Revised Rule of Practice and Procedure

On December 17, 2020, the ERC issued Resolution No. 1, Series of 2021 entitled “A Resolution Adopting the Revised Rules of Practice and Procedure of the ERC”. The Revised Rules aim to aid anyone who wishes to appear before the ERC and participate in any proceeding before it.

Revised Guidelines for the Financial Capability Standards of Generation Companies

In November 2020, the ERC issued Resolution No. 3, Series of 2021 entitled “A Resolution Adopting the Revised Guidelines for the Financial Capability Standards of Generation Companies”. The said Guidelines sets out the minimum financial capability standards to ensure that Generation Companies meet the required standards to protect the public interest.

Policies related to the Water Infrastructure

The Philippine Water Code (P.D. 1067)

The 1976 Presidential Decree provides the framework and basic principle relating to appropriation, control and conservation of water resources to achieve optimum development and rational utilization of the water resources of the country.

The main principle of the decree provides that all waters, be it a river, natural bed, spring, natural lakes, lagoons, subterranean or ground water, atmospheric water and seawater even if found within private lands belong to the state and that the same may allow the use or development of waters by administrative concession but subject to the control and regulation of the government through the National Water Resources Board as the lead agency. Water may be appropriated according to its beneficial use through the grant of water permit by the same agency.

On September 12, 2002, NWRB was reconstituted through the declaration of Executive Order No. 123 aligning the agency previously administered under the Department of Public Works and Highways to the Department of Environment and Natural Resources. Local Water Utilities and Administration shall likewise cease with its practice of regulating the water tariffs of Water Districts and shall be undertaken by the National Water Resources Board. The former may still continue reviewing the rates of water districts where it has risk of financial exposure.

Local Government Code (R.A. 7160)

The 1991 policy defines the functions, responsibility, extent of authority and resources of LGUs which includes effective provision of basic services and facilities such as infrastructures related to sanitation and sewerage, communal irrigation, small water impounding projects and other similar projects, artesian wells, spring development, rainwater collection and water supply systems. This policy facilitated the LGUs to fast-track implementation its infrastructure projects through public-private partnerships.

Provincial Water Utilities Act (PD 198)

On May 25, 1973, a national policy was declared and signed favoring local operation and control of water systems and authorizing the formation of local water districts chartered by the national administration to facilitate improvement of local water utilities under LWUA. The Act promulgated the role of the water district in the development, operation and maintenance of water and wastewater services within a franchise area. The water district shall be under the authority of a LGU either municipality, city or province depending on the number of water service connections.

Public-Private Partnership (PPP) Code of the Philippines (RA 11966)

Projects relating to water supply, water and wastewater treatment, and sewage treatment infrastructure are undertaken through PPP. It is broadly defined as a contractual agreement between the Government and a private firm targeted towards financing, designing, implementing and operating infrastructure facilities and services that were traditionally provided by the public sector. It embodies optimal risk allocation between the parties – minimizing cost while realizing project developmental objectives. Thus, the project is to be structured in such a way that the private sector gets a reasonable rate of return on its investment.

On December 23, 2023, the PPP Code of the Philippines took effect. It consolidated and harmonized the then-prevailing PPP legal frameworks. It strengthened the PPP Governing Board that will serve as the Implementing Rules and Regulations Committee tasked with issuing the IRR within 90 calendar days from effectivity of the law. The PPP Law reinforced the need for competitive selection initiated by solicited and unsolicited proposals from the private sector. In its efforts to consolidate and harmonize the fragmented PPP legal frameworks, it repealed Republic Act No. 6957 (the Built-Operate-Transfer Law) and the amending law Republic Act No. 7718. Moreover, the PPP Code provides that “no other JV guidelines, PPP guidelines, codes or ordinances shall be enacted, issued, and/or used by any government entity to enter into PPPs, except those that are enacted, issued and/or used in accordance with this Code and its IRR.”

Thus, in April 2008, the NEDA issued the Guidelines and Procedures for Entering into Joint Venture Agreements Between Government and Private Entities (NEDA JV Guidelines). On May 2013, the NEDA JV Guidelines was revised, which was further revised by the 2023 NEDA JV Guidelines that was published on April 24, 2023. The NEDA JV Guidelines, as amended, allowed joint ventures as a form of PPP. It also contained the detailed process for competitive selection and negotiation.

National Water Crisis Act (RA 8041)

Approved on June 7, 1995, the National Water Crisis Act declared the policy of the government to adopt urgent and effective measures to address the nationwide water crisis which adversely affects the health and well-being of the population, food production and industrialization process.

RA 8041 provides for the creation of a Joint Executive-Legislative Water Crisis Commission chaired by the Executive Secretary. The purposes and objectives of the Commission are: to undertake nationwide consultations on the water crisis and a study of the entire water supply and distribution structure; to enhance and facilitate coordination between Congress and the executive department in formulating and implementing the government's water crisis management policy and strategy; to recommend measures to ensure continuous and effective monitoring of the entire water supply and distribution systems; and to conduct studies on policy options and strategies to resolve the water crisis and recommend remedial legislative measures.

There is also a provision for the reorganization of the Metropolitan Waterworks and Sewerage System and the Local Waterworks and Utilities Administration in order to make them more effective and innovative in handling the water crisis.

Lastly, RA 8041 provides includes an anti-pilferage provision declaring certain activities as unlawful, such as prohibited acts that may affect the quantity and quality of water; as well as the introduction of penalties for committing such activities.

Clean Water Act (RA 9275)

Approved on March 22, 2004, the Philippine Clean Water Act declared the State's policy of the State to of economic growth in a manner consistent with the protection, preservation and revival of the quality of our fresh, brackish and marine waters. The Act shall apply to water quality management in all water bodies, particularly the abatement and control of pollution from land-based sources.

RA 9275 also provides for a comprehensive and integrated strategy to prevent and minimize pollution through a multi-sectoral and participatory approach involving all the stakeholders. This shall be undertaken under the auspices of the Department of Environment and Natural Resources. Furthermore, the RA9275 sets various charges, penalties, and incentives for certain acts as defined under the law.

(xi) Estimate of Amount Spent for Research and Developmental Activities

Vivant has not allocated any specific amount of funds for research and developmental activities. Research and development activities are done on a per project basis and allocation of funds may vary depending on the nature of the project.

(xii) Costs and Effect of Compliance with Environmental Laws

Vivant's generation and distribution business units are subject to extensive and stringent safety, health and environmental laws and regulations. The Company's subsidiaries and associates have incurred, and expect to incur, operating costs to comply with these laws and regulations. Annual capital expenditures relating to the compliance with safety, health and environmental laws and regulations are expected to be made by Vivant's subsidiaries and associates.

(xiii) Employees

In 2019, the Company's power subsidiary, Vivant Energy, was operationalized to allow it to focus on growing the business. Following the lead of Vivant Energy, in 2021, the Company's infrastructure subsidiary, Vivant Infracore, was operationalized to focus on its independent business strategy and existing projects.

Vivant, in the meantime, will continue to provide shared services and serve as an incubator for new businesses. At the parent company level, Vivant has a total of 115 employees as of December 31, 2024, composed of executive, supervisory and rank-and-file staff.

The table below provides a breakdown of the total employee headcount.

	Headcount
Executive	20
Managers	28
Rank & File	67
Total	115

The Company has no existing collective bargaining agreement with its employees.

(xiv) Major Risks Involved in the Business

Below is a brief discussion on the risks that Vivant, through its subsidiaries and associates, might encounter in the businesses in which it is involved in. Certain risks, however, are inherent to the nature of the business that are beyond Vivant's or its subsidiary's or associate's control.

Regulatory Risk

Vivant Corporation, operates in a highly regulated environment across multiple jurisdictions. While its diversified portfolio and market position have contributed to the Company's growth, it also exposes the company to various regulatory risks. The Company recognizes the importance of effectively managing regulatory risks to safeguard shareholder value, maintain investor confidence and sustain long-term growth and profitability. It remains committed to effectively navigate the regulatory landscape by prioritizing compliance, maintaining good relationships with regulators and actively participating in industry organizations.

Heightened Market Competition

The Company aspires to grow and thrive in the energy and water businesses. However, the journey forward is not without its risks and challenges, particularly amidst heightened market competition. The Company recognizes the importance of addressing this risk while leveraging its strengths to improve the Company's position in the market. Vivant proactively responds to changes in market dynamics through continuous improvements in capabilities and increase in capacity. It likewise equips itself with updated market knowledge through participation in industry organizations and by conducting benchmarking activities and market research.

Increasing Market Volatility

The Company, through its expansion efforts may increase its exposure to market volatility, presenting both challenges and opportunities. Driven by the increase in its merchant and traded capacity coupled with changing market conditions, the Company's financial performance is subject to some level of uncertainty. Having a dedicated market and trading team, coupled with proactive risk management, allows the Company to anticipate and react to changes in the market conditions. Moreover, a diversified portfolio counters the potential downside risk in earnings brought about by market volatility.

Human Resource Risk

Talent plays a fundamental role in shaping the success, growth and sustainability of an organization. Vivant is cognizant of the risks involving human capital, which include challenges in the recruitment, development and retention phases of the employee lifecycle. To manage our human resource risk and ensure organizational resilience, the Company has taken proactive measures in 2024, which included conducting of employee pulse checks and surveys, implementation of the Employee Value Proposition (EVP), addressing and enhancing the overall employee experience in Vivant, and succession planning.

Reputation Risk

In today's interconnected and transparent world, reputation risk emerges as a threat to an organization where information spreads rapidly through various channels amplifying the impact of negative incidents or perceptions. Reputation risk may often be triggered by adverse events and if not properly handled may result in negative publicity which can tarnish the brand image, erode customer trust and deteriorate stakeholder confidence. Inherent to the nature of the businesses that the Company is involved in, its visibility to the public sphere exposes the organization to public scrutiny. To anticipate issues related to the risk, the Company has implemented strategies, including but not limited to strengthening stakeholder relationships, building a strong brand image, establishing and maintaining good relations with media partners.

Information Security Risk

Vivant faces the risk of unauthorized disclosure of confidential company information, primarily due to the absence of comprehensive policies and insufficient employee awareness on proper information handling practices. To mitigate this, we conducted awareness campaigns to employees on information security. In 2025, we will also be establishing formal Information Security policies and procedures to provide clear guidelines on securely managing confidential information. These actions aim to reduce the risk of data breaches and foster a culture of security within Vivant.

Item 2. Properties

Vivant's head office is located at the 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu.

On a consolidated basis, the Company's 2024 total Property, Plant and Equipment were valued at Php9,025.5 mn as compared to Php8,400.7 mn in 2023. The breakdown is as follows:

	2024 (Php mn)	2023 ¹ (Php mn)
Land	810.1	688.8
Plant Machineries & Equipment	4,184.8	4,523.8
Condominium Units, Building, and Improvements	515.6	164.0
Transportation Equipment	91.2	59.7
Office Furniture, Fixtures and Equipment	44.6	22.4
Tools and Other Assets	309.3	278.6
Leasehold & Land Improvements	32.9	24.7
Construction in Progress	3,037.0	2,638.7
TOTAL	9,025.5	8,400.7

Note:

1. In the SEC 17A for FY 2023, Plant Machineries & Equipment was reported at Php 4,395.70 mn, and total Property Plant and Equipment was reported at Php 8,272.5 mn. The financial statements as of and for the year ended December 31, 2023, were restated to account for the finalization of the purchase price allocation for the acquisition of two subsidiaries in 2023.

Item 3. Legal Proceedings

Material Pending Legal Proceedings

I. 1590 EC

C.A. G.R. No. 138105

Petition for Review With Application for Injunction and Temporary Restraining Order

1590 Energy Corporation vs. Energy Regulatory Commission And Philippine Electricity Market Corporation

On November 7, 2017, the Court of Appeals (CA) issued a Decision that declared as null and void the March 3, 2014, March 27, 2014, May 9, 2014 and October 15, 2014 Orders of the ERC and reinstated the prices for the November and December 2013 supply months in the WESM (the CA Decision). According to the CA, there was simply no justification, legal or factual, to substantiate the ERC's issuance of the March 3, 2014 Order which was effectively an intervention of WESM's operations. The ERC and Intervenor Meralco filed their respective Motions for Reconsideration to the CA Decision. Numerous other consumers and organizations also filed their respective Motions for Leave to Intervene in the case for the purpose also of seeking a reconsideration of the CA Decision. In an Omnibus Resolution dated March 29, 2019, the CA denied the Motions for Reconsideration.

Thereafter, the ERC filed a Petition for Review on Certiorari with the Supreme Court under Rule 45 of the CA's Decision dated November 8, 2017 and the Omnibus Resolution dated

March 29, 2019. Meralco also filed its own Petition for Review under Rule 45 of the CA's Decision dated November 8, 2017 and the Omnibus Resolution dated March 29, 2019. The Petition for Review remains pending.

ERC Case No. 2015-042 MC

Violation of Section 45 of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act No. 2001" (EPIRA), Rule 11, Sections 1 of the Implementing Rules and Regulations (IRR) of the EPIRA (Commission of an Anti-Competitive Behavior, Particularly Economic Withholding ATTY. ISABELO JOSEPH P. TOMAS II vs. 1590 Energy Corporation

On June 10, 2015, Atty. Isabelo Joseph P. Tomas II, in his capacity as the Investigating Officer of the Investigatory Unit constituted by the ERC pursuant to its Office Order No. 38, Series of 2013 dated December 26, 2013, filed a Complaint against 1590 EC for alleged Anti-Competitive Behavior, particularly, the Physical Withholding in relation to the bid offers of 1590 EC at WESM during the November and December 2013 billing months. 1590 EC filed its Answer to the Complaint within the reglementary period. On August 11, 2016 1590 EC received an "Omnibus Motion [(i) to consolidated cases and (ii) Defer Pre-Trial]" from the Investigating Officer, to which 1590 EC filed its "Comment/Opposition to the Omnibus Motion [(i) to consolidated cases and (ii) Defer Pre-Trial]." On June 13, 2017, the ERC denied the Motion for Consolidation.

On March 29, 2021, the ERC held a virtual hearing to apprise the parties of the status of the case, in view of the resignation of the members of the Investigatory Unit. 1590 EC awaits further orders from the ERC.

III. Delta P

Civil Case No. 5778

**Heirs of Laurentino Ylaya represented by Fe Ylaya and Glenn C. Gacott
Vs. City Government of Puerto Princesa represented by
Mayor Lucilo Bayron and Delat P, Inc.**

On August 31, 2018, DPI received Summons for a Complaint for "Quieting of Title, Recovery of Possession, Declaration of Nullity of Contract of Lease (with Prayer for TRO and Injunction)" filed by Fe Ylaya and Glenn Gacott. The City Government of Puerto Princesa ("CGPP") was made a co-defendant. The Complaint claimed that the expropriation proceedings by the CGPP was incomplete because of failure to promptly pay just compensation. The properties subject of the Complaint is the site of DPI's power plant over which DPI signed a Contract of Lease with CGPP. Complainants alleged to be the previous owners of the properties and prayed for CGPP and DPI to peacefully surrender and vacate the properties, declare the CGPP Contract of Lease to be void, demanded payment of rental and damages in the total amount of Php774,413.00.

On May 17, 2023, the Court rendered a Decision that dismissed the complaint due to plaintiffs' failure to prove by preponderance of evidence that a cloud exists on the title of CGPP. On May 23, 2023, Fe Ylaya and Glenn Gacott filed their Notice of Appeal. In an Order dated May 29, 2023, the RTC directed the transmittal of the case record to the Court of Appeals. Delta P awaits further order from the Court of Appeals.

IV. INPC

CA-G.R. No. 13695 and CA-G.R. No. 13995

Eighteenth Division, Court of Appeals-Cebu City

On June 16, 2020, Bantayan Island Power Corporation and Container Corporation of the Philippines (BIPCOR) filed a Petition for Certiorari with the Court of Appeals (Cebu City) (CA-Cebu), alleging grave abuse of discretion on the part of RTC for its alleged partiality and bias. This is docketed as CA-G.R. No. 13695 with the Twentieth Division of CA-Cebu. In a Notice from the CA-Cebu that was received on January 8, 2021, the defendants were required to file their Comment to the Petition for Certiorari. VIDC and INPC were able to file the Joint Comment (for VDIC and INPC) within the reglementary period.

On September 20, 2020, INPC received a Petition for Certiorari with Application for Issuance of a Temporary Restraining Order (TRO) and/or writ of preliminary injunction (WPI), which was docketed at CA-G.R. SP No. 13995. This Petition was filed as a result of the denial by RTC 84 of BIPCOR's application for TRO and a WPI.

In a Minute Resolution dated March 8, 2021, CA-G.R. Nos. 13695 and 13995 were consolidated.

In a Resolution dated September 8, 2021, CA-Cebu City denied the application for issuance of a TRO and/or WPI in SP No. 13995. The Petition for Certiorari itself remains pending.

CA-G.R. No. SP-15291

Nineteenth Division, Court of Appeals – Cebu City

On July 11, 2022, the Petitioner filed a Petition for Certiorari to assail the Order dated February 14, 2022 and the Omnibus Order dated May 2, 2022 issued by RTC Branch 88 in the Civil Case No. MAN-8450.

In a Resolution dated November 29, 2023, CA-Cebu City resolved, among others, to note the Compliance with Manifestation filed by INPC that they have not received a copy of the Petition for Certiorari.

INPC is waiting for further orders or resolutions from CA-Cebu City.

CA-G.R. No. CV No. 09152

Court of Appeals-Cebu City

As a result of the Joint Resolution on November 8, 2022 dismissing the case and the Order dated March 30, 2023 that dismissed the Motion for Reconsideration, the Petitioner filed a Notice of Appeal on April 24, 2023. In an Order dated April 25, 2023, RTC Branch 88 directed the transmittal of the case record to CA-Cebu City.

On January 24, 2024, INEC received the Notice to File Briefs and Pay Fees dated January 9, 2024 issued by CA-Cebu City, directing the company to file three (3) copies of legibly printed Appellee's Brief within forty-five (45) days from receipt of the Appellant's Brief of the Petitioner, and to pay Php1,000.00 as Mediation Fee.

On January 29, 2024, INEC filed its Compliance with Manifestation to allege that it has not yet received a copy of the Appellant's Brief which will be the reckoning point to file the Appellee's Brief and that it has paid the Mediation Fee. INEC is waiting to receive the Appellant's Brief and further order or resolution from CA-Cebu City.

Item 4. Submission of Matters to A Vote of Security Holders

During the June 20, 2024 Annual Meeting of the Stockholders, the following actions were taken:

- (1) Approval and adoption of the minutes of the June 15, 2023 Annual Stockholders' Meeting
- (2) Annual Report of Officers
- (3) Approval of the 2023 Annual Report and Financial Statements
- (4) Appointment of External Auditor for 2024
- (5) Election of Directors for the year 2024-2025
 - Regular Directors
 - Mr. Ramontito E. Garcia
 - Mr. Arlo Angelo G. Sarmiento
 - Mr. Jose Marko Anton G. Sarmiento
 - Mr. Charles Sylvestre A. Garcia
 - Mr. Francis Damasus A. Garcia
 - Mr. Emil Andre M. Garcia
 - Ms. Brigitte Cecile N. Garcia
 - Independent Directors
 - Mr. Carmelo Maria L. Bautista
 - Mr. Jose Carlitos G. Cruz
 - Atty. Jose M. Layug, Jr.
 - Atty. Laurence R. Rogero
- (6) Ratification of all Acts and Resolutions of the Board of Directors and Management Adopted for Fiscal Year 2023

Below is the summary of votes taken:

	ITEM	APPROVE	DISSENT	ABSTAIN
1	Minutes of the June 15, 2023 Annual Stockholders' Meeting	867,464,045	0	0
2	2023 Annual Report and Financial Statements	867,464,045	0	0
3	Appointment of External Auditor for 2024	867,464,045	0	0
4	Directors for the year 2024-2025	867,464,045		
	• Mr. Ramontito E. Garcia	867,464,045	0	0
	• Mr. Arlo Angelo G. Sarmiento	867,464,045	0	0
	• Mr. Emil Andre M. Garcia	867,464,045	0	0
	• Mr. Francis Damasus A. Garcia	867,464,045	0	0
	• Mr. Charles Sylvestre A. Garcia	867,464,045	0	0
	• Mr. Jose Marko Anton G. Sarmiento	867,464,045	0	0
	• Ms. Brigitte Cecile N. Garcia	867,464,045	0	0
	• Mr. Carmelo Maria L. Bautista	867,464,045	0	0
	• Mr. Jose Carlitos G. Cruz	867,464,045	0	0
	• Atty. Jose M. Layug, Jr.	867,464,045	0	0
	• Atty. Laurence R. Rogero	867,464,045	0	0
5	Ratification of all Acts and Resolutions of the Board of Directors and Management Adopted for Fiscal Year 2023	867,464,045	0	0

Other than the foregoing, no matter was submitted to a vote of security holders. The results of the foregoing meeting were timely disclosed to the PSE and SEC in SEC Form 17-C report.

PART II: OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

1. Market Information

The Company's common shares are listed and traded at the Philippine Stock Exchange. The high and low stock prices of Vivant's common shares for each quarter of 2023 and 2024 were as follows:

	2023		2024	
	High	Low	High	Low
First Quarter	15.90	12.80	15.94	14.32
Second Quarter	19.80	13.16	18.38	11.28
Third Quarter	19.48	14.22	16.00	14.00
Fourth Quarter	15.96	14.20	19.50	14.86

As of February 28, 2025, the common shares outstanding were 1,023,456,698 shares. The last traded price of Vivant's common shares as of the same period was at Php19.90 per share.

2. Security Holders

As of December 31, 2024, Vivant has 1,404 stockholders of record, including PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Foreign). The top 20 shareholders with the number of shares respectively held and the percentage of total shares outstanding held by each are as follows:

	NAME	NO. OF SHARES	%
1	Mai-I Resources Corporation	464,831,568	45.42
2	JEG Development Corporation	311,524,642	30.44
3	PCD Nominee Corporation (F)	185,696,586	18.14
4	Popsivan Holdings Corporation	31,498,212	03.08
5	Malacapas Holdings, Inc.	27,677,848	02.70
6	Eulalio C. Arce	343,750	00.03
7	Alfredo A. Cruz	34,062	00.00
8	Marietta P. Lavin	27,750	00.00
9	EBC Securities Corporation	20,625	00.00
10	Consortium Industries, Inc.	20,500	00.00
11	Rose Marie R. Lopez	19,687	00.00
	Marino Olondriz Y Cia	16,000	00.00
	Rosario Paje Rivera	15,625	00.00
	Rodolfo Sevilla	15,625	00.00
	Jun M. Borres	15,000	00.00
	Anita Te &/or Oscar Te	15,000	00.00
	Oscar O. Martinez	13,437	00.00
	PCD Nominee Corporation	13,171	00.00
	Sia Phoa A. Hon	12,625	00.00
	World Wide Paper Mills	12,500	00.00

TOTAL NO. OF SHARES

1,021,803,588

99.84

3. Dividends

The Company's By-laws allow dividends to be declared and paid out of unrestricted retained earnings, which may be payable in cash, property or stock to all stockholders on the basis of the outstanding stock held by the stockholder, as often and at such times as the Company's Board of Directors may determine and in accordance with the requirements of the Corporation Code and applicable laws.

The cash dividends declared by Vivant to its common shareholders from 2023 to 2024 are shown in the table below.

Year	Cash Dividend Per Share		Total Declared		Record Date
	Regular	Special	Regular	Special	
2023	Php 0.3897	-	Php 398.8 mn	-	June 1, 2023
2024	Php 0.5580	-	Php 571.09 mn	-	June 7, 2024

4. Recent Sales of Unregistered Securities

On January 29, 2014, the Company signed a NFA to issue Php 3 bn in FRCN, which were issued in two tranches: Php 1 bn on February 3, 2013 and Php 2 bn on March 31, 2014 (2014 Notes). The net proceeds of the issue were used for general corporate purposes, including but not limited to, capital expenditures for existing assets and investments in power generation projects.

On December 4, 2020, the Company signed a NFA to issue Php3 bn worth of FRCN with tenors of two (2) years and five (5) years (2020 Notes). The proceeds from the issuance of the 2020 Notes will be used to finance capital expenditures for existing assets and investments in power generation and/or water infrastructure projects and partly to refinance the existing 7-year 2014 Notes which matured in February 2021. The Company made full drawdown in January 2021. As of December 31, 2023, the outstanding Notes amount to Php1.9 bn after a Php50 mn token amortization paid in January 2022 and a Php1.05 bn principal repayment made in January 2023.

Item 6: Management's Discussion and Analysis or Plan of Operation

1. Plan of Operation

For the next 12 months, the Company will continue to oversee its investments in the investee companies.

As a holding company, it shall satisfy its cash requirements through (1) dividends declared and paid by its investee companies, and (2) management and service fees paid by investee companies as compensation for consultancy, management, shared and other ancillary services provided.

Vivant, through its subsidiaries' business development groups, is continuously on the lookout for opportunities in the energy and water industries. The Company has several projects that are in various stages of development.

2. Management's Discussion and Analysis

Management uses the following key performance indicators for the Company and its investee companies:

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

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

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

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

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

As disclosed in the SEC 17A report for calendar year 2023, the Company, through its three wholly owned subsidiaries, acquired all of the shareholdings of the joint venture partner in CIPC, DPI, LPEC, CREC and Isla Norte. Consequently, the equity stake in these subsidiaries went up to 100% effective June 1, 2023.

As allowed by Philippine Financial Reporting Standards (PFRS) 10, Consolidated Financial Statements, the assets and liabilities assumed as of end-December 2023 were based on the provisional assessment of the fair value. The fair values are subject to change within one (1) year measurement period after the acquisition date, i.e., June 1, 2023. As of end-December 2024, the Company has completed the valuation, which resulted to the following:

1. Final fair value of property plant and equipment of Php 1,167.3 mn, an increase of Php 142.2 mn over the provisional value;
2. Fair value of intangible assets from customer contracts was determined to be at Php 53.5 million (mn);
3. As a result of the fair value adjustments, deferred income tax liabilities increased by Php 41.3 mn, goodwill decreased by Php 12.2 mn, and gain on bargain purchase decreased by Php 28.4 mn.

The end-December 2023 comparative consolidated financial statements are restated to reflect the adjustments to the provisional amounts. Moreover, the Company's financial statements starting June 1, 2024, account for the full consolidation of CIPC, Delta P, LPEC and CREC in the consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of cash flows. On the other hand, equity share in the net earnings (losses) of these four investee-companies were taken up in the consolidated statement of comprehensive income until end-May 2023.

The acquisition of the additional 35% equity stake in Isla Norte did not affect the accounting for this investment, i.e., PFRS 10, *Consolidated Financial Statements*.

The table below shows the comparative figures of the key performance indicators for the years 2024 and 2023.

Key Performance Indicators <i>Amounts in Php '000, except for ratios</i>	2024	2023
Equity in Net Earnings of Associates and Joint Ventures	2,305,656	2,044,342
EBITDA	4,058,860	3,263,602 ¹³
Cash Flow From / (Used in)	403,754	(501,143)
Net cash flows from (used in) operating activities	617,869	201,964
Net cash flows from (used in) investing activities	781,309	(627,513)
Net cash flows from (used in) financing activities	(995,424)	(75,651)
Debt-to-Equity Ratio (x)	0.49	0.53 ¹⁴
Current Ratio (x)	2.40	1.76 ¹⁴

The Company's share in the net earnings of associates and joint ventures as of end-2024 amounted to Php 2.3 billion (bn), representing a 13% year-on-year (YoY) increase from Php 2.0 bn as of end-December 2023. This was a result of the following:

1. VECO, the Company's electricity distribution utility, posted Php 1.2 bn¹⁵ in income contribution as of end-2024, 16% higher YoY. This strong showing was mainly attributed to the 11% YoY increase in the volume of electricity sold. Moreover, a one-time revenue for the recovery of pass-through charges covering 2021 to 2023 was recognized as a result of the utility's change in the recognition of said costs.
2. 20%-owned TVI recorded an 86% growth in its income contribution to Php 515.2 mn as of end-2024 from Php 277.4 mn as of end-2023. This growth was primarily driven by the 129% YoY increase in earnings from ancillary services, following the implementation of its ASPA in September 2023. Also, TVI booked profits from participating in the reserves market¹⁶ beginning in February 2024 which further

¹³ Reported as Php 3,270 mn in the SEC 17A for FY 2023. The change is attributed to the final fair values resulting from the business acquisition, as described above.

¹⁴ DER and current ratio were reported at 0.52x and 1.80x, respectively, in the SEC 17A for FY 2023. The changes are attributed to the final fair values resulting from the business acquisition, as described above.

¹⁵ Beginning in the second quarter of 2024, VECO adopted a new method for recognizing pass-through costs in its financial statements. Under this approach, operating revenue for the period includes pass-through costs incurred during the same period. Any difference between the operating revenue recognized and the amount billed to customers, subject to an ERC-approved mechanism, is recorded as a trade and other receivable in VECO's statement of financial position. In contrast, as of the end of December 2023, VECO saw a timing difference between the period it incurred these costs and the recovery from customers.

¹⁶ On March 25, 2024, the ERC issued an order directing PEMC and IEMOP to 'suspend the implementation of the Section 8 of the PDM Manual on the Billing and Settlement under the promulgated Interim Relief dated 24 August

enhanced its earnings contribution during the year in review. However, this was tempered by an 8% YoY decline in volume sales to its RES off takers and the WESM.

3. 40%-owned AHI posted Php 469.7 mn in income contribution during the year in review, an increase of 13% from the period end-December 2023. This was driven by the increase in profitability of its associate, CEDC. CEDC's entry into the reserves market in August 2024 mainly drove the income growth. This was despite posting lower profits from its bilateral contracts (down by 18% YoY) and WESM sales (dropped by 30% YoY), and the non-renewal of a contract for ancillary services during the year in review.
4. 45%-owned FLOWS, through its 89.6%-owned subsidiary, PPWRLC, shored in an income contribution of Php 9.6 mn during the year in review, up by 13% YoY. PPWRLC's higher earnings from septage, and sewage operations and reduced operating costs contributed to the profit expansion during the year in review.

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

1. 40%-owned MPC brought in earnings contribution of Php 176.0 mn as of end-2024, 28% lower vis-à-vis Php 243.0 mn as of end-2023. During the year in review, MPC recorded a 14% YoY drop in gross profit, primarily due to the termination of the PSA involving Unit 3¹⁷ of its plant facility. This was offset by earnings generated from the sale of its available capacity to the WESM starting April 2024, as well as a non-recurring revenue resulting from the reversal of prior years' transmission charges.
2. 40%-owned Prism Energy, a RES company, posted a net loss contribution of Php 6.8 mn as of end-2024 from Php 853.00 as of end-2023. Prism Energy saw a 100% YoY decline in the volume of energy sold due to the non-renewal of customer contracts.
3. 40%-owned CPPC reported Php 5.1 mn in loss contribution as of end-December 2024 vis-a-vis Php 66.8 mn in income contribution as of end-December 2023. CPPC saw a 98% YoY reduction in the volume of energy sold to the WESM. A one-time income from the collection of additional compensation for WESM sales in 2023, and a 74% YoY reduction in total generation and operating expenses partially cushioned the revenue contraction.
4. 100%-owned Delta P and CIPC are fully consolidated starting June 1, 2023. Thus, there are no equity earnings contribution recognized for the period in review. This compares to the equity earnings contribution of Php 15.8 mn and Php 23.7 mn from Delta P and CIPC, respectively, as of end-May 2023.

2023,' and provides that 'the suspension will cover the March 2024 billing period and will remain in effect until otherwise lifted by the Commission. This order resulted to the non-booking of revenues by TVI covering the period February 26, 2024, to March 25, 2024 (March 2024 billing month).

On May 9, 2024, the ERC issued an order allowing the settlement of 30% of the amounts for payment for trading transactions made in the Reserve Market for the March 2024 billing month.

¹⁷ The PSA of Unit 3 of MPC was among the contracts affected by the Decision issued by the Supreme Court in the case filed by Alyansa Para Sa Bagong Pilipinas against the ERC, DOE, MERALCO and other generation companies (GR No. 227670 (May 3, 2019)). As a result of the said Decision and pursuant to an Order issued by the ERC, CEPALCO and MPC were directed to desist from implementing PSA. MPC filed a motion for reconsideration of the said Order which remains pending with the ERC.

EBITDA as of end-2024 rose by 24% YoY to Php 4.1 bn from Php 3.3 bn. This was mainly the result of the 48% YoY expansion in revenues, which stemmed from:

1. Sale of power rose to Php 9.5 bn from Php 5.5 bn, which was primarily driven by the improved revenue contribution of the Company's investments in oil-fired power plants, RES and solar rooftop businesses.

Oil-fired Power Plants

- 55.2%-owned 1590 EC recorded a 54% YoY increase in energy sales revenue. This was driven by the company's participation in the reserves market, which yielded fresh revenues amounting to Php 2.8 bn as of the year in review.
- Wholly owned DPI brought in a revenue contribution of Php 2.1 bn. The increased electricity demand in the island of Palawan resulted to a 30% YoY increase in the volume of energy sold as of end-2024. Prior to June 1, 2023, DPI was not consolidated and was accounted by the Company through its equity share in net earnings.
- 100%-owned CIPC yielded a revenue expansion of 63% YoY to Php 711.2 mn, during the year in review. Its volume of energy sold was 15% higher YoY owing to greater electricity demand in the islands. The Company started to consolidate CIPC in its books on June 1, 2023.
- 100%-owned Isla Norte contributed a revenue of Php 939.0 mn (up by 15% YoY), which was driven by a 16% YoY increase in the volume of energy sold due to higher demand as of end-2024.
- 100%-owned MPI shored in fresh revenue contribution of Php 1.2 bn coming from its energy sales to the WESM and participation in the reserves market starting February 2024.
- 90%-owned BPC posted a revenue contribution of Php 107.0 mn as of end-2024, recording a 27% YoY rise. This was primarily due to an increase in dispatched volume (up by 770% YoY).

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

- 90%-owned NBPC's topline revenue declined by 22% YoY to Php 57.9 mn as of end-2024. Despite getting dispatched (up by 485% YoY) and selling to the WESM starting May 2024, energy billings to its customer were adjusted to account for the downtime of one engine due to repairs starting in May 2024.

Retail Electricity Supply (RES)

- 100%-owned Corenergy showed higher RES revenue, up by 29% YoY as of end-2024. This was a result of a 20% YoY increase in energy sales volume backed by an improved customer base.

Solar Rooftop

- The solar rooftop business of 100%-owned Corenergy contributed revenue of Php 14.5 mn, up by 65% YoY. This was mainly attributed to the 51% YoY rise in volume sold on the back of increased number of customers.
 - Meanwhile, wholly owned VSC saw a decline in revenue contribution to Php 3.8 mn from Php 5.1 mn since one of its inverters underwent repair. Similarly, the wholly owned CSSC's revenue contribution declined marginally to Php 21.0 mn due to meter malfunction, which stalled the billing in the fourth quarter of the year under review.
2. Engineering service income rose to Php 38.7 mn as of end-2024 from Php 17.2 mn as of end-2023. The topline contribution of Corenergy's engineering solutions business was higher by 183% YoY, booking Php 18.0 mn in revenues from technical service contracts during the year in review.. Meanwhile, WMP shored in a revenue contribution amounting to Php 10.9 mn¹⁸ (up by 47% YoY) from service engineering contracts with non-related parties.
 3. 13% YoY growth in equity earnings as income contributions from four associates went up as of end-2024. This was offset by the decline of equity earnings of three associates and the change in the take-up of income contributions from DPI and CIPC as a result of the change in accounting for these investments from associates to subsidiaries¹⁹ starting June 2023.
 4. Interest income increased to Php 172.6 mn from Php 123.0 mn, driven by higher cash balance and interest rates for short-term money market placements.

The 43% YoY decline in engineering service fees for the year in review to Php 29.9 mn, contributed to the EBITDA expansion. This was a consequence of lower direct costs²⁰ incurred by WMP (down by 50% YoY) for its third-party service contracts, and lower materials and supplies cost incurred by Corenergy (down by 30% YoY) during the year in review.

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

1. Management and service fees was 63% lower YoY at Php 202.9 mn as of end-2024. This was mainly due to the consolidation of two subsidiaries starting on June 1, 2023, which resulted to a change in accounting for the service billings to these entities. As of end-2024, the service billings were eliminated for financial reporting purposes while as of end-2023, only five months' worth of service billings were taken up as service fee revenue in the statement of comprehensive income. Further, the decline in the service fees to two customers also contributed to the revenue contraction.
2. Generation cost rose by 63% YoY to Php 7.3 bn as of end-2024 from Php 4.5 bn as of end-2023 due to the following:

¹⁸ This revenue take-up of WMP is prior to the sale of a wholly owned subsidiary's 60% equity stake in WMP on October 11, 2024.

¹⁹ 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.

²⁰ Covering the period from January 2024 up to the sale of a subsidiary's equity stake in WMP.

Oil-fired Power Plants

- Take-up of the full year generation costs of DPI and CIPC in the amount of Php 938.2 mn and Php 356.6 mn, respectively, as of the year in review. This was a result of the acquisition of the 50% equity stake of the joint venture partner in both investee companies.
- 55.2%-owned 1590 EC's generation cost grew by 25% YoY to deliver the kilowatt hour commitment under its bilateral contract with a third party.
- 100%-owned Isla Norte incurred a 15% YoY increase in its generation costs, driven by a 16% YoY rise in energy sales volume.
- 100%-owned MPI recognized generation costs of Php 723.1 mn given its energy sales in the WESM starting February 2024.
- 90%-owned BPC recorded a 50% YoY increase in generation cost on the back of a 770% YoY rise in the volume of energy sold.
- 90%-owned NBPC incurred higher generation cost (up by 23% YoY), mainly on repairs and maintenance since one of its engines went offline for a major repair since May 2024.

Retail Electricity Supply

- Increased volume sales of Coreenergy's RES business (up by 29% YoY) led to higher cost of purchased power (up by 35% YoY).

Solar Rooftop

- The solar rooftop operations of Coreenergy and 100%-owned CSSC booked higher depreciation expense as of end-2024. This was on account of the solar facilities that began operating in the fourth quarter of 2023 to serve additional customers.

On the other hand, 100%-owned VSC recorded a 5% YoY reduction in property taxes and royalties for the year in review.

3. Operating expenses rose by 59% YoY.

Before considering the effect of changes in the foreign exchange rates, the Company ended the period 2024 with a net increase in cash and cash equivalents in the amount of Php 403.8 mn, a reverse from the net cash outflow of Php 501.1 mn as of end-2023. The Company generated a net cash inflow from operating activities of Php 617.9 mn and from investing activities of Php 781.3 mn as of end-2024. The increase in the cash level was mitigated by the net cash used for financing activities in the amount of Php 995.4 mn.

Operating activities showed a net cash inflow of Php 617.9 mn as of end-2024, 206% higher than the net cash inflow of Php 202.0 mn as of end-2023. The significant increase was primarily driven by the 45% YoY rise in the operating results before working capital changes. The timing in the settlement of trade payables (mainly of MPI and DPI due to fuel purchases) also contributed to the retention of cash. However, outflows pertaining to the timing of collection of trade and other receivables (by 1590 EC and MPI from IEMOP coming from the reserves market operations), purchase of inventories by MPI, CIPC, 1590 EC and Isla Norte, increased debt servicing (drawdowns by Vivant Energy, Corenergy and CIPC, finance cost from DPI and higher interest rates of short term loans by 1590 EC) and increased income tax payments by MPI and 1590 EC offset the operating cash inflows during the year in review.

The period in review ended with a net cash inflow of Php 781.3 mn from investing activities, which was mainly on account of the dividends received from five associates, and the proceeds from the sale of a financial asset. This was offset by the capital requirements for various investments during the period in review: (1) development costs by IMCC for the construction of a seawater desalination facility; (2) acquisition cost related to real properties for office space; (3) acquisition cost related to real properties purchased by wholly owned subsidiaries for future projects; and (4) the acquisition cost for solar panels by Corenergy to service new contracts. On the other hand, the Company posted a net cash outflow of Php 627.5mn as of end-2023, which was mainly due to Vivant Energy's investment in a solar plant facility in Bulacan and acquisition initiatives for its on-grid and off-grid generation business segments.

Financing activities as of end-2024 showed a net cash outflow of Php 995.4 mn. This was attributed to the principal amortization of the Company's fixed rate corporate note (FRCN), principal amortization of the long-term loans of DPI, Isla Norte, BPC and NBPC, and payment of the short-term loans of Vivant Energy, 1590 EC and CIPC. Moreover, dividend payments by the Company and finance lease payments by the Company, WMP²¹, DPI, CIPC and MPI contributed to the use of cash as of end-2024. These were tempered by the proceeds from the following loans:

1. Vivant Energy's long-term loans;
2. Corenergy's long-term loan; and
3. CIPC's short-term loans.

On the other hand, the Company's net cash outflow for financing activities as of end-2023 was lower at Php 75.7 mn.

Financial Ratios

Debt-to-Equity ratio declined to 0.49x as of end-2024, vis-à-vis as of end-2023 level of 0.53x²². Total equity increased by 10%, which was mainly attributed to the earnings, net of the dividends declared by the Company as of end-2024. The marginal rise of total liabilities by 1%, stemmed from the following:

²¹ Prior to the divestment in WMP last October 11, 2024.

²² Reported at 0.52x in the SEC 17A for FY 2023. The change is attributed to the final fair values resulting from the business acquisition, as described above.

1. Long-term loans drawn by Vivant Energy net of the full settlement of its short-term loan;
2. Accrual of income taxes by seven subsidiaries;
3. Finance lease liability owing to the lease agreements of two subsidiaries and the lease extension of the Company for office space;
4. Short-term loan drawn by CIPC;
5. Long-term loan drawn by Corenergy;
6. Accrued pension booked by the Company, and six wholly-owned subsidiaries;
7. Payment of working capital advances by a subsidiary to its minority shareholders.

These additions were offset by the principal amortization payments made by the Company, Isla Norte, DPI, NBPC and BPC, as well as the short-term loan payment of 1590 EC.

The Company's current ratio went up to 2.40x as of the year in review from the year-end 2023 level of 1.76x²³. Current assets increased by 12%. This was attributable to the receipt of the partial proceeds and recording of a non-trade receivable related to the sale of a non-current financial asset, the increase in trade receivables on the back of improved operations (mostly stemming from the reserves market operations of 1590 EC and MPI, and the retail supply business of Corenergy), purchase of inventories (mostly by MPI) and prepayments (attributed to the increase in input VAT and creditable tax withheld (CWTs) by two subsidiaries, along with the increase in Corenergy's CWT). Moreover, current liabilities decreased by 18%, mainly due to the payment of short-term loans by three subsidiaries.

Material Changes in Line Items of Registrant's Income Statement

As of end-2024, the Company's total revenues amounted to Php 12.2 bn, recording a 48% YoY rise from Php 8.3 bn. The topline performance was attributable to the following:

1. Sale of power rose to Php 9.5 bn from Php 5.5 bn, which was primarily driven by the improved revenue contribution of the Company's investments in oil-fired power plants, RES and solar rooftop businesses.

Oil-fired Power Plants

- 55.2%-owned 1590 EC recorded a 54% YoY increase in energy sales revenue. This was driven by the company's participation in the reserves market, which yielded fresh revenues amounting to Php 2.8 bn as of the year in review.
- Wholly owned DPI brought in a revenue contribution of Php 2.1 bn. The increased electricity demand in the island of Palawan resulted to a 30% YoY increase in the volume of energy sold as of end-2024. Prior to June 1, 2023, DPI was not consolidated and was accounted by the Company through its equity share in net earnings.

²³ Reported as 1.80x in the SEC 17A for FY 2023. The change is attributed to the final fair values resulting from the business acquisition, as described above.

- 100%-owned CIPC yielded a revenue expansion of 63% YoY to Php 711.2 mn, during the year in review. Its volume of energy sold was 15% higher YoY owing to greater electricity demand in the islands. The Company started to consolidate CIPC in its books on June 1, 2023.
- 100%-owned Isla Norte contributed a revenue of Php 939.0 mn (up by 15% YoY), which was driven by a 16% YoY increase in the volume of energy sold due to higher demand as of end-2024.
- 100%-owned MPI shored in fresh revenue contribution of Php 1.2 bn coming from its energy sales to the WESM and participation in the reserves market starting February 2024.
- 90%-owned BPC posted a revenue contribution of Php 107.0 mn as of end-2024, recording a 27% YoY rise. This was primarily due to increase in dispatched volume (up by 770% YoY).

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

- 90%-owned NBPC's topline revenue declined by 22% YoY to Php 57.9 mn as of end-2024. Despite getting dispatched (up by 485% YoY) and selling to the WESM starting May 2024, energy billings to its customer were adjusted to account for the downtime of one engine due to repairs starting in May 2024.

Retail Electricity Supply (RES)

- 100%-owned Corenergy showed higher RES revenue, up by 29% YoY as of end-2024. This was a result of a 20% YoY increase in energy sales volume backed by an improved customer base.

Solar Rooftop

- The solar rooftop business of 100%-owned Corenergy contributed revenue of Php 14.5 mn, up by 65% YoY. This was mainly attributed to the 51% YoY rise in volume sold on the back of increased number of customers.
 - Meanwhile, wholly owned VSC saw a decline in revenue contribution to Php 3.8 mn from Php 5.1 mn since one of its inverters underwent repair. Similarly, the wholly owned CSSC's revenue contribution declined marginally to Php 21.0 million due to meter malfunction, which stalled the billing in the fourth quarter of the year under review.
2. Engineering service income rose to Php 38.7 mn as of end-2024 from Php 17.2 mn as of end-2023. The topline contribution of Corenergy's engineering solutions business was higher by 183% YoY, booking Php 18.0 mn in revenues from technical service contracts during the year in review. Meanwhile, WMP shored in a revenue contribution amounting to Php 10.9 mn (up by 47% YoY) from service engineering contracts with non-related parties.
 3. The Company's share in net earnings of associates and joint ventures as of end-2024 amounted to Php 2.3 bn, representing a 13% YoY increase from Php 2.0 bn. This was a result of the following:

- VECO, the Company's electricity distribution utility, posted Php 1.2 bn in income contribution as of end-2024, 16% higher YoY. This strong showing was mainly attributed to the 11% YoY increase in the volume of electricity sold. Moreover, a one-time revenue for the recovery of pass-through charges covering 2021 to 2023 was recognized as a result of the utility's change in the recognition of said costs.
- 20%-owned TVI recorded an 86% growth in its income contribution to Php 515.2 mn as of end-2024 from Php 277.4 mn as of end-2023. This growth was primarily driven by the 129% YoY increase in earnings from ancillary services, following the implementation of ASPA in September 2023. Also, TVI booked profits from participating in the reserves market beginning in February 2024 which further enhanced its earnings contribution during the year in review. However, this was tempered by an 8% YoY decline in volume sales to its RES offtakers and the WESM.
- 40%-owned AHI posted Php 469.7 mn in income contribution during the year in review, an increase of 13% from the period end-December 2023. This was driven by the increase in profitability of its associate, CEDC. CEDC's entry into the reserves market in August 2024 mainly drove the income growth. This was despite posting lower profits from its bilateral contracts (down by 18% YoY) and WESM sales (dropped by 30% YoY), and the non-renewal of a contract for ancillary services during the year in review.
- 45%-owned FLOWS, through its 89.6%-owned subsidiary, PPWRLC, shored in an income contribution of Php 9.6 mn during the year in review, up by 13% YoY. PPWRLC's higher earnings from septage, and sewage operations and reduced operating costs contributed to the profit expansion during the year in review.

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

- 40%-owned MPC brought in earnings contribution of Php 176.0 mn as of end-2024, 28% lower vis-à-vis Php 243.0 mn as of end-2023. During the year in review, MPC recorded a 14% YoY drop in gross profit, primarily due to the termination of the PSA involving Unit 3 of its plant facility. This was offset by earnings generated from the sale to the WESM starting April 2024, as well as a non-recurring revenue from the reversal of prior years' transmission charges.
- 40%-owned Prism Energy, a RES company, posted a net loss contribution of Php 6.8 mn as of end-2024 from Php 853.00 as of end-2023. Prism Energy saw a 100% YoY decline in the volume of energy sold due to the non-renewal of customer contracts.
- 40%-owned CPPC reported Php 5.1 mn in loss contribution as of end-December 2024 vis-a-vis Php 66.8 mn in income contribution as of end-December 2023. CPPC saw a 98% YoY reduction in the volume of energy sold to the WESM. A one-time income from the collection of additional

compensation for WESM sales in 2023, and a 74% YoY reduction in total generation and operating expenses partially cushioned the revenue contraction.

- 100%-owned DPI and CIPC are fully consolidated starting June 1, 2023. Thus, there are no equity earnings contribution recognized for the period in review. This compares to the equity earnings contribution of Php 15.8 mn and Php 23.7 mn from Delta P and CIPC, respectively, as of end-May 2023.
4. Interest income increased to Php 172.6 mn from Php 123.0 mn, driven by higher cash balance and interest rates for short-term money market placements.
 5. Management and service fees was 63% lower YoY at Php 202.9 mn as of end-2024. This was mainly due to the consolidation of two subsidiaries starting on June 1, 2023, which resulted to a change in accounting for the service billings to these entities. As of end-2024, the service billings were eliminated for financial reporting purposes while as of end-2023, only five months' worth of service billings were taken up as service fee revenue in the statement of comprehensive income. Further, the decline in the service fees to two customers also contributed to the revenue contraction.

Total cost of services and operating expenses as of end-2024 went up by 61% YoY to Php8.9 bn from Php 5.5 bn.

1. Total cost of services rose by 62% YoY to Php 7.3 bn . This was mainly attributed to the following:
 - a. Generation cost rose by 63% YoY to Php 7.3 bn as of end-2024 from Php 4.5 bn as of end-2023 due to the following:

Oil-fired Power Plants

- Take-up of the full year generation costs of DPI and CIPC in the amount of Php 938.2 mn and Php 356.6 mn, respectively, as of the year in review. This was a result of the acquisition of the 50% equity stake of the joint venture partner in both investee companies.
- 55.2%-owned 1590 EC's generation cost grew by 25% YoY to deliver the kilowatt hour commitment under its bilateral contract with a third party.
- 100%-owned Isla Norte incurred a 15% YoY increase in its generation costs, driven by a 16% YoY rise in energy sales volume.
- 100%-owned MPI recognized generation costs of Php 723.1 mn given its energy sales in the WESM starting February 2024.
- 90%-owned BPC recorded a 50% YoY increase in generation cost on the back of a 770% YoY rise in the volume of energy sold.
- 90%-owned NBPC incurred higher generation cost (up by 23% YoY), mainly on repairs and maintenance since one of its engines went offline for a major repair since May 2024.

Retail Electricity Supply

- Increased volume sales of Coreenergy's RES business (up by 29% YoY) led to higher cost of purchased power (up by 35% YoY).

Solar Rooftop

- The solar rooftop operations of Coreenergy and 100%-owned CSSC booked higher depreciation expense as of end-2024. This was on account of the solar facilities that began operating in the fourth quarter of 2023 to serve additional customers.

On the other hand, 100%-owned VSC recorded a 5% YoY reduction in property taxes and royalties for the year in review.

- b. The 43% YoY decline in engineering service fees for the year in review to Php 29.9 mn, contributed to the EBITDA expansion. This was a consequence of lower direct costs incurred by WMP (down by 50% YoY) for its third-party service contracts, and lower materials and supplies cost incurred by Coreenergy (down by 30% YoY) during the year in review.
2. Salaries and employee benefits went up by 54% YoY to Php 639.9 mn from Php 414.8 mn. The increase in headcount, merit adjustment and employee training and engagement activities accounted for the cost expansion.
3. Outside services rose by 150% YoY to Php 256.7 mn. This was mainly attributable to business process review and implementation of digital transformation initiatives. Increased costs from third party providers of various services (e.g., manpower sourcing, administrative tasks) incurred by the Company and its two wholly owned subsidiaries, along with expenses for security services and outsourced personnel incurred by three power operating subsidiaries, contributed to the cost expansion.
4. Professional fees increased by 93% YoY to Php 192.8 mn from Php 100.1 mn. This was mainly attributable to higher project development cost, and the take up of costs incurred by DPI and CIPC as a result of the business combination.
5. Taxes and licenses increased by 36% YoY to Php 137.8 mn. The Company, through Vivant Energy, incurred higher local business taxes due to the inclusion of taxes incurred by DPI and CIPC as a result of business combination, and real property tax incurred by MPI.
6. Depreciation and amortization were 17% higher YoY to Php 74.1 mn. This can be mainly attributed to the depreciation of newly purchased fixed assets during the year in review. Also, the Company took up full year depreciation and amortization costs of DPI, CIPC and MPI during the year in review. This is in contrast to the costs recorded as of end-2023, which included seven months' worth from DPI and CIPC, and four months' worth from MPI.

7. Travel costs went up by 43% to Php 68.1 mn from 47.5 mn. The cost expansion was driven by more frequent business trips for meetings with partners and stakeholders, as well as site visits for project development. Additionally, fuel expenses for fleet vehicles went up given the increase in the number of vehicles, frequency of fieldwork, and fuel costs during the year in review.
8. Management and directors' fees decreased by 46% YoY to Php 23.8 mn. The non-renewal of a management consultancy service and lower number of meetings during the year contributed to the decline in cost.
9. Communication and utilities rose by 25% YoY to Php 16.5 mn. This was attributed to the increased communication costs and utilities consumption by the Company, and two holding subsidiaries on account of increased headcount. The take-up of the communication and utilities expense of two operating subsidiaries resulting from the business combination further contributed to the cost expansion during the year in review.
10. Rent and association dues were higher by 138% YoY to Php 12.6 mn, which was driven by a subsidiary's foreshore lease, common use service area (CUSA) fees for newly acquired condominium units and escalated CUSA fees incurred by the Company for its offices as of end-December 2024.
11. Representation expenses were posted at Php 11.0 mn, 27% lower YoY resulting to reduced spending during the year in review.
12. Other operating expenses was at Php 167.1 mn as of end-2024, a 64% increase vis-à-vis Php 102.0 mn as of end-2023. This increase was mainly attributed to the following: (1) higher insurance premium by 1590 EC; (2) higher costs of subscriptions to work management and communication tools; and (3) increased consumption of office supplies from increased headcount. The take up of expenses of three subsidiaries furthered the cost expansion.

Vivant booked Php 273.6 mn in other charges as of end-2024, recording an 87% increase from last year's Php 146.5²⁴ mn. This was an outcome of the following account movements:

1. Finance costs on loans was higher by 19% YoY at PhP 431.4 mn. This is attributed to the following:
 - a. Long-term loans drawn by Vivant Energy and Corenergy in January 2024 and April 2024, respectively.
 - b. Take up of finance costs from DPI resulting from business combination.
 - c. Higher interest rates upon refinancing the short-term loans by 1590 EC.
 - d. Short-term loan drawn by CIPC for working capital requirements.
2. The Company, through a wholly owned subsidiary, incurred a loss of Php 36.9 mn as a result of disposing its 60%-equity stake in WMP in October 2024.
3. Finance costs on lease liabilities rose to Php 8.5 mn from Php 1.1 mn. The rise is due to the lease agreements entered by two subsidiaries during the year in review.

²⁴ Reported as 186.8 mn in the SEC 17A FY 2023. The reduction to Php 146.5 mn is due to the recognition of the gain on fair value remeasurement on investment in associates amounting to Php 69.2 mn and the downward adjustment of gain on bargain purchase to Php 36.3 mn from Php 64.7 mn resulting from the finalization of the purchase price allocation for the acquisition of DPI & CIPC in compliance to PFRS 3, *Business Combination*.

4. Restated one-off gains as of end-2023 that pertain to the acquisition of additional 50% equity stake in each of the two subsidiaries:
 - a. Gain on increase in the fair value remeasurement of investment in associates amounting to Php 69.2 mn; and
 - b. Gain on bargain purchase of Php 36.3²⁵ mn.

The increase in other charges were offset by the following:

1. Unrealized foreign exchange gain stands at Php 2.9 mn as of end-2024, a reversal of the unrealized foreign exchange gain of Php 9.7 mn as of end-2023. This pertains to the translation of the US Dollar and Euro cash balances of the Company and its subsidiaries.
2. Other income-net went up to Php 142.9 mn from Php 1.0 mn, which is on account of the following:
 - a. Ancillary income recognized by Vivant Energy for a third-party lease arrangement involving certain facilities;
 - b. Non-recurring incomes recognized by a subsidiary related to the reversal of previously accrued operating cost and the recognition of a credit note for fuel purchases; and
 - c. Gain on sale of fixed assets.
3. The gain from the increase in the fair value of investment properties of three subsidiaries amounted to Php 57.5 mn, 53% lower YoY.

As of end-2024, the Company booked a consolidated provision for income tax of Php 380.1 mn, which was 120% higher than previous year's Php 172.9²⁶ mn. This was mainly due to the higher taxable income of seven subsidiaries. Deferred income tax from the fair value remeasurement of the investment properties of three subsidiaries also contributed to the expansion in tax expense.

Taking all the above into account, the Company recorded a total net income of Php 2.6 bn for the period ending December 31, 2024, which was 9% higher than end-December 2023's net income of Php 2.4 bn. Net income attributable to parent grew by 3% YoY to Php 2.4 bn.

During the year in review, the Company recognized other comprehensive loss (OCL), net of tax, of Php 16.5 mn (83% YoY lower), coming from the remeasurement loss on employee benefits recorded by the Company and nine subsidiaries. This compares to the Php 95.1 mn in OCL as of end-2023, which mainly pertains to the Company's share in remeasurement losses on employee benefits of an associate.

²⁵ Reported as Php 64.7 mn in the SEC 17A FY 2023. The reduction of Php 28.4 mn resulted from the finalization of the purchase price allocation for the acquisition of additional stake in DPI & CIPC in compliance to PFRS 3, *Business Combination*.

²⁶ Reported as Php 180.4 mn in the SEC 17A FY 2023. The reduction resulted from the finalization of the purchase price allocation for the acquisition of DPI & CIPC in compliance to PFRS 3, *Business Combination*.

The total comprehensive income as of end-2024 was at Php 2.6 bn. Out of the said amount, Php 2.3 bn was attributable to the equity holders of the parent, which was 6% higher compared to last year's Php 2.2 bn.

Changes in Registrant's Resources, Liabilities, and Shareholders' Equity

The Company's total assets grew by 6% to Php 32.0 bn from end-2023 level of Php 30.0²⁷ bn. The following are the material movements in the consolidated assets of the Company as of end-2024.

1. Cash and cash equivalents rose to Php 4.8 bn as of end-2024, 9% higher YoY. The increase in cash level was due to cash inflows from investing activities in the amount of Php 781.3 mn and operating activities in the amount of Php 617.9 mn. This was offset by the cash usage for financing activities amounting to Php 995.4 mn.
2. Trade and other receivables went up by 9% YoY to Php 1.8 bn. This was mainly driven by the following:
 - a. Two subsidiaries participated in the reserves market, along with energy sales to the WESM by MPI,
 - b. Non-trade receivable from the sale of a financial asset,
 - c. Non-trade receivable from the disposal of a wholly owned subsidiary's equity stake in WMP;
 - d. Increased receivables booked by Isla Norte and Corenergy-RES on the back of improved topline performance.
3. Advances to associates, joint ventures, and stockholders declined by 36% YoY to Php 104.1 mn. This was mainly on account of the settlement of an associate's interest-bearing loan with Vivant Energy. Moreover, advances made by WMP to its minority shareholder was derecognized from the Company's books following the sale of a 60% equity stake in WMP by a wholly owned subsidiary effective October 2024.
4. Inventories rose by 63% to Php 595.8 mn as of end-2024. This resulted from increased volume of fuel purchased by four subsidiaries and higher fuel prices.
5. Prepayments and other current assets were higher by 17% to Php 907.1 mn. This was attributed to the increase in input VAT and CWTs by 1590 EC on the back of improved operations and CIPC for the rental of a generator set to support the demand of the islands. Further, Corenergy saw higher CWTs from its retail electricity operations.
6. Investments in associates increased by 6% to Php 11.2 bn brought by the Company's share in the equity earnings for the period of Php 2.3 bn. This is partially offset by the dividends declared by five associates.

²⁷ Reported as 29.9 bn in the SEC 17A FY 2023. The increase resulted from the finalization of the purchase price allocation for the acquisition of additional stake in DPI & CIPC in compliance to PFRS 3, *Business Combination*.

7. Property, plant and equipment increased by 7% to Php 9.0 bn. This was a result of the following acquisitions during the year in review: (a) Acquisition of condominium units by the Company for office space, (b) development costs by IMCC for the construction of a seawater desalination facility, (c) machineries purchased by MPI during the year, (d) ongoing development costs of Corenergy for solar rooftop projects, (e) construction costs of SIAEC for its solar facility, and (f) land acquisitions by four wholly owned subsidiaries.
8. Right-of-use assets (ROU) went up by 343% YoY to Php 108.8 mn, which was mainly attributed to the lease agreements entered into by two subsidiaries for project sites. This was tempered by the depreciation for the period.
9. Investment properties amounted to Php 1.1 bn, a 5% YoY increase from Php 1.0 bn. This movement is mainly attributable to the gain recorded from the fair valuation of the investment properties by three subsidiaries.
10. Deferred income tax assets increased by 9% YoY to Php 33.3 mn driven by the remeasurement losses on employee benefits recognized during the year in review.
11. Other non-current assets amounted to Php 2.3 bn, 12% lower than end-2023. This was mainly attributed to the sale of a financial asset.

Total consolidated liabilities amounted to Php 10.4 bn as of end-2024, marginally higher by 1% than the previous year's level of Php 10.4 bn. This was mainly attributed to the following:

1. Current and non-current long-term loans grew by 13% YoY to Php 5.7 bn. This was mainly attributed to the long-term loans drawn by Vivant Energy and by Corenergy in January 2024 and April 2024, respectively. However, this was offset by the principal amortization payments made by the Company, Isla Norte, DPI, BPC and NBPC.
2. Total finance lease liabilities (current and noncurrent portions) amounted to Php 117.0 mn posting a 292% increase YoY. This was mainly attributed to the lease agreements entered by two subsidiaries and the lease extension by the Company for office space. This is partially offset by the derecognition of WMP's finance lease following a subsidiary's sale of its shares in the company.
3. Income tax payable rose to Php 147.9 mn showing a 326% YoY expansion. This was mainly from income tax accruals mainly by 1590 EC & MPI on the back of higher revenues during the year of review.
4. Pension liability rose by 34% YoY to Php 247.7 mn. Accrual of pension expenses booked by the Company, and nine subsidiaries mainly accounted for the expansion of this account.

The above expansion in consolidated liabilities was offset by the following:

1. Short-term notes payable posted a 45% YoY reduction as a result of repayment by two subsidiaries. This was partially offset by the short-term loan drawn by CIPC during the year in review.
2. Advances from related parties was significantly reduced with the settlement of an associate's interest-bearing loan with a minority shareholder.

Other components of equity declined by 34% YoY to Php 246.7 mn as of end-2024, which can be attributed to the significant movements discussed below.

1. The Company and nine subsidiaries recorded re-measurement loss on the employee benefits in the amount of Php 16.5 mn during the year in review.
2. The Company, through a subsidiary, transferred the accumulated unrealized valuation gain on financial assets at FVOCI to retained earnings, on account of its sale during the year in review. This resulted to a reduction in the unrealized valuation gain on financial assets at FVOCI to Php 4.6 mn, 91% lower YoY.

As a result of the net income generated, net of the dividends declared during the year in review, total stockholders' equity increased by 10% to Php 21.5 bn as of end-2024 from Php 19.6 bn as of end-2023. Meanwhile, equity attributable to parent ended higher by 10% YoY at Php 20.1 bn as of end-2024.

Material Changes in Liquidity and Cash Reserves of Registrant

Cash and cash equivalents were higher by 9% from Php 4.4 bn as of end-2023 to Php 4.8 bn as of end-2024.

Before considering the effect of changes in the foreign exchange rates, the Company ended the period 2024 with a net increase in cash and cash equivalents in the amount of Php 403.8 mn, a reverse from the net cash outflow of Php 501.1 mn as of end-2023. The Company generated a net cash inflow from operating activities of Php 617.9 mn and from investing activities of Php 781.3 mn as of end-2024. The increase in the cash level was mitigated by the net cash used for financing activities in the amount of Php 995.4 mn.

Operating activities showed a net cash inflow of Php 617.9 mn as of end-2024, 206% higher than the net cash inflow of Php 202.0 mn as of end-2023. The significant increase was primarily driven by the 45% YoY rise in the operating results before working capital changes. The timing in the settlement of trade payables (mainly of MPI and DPI due to fuel purchases) also contributed to the retention of cash. However, outflows pertaining to the timing of collection of trade and other receivables (by 1590 EC and MPI from IEMOP coming from the reserves market operations), purchase of inventories by MPI, CIPC, 1590 EC and Isla Norte, increased debt servicing (drawdowns by Vivant Energy, Corenergy and CIPC, finance cost from DPI and higher interest rates of short term loans by 1590 EC) and increased income tax payments by MPI and 1590 EC offset the operating cash inflows during the year in review.

The period in review ended with a net cash inflow of Php 781.3 mn from investing activities, which was mainly on account of the dividends received from five associates, and the proceeds from the sale of a financial asset. This was offset by the capital requirements for various investments during the period in review: (1) development costs by IMCC for the construction of a seawater desalination facility; (2) acquisition cost related to real properties for office space; (3) acquisition cost related to real properties purchased by wholly owned subsidiaries for future projects; and (4) the acquisition cost for solar panels by Corenergy to service new contracts. On the other hand, the Company posted a net cash outflow of Php 627.5mn as of end-2023, which was mainly due to Vivant Energy's investment in a solar plant facility in Bulacan and acquisition initiatives for its on-grid and off-grid generation business segments.

Financing activities as of end-2024 showed a net cash outflow of Php 995.4 mn. This was attributed to the principal amortization of the Company's FRCN, principal amortization of the long-term loans of DPI, Isla Norte, BPC and NBPC, and payment of the short-term loans of Vivant Energy, 1590 EC and CIPC. Moreover, dividend payments by the Company and finance lease payments by the Company, WMP, DPI, CIPC and MPI contributed to the use of cash as of end-2024. These were tempered by the proceeds from the following loans:

1. Vivant Energy's long-term loans;
2. Coreenergy's long-term loan; and
3. CIPC's short-term loans.

On the other hand, the Company's net cash outflow for financing activities as of end-2023 was lower at Php 75.7 mn.

Financial Ratios

Debt-to-Equity ratio declined to 0.49x as of end-2024, vis-à-vis as of end-2023 level of 0.53x. Total equity increased by 10%, which was mainly attributed to the earnings, net of the dividends declared by the Company as of end-2024. The marginal rise of total liabilities by 1%, stemmed from the following:

1. Long-term loans drawn by Vivant Energy net of the full settlement of its short-term loan;
2. Accrual of income taxes by seven subsidiaries;
3. Finance lease liability owing to the lease agreements of two subsidiaries and the lease extension of the Company for office space;
4. Short-term loan drawn by CIPC;
5. Long-term loan drawn by Coreenergy;
6. Accrued pension booked by the Company, and six wholly-owned subsidiaries;
7. Payment of working capital advances by a subsidiary to its minority shareholders.

These additions were offset by the principal amortization payments made by the Company, Isla Norte, DPI, NBPC and BPC, as well as the short-term loan payment of 1590 EC.

The Company's current ratio went up to 2.40x as of the year in review from the year-end 2023 level of 1.76x. Current assets increased by 12%. This was attributable to the receipt of the partial proceeds and recording of a non-trade receivable related to the sale of a non-current financial asset, the increase in trade receivables on the back of improved operations (mostly stemming from the reserves market operations of 1590 EC and MPI, and the retail supply business of Coreenergy), purchase of inventories (mostly by MPI) and prepayments (attributed to the increase in input VAT and CWTs by two subsidiaries, along with the increase in Coreenergy's CWT). Moreover, current liabilities decreased by 18%, mainly due to the payment of short-term loans by three subsidiaries.

Item 7. Financial Statements

The audited consolidated financial statements of the Company for the years ended December 31, 2024, December 31, 2023, and December 31, 2022, are attached hereto as Exhibits "B", "C" and "D", respectively.

Item 8. Information on Independent Accountant and other Related Matters

1. External Audit Fees and Services

During the Annual Stockholders Meeting last June 20, 2024, the stockholders confirmed the appointment of SyCip Gorres Velayo & Co. (SGV) as its external auditor for fiscal year 2024.

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

Fee Type	2024 (in Php)
Audit Fees	2,698,795.00
Tax Fees ²	3,835,000.00
Transfer Pricing Study	25,500.00
All Other Fees ²	91,400.00
Total	6,650,695.00

Notes:

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

Both management and the Audit Committee evaluated the audit fee of SGV. This was recommended to and approved by the Board of Directors.

2. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There was no event in the past year where Vivant and SGV or the handling partner had any disagreement regarding any matter relating to accounting principles or practices, financial disclosures or auditing scopes or procedures.

PART III: CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

1. Directors, Independent Directors and Executive Officers

(i) Board of Directors for 2024-2025

The Corporate Governance Committee (CGCom) of the Company oversees the process for the nominations to the Board of Directors. The CGCom pre-screens and reviews the qualifications of all candidates nominated to become a member of the Board of Directors. The Board of Directors are elected annually by the stockholders from the final list of candidates for independent directors and non-independent directors.

The Company currently has eleven (11) directors, four (4) of whom are independent directors. Below are the directors who have held offices as such since their election last June 20, 2024:

MR. FRANCIS DAMASUS A. GARCIA
MR. RAMONTITO E. GARCIA
MR. EMIL ANDRE M. GARCIA
MR. CHARLES SYLVESTRE A. GARCIA
MR. ARLO ANGELO. G. SARMIENTO
MR. JOSE MARKO ANTON G. SARMIENTO
MS. BRIGETTE CECILE N. GARCIA
MR. CARMELO MARIA LUZA BAUTISTA (Independent Director)
MR. JOSE CARLITOS G. CRUZ (Independent Director)
ATTY. JOSE M. LAYUG, JR. (Independent Director)
ATTY. LAURENCE R. ROGERO (Independent Director)

They shall serve as directors for a term of one (1) year and until their successors are duly elected and qualified.

For the year 2024, Vivant held 5 regular meetings of the Board, specifically, on January 31, 2024, April 5, 2024, May 24, 2024, June 20, 2024, September 20, 2024 and November 22, 2024. The Board was also convened for 1 special meeting on May 30, 2024.

The following summarizes the attendance of the Board of Directors (2024-2025) as of December 31, 2024:

Director	Designation	Board Meetings	Annual Stockholders' Meeting
Francis Damasus A. Garcia	Chairman	7	Y
Ramontito E. Garcia	Vice Chairman	6	Y
Arlo A. G. Sarmiento	Chief Executive Officer	7	Y
Emil Andre M. Garcia	President	7	Y
Charles Sylvestre A. Garcia	Director	7	Y
Jose Marko Anton G. Sarmiento	Director	6	N
Brigette Cecile N. Garcia	Director	7	Y
Laurence R. Rogero	Lead Independent Director	7	Y
Jose Carlitos G. Cruz	Independent Director	7	Y
Carmelo Maria L. Bautista	Independent Director	7	Y
Jose M. Layug, Jr.	Independent Director	6	Y

Below are Vivant's directors for 2024-2025 with their corresponding ages, citizenship, positions, periods of service and offices held for the past five (5) years:

<p>FRANCIS DAMASUS A. GARCIA <i>66 years old, Filipino</i> <i>Years served (end of 2024): 1.5</i> Director Chairman Chairman – Executive Committee Member – Finance Committee</p>	<p>Mr. Garcia has served as both a Director and Chairman of the Board, as well as a member of the Executive Committee since June 16, 2023. Currently, he is a Director of Mai-I Resources Corporation and Vivant's wholly-owned subsidiaries, Vivant Energy Corporation and Vivant Infracore Holdings, Inc. Prior to this, he was President and owner of Associated Computer Specialists, Inc. in Washington State for 34 years until 2019.</p>
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<p>RAMONTITO E. GARCIA <i>67 years old, Filipino</i> <i>Years served (end of 2024): 22</i> Director Vice Chairman Vice Chairman – Executive Committee Member – Related Party Transaction Committee</p>	<p>Mr. Garcia has been a Director and member of the Executive Committee of the Company since December 20, 2002. On June 2023, he assumed the role of the Vice Chairman of both the Vivant Board and Executive Committee. Prior to this, Mr. Garcia served as Chairman and CEO of the Company from April 2020 until his resignation in February 2022. He was also the President of the Company from September 2003 to April 2020. In addition to his role at the Company, Mr. Garcia held several leadership positions at Vivant Energy Corporation. He was Chairman from April 2022 to May 2022, CEO from April 2022 to February 2022, President from May 2012 to May 2014 and Chief Operating Officer from May 2008 to May 2014. Mr. Garcia also served as Chairman of Minergy Power Corporation from 2014 to June 2022 and of Vivant Foundation, Inc. from April 2022 to September 2022. Additionally, he was a Director of Vivant Infracore Holdings Inc., Vivant Hydrocore Holdings Inc. and Vivant Transcore Holdings Inc. from 2019 to 2021, Vivant Malogo Hydropower Inc. from 2012 to 2021, and Isla Mactan-Cordova Corporation from 2020 to 2021. Other positions currently held are as follows: Chairman - JEG Development Corporation; President - JEGVEG Realty, Inc., JDC Tomodachi, Inc. and JDC One Acacia Corporation.</p>
<p>ARLO A. G. SARMIENTO <i>49 years old, Filipino</i> <i>Years served (end of 2024): 6.5</i> Director Chief Executive Officer Member – Executive Committee</p>	<p>Mr. Sarmiento has been a Director and member of the Executive Committee of the Company since June 15, 2017. He assumed the roles of CEO of the Company and Chairman of the Board and CEO of Vivant Energy Corporation in February 2022. Prior to these, he he served as President of the Company from April 2020 to February 2022 and Executive Vice President from 2003 to April 2020. He concurrently holds the following positions: Chairman & CEO of Vivant Energy Corporation; Chairman - Hijos De F. Escano Inc., Vivant Infracore Holdings, Inc., Vivant Hydrocore Holdings, Inc., Vivant Transcore Holdings, Inc., Isla Mactan-Cordova Corporation, Northern Metro Cebu Water Corporation, Bantayan Island Water Solutions Corporation, Isla Busuanga Water Corporation and Western Cebu Water Services Corporation and Watermatic Philippines Corporation (until October 2024); Director and Vice President – Visayan Electric Company, Inc.; Director and Chief Executive Officer - JEG Development Corporation; Director and Treasurer - JEGVEG Realty, Inc.; and Director - Minergy Power Corporation, North BukidnonPower Corporation, and BukidnonPower Corporation. Mr. Sarmiento holds a degree in Bachelor of Arts in Social Sciences from the Ateneo de Manila University.</p>

<p>EMIL ANDRE M. GARCIA <i>47 years old, Filipino</i> <i>Years served (end of 2024): 15.5 years</i> Director President Member – Executive Committee</p>	<p>Mr. Garcia has been a Director of the Company since June 18, 2009. He assumed the role of President of the Company on February 2022. Prior to this, he served as Vice Chairman of the Board from October 2021 until June 2023. He also held various leadership roles within the Company, including Senior Vice President – Power from July 2020 to February 2022, Vice President for Operations from December 2012 to February 2019 and Assistant Vice President for Corporate Planning and Development of the Company from February 2011 to December 2011. In 2019, Mr. Garcia transitioned to Vivant Energy Corporation, where he served as Executive Vice President and Chief Operation Officer. He returned to Vivant in 2020. Other positions currently held are as follows: President and COO - Vivant Energy Corporation; Chairman - Visayan Electric Company, Inc., Vivant Foundation Inc., Calamian Islands Power Corporation, Delta P, Inc., 1590 Energy Corp., La Pampang Energy Corporation, Vivant Solar Corporation, Corenergy Solar Solutions Corporation, Amberdust Holding Corporation, Isla Norte Power Corporation, Vivant Integrated Generation Corporation, Vivant Integrated Diesel Corporation, Vivant Renewable Energy Corporation, Delta P Hybrid Inc., Southern Powercore Holding Corporation, Vivant Geo Power Corporation, San Ildefonso Alternative Energy Corp., San Pablo Renewable Energy Corp., Adequate Power Inc., Bai Energy Corp., Avant Energy Corporation, Culna Renewables Energy Corp. and Minergy Power Corporation; Vice Chairman - Cebu Private Power Corporation; Director, President and Chief Executive Officer – Vivant-Malogo Hydropower Inc.; Director and Vice Chairman - Global Luzon Energy Development Corporation and Lunar Powercore Inc.; Director and Chief Finance Officer of EMAG Resources and Development Corporation; Director and Vice President - Abovant Holdings, Inc.; and Director - Vivant Infracore Holdings Inc., Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc., Northern Metro Cebu Water Corporation, Isla Mactan-Cordova Corporation, Hijos de F. Escaño, Inc. Cebu Energy Development Corporation, Therma Visayas, Inc., Lihangin Wind Energy Corporation, North BukidnonPower Corporation, and BukidnonPower Corporation. He was also the President of Christ Company in 2009 to 2011. Mr. Garcia graduated from Velez College in 1998 with the degree in Bachelor of Science in Medical Technology.</p>
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<p>CHARLES SYLVESTRE A. GARCIA <i>64 years old, Filipino</i> <i>Years served (end of 2024): 20</i> Director Member – Executive Committee Member – Audit Committee</p>	<p>Mr. Garcia is a Director of the Company and Member of the Company’s Executive Committee since September 30, 2004. He currently serves a member of both the Audit Committee and Risk and Sustainability Committee. From June 2022 to June 2023, he held the position of the Chairman of the Company. Prior to this, Mr. Garcia served as a director of Visayan Electric Company, Inc. from 2007 to 2020 and as Vice Chairman of the Company from June 2021 until October 2021. He also currently holds. The position of Director at Mai-I Resources Corporation.</p>
<p>JOSE MARKO ANTON G. SARMIENTO <i>47 years old, Filipino</i> <i>Years served (end of 2024): 16</i> Director Member – Executive Committee Member – Finance Committee Member – Audit Committee Member – Risk and Sustainability Committee</p>	<p>Mr. Sarmiento has been a Director and Member of the Executive Committee of the Company since 2008. He is currently a Director (since 2005) and President (since 2009) of JEG Development Corporation and of JEG Realty, Inc. Prior to these roles, Mr. Sarmiento was the Treasury Manager at JEG Development Corporation from 2006 to 2010. He held the position of Vice President for Manufacturing at Detalia Aurora, Inc. from 1999 to 2010. Other positions currently held are as follows: Director - Vivant Energy Corporation. Mr. Sarmiento holds a degree in Bachelor of Science in Business Administration from Methodist University in North Carolina, USA. He obtained his Advanced Professional Training in Innovation Management in Product Development from Inwent - Capacity Building International in Bonn, Germany in 2004.</p>

<p>BRIGETTE CECILE N. GARCIA <i>38 years old, Filipino</i> <i>Years served (end of 2024): 2.5</i> Director Member – Executive Committee</p>	<p>Ms. Garcia has served as Director and Member of the Executive Committee since June 16, 2022. In November 2020, she assumed the role of Senior Assistant Vice President for Corporate Planning at the Company. Prior to this, she held the position of Assistant Vice President for Corporate Planning from February 2018 to October 2020, and served as the Corporate Planning Senior Manager from 2016 to 2018. She concurrently holds the following positions: Director - Southern Grove Properties and Development Corporation; Vivant Corporate Center, Inc., Vivant Realty Ventures Corporation, Vivant Hydrocore Holdings Inc. Vivant Transcore Holdings Inc., Northern Metro Cebu Water Corporation and Isla Mactan- Cordova Corporation. Before joining Vivant, she worked for a year as a Management Trainee for Utility Economics at Visayan Electric Company, Inc. and for three (3) years as an Investment Consultant for Family Offices Private Banking at Credit Suisse AG in Singapore. Ms. Garcia graduated from Singapore Management University with a double degree (Summa Cum Laude) in Bachelor of Science in Economics and Bachelor of Business Management in 2009. She was also the school Salutatorian and recipient of the Top Student of the School of Economics Award and the Monetary Authority of Singapore Academic Excellence Award. She obtained a Master’s of Science degree in Accounting and Finance from London School of Economics in 2013.</p>
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<p>CARMELO MARIA L. BAUTISTA 67 years old, Filipino Years served (end of 2024): 7.5 Independent Director Member – Finance Committee</p> <p>Directorship in other listed companies: GT Capital Holdings Incorporated</p>	<p>Mr. Bautista has served as an Independent Director of the Company since June 15, 2017. He assumed the roles of Director and President of GT Capital Holdings Incorporated in 2011. Prior to his election, Mr. Bautista joined FMIC in April of 2008 as Executive Director and was appointed as Chairman of the Risk Management Committee. He later assumed the position of Head of its Investment Banking Group in 2009. Mr. Bautista has been in the Banking and Financial Services sector for over 39 years. Some highlights of his previous scope of responsibilities over this period include: Program Director at Citibank Asia Pacific Banking Institute; Vice President and Head of the Local Corporate and Public Sector Groups Citibank-Manila; Vice President-Real Estate Finance Group, Citibank N.A.-Singapore branch; Vice President-Structured Finance, Citibank N.A.-Singapore Regional Office; Country Manager, ABN AMRO Bank-Philippines; and President and CEO, Philippine Bank of Communications. Mr. Bautista has a Master’s Degree in Business Management from the Asian Institute of Management where he graduated in the Dean’s Citation List. He also has a Bachelor’s degree, Major in Economics, from the Ateneo de Manila University. Mr. Bautista has no directorships in other listed companies aside from GT Capital. He is currently serving as Chairman of Toyota Financial Services Philippines Corporation; Director of Federal Land Inc., Toyota Motor Philippines Corporation, AXA Philippines, GT Capital Auto and Mobility Holdings, Inc., Toyota Subic, Inc., Toyota Manila Bay Corporation and GT Mobility Ventures Inc. He is also an Adviser to the Board of Trustees of GT Foundation, Inc.</p>
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<p>JOSE CARLITOS G. CRUZ <i>64 years old, Filipino</i> <i>Years served (end of 2024): 3.5</i> Independent Director Chairman – Audit Committee Member – Finance Committee Member – Related Party Transaction Committee Member – Corporate Governance Committee</p> <p>Independent Directorship in other listed companies: SM Prime Holdings, Inc. Solar Philippines New Energy Corporation</p>	<p>Mr. Cruz has served as an Independent Director of the Company since June 17, 2021. Prior to this, he held several leadership positions at Sycip Gorres Velayo & Co., including Chairman and Managing Partner from 2017 to 2019, Vice Chairman and Deputy Managing Partner from 2013 to 2016, Deputy Managing Partner and Head of Assurance from 2010 to 2012, and Head of Assurance from 2007 to 2009. He is currently serving as Independent Director and Chairman of the Audit Committee of Federal Land, Inc., Independent Director and Co-Chairman of Risk and Compliance Committee of Transnational Diversified Ventures, Inc., Independent Director and a member of the Audit and Risk Oversight Committee of MarCoPay Inc. and Independent Director of Solar Philippines Project Holdings, Inc., MPIC Beneficial Trust Fund, SM Prime Holdings, Inc., Asialink Finance Corporation, Global Dominion Financing Incorporated, South Asialink Finance Corporation, MCP Finance, Inc., MCP Insurance Management and Agency, Inc.; Lead Independent Director of Solar Philippines New Energy Corporation. He is also currently a Board Trustee of the Makati Business Club and a member of the Management Association of the Philippines, Association of CPAs in Public Practice and the Philippine Institute of Certified Public Accountants; and Co-Chairman of the Philippines-Thailand Business Council. Mr. Cruz completed the Advanced Management Program at the Harvard Business School in Boston in 2007 and Advanced International Program in Oil and Gas Management at the University of Texas at Dallas in 1994. He graduated from the University of Santo Tomas in 1981 with a Bachelor of Science in Commerce degree, Major in Accounting, in 1981, and passed the licensure examination for Certified Public Accountants in 1982.</p>
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<p>JOSE M. LAYUG, JR. 54 years old, Filipino Years served (end of 2024): 2.75 Independent Director Chairman – Related Party Transaction Committee Chairman – Corporate Governance Committee Member – Audit Committee Member – Risk and Sustainability Committee</p> <p>Independent Directorship in other listed companies: Citicore Energy REIT Corp. Oriental Petroleum and Minerals Corporation</p>	<p>Atty. Layug has served as an Independent Director of the Company since March 18, 2022. Currently, he is a Senior Partner at Divina Law Office and serving as Independent Director of Citicore Energy REIT Corp., Oriental Petroleum and Minerals Corporation, Upgrade Energy Philippines, Inc. and Phinma Solar Corporation; Trustee and President of Developers of Renewable Energy for AdvanceMent, Inc.; and Director of Philippine Energy Research & Policy Institute. He is also a professor of law at the University of the Philippines College of Law, teaching Philippine Project Development and Finance, Banking, Property, Administrative Law, Local Government and Sales since 2002. Atty. Layug has published works and is a contributor to the following publications: (a) Capital Asia, published in Hongkong by ISI Publications Ltd. And (b) In-House Briefing, Asia-Pacific, published in Hongkong by Pacific Business Press. Previously, he served as Chairman of the National Renewable Energy Board from 2016-2018. Prior to this, he was the Undersecretary of the Philippine Department of Energy (DOE) from 2010-2012 and headed the Renewable Energy Management Bureau, Energy Resources Development Bureau, Energy Utilization Management Bureau, Oil Industry Management Bureau and Legal Services. He was primarily responsible for the revival of various sectors in the Philippine energy sector with the successful launching of the National Renewable Energy Program, the Philippine Energy Contracting Rounds for Petroleum and Coal and the Public Transport Assistance Program of Pantawid Pasada. Prior to his DOE position, he was a Senior Counsel for the Negotiations and Legal Department of the Australian Strategic Business Unit of Chevron Corporation and served as the Malampaya Legal Manager of Chevron Malampaya LLC located in Manila, Philippines from 2007-2010. As Chevron counsel, he received the first ever William T. Coleman Award in 2008 – the highest recognition given by Chevron Corporation to a Chevron in-house counsel worldwide – besting all other Chevron lawyers worldwide. Before joining Chevron, Atty. Layug acted as international legal consultant of the Asian Development Bank and was a Senior Associate at SyCip Salazar Hernandez & Gatmaitan handling banking and finance, project development and financing relating to mining, energy, power and transportation industries. From 2000- 2002, he practiced law in New York and worked as a Foreign Lawyer at Sullivan & Cromwell in New York. Atty. Layug obtained his Bachelor of Science in Business Economics with cum laude honours in 1992 and his Bachelor of Laws (1996) from the University of the Philippines. He finished his Master of Laws degree with honors in 2000 (fall semester) from Cornell Law School in New York, USA. He is licensed to practice law both in the Philippines (since 1997) and in New York (since 2000).</p>
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<p>LAURENCE R. ROGERO <i>51 years old, Filipino</i> <i>Years served (end of 2023): 2.25</i></p> <p>Independent Director Chairman – Finance Committee Chairman – Risk and Sustainability Committee Member – Audit Committee Member – Corporate Governance Committee</p>	<p>Atty. Rogero was elected as an Independent Director on June 17, 2023. He previously served as an Independent Director of Vivant from June 17, 2021 until his resignation in February 2022. Currently, he is a lecturer in Ateneo de Manila University. He was President (2015-2018) and Director (2015-2021) of MetroPac Water Investments Corporation. Atty. Rogero has a background in infrastructure finance and law, and has advised Philippine and foreign sponsors, lenders, and construction and other project contractors of local and international projects. After working with the Quisumbing Torres, and the Romulo Mabanta Law Offices, he took on various executive and consulting positions. Some highlights of his other work experience include: Vice-President and Head – General Counsel, Strategic Planning and M&A Groups of Mirant Philippines Corporation (now Team Energy Corp.); Consultant – the Asian Development Bank, the World Bank, Cagayan Electric Power and Light Company, Mindanao Energy Systems, and Phoenix Petroleum; President and Director – Metro Iloilo Bulk Water Supply Corporation and Metropac Cagayan de Oro Water Supply Corporation; Vice-President and Director – PT Acuatico Air Indonesia; Commissioner – PT Aetra Air Jakarta (Eastern Jakarta water concessionaire); Director – Acuatico Services Vietnam; General Counsel – Acuatico Pte. Ltd. Singapore; Supervisory Board – VIWASUPCO Vietnam, among others. Atty. Rogero has a Bachelor of Science in Business Economics degree (magna cum laude) from the UP School of Economics. He completed his Bachelor of Laws degree (Academic Excellence Medal) from the UP College of Law, and as vice-chairman of the Philippine Law Journal. He has a Master of Laws (with Distinction) from Georgetown University, attending as a Fulbright Scholar. He has also taken the Global Strategic Leadership Program of the Wharton School of the University of Pennsylvania.</p>
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BOARD COMMITTEES

The Chairmen and the members of the respective Board Committees were also appointed as follows:

Executive Committee

Vivant’s Executive Committee exercises the powers of the Board of Directors in the management of the business and affairs of the Company when the Board is not in session, except with respect to those matters that are exclusively delegated to the Board by law. The significant discussions and actions undertaken by the committee are found in Exhibit “E” the Executive Committee Report to the Board of Directors

For the year 2024, Vivant held 10 regular meetings of the Executive Committee.

Members	Designation	Meetings Attended
Francis Damasus A. Garcia	Chairman	10 of 10
Ramontito E. Garcia	Vice Chairman	8 of 10
Arlo Angelo G. Sarmiento	Member	9 of 10
Emil Andre M. Garcia	Member	9 of 10
Charles Sylvestre A. Garcia	Member	10 of 10
Jose Marko Anton G. Sarmiento	Member	9 of 10
Brigitte Cecile N. Garcia	Member	10 of 10

Audit Committee

Vivant’s Audit Committee assists the Board in fulfilling its oversight responsibility relating to the financial reporting process, the system of internal control, the audit process and the Company’s process for monitoring compliance with laws and regulations and the code of conduct. The significant discussions and actions undertaken by the committee are found in Exhibit “F” the Audit Committee Report to the Board of Directors

For the year 2024, Vivant held 4 regular meetings of the Audit Committee.

Members	Designation	Meetings Attended
Jose Carlitos G. Cruz	Chairman – <i>Independent Director</i>	4 of 4
Laurence R. Rogero	Member- <i>Lead Independent Director</i>	4 of 4
Jose M. Layug, Jr.	Member- <i>Independent Director</i>	4 of 4
Charles Sylvestre A. Garcia	Member	3 of 4
Jose Marko Anton G. Sarmiento	Member	4 of 4

Finance Committee

Vivant’s Finance Committee assists the Board in fulfilling its oversight responsibility relating to financial governance, except for financial reporting. It Oversees the formulation and implementation of Vivant’s financial policy and strategy, including capital structure, dividend policy, treasury policies and activities, and capital allocation decisions that may be brought to the Board for approval. The significant discussions and actions undertaken by the committee are found in Exhibit “G” the Finance Committee Report to the Board of Directors

For the year 2024, Vivant held 6 regular meetings of the Finance Committee and 2 joint meeting with the other committees

Members	Designation	Meetings Attended
Laurence R. Rogero	Chairman – <i>Lead Independent Director</i>	6 of 6
Jose Carlitos G. Cruz	Member - <i>Independent Director</i>	6 of 6
Carmelo Maria L. Bautista¹	Member - <i>Independent Director</i>	1 of 6
Francis Damasus A. Garcia	Member	6 of 6
Jose Marko Anton G. Sarmiento	Member	6 of 6

Note:

1. Appointed as member on June 20, 2024.

Corporate Governance Committee

Vivant’s Corporate Governance Committee assists the Board in fulfilling its oversight function relating to the implementation of corporate governance and compliance program, which includes sustainability reporting among others. The Committee is responsible for the determination of the nomination and election process for Vivant’s directors, and establishment of a remuneration policy for directors and officers. It is also responsible for evaluating the candidates nominated to become members of the Board. The significant discussions and actions undertaken by the committee are found in Exhibit “H” the Corporate Governance Committee Report to the Board of Directors

For the year 2024, Vivant held 2 regular meetings of the Corporate Governance Committee.

Members	Designation	Meetings Attended
Jose M. Layug, Jr.	Chairman – <i>Independent Director</i>	2 of 2
Jose Carlitos G. Cruz	Member – <i>Independent Director</i>	2 of 2
Laurence R. Rogero	Member – <i>Lead Independent Director</i>	2 of 2

Risk and Sustainability Committee

Vivant’s Sustainability Committee assists the Board in fulfilling its oversight function relating to risk governance. The Committee oversees the formulation and implementation of the Board-approved company-wide Enterprise Risk Management policy, which covers risk management practices, including regulatory and ethical compliance monitoring. In 2022, the committee changed its name from the “*Board Risk and Oversight Committee*” to the “*Risk and Sustainability Committee*”, consistent with the Company’s efforts to integrate sustainability practices within the organization. This resulted to an amendment in the charter of the Risk and Sustainability Committee to include oversight functions related to sustainability such as, but not limited to, climate-related risks and opportunities. The significant discussions and actions undertaken by the committee are found in Exhibit “I” the Risk and Sustainability Committee Report to the Board of Directors.

For the year 2024, Vivant held 4 regular meetings of the Board Risk and Sustainability Committee and 1 joint meeting with the other committees.

Members	Designation	Meetings Attended
Laurence R. Rogero	Chairman – <i>Independent Director</i>	5 of 5
Jose M. Layug, Jr.	Member – <i>Independent Director</i>	4 of 5
Jose Marko Anton G. Sarmiento	Member	5 of 5

Related Party Transaction Committee

Vivant’s Related Party Transaction Committee assists the Board in reviewing all material related party transactions of Vivant. The significant discussions and actions undertaken by the Committee are found in Exhibit “J” the Related Party Transaction Committee Report to the Board of Directors.

For the year 2024, Vivant held 2 meetings of the Related Party Transaction Committee.

Members	Designation	Meetings Attended
Jose M. Layug, Jr.	Chairman – <i>Independent Director</i>	2 of 2
Jose Carlitos G. Cruz	Member – <i>Independent Director</i>	2 of 2
Ramontito E. Garcia	Member	1 of 2

Nominees for Election as Members of the Board of Directors

The Corporate Governance Committee conveyed to the Corporate Secretary that as of February 10, 2024, the committee received the nominations of following as candidates for the Directors of the Company for the year 2024-2025:

Regular Directors

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

Independent Directors

MR. CARMELO MARIA LUZA BAUTISTA
MR. JOSE CARLITOS G. CRUZ
ATTY. JOSE M. LAYUG, JR.
ATTY. LAURENCE R. ROGERO

Procedure for Nomination

In accordance with the Company's 2017 Revised Manual on Corporate Governance and Nomination and Election Policy, the Corporate Governance Committee had pre-screened the list of candidates nominated to become a member of the Board of Directors in accordance with the procedures, qualifications, disqualifications and guidelines specified in the said Manual and policy.

Nominations for Independent Directors and Procedure for Nomination

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

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

In consonance with SEC Memorandum Circular No. 16 Series of 2002, no nominations for independent director shall be accepted at the floor during the stockholders' meeting at which such nominee is to be elected. However, Independent Directors shall be elected in the stockholders' meeting during which other members of the Board are to be elected. The nominees are neither officers nor employees of the Company or any of its affiliates, and do not have any relationship with the Company which would interfere with the exercise of independent judgment in carrying out the responsibilities of an independent director.

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

Term of Office of a Director

Pursuant to the Company By-laws, the directors are elected at each regular annual stockholders' meeting by stockholders entitled to vote. Each director holds office until the next annual election and until his successor is duly elected unless he resigns, dies or is removed prior to such election.

The eleven (11) directors, who should be stockholders of the Company, shall be elected annually by the stockholders during the annual stockholders' meeting, where at least a majority of the outstanding capital stock should be present in person or by proxy. The Directors shall serve for a term of one (1) year and until the election and qualification of their successors.

Any vacancy occurring in the Board of Directors may be filled by the remaining members of the Board, if they still constitute a quorum, by a majority vote; and the director so chosen shall serve for the unexpired term or until his successor is duly elected and qualified.

(ii) Executive Officers for 2024-2025

After the election of the Board of Directors, the following persons were elected as officers:

Name	Position
Mr. Francis Damasus A. Garcia	Chairman of the Board
Mr. Ramontito E. Garcia	Vice Chairman
Mr. Arlo Angelo G. Sarmiento	Chief Executive Officer
Mr. Emil Andre M. Garcia	President
Ms. Minuel Carmela N. Franco	Treasurer
Atty. Maila Lourdes G. De Castro	Corporate Secretary
Atty. Catherine S. Bringas	Assistant Corporate Secretary
Atty. Joan A. Giduquio-Baron	Assistant Corporate Secretary
Atty. Laurence R. Rogero	Lead Independent Director

The Board also confirmed the following to their respective positions:

Name	Position
Ms. Minuel Carmela N. Franco	Executive Vice President Chief Corporate Officer Group Chief Finance Officer Chief Risk Officer
Atty. Jess Anthony N. Garcia	Sr. VP – Infrastructure
Mr. Mark D. Habana	Vice President
Mr. Al Douglas Villaos	Vice President
Mr. Shem Jose W. Garcia	Vice President
Atty. Maila Lourdes G. De Castro	VP – Legal Data Protection Officer
Mr. Allan A. Cuevas	VP – Corporate Communications
Mr. Peter C. Buenaseda	Chief Human Resource Officer
Ms. Brigette Cecile N. Garcia	Sr. AVP – Corporate Planning
Atty. Catherine S. Bringas	Sr. AVP –Legal and Compliance Compliance Officer
Mr. Ronnel Vergel E. De Leon	Sr. AVP – Treasury
Mr. Carlos F. Bargamento, Jr.	AVP – Real Estate
Ms. Dyan Ramona S. Olegario	AVP – Accounting
Ms. Denise Mae D. Blanco	AVP – Human Resources
Mr. Nilo M. Arribas, Jr.	AVP – Information Technology and Chief Information Officer
Ms. Debbie C. Artiaga-Arradaza	AVP – Treasury and Operations
Ms. Rhesel Joan R. Tompong	AVP – Corporate Planning
Mr. Patrick Joel M. Cinco ¹	AVP – Risk Management and Sustainability
Ms. Myla D. Lumibao	AVP – Internal Audit Chief Audit Executive
Mr. Randwill Dinbo U. Macaranas ²	AVP – Investor Relations

Notes:

1. *Mr. Randwill Dinbo U. Macaranas was appointed as AVP – Investor Relations on September 2, 2024.*
2. *Mr. Patrick Joel M. Cinco resigned from the Company effective September 27, 2024.*

The term of office of all officers shall be for 1 year and until their successors are duly elected and qualified. The above officers of the Company shall serve only for the unexpired term of their predecessors and until their successors are duly elected/appointed.

Below are the Company's officers for 2024-2025 with their corresponding positions and offices held for the past five (5) years.

<p>FRANCIS DAMASUS A. GARCIA <i>66 years old, Filipino</i> Director Chairman Chairman – Executive Committee Member – Finance Committee</p>	<p>Mr. Garcia has served as both a Director and Chairman of the Board, as well as a member of the Executive Committee since June 16, 2023. Currently, he is a Director of Mai-I Resources Corporation and Vivant's wholly-owned subsidiaries, Vivant Energy Corporation and Vivant Infracore Holdings, Inc. Prior to this, he was President and owner of Associated Computer Specialists, Inc. in Washington State for 34 years until 2019.</p>
<p>RAMONTITO E. GARCIA <i>67 years old, Filipino</i> Director Vice Chairman Vice Chairman – Executive Committee Member – Related Party Transaction Committee</p>	<p>Mr. Garcia has been a Director and member of the Executive Committee of the Company since December 20, 2002. On June 2023, he assumed the role of the Vice Chairman of both the Vivant Board and Executive Committee. Prior to this, Mr. Garcia served as Chairman and CEO of the Company from April 2020 until his resignation in February 2022. He was also the President of the Company from September 2003 to April 2020. In addition to his role at the Company, Mr. Garcia held several leadership positions at Vivant Energy Corporation, he was the Chairman from April 2022 to May 2022, CEO from April 2022 to February 2022, President from May 2012 to May 2014 and Chief Operating Officer from May 2008 to May 2014. Mr. Garcia also served as Chairman of Minergy Power Corporation from 2014 to June 2022 and of Vivant Foundation, Inc. from April 2022 to September 2022. Additionally, he was a Director of Vivant Infracore Holdings Inc., Vivant Hydrocore Holdings Inc. and Vivant Transcore Holdings Inc. from 2019 to 2021, Vivant Malogo Hydropower Inc. from 2012 to 2021, and Isla Mactan-Cordova Corporation from 2020 to 2021. Other positions currently held are as follows: Chairman – JEG Development Corporation; President – JEGVEG Realty, Inc., JDC Tomodachi, Inc. and JDC One Acacia Corporation.</p>

<p>ARLO A. G. SARMIENTO <i>49 years old, Filipino</i> Director Chief Executive Officer Member – Executive Committee</p>	<p>Mr. Sarmiento has been a Director and member of the Executive Committee of the Company since June 15, 2017. He assumed the roles of CEO of the Company, and Chairman of the Board and CEO of Vivant Energy Corporation in February 7, 2022. Prior to these, he served as President of the Company from April 2020 to February 2022 and Executive Vice President from 2003 to April 2020. He concurrently holds the following positions: Chairman & CEO of Vivant Energy Corporation; Chairman - Hijos De F. Escano Inc., Vivant Infracore Holdings, Inc., Vivant Hydrocore Holdings, Inc., Vivant Transcore Holdings, Inc., Isla Mactan-Cordova Corporation, Northern Metro Cebu Water Corporation Bantayan Island Water Solutions Corporation, Isla Busuanga Water Corporation and Western Cebu Water Services Corporation and Watermatic Philippines Corporation (until October 2024); Director and Vice President – Visayan Electric Company, Inc.; Director and Chief Executive Officer - JEG Development Corporation; Director and Treasurer - JEGVEG Realty, Inc.; and Director - Minergy Power Corporation, La Pampanga Energy Corp., North BukidnonPower Corporation, and BukidnonPower Corporation. Mr. Sarmiento holds a degree in Bachelor of Arts in Social Sciences from the Ateneo de Manila University.</p>
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<p>EMIL ANDRE M. GARCIA <i>47 years old, Filipino</i> Director President Member – Executive Committee</p>	<p>Mr. Garcia has been a Director of the Company since June 18, 2009. He assumed the role of President of the Company on February 2022. Prior to this, he served as Vice Chairman of the Board from October 2021 until June 2023. He also held various leadership roles within the Company, including Senior Vice President – Power from July 2020 to February 2022, Vice President for Operations from December 2012 to February 2019 and Assistant Vice President for Corporate Planning and Development of the Company from February 2011 to December 2011. In 2019, Mr. Garcia moved to Vivant Energy Corporation, where he served as its Executive Vice President and Chief Operation Officer. He returned to Vivant in 2020. Other positions currently held are as follows: President and COO - Vivant Energy Corporation; Chairman - Visayan Electric Company, Inc., Vivant Foundation Inc., Calamian Islands Power Corporation, Delta P, Inc., 1590 Energy Corp., La Pampanga Energy Corporation, Vivant Solar Corporation, Corenergy Solar Solutions Corporation, Amberdust Holding Corporation, Isla Norte Power Corporation, Vivant Integrated Generation Corporation, Vivant Integrated Diesel Corporation, Vivant Renewable Energy Corporation, Delta P Hybrid Inc., Southern Powercore Holding Corporation, Vivant Geo Power Corporation, San Ildefonso Alternative Energy Corp., San Pablo Renewable Energy Corp., Adequate Power Inc., Bai Energy Corp., Avant Energy Corporation, Culna Renewables Energy Corp. and Minergy Power Corporation; Vice Chairman - Cebu Private Power Corporation; Director, President and Chief Executive Officer – Vivant-Malogo Hydropower Inc.; Director and Vice Chairman - Global Luzon Energy Development Corporation and Lunar Powercore Inc.; Director and Chief Finance Officer of EMAG Resources and Development Corporation; Director and Vice President - Abovant Holdings, Inc.; and Director - Vivant Infracore Holdings Inc., Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc., Northern Metro Cebu Water Corporation, Isla Mactan-Cordova Corporation, Hijos de F. Escaño, Inc. Cebu Energy Development Corporation, Therma Visayas, Inc., Lihangin Wind Energy Corporation, North BukidnonPower Corporation, and BukidnonPower Corporation. He was also the President of Christ Company in 2009 to 2011. Mr. Garcia graduated from Velez College in 1998 with the degree in Bachelor of Science in Medical Technology.</p>
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<p>MINUEL CARMELA N. FRANCO <i>53 years old, Filipino</i> Treasurer Executive Vice President Chief Corporate Officer Group Chief Finance Officer Chief Risk Officer</p>	<p>Ms. Franco has served as the Executive Vice President & Chief Corporate Officer since June 2022, while concurrently holding the roles of Treasurer, Group Chief Finance Officer and Chief Risk Officer of the Company. Prior to this, she was the Senior Vice President for Corporate and Shared Services from 2019 to 2022, and the Vice President for Finance from 2013 to 2018. Ms. Franco also currently holds the following positions: Chairman, President and CEO – Southern Grove Properties and Development Corporation, Vivant Corporate Center, Inc., and Vivant Realty Ventures Corporation; Treasurer – Vivant Energy Corporation; Director - Southern Powercore Holding Corporation, Vivant Geo Power Corporation, Isla Mactan-Cordova Corporation, Northern Metro Cebu Water Corporation, Amberdust Holding Corporation, Vivant Integrated Diesel Corporation, Vivant Renewable Energy Corporation, Corenergy Inc., Vivant Integrated Generation Corporation and Delta P Hybrid Inc., San Pablo Renewable Energy Corporation, San Ildefonso Alternative Energy Corp., South Cebu Energy Corporation, Spark Grid Corporation, SolEnergy Generation Corporation, Adequate Power Inc., Bai Energy Corporation, and Avant Energy Corporation; Treasurer & Chief Finance Officer - Vivant Infracore Holdings Inc.; Director and Treasurer & Chief Finance Officer – Vivant Hydrocore Holdings Inc., and Vivant Transcore Holdings Inc., Bantayan Island Water Solutions Corporation, Isla Busuanga Water Corporation, and Western Cebu Water Services Corporation; Board of Trustee and Treasurer – Vivant Foundation, Inc.; Treasurer and CFO – Faith Lived Out Visions 2 Ventures Holdings, Inc., Puerto Princesa Water Reclamation and Learning Center Inc. and Lunar Power Core Inc.; and Treasurer – Culna Renewable Energy Corp. Past positions held were as follows: Trader, Associate and Credit Analyst at Multinational Investment Bancorporation and Capital One Equities Corporation from 1992 to 1994; Investment Analyst at Kim Eng Securities Inc. and ING Barings (Phils.), Inc. from 1994 to 1997; Investment Officer at Standard Chartered Bank's Investment Services Group from 1998 to 2000; Project Analyst at Newgate Management, Inc. from 2000 to August 2002, Investor Relations Officer and Senior Project Analyst (Corporate Planning Group) at San Miguel Corporation from September 2002 to June 2007; Head of Investor Relations at Aboitiz Equity Ventures, Inc. and Aboitiz Power Corporation from July 2007 to December 2012. Ms. Franco holds a degree in Bachelor of Science in Business Economics (Cum Laude) from the University of the Philippines.</p>
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MAILA LOURDES G. DE CASTRO

49 years old, Filipino

Corporate Secretary

VP – Legal

Data Protection Officer

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

<p>CATHERINE S. BRINGAS <i>41 years old, Filipino</i> Assistant Corporate Secretary SAVP – Legal and Compliance Compliance Officer</p>	<p>Atty. Bringas has been the Senior Assistant Vice President for Legal and Compliance since April 2022. In June 2024, she was appointed as Assistant Corporate Secretary and Compliance Officer. Previously, she held the positions of Corporate Secretary and Data Protection Officer of the Company. Prior to this, she also served as Assistant Corporate Secretary from June 2022 to June 2023, Assistant Vice President for Legal from January 2017 to April 2022 and Legal Senior Manager of the Company from January 2013 to December 2016. Concurrently, Atty. Bringas holds the following positions: Director and Corporate Secretary - Southern Grove Properties and Development Corporation, Vivant Realty Ventures Corporation and Vivant Corporate Center Inc.; Corporate Secretary - Vivant Energy Corporation, Amberdust Holding Corporation, Corenergy Solar Solutions Corporation, Corenergy Inc., 1590 Energy Corp., Calamian Islands Power Corp., Delta P, Inc., Delta P Hybrid Inc., Isla Norte Energy Corporation, La Pampanga Energy Corporation, Southern Powercore Holding Corp., , Vivant Solar Corporation, Vivant Integrated Diesel Corporation, Vivant Integrated Generation Corporation, Vivant-Malogo Hydropower, Inc., Vivant Renewable Energy Corporation, Minergy Power Corporation, BukidnonPower Corporation, North BukidnonPower Corporation, San Ildefonso Alternative Energy Corp., Isla Mactan-Cordova Corporation, Northern Metro Cebu Water Corporation, Visayan Electric Company, Inc., San Pablo Renewable Energy Corporation, San Ildefonso Alternative Energy Corp., South Cebu Energy Corporation, Spark Grid Corporation, SolEnergy Generation Corporation, Adequate Power Inc., Bai Energy Corporation, and Avant Energy Corporation; and Assistant Corporate Secretary - Abovant Holdings, Inc., and Hijos de F. Escaño, Inc.. Prior to joining Vivant, Ms. Bringas worked at the Power Sector Assets and Liabilities Management Corporation as a Corporate Attorney under the Office of the President and CEO. She holds a degree in Legal Management from De La Salle University and obtained her Juris Doctor from the Ateneo de Manila University School of Law in 2008. She has been a member of the Philippine Bar since 2009.</p>
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<p>JOAN A. GIDUQUIO-BARON <i>54 years old, Filipino</i> Assistant Corporate Secretary</p>	<p>Atty. Baron was appointed as the Assistant Corporate Secretary of the Company in June 2023. Prior to this, she held the position of Corporate Secretary from June 2022 to June 2023 and Assistant Corporate Secretary from 2003 to 2022. Ms. Baron also holds the following positions: Corporate Secretary of Visayan Electric Company, Inc.; Director and Assistant Corporate Secretary - Southern Grove Properties and Development Corporation, Vivant Corporate Center Inc. and Vivant Realty Ventures Corporation; Assistant Corporate Secretary of Vivant Foundation Inc., Abovant Holdings, Inc., Amberdust Holding Corporation, Corenergy, Inc., Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc., Northern Metro Cebu Water Corporation, Isla Mactan-Cordova Corporation, Isla Busuanga Water Corporation, Western Cebu Water Services Corporation, Bantayan Island Water Solutions Corporation, South Cebu Energy Corporation, Spark Grid Corporation, Solenergy Generation Corporation, San Pablo Renewable Energy Corp., La Pampanga Energy Corp., Adequate Power Inc., Bai Energy Corporation, Avant Energy Corporation; Corporate Secretary - JEG Realty, Inc., JEG Development Corporation, JDC Tomodachi, Inc. and Watermatic Philippines Corporation. She obtained her Juris Doctor from the Ateneo de Manila University School of Law in 1996 and her Master in Management degree from the Asian Institute of Management in 2001. Ms. Baron has been a member of the Philippine Bar since 1997 and a Director of the Alumni Association of the Asian Institute of Management-Cebu Chapter. She is a Partner at J.P. Garcia and Associates. Prior to this, she was an Associate Attorney at Puno and Puno Law Offices from 1997 until 2001.</p>
<p>JESS ANTHONY N. GARCIA <i>52 years old, Filipino</i> Sr. VP – Infrastructure</p>	<p>Atty. Garcia has been the Senior Vice President - Infrastructure since 2019. Prior to this, he was the Corporate Secretary of the Company from 2003 to 2022 and help the position of Vice President for Legal from 2015 to 2018. Atty. Garcia concurrently holds the following positions: Corporate Secretary – Vivant Foundation, Inc. and SunStar Publishing, Inc.; Director, President and Chief Executive Officer – Watermatic Philippines Corporation (until October 2024), Vivant Infracore Holdings, Inc. Vivant Hydrocore Holdings Inc., Vivant Transcore Holdings Inc., Isla Mactan-Cordova Corporation, and Northern Metro Cebu Water Corporation. He obtained his Juris Doctor degree from the Ateneo de Manila University School of Law and has been a member of the California Bar since 2002 and of the Philippine Bar since 1998.</p>

<p>PETER C. BUENASEDA <i>58 years old, Filipino</i> Chief Human Resource Officer</p>	<p>Mr. Buenaseda assumed the position of Chief Human Resource Officer in February 2024. He is a multi-awarded HR and general management executive with a professional career spanning more than 30 years with global companies across the technology, knowledge processing, telecoms, semiconductor, and banking industries. He was formerly the CHRO of AC Energy and the Chief Operating Officer of TDS Global Solutions. For more than a decade that he was with Thomson Reuters Manila as Head of HR and later on as Country Head, he demonstrated visionary, strategic, hands-on, and inspirational leadership growing and transforming the organization into an employer of choice, quality and innovation role model, diversity champion and thought leader in the industry with best in class HR and talent development practices. He has also served as Country Manager and HR Manager of global companies such as Philips, Motorola, and ABN AMRO. He completed his Bachelor of Arts degree majoring in Behavioral Science at the University of Santo Tomas and his Master in Business Management degree at the Asian Institute of Management. He is taking up courses leading to a Certificate in Human Resources Management at UCLA and has completed the Dave Ulrich Academy Program of the RBL Group, the Human Resources Executive Program of the University of Michigan, the Thomson Reuters-INSEAD Asia Leadership Program, and the Six Sigma Black Belt Training of Motorola University. In 2016, he was named the People Manager of the Year by the People Management Association of the Philippines, and the following year, Thomson Reuters was recognized as the Employer of the Year also by PMAP. He was conferred the highest status of Diplomate in People Management (DPM) in the Philippine Society of Fellows of the People Management Association of the Philippines in 2019. During his stint at Thomson Reuters, he received more than 10 awards for himself and on behalf of the Company for its employer brand, talent and development initiatives, quality and innovation program, and business excellence. He is a Certified Senior Professional of the Society for Human Resources Management (SHRM-SCP), a Graduate Fellow of the Institute of Corporate Directors, and a Certified Executive Coach of the People Management Association of the Philippines and Door International. He was formerly a Board Trustee of the Global In-House Center Council of the Philippines (GICC) and Chairman of its HR Committee. He was a Founding member and Past President of the Nagcarlan “Ana Kalang” Jaycees and a delegate to the Ship for Southeast Asian Youth Program.</p>
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<p>MARK D. HABANA <i>48 years old, Filipino</i> Vice President</p>	<p>Mr. Habana assumed the position of Vice President of Vivant in March 2021. He initially joined Vivant on April 17, 2017, as the Vice President for Commercial Affairs of Vivant. In 2019, Mr. Habana transitioned to Vivant Energy Corporation where he served as VP – Subsidiary Operations and Chief Risk Officer, before returning to Vivant in 2021. He currently holds the following positions: VP – Operations and Portfolio Management and Chief Risk Officer; Director, President and CEO - 1590 Energy Corporation, Inc., Southern Powercore Holding Corp., La Pampang Energy Corp., Vivant Integrated Diesel Inc., Vivant Integrated Generation Corporation, Delta P Hybrid, Inc., Amberdust Holding Corp., Vivant Renewable Energy Corporation Meridian Power Inc., San Pablo Renewable Energy Corporation, San Ildefonso Alternative Energy Corp., South Cebu Energy Corporation, Spark Grid Corporation, Adequate Power Inc., Bai Energy Corporation, Avant Energy Corporation; Director - Corenergy Solar Solutions Corp., Vivant Solar Corporation, Minergy Power Corporation, Vivant Malogo Hydropower Inc., Calamian Islands Power Corp., Delta P Inc., Isla Norte Power Corporation and Solenergy Generation Corporation; Director and President of BukidnonPower Corporation and North BukidnonPower Corporation; and Director and Vice President – Cebu Private Power Corporation. Before joining the Company, he was AVP at Energy Development Corporation (EDC) since May 2014. He ran Operations of the BacMan Geothermal Business Unit and led EDC's Technology Innovation efforts. Prior to this, he was in the oil & gas industry from March 2007 to April 2014 as Manager of Business Development for Occidental Petroleum and Venoco Inc.; both in Denver, Colorado. From September 2002 to March 2007, he took on risk management and deal structuring roles at energy trading firms: Sempra Energy Solutions in California and Constellation Energy in Maryland. He graduated from the University of the Philippines with a Bachelor of Science degree in Mechanical Engineering (Cum Laude). In June 2002, Mr. Habana earned his Master of Science in Petroleum Engineering from Stanford University in California, and, in January 2009, he completed the Executive Management Program from the Harvard Business School in Massachusetts.</p>
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<p>SHEM JOSE W. GARCIA <i>44 years old, Filipino</i> Vice President</p>	<p>Mr. Garcia assumed the position of Vice President in January 2024. Prior to this, he was the Senior Assistant Vice President for Corporate Communications from April 2021 to December 2023, and Assistant Vice President for Corporate Communications from February 2018 to April 2021. He also serves as the Executive Director of the Vivant Foundation, Inc. He previously served as a Director of Vivant Corporation from 2005-2008. He joined as a full-time employee of Vivant as the Senior Manager for Corporate Social Responsibility in 2014. He currently holds the following position: Director - Southern Grove Properties and Development Corp., Vivant Corporate Center Inc., and Vivant Realty Ventures Corp.; Board of Trustee and President and Chief Executive Officer – Vivant Foundation Inc. He has a Bachelor’s Degree with Honors from the London College of Communications, University of the Arts London. He previously served as the Business Development Officer for JEG Development Corporation, where he currently serves in the Board of Advisors. He also serves as the President of the Board of Trustees for the Dominus Pascit Me Foundation and Corporate Secretary for Mon Y Liza Holdings.</p>
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<p>ALLAN A. CUEVAS <i>48 years old, Filipino</i> VP – Corporate Communications</p>	<p>Mr. Cuevas assumed the position of Vice President for Corporate Communications in January 2024. He is a senior communications practitioner with close to 25 years of experience in public relations, communications management and marketing. He was previously connected with Optum, a US-based information and technology-enabled health services company and a subsidiary of UnitedHealth Group. As its Director for Corporate Communications he managed internal communications, leadership visibility and employee interactions for its Philippines, Puerto Rico and Colombia operations. Prior to Optum, he was Head and Manager of Corporate Communications at Australia and New Zealand Banking Group Limited (ANZ Bank) from 2017-2022, assigned in the Manila Capability Center. Mr. Cuevas also served as Lead of External Affairs and Communications at UnitedHealth Group from 2013 to 2017. Prior to this role, he was the Marketing and Communications Assistant Vice President and Senior Associate of JPMorgan Chase and Co. under its global service center in the Philippines from 2010 to 2013. Mr. Cuevas joined the business process management industry in 2008 as Head and Senior Manager for Corporate Communications of Canadian outsourcing company TELUS International. He started his career in the corporate world when he joined the Ayala-owned telecommunications company Globe Telecom in 1999. Mr. Cuevas stayed with Globe for a decade managing public relations, media affairs, publications, events, crisis and issues management, corporate and product marketing, external affairs, employee engagement and sustainability/corporate social responsibility. In the later part of his stint at Globe, he moved to its subsidiary InnoVe Communications to lead its communications and external affairs group. Mr. Cuevas graduated cum laude with a degree in Mass Communications from the Pamantasan ng Lungsod ng Maynila. He earned some post-graduate units in Communication Management from the Asian Institute of Journalism and Communications (AIJC) and is a member of the International Association of Business Communicators – Philippines (IABC).</p>
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<p>BRIGETTE CECILE N. GARCIA <i>38 years old, Filipino</i> Director Member – Executive Committee Sr. AVP – Corporate Planning</p>	<p>Ms. Garcia has served as Director and member of the Executive Committee since June 2022. In November 2020, she assumed the role of Senior Assistant Vice President for Corporate Planning at the Company. Prior to this, she held the position of Assistant Vice President for Corporate Planning from February 2018 to October 2020, and served as the Corporate Planning Senior Manager of the Company from 2016 to 2017. She concurrently holds the following positions: Director – Southern Grove Properties and Development Corporation; Vivant Corporate Center, Inc., Vivant Realty Ventures Corporation, Vivant Hydrocore Holdings Inc. and Vivant Transcore Holdings, Inc., Northern Metro Cebu Water Corporation and Isla Mactan- Cordova Corporation. Before joining Vivant, she worked for a year as a Management Trainee for Utility Economics at Visayan Electric Company, Inc. and for three (3) years as an Investment Consultant for Family Offices Private Banking at Credit Suisse AG in Singapore. Ms. Garcia graduated from Singapore Management University with a double degree (Summa Cum Laude) in Bachelor of Science in Economics and Bachelor of Business Management in 2009. She was also the school Salutatorian and recipient of the Top Student of the School of Economics Award and the Monetary Authority of Singapore Academic Excellence Award. She obtained a Master’s of Science degree in Accounting and Finance from London School of Economics in 2013.</p>
<p>RONNEL VERGEL E. DE LEON <i>38 years old, Filipino</i> SAVP – Treasury</p>	<p>Mr. De Leon assumed the position of Sr. Assistant Vice President for Treasury in May 2023. Prior to this, he served as the Assistant Vice President for Treasury from February 2020 to February 2023. He concurrently holds the following positions: Treasurer and CFO of Corenergy Inc.. Before joining Vivant, Mr. De Leon was with Manila Water Company, Inc.’s Treasury Department from October 2011 to January 2020, where he held the Treasury Head position for two (2) years. Prior to this, he worked as Research Associate and Management Trainee at the Philippine Dealing System from 2007 to 2009. Mr. De Leon obtained his bachelor’s degree in Economics (Magna Cum Laude) from the University of the Philippines-Diliman in 2007 under the Philippine Geothermal Inc scholarship for UP students. In 2011, he earned his master’s degree in European Finance and Banking from the University of Warsaw in Poland under the European Commission’s Erasmus Mundus scholarship. Mr. De Leon is a Certified Treasury Professional by the Ateneo-BAP Institute of Banking.</p>

<p>CARLOS F. BARGAMENTO, JR. <i>43 years old, Filipino</i> AVP – Real Estate</p>	<p>Mr. Bargamento assumed the position of AVP – Real Estate in June 2024. Prior to this, he served as Assistant Vice President for Internal Audit from April 2020 to June 2024 . In June 2022, he was appointed as the Chief Audit Executive of the Company, a role he held until June 2023. Before this, he was the Internal Audit Senior Manager from 2013 to 2020. He joined the Company in 2004 as an Accounting Assistant and was promoted to Finance Manager in 2008. He concurrently holds the following positions: Director and President – Hijos de F. Escaño, Inc.;, Inc. Mr. Bargamento obtained his degree in Bachelor of Science in Accountancy (Cum Laude) and Bachelor of Laws in University of San Jose-Recoletos. He is a Certified Public Accountant and also holds certification as a Certified Forensic Accountant (CrFA) and a Certified Internal Control Auditor (CICA).</p>
<p>DYAN RAMONA S. OLEGARIO <i>40 years old, Filipino</i> AVP - Accounting</p>	<p>Ms. Olegario has served as the Assistant Vice President for Accounting since April 2020. Prior to this, she was the Accounting Senior Manager of the Company from October 2013 to 2020 and Treasury Manager from March to October 2013. She concurrently holds the following positions: Treasurer and CFO of Southern Grove Properties and Development Corp., Vivant Corporate Center Inc., and Vivant Realty Ventures Corp. Prior to joining Vivant, Ms. Olegario held the following positions: Business Development Manager in 2012 at Aboitizland Inc., Accounting Head at Taft Property Ventures Development Corporation from 2010 to 2012 and Senior Associate for Tax Services at SGV & Co from 2007 to 2010. Ms. Olegario is a Certified Public Accountant. She holds a degree in Bachelor of Science in Accountancy (Magna Cum Laude and recipient of the Most Outstanding Graduate Award) from the University of San Jose-Recoletos in 2005. In 2016, Ms. Olegario earned a certificate in Management Program from the Asian Institute of Management.</p>

<p>DENISE MAE B. BLANCO <i>46 years old, Filipino</i> AVP – Human Resources</p>	<p>Ms. Blanco has been the Assistant Vice President for Human Resources since April 2021. Prior to this, she served as HR Senior Manager of the Company from September 2015 to April 2021. Before joining Vivant, Ms. Blanco held the following positions: Senior HR Business Partner at Convergys Singapore Holding, Inc. – ROHQ from 2011 to 2015, HR Manager at Convergys Philippines Services from 2009 to 2011, and various Human Resources roles at Convergys Philippines Services from 2006 to 2009. Ms. Blanco is a Certified Associate Fellow in People Management (AFPM) by the People Society of Fellows, People Managers Association of the Philippines (PMAP) – National, Certified Leadership Development & Succession Strategist by the Human Capital Institute, Board of Director of St. Theresa’s College Alumni Association, former Vice-Chair for Membership & Retention Committee PMAP Cebu Chapter, The Outstanding Cebuano Youth Leaders (TOCYL) Awardee of 1998 given by the Cebu City Youth Development Commission. She holds a degree in Bachelor of Arts in Psychology (recipient of the Campus Leadership Award) from St. Theresa’s College in 1999, and a Juris Doctor degree from the University of San Carlos in 2004.</p>
<p>DEBBIE ARTIAGA-ARRADAZA <i>52 years old, Filipino</i> AVP – Treasury Operations</p>	<p>Ms. Artiaga-Arradaza assumed the position of AVP for Treasury Operations in May 2023. Prior to this, she served as Sr. Manager for Treasury from 2019 to May 2023 and as Manager for Treasury Operations when she first joined the Company in 2015. Before joining Vivant, she worked with the banking industry for 17 years and held various positions in the bank. She worked as a Relationship Manager from 2008 to 2015 and a Treasury Trader from 2006-2008. Prior to working in the Treasury Department, she was a Loan Officer, handling Remedial Loans in a universal bank, from 2001-2006. While working in the bank, she also held a part-time teaching position in the University of San Carlos – Business Administration Dept. from 2000-2006. Ms. Artiaga-Arradaza finished her Bachelor’s Degree in Business Management from the University of the Philippines – Cebu Campus. She earned her MBA from Ateneo Graduate School of Business in Rockwell, Makati City in the year 2000. She is a Certified Treasury Professional by the Ateneo-BAP Institute of Banking.</p>

<p>NILO M. ARRIBAS, JR. <i>53 years old, Filipino</i> AVP – Information Technology Chief Information Officer</p>	<p>Mr. Arribas assumed the position of Assistant Vice President for Information Technology in June 2022. In June 2023, he was appointed as the Chief Information Officer of the Company. Before joining Vivant, he was an independent consultant providing professional services in information technology and management from 2020 to 2022. Prior to this, he was in the real estate industry from 2014 to 2019 as Director for IT shared services of Oakridge Realty Development Corporation catering to corporate headquarters, real estate, subsidiaries in printing, events and food businesses. He assumed an additional role as Director for Operations with responsibilities over the Oakridge Business Park, property management of industrial facilities and construction of technology enabled mixed-use buildings from 2016 to 2019. Mr. Arribas was an information technology and management consultant from 2008 to 2014 proving services to clients in manufacturing, business process outsourcing, insurance, services, and education industries including non-profit organizations. He also held the position Information Asset Manager at a US-based Publishing and Print-on-Demand company, Xlibris, for 3 years. From 1999 to 2004, he was Assistant Director of the Management Information Systems (MIS) office or a tertiary educational institution, Lyceum of the Philippines in Manila. Earlier in his career, from 1995 to 1999, he was systems administrator and technical specialist of the Naval Intelligence, a Division of the Philippine Navy. He graduated from De La Salle University – College of Saint Benilde in 1999 with a Bachelor of Science in Commerce major in Business Management (Dean’s List). In 2000, he completed Network and Internet Systems Development Course in the Center of the International Cooperation for Computerization (CICC) in Tokyo, Japan as a scholar of Hitachi, Ltd. and the Ministry of International Trade and Industry of Japan. Mr. Arribas completed the IT Project Management under the Executive Development Program of the Asian Institute of Management in 2003.</p>
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<p>RHESEL R. TOMPONG 37 years old, Filipino AVP – Corporate Planning</p>	<p>Ms. Tompong assumed the position of AVP for Corporate Planning in May 2023. Prior to this, she served as Corporate Planning Senior Manager from March 2020 to May 2023. Before joining Vivant, Ms. Tompong held the following positions in the Aboitiz Group: Microfinance Financial Controller at City Savings Bank in 2019, Supervisor for Accounting, Tax and Regulatory Compliance at Aboitiz Power Corporation from 2014 to 2019, Senior Specialist in SN Aboitiz Power in 2013 and Senior Internal Auditor from 2009 to 2012 at Aboitiz Equity Ventures Inc. Ms. Tompong is a Certified Public Accountant, Certified Internal Auditor and Certified Tax Technician. She graduated Magna Cum Laude from the University of San Carlos with a Bachelor of Science degree in Accountancy. In 2017, she earned her Master of Internal Audit from the same university.</p>
<p>JOEL PATRICK M. CINCO²⁸ 41 years old, Filipino AVP – Risk and Sustainability</p>	<p>Mr. Cinco assumed the position of AVP for Risk and Sustainability in June 2023. Before joining Vivant, he was in the fulfillment and logistics business of the Ayala Group as Senior Manager of Risk and Insurance Management at Entrego Fulfillment Solutions, Inc. leading the development and implementation of Risk Management programs of the company from February 2021 to April 2022. Prior to this, he was with AC Energy, Inc., from December 2017 to November 2020 as Manager for Risk Management. From December 2011 to December 2017, he took on Operational Risk Management and Business Continuity Management roles at Aboitiz Power Corporation. Other past companies include Anchor Insurance Brokerage Corporation (a subsidiary of San Miguel Corp) and BDO Insurance Brokers, Inc. as a Risk Engineer. Mr. Cinco holds a degree in Bachelor of Science in Manufacturing Engineering and Management from De La Salle University.</p>

²⁸ Mr. Joel Patrick M. Cinco resigned from the Company effective September 27, 2024.

<p>MYLA D. LUMIBAO <i>49 years old, Filipino</i> AVP – Internal Audit Chief Audit Executive</p>	<p>Ms. Lumibao assumed the position of AVP for Internal Audit in November 2023. Prior to joining Vivant, Ms. Lumibao was the Internal Audit Head in CIS Bayad, Inc. from January to June 2023 and in D.M. Consunji, Inc. from 2021 to 2023. She was previously connected with the Aboitiz Group where she assumed various roles in the Internal Audit function and Finance. She was the Internal Audit Manager in Aboitiz Equity Ventures, Inc. from 2013 to 2021 and Aboitiz Transport System Corporation from 1998 and 2012. She also had a stint as the Finance Manager in Aboitiz Logistics, Inc. from 2005 to 2007. She is a Certified Internal Auditor and a Certified Public Accountant. She holds a degree in Bachelor of Science in Accountancy from De La Salle University.</p>
<p>RANDWILL DINBO U. MACARANAS <i>39 years old, Filipino</i></p>	<p>Mr. Macaranas assumed the position of AVP – Investor Relations in September 2, 2024. Prior to joining the Company, he already had nearly a decade of experience in leading investor relations initiatives of energy companies. He was AVP for Investor Relations in Citicore Renewable Energy Corporation from January to May 2024; and Head of Investor Relations in Manila Electric Company (MERALCO) from February 2021 to January 2024, after being Finance Analyst specializing in Investor Relations from May 2010 to December 2015. From 2016 to 2020, he also headed Market Planning, Business Development, and Research in other companies, namely Rustan Coffee Corporation, Magsaysay Group of Companies, and Colliers International Philippines. At present, he is also Chairperson and member of the Board of Trustees of Christian Mission Service Philippines, Inc., an NGO focused on helping underprivileged Filipino children. He holds an AB Management Economics degree from the Ateneo de Manila University and a Post-Graduate Certificate in Development Management from the Asian Institute of Management.</p>

2. Significant Employees

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

(i) Family Relationships

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

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

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

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

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

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

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

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

(ii) Involvement in Certain Legal Proceedings

To the knowledge and/or information of Vivant, none of its nominees for election as directors, its present members of the Board of Directors or its executive officers, is presently or during the last 5 years, been involved in any legal proceeding or bankruptcy petition or has been convicted by final judgment, or being subject to any order, judgment or decree or violated the securities or commodities law in any court or government agency in the Philippines or elsewhere for the past 5 years and the preceding years until December 31, 2023 which would put to question their ability and integrity to serve Vivant and its stockholders.

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

To the knowledge and/or information of the Company, the said persons have not been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation for the preceding years until December 31, 2024.

Item 10. Executive Compensation

1. Compensation of top five (5) executive officers

Information as to the aggregate compensation paid and accrued during the last two calendar years to the Company's Chief Executive Officer and the four (4) most highly compensated executive officers and directors are as follows:

SUMMARY COMPENSATION TABLE
Annual Compensation

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

i. Compensation of Directors

(i) Standard Arrangements

The Executive Directors of the Company do not receive remuneration for attending Board and Committee meetings. Each Non-Executive Director and Independent Director of the Board and Board Committees received a per diem for every meeting attended as follows:

Engagement	Directors	Chairman of the Board or Committee
Board Meeting	Php 100,000.00	Php 150,000.00
Committee Meeting	Php 50,000.00	Php 75,000.00
In-house Trainings or workshops	PhP50,000.00	PhP 75,000.00
Strategic Planning Sessions	Php100,000.00	Php 150,000.00

In 2024, the following Non-Executive Directors and Independent Directors received gross remuneration as follows:

Non-Executive / Independent Director	Board Meetings (in Php)	Committee Meetings (in Php)	Trainings (inPhp)	Strategic Planning (in Php)	Gross Remuneration (in Php)
Francis Damasus A. Garcia	766,666.67	983,333.33	150,000.00	300,000.00	2,200,000.00
Ramontito E. Garcia	416,666.67	450,000.00	50,000.00	100,000.00	1,016,666.67
Charles Sylvestre A. Garcia	516,666.67	750,000.00	100,000.00	200,000.00	1,566,666.67
Jose Marko Anton G. Sarmiento	516,666.67	1,033,333.33	100,000.00	200,000.00	1,850,000.00
Carmelo Maria L. Bautista	516,666.67	50,000.00	-	100,000.00	666,666.67
Jose Carlitos G. Cruz	516,666.67	700,000.00	110,000.00	200,000.00	1,526,666.67
Laurence R. Rogero	525,000.00	900,000.00	50,000.00	200,000.00	1,675,000.00
Jose M. Layug, Jr.	500,000.00	650,000.00	100,000.00	200,000.00	1,450,000.00

(ii) Other Arrangements

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

3. Employment Contracts and Termination of Employment and Change-in-Control Arrangements

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

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

4. Warrants and Options Outstanding: Repricing

There are no outstanding warrants or options held by the named executive officers, and all officers and directors as a group, as identified in Part III, Item 9. Moreover, at no time during the last completed fiscal year did the Company adjust or amend the exercise price of stock warrants or options previously awarded to the aforementioned officers and directors.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners (more than 5%)

As of December 31, 2024, the following are the persons known to the Company to be the direct or indirect record or beneficial owner of more than 5% of any class of the Issuer's voting securities:

Title of class	Name and address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent Held
Common Shares	Mai-I Resources Corporation 375-G Acacia St., Lahug, Cebu City / Stockholder	Mai-I Resources Corporation ¹	Filipino	464,831,568	45.42%
Common Shares	JEG Development Corporation 21 st Floor, JEG Tower, Archbishop Reyes Ave. Corner Acacia St. Kamputhaw, Cebu City	JEG Development Corporation ²	Filipino	311,524,642	30.44%
Common Shares	PCD Nominee (Filipino) Participants are stockholders of the Company	Various PCD participants	Filipino	185,696,586	18.14%
Common Shares	All directors (as a group)	All directors	Filipinos	223,105	0.00%

Notes:

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

2. Security Ownership of Management

As of the date of preparation of this report, the following are the amount and nature of ownership of each member of the Board of Directors and Officers:

Name of Beneficial Owners and Position	Nature of Ownership	# of shares as of		
		March 25, 2025	December 31, 2024	January 1, 2024
Francis Damasus A. Garcia Chairman of the Board	Direct	1 0.0%	1 0.0%	1 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Ramontito E. Garcia Vice Chairman	Direct	48,501 0.0%	48,501 0.0%	48,501 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Arlo A. G. Sarmiento Director Chief Executive Officer	Direct	107,100 0.0%	107,100 0.0%	107,100 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Emil Andre M. Garcia Director President	Direct	38,501 0.0%	38,501 0.0%	38,501 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Charles Sylvestre A. Garcia Director	Direct	1 0.0%	1 0.0%	1 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Jose Marko Anton G. Sarmiento Director	Direct	28,501 0.0%	28,501 0.0%	28,501 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Brigette Cecile N. Garcia Director Sr. AVP – Corporate Planning	Direct	100 0.0%	100 0.0%	100 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Laurence R. Rogero Lead Independent Director	Direct	100 0.0%	100 0.0%	100 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Jose Carlitos G. Cruz Independent Director	Direct	100 0.0%	100 0.0%	100 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Carmelo Maria L. Bautista Independent Director	Direct	100 0.0%	100 0.0%	100 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Jose M. Layug, Jr. Independent Director	Direct	100 0.0%	100 0.0%	100 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Minuel Carmela N. Franco Treasurer Executive Vice President Chief Corporate Officer Group Chief Finance Officer Chief Risk Officer	Direct	7,900 0.0%	7,900 0.0%	0 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Atty. Maila Lourdes G. De Castro Corporate Secretary VP – Legal Data Protection Officer	Direct	0 0.0%	0 0.0%	0 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%

Atty. Catherine S. Bringas Assistant Corporate Secretary Sr. AVP – Legal Compliance Officer	Direct	9,266 0.0%	9,266 0.0%	- -
	Indirect	0 0.0%	0 0.0%	0 0.0%
Atty. Joan A. Giduquio-Baron Assistant Corporate Secretary	Direct	0 0.0%	0 0.0%	0 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Atty. Jess Anthony N. Garcia Sr. VP – Infrastructure	Direct	12,200 0.0%	12,200 0.0%	12,200 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Mark D. Habana Vice President	Direct	0 0.0%	0 0.0%	0 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Mr. Shem Jose W. Garcia Vice President	Direct	0 0.0%	0 0.0%	0 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Peter C. Buenaseda Chief Human Resource Officer	Direct	0 0.0%	0 0.0%	- -
	Indirect	0 0.0%	0 0.0%	- -
Allan A. Cuevas VP – Corporate Communications	Direct	0 0.0%	0 0.0%	- -
	Indirect	0 0.0%	0 0.0%	- -
Ronnell Vergel E. De Leon Sr. AVP – Treasury	Direct	0 0.0%	0 0.0%	0 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Carlos F. Bargamento, Jr. AVP – Internal Audit	Direct	5,030 0.0%	5,030 0.0%	5,030 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Dyan Ramona S. Olegario AVP – Accounting	Direct	6,141 0.0%	6,141 0.0%	0 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Denise Mae D. Blanco AVP – Human Resources	Direct	2,700 0.0%	2,700 0.0%	2,700 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Nilo M. Arribas, Jr. AVP – Information Technology Chief Information Officer	Direct	0 0.0%	0 0.0%	0 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Debbie C. Artiaga-Arradaza AVP – Treasury and Operations	Direct	0 0.0%	0 0.0%	0 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%
Rhesel Joan R. Tompong AVP – Corporate Planning	Direct	0 0.0%	0 0.0%	0 0.0%
	Indirect	0 0.0%	0 0.0%	0 0.0%

Patrick Joel M. Cinco ¹ AVP – Risk Management and Sustainability	Direct	-	-	0
	Indirect	-	-	0
Myla D. Lumibao AVP – Internal Audit Chief Audit Executive	Direct	0	0	0
	Indirect	0	0	0
Randwill Dinbo U. Macaranas ² AVP – Investor Relations	Direct	0	0	-
	Indirect	0	0	-
TOTAL	Direct	266,342	266,342	
	Indirect	0	0	0

Notes:

1. Mr. Patrick Joel M. Cinco resigned from the Company effective September 27, 2024.
2. Mr. Randwill Dinbo U. Macaranas was appointed as AVP – Investor Relations on September 2, 2024.

Item 12. Certain Relationships and Related Transactions

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

PART IV – CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Self-Rating Form of the SEC, the criteria and the rating system therein as a means of measurement or determination of the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance.

The Company issued its Revised Manual on Corporate Governance (the “Manual”) in 2017 and has substantially complied with the provisions, and the same has been disclosed to the SEC. It has plans to improve corporate governance by adopting good corporate practice recognized in more progressive corporations and incorporating the same in its Manual.

As part of its ongoing efforts to keep its directors and executive officers informed on the best practices in corporate governance, the Board of Directors and the top-level management are encouraged to attend relevant training sessions and seminars. On November 8, 2024, the Company conducted an in-house corporate governance training facilitated by the Institute of Corporate Directors (ICD) covering the following topics: (i) AI Use and Culture Build for Risk Management, (ii) Outsourcing Cybersecurity Operations, and (iii) Customer Centricity.

In 2024, the directors of the Company attended the following trainings on Corporate Governance:

Director	Training Provider	Title of the Training	Date of Training
Francis Damasus A. Garcia	ICD	Advance Corporate Governance Training	November 8, 2024
Ramontito E. Garcia	ICD	Advance Corporate Governance Training	November 8, 2024
Arlo Angelo G. Sarmiento	ICD	AI in Governance and Leadership	October 10, 2024
	Aboitiz	Cyber Crisis	November 26, 2024
Emil Andre M. Garcia	ICD	Advance Corporate Governance Training	November 8, 2024
Charles Sylvestre A. Garcia	ICD	Advance Corporate Governance Training	November 8, 2024
Jose Marko Anton G. Sarmiento	ICD	Advance Corporate Governance Training	November 8, 2024
Brigette Cecile N. Garcia	ICD	Advance Corporate Governance Training	November 8, 2024
Laurence R. Rogero	ICD	Masterclass the Fourth Series	November 29, 2024
		Masterclass the Fifth Series	December 4, 2024
Carmelo Maria L. Bautista	AMLC ¹ CGBP ²	AMLC Training Sessions	August 16, 2024
		Strategic Thinking for Board Directors & Leaders	October 1, 2024
Jose Carlitos G. Cruz	ICD	Advance Corporate Governance Training	November 8, 2024
Jose M. Layug, Jr.	ICD	Advance Corporate Governance Training	November 8, 2024

Note:

1. Metrobank in collaboration with the Anti-Money Laundering Council
2. Center for Global Best Practices

In compliance with the full disclosure rules on the Code of Corporate Governance, the Manual, and the reportorial requirement of the SEC on the extent of compliance by the Company with its Manual, the undersigned hereby certifies that the Company has substantially complied with the provisions thereof.

As of the date of this Report, there are no changes in the corporate governance structure and practice.

Please refer to the attached Integrated Annual Corporate Governance Report for 2023, which was filed with the SEC in 2024.

Compliance with The Minimum Public Ownership Requirement

The Company is compliant with the Rule on Minimum Public Ownership, as amended. Based on information that is publicly available to the Company and within the knowledge of its directors it has 24.12 % public float as of March 31, 2025, which is the latest practicable date.

Board Performance

In July 2024, the Chairman of the Board initiated the performance evaluation process of the Board. A self-assessment was carried out by the directors to evaluate their individual performance, the performance of the Board as a whole and their respective committees, and the performance of the Chairman of the Board. The evaluation was based on criteria that determines the effectiveness of the Board, compliance with good governance principles of the individual Board of Directors, participation, engagement and contribution in meetings of each director, and performance of the duties and responsibilities of the Board Committees.

PART V - EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

1. Exhibits

Index of Exhibits

Exhibit	Description
A	Vivant's Corporate Structure
B	Audited Consolidated Financial Statements as of December 31, 2024
C	Audited Consolidated Financial Statements as of December 31, 2023
D	Audited Consolidated Financial Statements as of December 31, 2022
E	Executive Committee Report to the Board of Directors
F	Audit Committee Report to the Board of Directors
G	Finance Committee Report to the Board of Directors
H	Corporate Governance Committee Report to the Board of Directors
I	Risk and Sustainability Committee Report to the Board of Directors
J	Related Party Transactions Committee Report to the Board of Directors

2. Reports on SEC Form 17-C

Reports filed by Vivant on SEC Form 17-C from March 2024 to March 2025 are as follows:

1. Notice of Annual Stockholders' Meeting dated April 5, 2024;
2. 2023 Earnings Result dated April 5, 2024;
3. Declaration of Cash Dividends dated May 27, 2024;
4. Results of Annual Stockholders' Meeting dated June 20, 2024;
5. Results of Organizational Meeting of Board of Directors dated June 20, 2024;
6. Change in Shareholdings of Directors and Principal Officers dated July 16, 2024;
7. Change in Shareholdings of Directors and Principal Officers dated July 16, 2024;
8. Change in Shareholdings of Directors and Principal Officers dated July 18, 2024;
9. Change in Shareholdings of Directors and Principal Officers dated July 18, 2024;
10. Change in Shareholdings of Directors and Principal Officers dated July 18, 2024;
11. Change in Shareholdings of Directors and Principal Officers dated July 18, 2024;
12. Change in Shareholdings of Directors and Principal Officers dated August 19, 2024;
13. Change in Shareholdings of Directors and Principal Officers dated August 19, 2024;
14. Change in Directors and/or Officers – Appointment dated September 2, 2024;
15. Acquisition or Disposition of Shares of Another Company dated September 19, 2024;
16. Material Information/Transactions – September 19, 2024;
17. Change in Directors and/or Officers – Resignation dated September 30, 2024;
18. Acquisition or Disposition of Shares of Another Company dated October 11, 2024;

19. Press Release dated November 13, 2024;
20. Material Information/Transactions dated November 19, 2024;
21. Press Release dated November 19, 2024;
22. Change in Shareholdings of Directors and Principal Officers dated December 2, 2024;
23. Amendment - Acquisition or Disposition of Shares of Another Company dated January 28, 2025;
24. Clarification of News Reports dated February 3, 2025;
25. Change in Directors and/or Officers – Appointment dated March 18, 2025.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaue on the 31st day of March 2025.

By:



ARLO ANGELO G. SARMIENTO
Principal Executive Officer




EMIL ANDRE M. GARCIA
Principal Operating Officer



MINUEL CARMELA N. FRANCO
Principal Finance Officer



DYAN RAMONA S. OLEGARIO
Principal Accounting Officer



MAILA LOURDES G. DE CASTRO
Corporate Secretary

Republic of the Philippines)
City/Province of Cebu)S.S.

SUBSCRIBED AND SWORN to before me this MAR 31 2025 ffiant(s) exhibiting to me their Drivers' License or Passport details as follows:

Names	Government-Issued ID	Expiry Date
Arlo Angelo G. Sarmiento	Passport No. P6592337A	27 Mar 2028
Minuel Carmela N. Franco	Passport No. P9523819B	05 Apr 2032
Emil Andre M. Garcia	Passport No. P8117515B	08 Nov 2031
Maila Lourdes G. De Castro	Driver's License No. N02-95-296472	18 Oct 2026
Dyan Ramona S. Olegario	UMID No. CRN-0111-8514455-0	

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Building a Resilient Future

Integrated Report 2024

Isla Norte Power Corporation -
The sole power provider in Bantayan Island, Cebu

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ABOUT THE COVER

The cover of Vivant's 2024 Integrated Report reflects the conglomerate's vision of "Building a Resilient Future," with an upward road symbolizing progress and opportunities ahead. Elements like rivers, trees, and renewable and conventional energy sources highlight its commitment and pragmatic approach to sustainability and innovation. Evolving from its roots in abaca trade and shipping, Vivant has grown into a leading investment company, dedicated to inclusive development and excellence in a changing world.

Company Information

For stakeholder general inquiries, Vivant welcomes inquiries from its stakeholders

Governance	corporatesecretary@vivant.com.ph
Sustainability	risk@vivant.com.ph
Career	careers@vivant.com.ph
Media	corpcomm@vivant.com.ph
Investor Relations	investors@vivant.com.ph

For stakeholders services, any inquiry regarding dividend payments, change of information details (address) and account status, reporting of lost or damaged stock certificates, please contact:

STOCK TRANSFER SERVICE, INC.
34-D Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
Tel. no. (02) 8403 2410 and (02) 8403 2412
Fax no. (02) 8403 2414
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jscortez@stocktransfer.com.ph

Vivant's full audited financial statements and SEC reports are available on the Vivant website www.vivant.com.ph

ABOUT THE REPORT

Vivant Corporation's (Vivant or the Company) 2024 Integrated Report (IR or the Report) features the Company's performance for the year, including financial, operational, environmental, social, and governance highlights, as well as the impact of Vivant's businesses on its stakeholders.

The Report contains extensive discussions about the Company's efforts and accomplishments as it continues its journey toward a resilient and sustainable future. The Report also provides an overview of Vivant's sustainability goals and associated metrics that measure the Company's performance in 2024.

The Report is the result of the collaborative efforts of the various units across the Vivant group. The Company's Risk and Sustainability team reviewed all information in the Report. The Board of Directors of Vivant granted approval for the publication of the Report with proper endorsement from the Board Risk and Sustainability Committee.

Reporting Scope

The Company's strategic business units (SBUs) included in the IR are as follows:

- Vivant Corporation as a holding company and provider of corporate and shared services;
- Vivant Energy Corporation (Vivant Energy or Energy) as a holding company that owns and manages the investment portfolio of the Company in the power industry; and
- Vivant Infracore Holdings, Inc. (Vivant Water or Water) as a holding company that owns and manages the non-power infrastructure investment portfolio of the Company, currently with exposure in the water industry segment.

The Report covers Vivant's unlisted subsidiaries and joint venture companies that have material impact on the Company's operating and financial performance. The companies that are not included in the Report are: those which the Company holds minority investments in and have minimal control/influence on, those which are not yet operational, and those that are part of the portfolio of other listed companies in the Philippine Stock Exchange (the PSE).

Reporting Standard

Vivant remains committed to regularly review and align its sustainability reporting framework with the evolving interests and concerns of its stakeholders. The Company determines the disclosure topics in accordance with the Global Reporting Initiative (GRI) Standards.

Using the guiding principles of the Integrated Reporting <IR> Framework, the Report presents discussions that articulate the Company's capacity to create value for its stakeholders by utilizing the following resources: financial capital, human and intellectual capital, and social capital.

External Assurance

The discussions on financial performance are based on the audited consolidated financial reports of Vivant. SyCip Gorres Velayo & Company (SGV & Co.), a member firm of Ernst & Young International Ltd., is the external auditor of the Company's financial statements. Ms. Margem A. Tagalog is the partner-in-charge in the 2024 audit engagement and has been the principal handling the Company's account for five (5) years. The audit partner that leads and handles the audit of the Company's account is rotated every seven (7) years in compliance with the revised regulation issued by the Securities and Exchange Commission and the Code of Ethics for professional Certified Public Accountants (CPAs).



Isla Mactan Cordova Corporation - The First Utility-scale Seawater Desalination Plant in the Philippines

STATEMENT FROM THE BOARD



Francis A. Garcia

 Chairman, Board of Directors

Laurence R. Rogero

 Chairman, Board Risk and Sustainability Committee

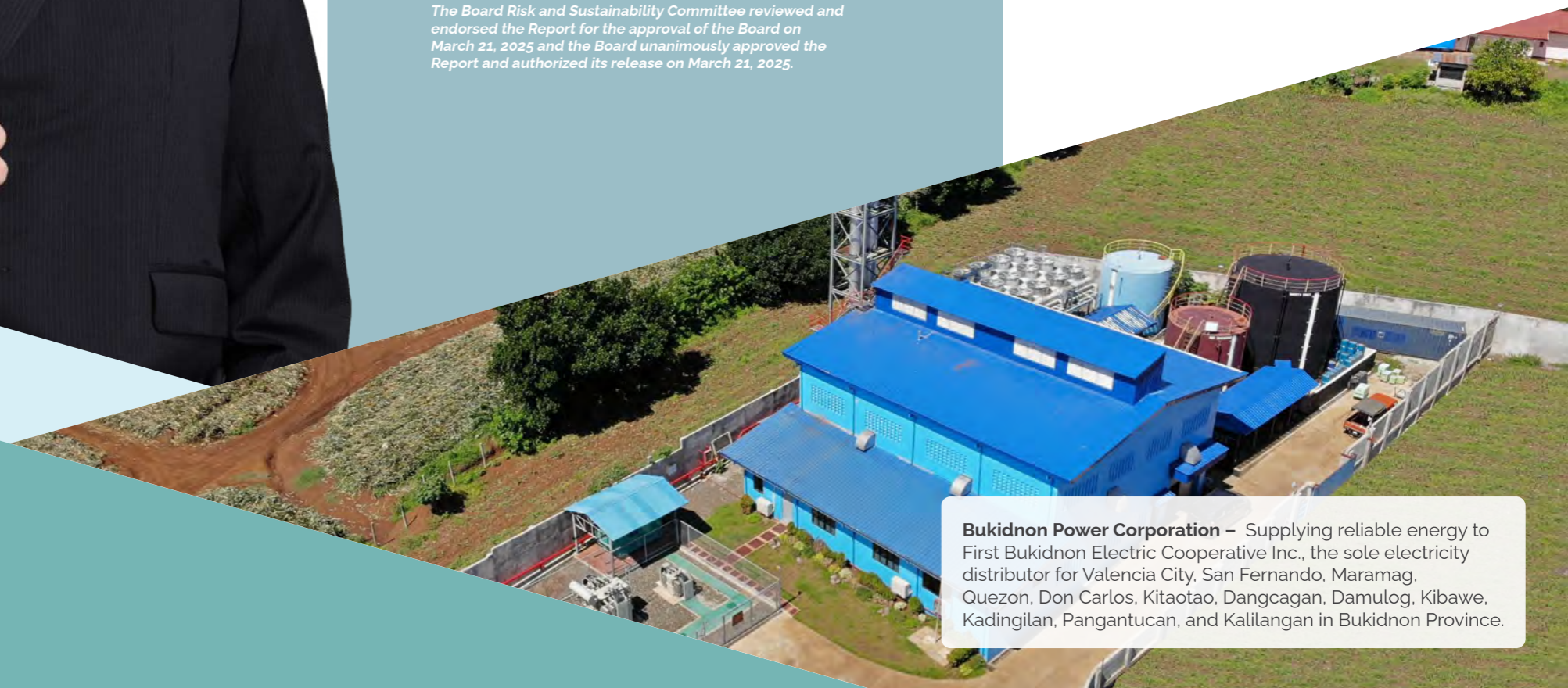
The Board reaffirms its commitment to ensuring the integrity and transparency of **Vivant's 2024 Integrated Report (IR or the Report)** and confirms that the Report provides a fair and balanced representation of the Company's performance and impact for the period **January 1 to December 31, 2024**. In fulfilling this responsibility, the Board exercised general oversight.

A cross-functional team, led primarily by the **Corporate Communications Department**, worked in close collaboration with the **Risk and Sustainability Department** and other internal teams across various business units under the supervision of the **Chief Risk Officer**. This collective effort played a pivotal role in the **review and validation process**, ensuring that disclosures adhered to relevant frameworks and standards. Convene ESG supported this process by providing the digital platform for data collection, storage, and best practices in reporting.

The Report contains **forward-looking statements** based on certain assumptions and perspectives. These statements are inherently subject to known and unknown risks, uncertainties, and external factors beyond the Company's control. Shareholders and other readers are advised to exercise caution and not to place undue reliance on these statements when interpreting and utilizing the information contained in the Report.

The Board Risk and Sustainability Committee reviewed and endorsed the Report for the approval of the Board on March 21, 2025 and the Board unanimously approved the Report and authorized its release on March 21, 2025.

“
 The Report provides a fair and balanced representation of the Company's performance and impact for the period of **January 1 to December 31, 2024**. In fulfilling this responsibility, the Board exercised general oversight.
 ”



Bukidnon Power Corporation – Supplying reliable energy to First Bukidnon Electric Cooperative Inc., the sole electricity distributor for Valencia City, San Fernando, Maramag, Quezon, Don Carlos, Kitaotao, Dangcagan, Damulog, Kibawe, Kadingilan, Pangantucan, and Kalilangan in Bukidnon Province.

VIVANT AT A GLANCE

Portfolio

ENERGY



Electricity Distribution

Investment in the 2nd largest distribution utility in the country, Visayan Electric Company (VECO).

3,933 GWh

Total electricity distributed in four (4) cities and four (4) municipalities in Cebu as of end 2024.



Power Generation

Investments in On Grid and Off Grid generation facilities with an attributable capacity of **451 MW** as of end 2024.

4,565 GWh

Total energy sold by On Grid assets as of end 2024.

1,069 GWh

Total Ancillary services provided by On Grid assets as of end 2024.

269 GWh

Total energy sold by Off Grid assets as of end 2024.



Retail Electricity

Participation in Retail Electricity Supply (RES) through 100%-owned entity, Corenergy.

256 GWh

Energy sold to 30 retail customers nationwide as of end 2024.

Investments in Solar Rooftop.

7 GWh

Solar energy generated and sold to 20 customers as of end 2024.

Vivant is a holding company that is publicly listed in the Philippine Stock Exchange (PSE). The Company's portfolio primarily consists of investments in companies engaged in the energy and water infrastructure businesses.

The Garcia-Escano family of Cebu collectively owns approximately 76% of the outstanding capital stock of Vivant.

WATER



Waste Water

822.3 mn liters

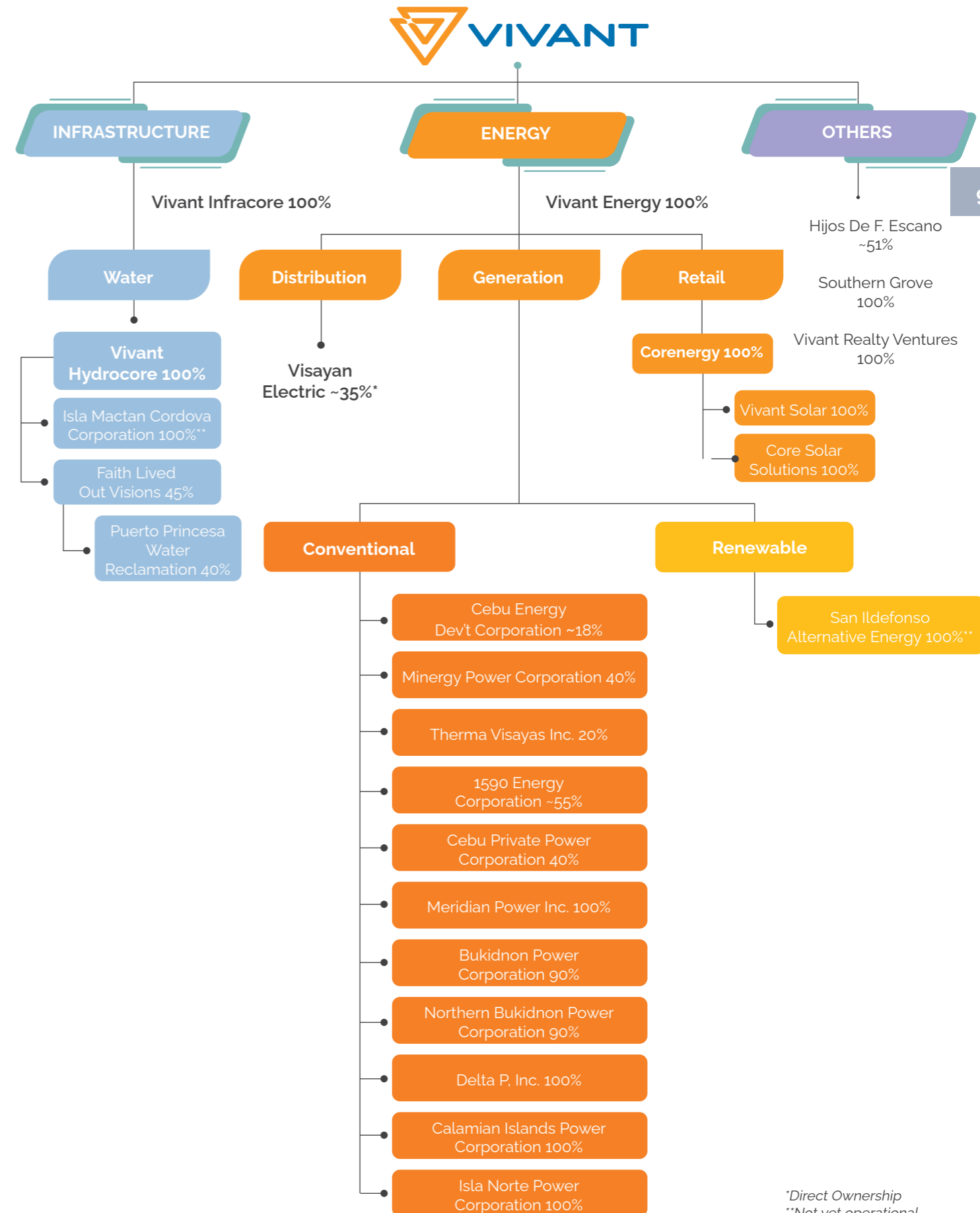
Total volume of water treated as of end 2024 by a Septage and Sewage Treatment Plant in Puerto Princesa, Palawan.



Bulk Water

100% equity investment in Isla Mactan Cordova Corporation (IMCC), a project company that will operate a 20 Million Liters per Day (MLD) seawater desalination plant in the Municipality of Cordova, Cebu.

ORGANIZATION STRUCTURE



*Direct Ownership
**Not yet operational



GEOGRAPHICAL FOOTPRINT

- E1: 1590 Energy Corporation (1590 EC)
- E2: San Ildefonso Alternative Energy Corporation (SIAEC)**

- E3: Calamian Islands Power Corporation (CIPC) – Busuanga
- E4: Calamian Islands Power Corporation (CIPC) – Coron

- E5: Delta P. Incorporated (DPI)
- E6: Therma Visayas Incorporated (TVI)
- E7: Visayan Electric Company (VECO)
- E8: Isla Norte Power Corporation (INPC)

- E9: Cebu Energy Development Corporation (CEDC)
- E10: Cebu Private Power Corporation (CPPC)
- E11: Meridian Power Incorporated (MPI); Corenergy Incorporated (CI); Vivant Solar Corporation (VCS); Corenergy Solar Solutions Corporation*
- E12: Minergy Power Corporation (MPC)
- E13: Bukidnon Power Corporation (BPC)
- E14: Northern Bukidnon Power Corporation (NBPC)

- W1: Isla Mactan-Cordova Corporation (IMCC)**
- W2: Puerto Princesa Water Reclamation & Learning Center (PPWRLC)

Legend

- Energy
- Water

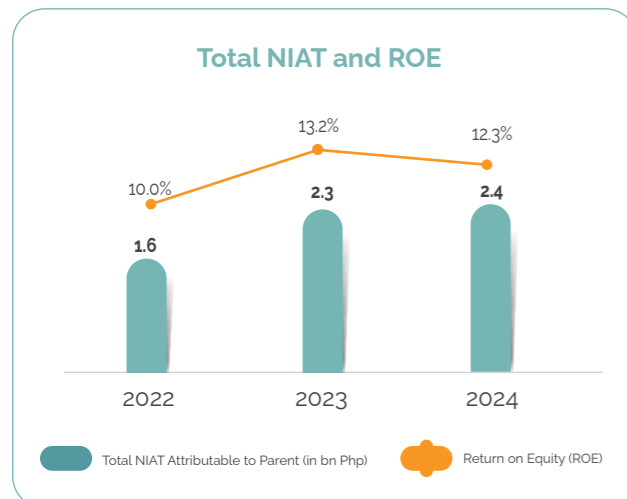
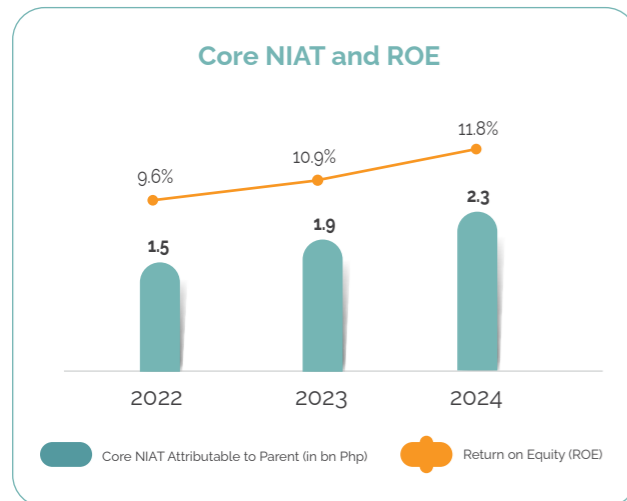
*Head Office location only

**Not yet operational; construction underway.

FINANCIAL PERFORMANCE

2024 Core Net Income Attributable to Parent amounted to Php 2.3 bn, recording a 20% Year-on-Year (YoY) expansion. Taking into account non-core items, Vivant closed the year with a Net Income Attributable to Parent of Php 2.4 bn, up 3% YoY. The Energy SBU continued to shore in the lion's share of earnings, with the generation business accounting for 64% of total income contribution by business segments for the year.

Profit and Return Profile



2024 YEAR IN REVIEW



MESSAGE FROM THE CEO

Another year has come and gone and Vivant continues to succeed in this post-pandemic world. Despite spending more this year to future-proof our organization, the Company's core net income in 2024 still surpassed previous year's performance from Php 1.9 bn to Php 2.3 bn.

Because of this, I am excited for the future of Vivant. Of course, all this is made possible by the continued support of our stakeholders, both internal and external. Your trust in Vivant and our leaders has allowed us to reach greater heights. Allow me to share with you a few of our achievements and highlights in 2024 that helped bring us closer to our vision of becoming a major conglomerate by 2040.

We started 2024 with a renewed sense of purpose. In the 2023 strategic planning meetings, the Board reaffirmed our 2030 strategy to expand and grow in the energy and water industries. The key strategies remain to be anchored on our commitments to promote and contribute to the country's nation-building efforts.

In Energy, we are taking a balanced approach in growing our portfolio as we stay mindful of the country's power development plans and the current infrastructure landscape. While we remain focused on growing our Renewable Energy (RE) pipeline to achieve 30% of our total generation portfolio by 2030

(30 by 30), we continue to take a pragmatic stance on conventional generation. The additional capacities and the ongoing transformation of our Retail Electricity Supply (RES) company are seen to help get the energy to our customers. We are equally determined to continue our commitment to lead and serve the Off Grid market. The Off Grid Solutions (OGS) group was officially formed to give more focus on the Small Power Utilities Group (SPUG) market. In Water, we aim to support the communities that we serve as an innovative new entrant in seawater desalination. In support of all these, the Vivant Board passed the largest budget in the Company's history, which centered on increasing our resources, including manpower complement enterprise-wide.

So let us take a look at our highlights in 2024.

The Energy business saw both distribution and generation segments posting robust bottomline contributions. Visayan Electric Company (VECO) saw electricity sales for the year growing by 11% from 2023 and a steady annual growth of 3% in customer base since 2019. The generation business benefitted from the long-awaited Reserve Market having four registered participants with a combined attributable revenue of Php 1.7 bn recorded during the year. As led by the OGS group, our off-grid investments closed a number of Power Supply Agreements (PSAs) in 2024 allowing it to continue providing stable and reliable earnings and cash flow for the Company.

We also remain committed towards a more sustainable future for power. In 2024, we invested in the construction of the interconnection facility required to energize the 22 MW solar plant that was acquired in 2023. Completion of works is expected by the end of the first half of 2025. We also intend to hybridize our plants in the SPUG areas supplementing the current supply with solar energy and preserving the pristine natural beauty of these islands.

I would now like to turn to our gaps in 2024, particularly in our strong push for RE. Since we committed to grow this portfolio segment, we have faced a number of challenges that hampered our progress. Strong competition, regulatory changes and the long gestation period of these projects have resulted to a less desired development pace. Adding to this was the limited internal manning resource. The high competition for talent and the limited pool of technical experts resulted to a 20% shortfall in our hiring efforts in 2024. Nevertheless, we affirm our 30 by 30 goal and have tasked Vivant's People Function to address this gap in 2025, not just for Energy, but on an enterprise-wide basis.

All in all, despite our challenges, income from the Energy group hit a new record of Php 3.5 bn in 2024, a 13% increase from the previous year.

“ We are taking a balanced approach in growing our portfolio as we stay mindful of the country's power development plans and the current infrastructure landscape. ”

On the Water side, the story is one of steady and continuing expansion. We grew our team from 20 Bais in 2023 to 29 Bais in 2024, a 45% increase. With a stronger team in place and supported by Vivant's engineering team, Isla Mactan Cordova Corporation (IMCC), the country's first utility-scale seawater desalination plant, made significant progress celebrating its first water ceremony in May 2024. However, as of year-end, IMCC has yet to finalize the agreement with its off-taker. While this has temporarily slowed down our expansion into the space, we are optimistic about the project's potential. In 2025, we are confident that we will secure the necessary approvals and finalize agreements that will unlock a steady revenue stream, allowing this investment to start delivering returns for Vivant.

To date, we have made investments in wastewater treatment and in desalination technology paving the way for more investments in what we believe is a space with vast potential. However, our Water arm still has a long way to go before it can stand on its own.

We have been in this industry for almost 5 years now and both our knowledge and team continue to grow. We are confident that in time, the value this industry holds will unfold as we strive to continue with our mission of bringing excellence to a new industry that undoubtedly can improve everyday living for our fellow Filipinos.

2024 loss from the Water investments amounted to Php 8.9 Mn.

Our parent company, Vivant Corporation, also had major wins in 2024. On its second consecutive year, Vivant was given the Two Golden Arrows Award by the Institute of Corporate Directors as it recognized the Company's commitment to good governance and transparency.

Significant strides on the people side of the business were also made in 2024. Several programs were rolled out by the People Function that paved the way for growth and opportunity, promote work-life balance, and recognize and award performance.



In 2024, we also saw the need to transform our work culture to one that is more appropriate to the changing times. For Vivant to stay competitive in the future, it is essential to lay a strong foundation rooted in an exceptional work culture. As a company, we embarked on a journey of introspection, identifying the qualities that define our success and eliminating those that no longer support our vision. Several initiatives are underway to work on the identified gaps that need to be addressed. Like our work culture, the Company's systems and processes need to be streamlined and improved. Efforts on this front will be focused on developing an enterprise architecture designed to support and enable our teams across the group to achieve our goals.

We likewise strategically realigned our investments to strengthen the Company's core businesses, optimize resources in areas where we can deliver the most value, and position Vivant for long-term growth. We took decisive steps to enhance our focus on our core operations by divesting from engineering, procurement and construction (EPC)-related businesses.

Lastly, in 2024, Vivant Foundation celebrated its 10th-year anniversary marking a decade of corporate social responsibility in the communities we serve.



It truly was an eventful year for Vivant and we are just getting started. With the growing team that we have and with the continued support of our stakeholders, Vivant is poised to take on a larger role in the country's progress. Our mission of bringing excellence to industries that improve everyday living remains to be the north star that guides our way and continues to drive the strategies that we develop for the future.

Thank you for all the support and as always,

Kumbati, Bai!

Arlo Angelo G. Sarmiento
 Chief Executive Officer

IN FOCUS:

CEO Caravan: Strengthening Connections, Empowering Frontliners

Leadership at Vivant Corporation goes beyond boardrooms and offices. It thrives on direct engagement with employees at operational sites. This commitment is embodied in the CEO Caravan. In 2024, CEO Arlo G. Sarmiento visited Vivant's energy and water facilities to connect with frontline employees. More than a leadership initiative, the caravan strengthened a culture of inclusion under One Vivant.

The first leg of the CEO Caravan took place in May 2024 in Pangantucan and Lantapan, Bukidnon. The team visited Bukidnon Power Corporation and North Bukidnon Power Corporation. These facilities are vital in powering rural communities, sustaining local economies, and ensuring essential services. During plant tours, the CEO engaged directly with operators, recognizing their contributions and reaffirming Vivant's commitment to improving everyday living.

In July 2024, the caravan continued to Palawan with a visit to Calamian Island Power Corporation in Coron and Busuanga. The visit provided an opportunity to engage with plant operators responsible for maintaining power reliability in island communities. Discussions focused on operational challenges, innovations, and areas for continuous improvement. The visit underscored Vivant's commitment to delivering essential services through collaboration, resilience, and adaptability in a changing world.



The final leg of the caravan took place in November in Bantayan, Cebu. The visit also coincided with the third anniversary of Isla Norte Power Corporation (INPC). The engagement highlighted Vivant's expanding role in sustainable development. The CEO emphasized the company's integrated approach to service delivery and also underscored the importance of strategic investments and workforce development in ensuring the sustainability of these operations.

Through the CEO Caravan, Vivant Corporation reaffirmed its commitment to its employees and operational excellence. By engaging with frontliners, he reinforced a leadership culture that prioritizes direct involvement, continuous improvement, and workforce empowerment. As Vivant continues to expand its impact, it remains dedicated to investing in its people, driving innovation, and improving everyday living through sustainable energy and water solutions.

Vivant's first CEO Caravan kicks off in May 2024, engaging communities in Pangantucan and Lantapan, Bukidnon

BUSINESS REVIEW

CORPORATE

Financial Performance

The year 2024 was characterized by a resilient economy brought about by improving inflation and interest rate numbers. The rate of price increases in food and electricity slowed down which brought average inflation at 3.2% and within the government's target for the year. Consequently, the Bangko Sentral ng Pilipinas (BSP) began the monetary easing cycle with three (3) consecutive benchmark rate cuts starting August.

However, the impact of El Nino, which was observed through the first five months of 2024 led to agricultural damage and water shortages in various regions of the country. Furthermore, weather disturbances visited the archipelago in the latter part of the year, which caused significant damage to personal property, public and private infrastructure, and agriculture. Collectively, these put upward pressure on commodity prices, tempering the economic recovery.

Additionally, the Philippine Peso (PHP) struggled against the US Dollar (USD) ending 2024 at Php 58.014, four percent higher since the start of the year. Despite these challenges, the Philippines posted a 5.6% annual GDP growth, slightly better than the 5.5% recorded in 2023.

Similarly, Vivant navigated through the headwinds that persisted during the year and built on the momentum from the prior year. The Company ended 2024 with a 20% YoY expansion in its consolidated core net income for the year, from Php 1.9 bn to Php 2.3 bn.

Vivant recognized Php 89.7 mn in non-core income, mainly from gains resulting from the recognition of the fair value of some of its investments, booked insurance proceeds by associates, one-time service fees of a subsidiary and a reversal of prior year's accrued charges. Considering the one-off items, Vivant's consolidated net income for the year amounted to Php 2.4 bn, 3% higher than previous year.

The Energy SBU drove the financial performance of the Company in 2024 with a total income contribution of Php 3.5 bn, up by 13% YoY. The power generation segment was the largest earnings contributor with Php 2.2 bn, representing 64% of the Energy SBU contribution, followed by the electricity distribution segment accounting for Php 1.2 bn or 35% and Retail Energy with Php 22.3 mn or 1%.

Electricity consumption, being a key indicator of economic performance, recorded healthy growth rates in 2024. Peak demand in major grids grew, with Luzon, Visayas, and Mindanao recording YoY increases of 11.7%, 9.1% and 10.9%, respectively. In off-grid locations, business activities, which are mostly anchored to the tourism sector, spurred the economic recovery in the island communities.

Meanwhile, the Water SBU performance, while showing an improvement from last year, still recorded a negative income contribution of Php 8.9 mn. Largely still in its investment phase, Vivant expects the business to positively contribute to the bottom-line in the medium term.

Financial Condition

As of December 31, 2024, the Company's consolidated assets amounted to Php 32.0 bn, posting a 6% YoY increase. The expansion was mainly attributable to higher current assets driven by improved operations and the asset acquisition and project development initiatives of Vivant and its business units.

Total current assets grew by 12% to Php 8.2 bn largely driven by the combined effect of higher inventories (up by 63% YoY) as a result of higher fuel purchases, increase in trade and other receivables (up by 9% YoY) mainly from the participation in the Wholesale Electricity Spot Market (WESM) and Reserve Market of certain plants, offset by lower prepayments and advances to associates. Cash balances increased by 9% to

Php 4.8 bn, attributable to cash generated from operating and investing activities, partially offset by debt repayments made during the period.

Total non-current assets increased by 5% YoY to Php 23.8 bn. This was primarily driven by the increase in fixed assets to Php 9 bn, which is 7% higher from the previous year level. Vivant's asset acquisition and the expansion initiatives of both the Energy and Water SBUs accounted for this growth.

Vivant's total consolidated liabilities as of end 2024 amounted to Php 10.4 bn, marginally higher than last year. Current liabilities were down by 18%, and stood at Php 3.4 bn, while non-current obligations grew by 13% YoY to Php 7.0 bn. The Energy SBU made a partial drawdown from the loan facility acquired in 2023 to refinance its short term loan.

Another subsidiary likewise drew from its long term loan facility, which was offset by the loan amortizations of the Company and other operating units of the Energy SBU. Total equity attributable to equity holders of the parent rose to Php 20.1 bn from Php 18.3 bn, reflecting a 10% increase as a result of the income generated in 2024.

Vivant's current ratio as of year-end stood at 2.40x (versus 1.76x in 2023), while debt-to-equity ratio saw an improvement at 0.49x (from 0.53x in 2023).

2024 Cash Dividends

With the Company's performance in 2023 and following its dividend policy, Vivant declared a cash dividend of Php 0.5580 per share on May 24, 2024, which was paid on June 21, 2024. This amount represents 25% of the Company's total earnings per share in 2023.

“ Resource management is vital particularly in times of uncertainty. In 2024, Vivant's prudent fiscal management and strong financial position allowed us to continuously support our operations and growth aspirations. As we look ahead, we believe that this shall remain our strength as we continue to work on our processes and advance our risk and investment management practices to better equip the Company in addressing potential headwinds in 2025 and in the future. ”



Minuel Carmela N. Franco
 Executive Vice President &
 Chief Corporate Officer

ENERGY

Vivant's Energy SBU strengthened its commitment to foster and promote inclusive growth with the establishment of the OGS group. Having dedicated resources that focus on the requirements of the SPUG markets, the Energy SBU is able to expand existing operations and explore new markets. In 2024, the OGS group successfully participated in two Competitive Selection Processes (CSPs) and secured power supply contracts.

- DPI was declared as the winning bidder in the CSP conducted by the Palawan Electric Cooperative (PALECO) in August 2024. The Notice of Award was issued in September 2024 and the 15-year Power Supply Agreement (PSA) for a 40 MW supply was signed in November 2024.

- CIPC was declared as the winning bidder in the CSP conducted by the Busuanga Island Electric Cooperative (BISELCO) in November 2024. The Notice of Award was issued in February 2025. The Notice to Execute PSA shall be issued upon completion of review by the National Electrification Agency.

The unit's **30 by 30** initiatives saw marked progress in 2024. Business development initiatives during the year involved pre-development works on various solar and wind projects with potential capacity of over 750 MW. The construction of connection facilities for its 22 MW solar facility in Bulacan started and initiatives on hybridizing existing facilities have been initiated.

2024 was a record year for the Energy SBU. A new market coupled with robust demand and prudent cost management paved the way for the Energy SBU to end the year strong with an income contribution of Php 3.5 bn, up by 13% YoY. The power generation and electricity distribution comprised majority of the profits for the year accounting for 64% and 36%, respectively.

“ Our **30 by 30** initiative is shaping up with the progress of Vivant Energy's business development initiatives. Collectively, teams across Vivant are working on a pipeline that could more than double the Company's **attributable capacity** and meet our 2030 target. Such a major undertaking will not keep us from **continuing our efforts in the Off Grid and RES businesses**. We remain focused on our **commitment to promote inclusive growth** and shall **continue to pursue initiatives** that will ensure more Filipinos gain access to reliable and reasonably priced electricity. ”

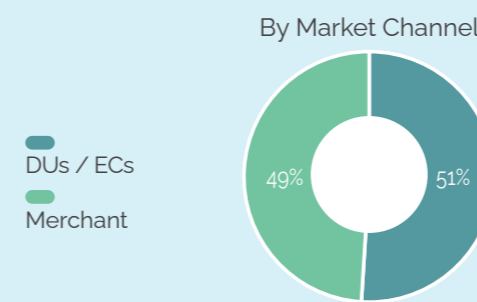
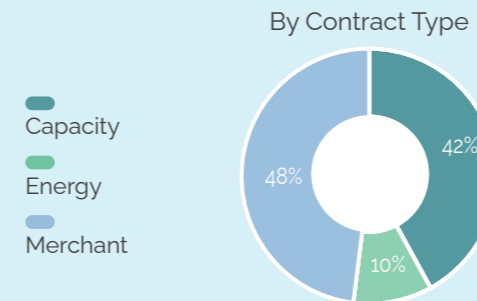
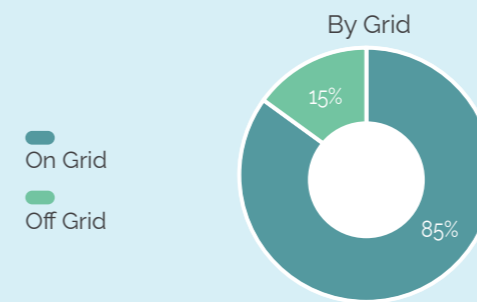
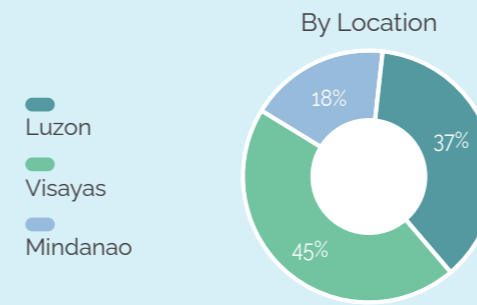


Emil Andre M. Garcia
Emil Andre M. Garcia
President, Vivant Energy Corporation

Generation

The power generation business, which owns and operates a portfolio of power plants with a total attributable capacity of 451 MW, brought in a total income contribution of Php 2.2 bn versus previous year's Php 2.0 bn. The healthy bottomline was mainly driven by the On Grid assets, which brought in Php 2.1 bn in earnings for the year, recording a 19% YoY expansion.

2024 Power Generation Portfolio; Total Attributable Capacity of 451 MW



In January 2024, the Department of Energy (DOE) launched the full commercial operations of the Reserve Market, as well as extended the operations of the WESM to the Mindanao region. These developments bode well for Vivant's portfolio of conventional power plants given the access to new markets for its energy.

Vivant's coal portfolio contributed earnings of Php 1.2 bn in 2024, 24% higher than the previous year. The main driver for the increase was the robust earnings growth of TVI (+86% YoY) and CEDC (+13% YoY). Both plants participated in the Reserve Market by offering capacities as contingency reserve and generated fresh revenues amounting to Php 2.3 bn (or Php 447.0 mn attributable). The WESM operations in Mindanao allowed 40%-owned MPC to operate its Unit 3 and generate revenues that mitigated the impact of the termination of its contract in 2023.

The Company's oil portfolio also contributed significantly with Php 716.1 mn, which is more than double the level in 2023.

On Grid oil assets accounted for 89% of total with an income contribution of Php 637.1 mn, up 212% YoY. The jump in contribution from these assets was largely due to 1590 ECs and MPI's participation in the Reserve Market as both offered capacities as dispatchable reserve and generated combined revenues of Php 1.8 bn (or Php 1.2 bn attributable).

Meanwhile, the Off Grid oil assets recorded a profit contribution of Php 79.0 mn in 2024, posting a 41% YoY decline. Gains posted by DPI (+175% YoY) and INPC (+9% YoY) were partially offset by the incurred losses by CIPC, which was a result of the two months delay of the implementation of its interim supply contract with BISELCO. Nonetheless, all three markets served showed robust energy volume sales.

Off Grid Energy Sales (in MWh)

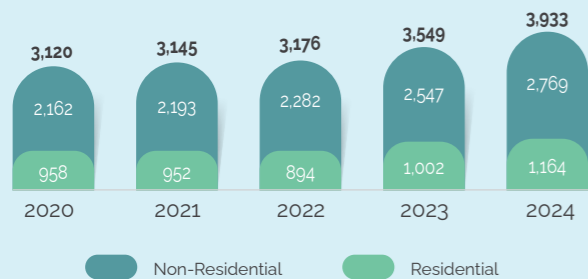


Distribution

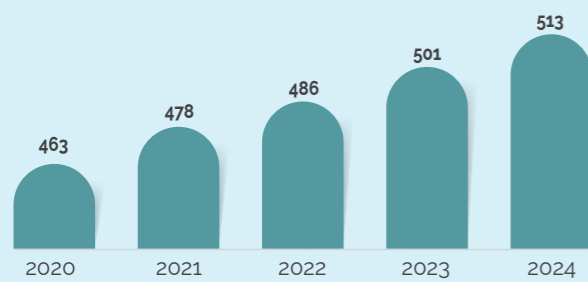
35%-owned VECO ended the year with an income contribution of Php 1.2 bn in earnings for the year, posting a 22% YoY increase from Php 1 bn in 2023. This was on the back of an 11% surge in electricity sales for the year, with both residential and non-residential segments posting significant growth in consumption.

Energy sales reached 3,933 GWh, majority of which are from industrial and commercial customers, which accounted for 70% of total. Customer accounts totaled 513,491 with the bulk or 91% represented by residential customers. Peak demand for the year reached 678 MW, recording a 10% increase from 615 MW in 2023.

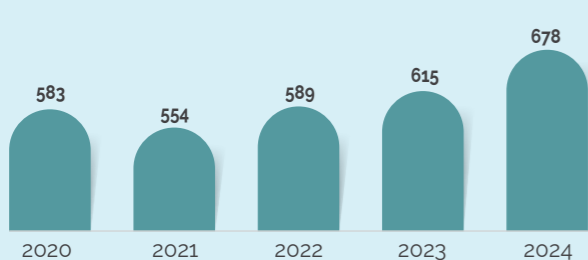
Electricity Sold (in GWh)



Customer Count (in '000)



Peak Demand (in MW)



Retail Electricity

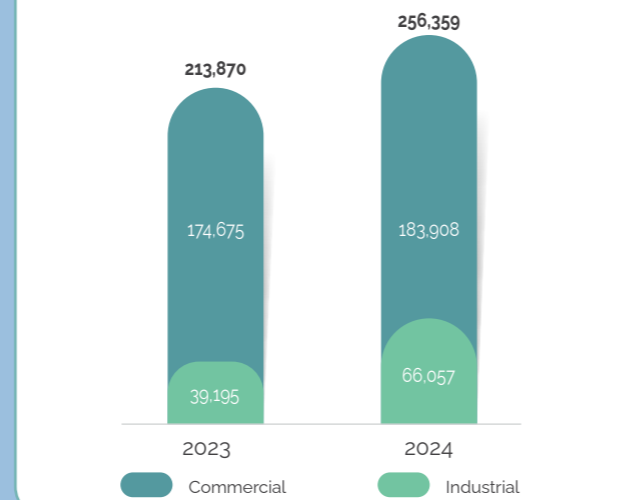
The Retail Electricity Supply (RES) and the solar rooftop businesses contributed a combined income of Php 22.3 mn in 2024.

In preparation for the eventual lowering of contestability thresholds in the Competitive Retail Electricity Market (CREM), the unit's RES operations focused on growing 100% owned Corenergy, while the group began to slowly transition out of its associate RES. This caused the decline in overall RES volumes for the year. However, on a stand-alone basis, Corenergy's energy sales grew by 20% in 2024.

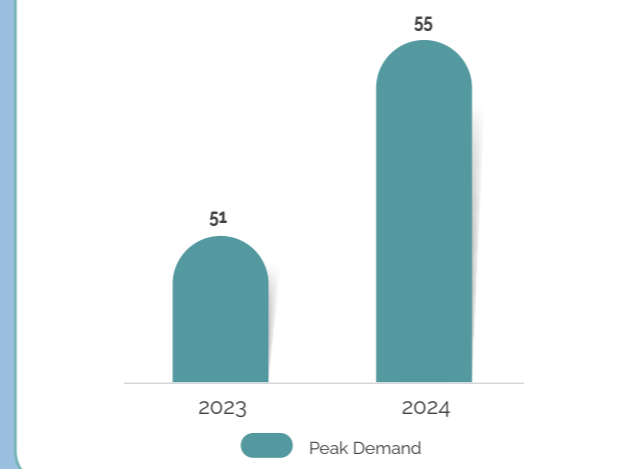
	Customers Count		Electricity Delivered (in MW)	
	2023	2024	2023	2024
Core Solar Solutions	11	12	3,456	3,536
Corenergy, Inc.	5	7	1,624	2,403
Vivant Solar Corp	1	1	943	703

The solar rooftop business is positioned to serve as a value-added service for our contestable customers, enabling end-users to manage their electricity consumption and expenses. In 2024, electricity delivered from our rooftop business grew by 10% amounting to 6,642 MWh.

Corenergy - Energy Sold (in MWh)



Corenergy - Peak Demand (in MW)



WATER

Still in its investment phase, the Vivant Water SBU ended the year with a negative contribution of Php 8.9 mn in 2024, albeit an improvement of 43% from the prior year.

Efforts in 2024 were focused on the development and construction of Vivant's 20 MLD desalination plant in Cordova, Cebu. The plant was able to achieve its first water in May 2024 and ended the year with the facility's four 5 MLD skids undergoing Testing and Commissioning (T&C). As of end 2024, the plant is 99% completed and is expected to be commercially operational in 2025. This project, which will address the water requirements of approximately 20,000 households, is Vivant's contribution to providing a sustainable solution to Cebu's water crisis.

“ True to our mission of improving everyday living, Vivant Water was formed to help address the water crisis that Cebu has been facing. Our early years were beset with a number of challenges as we navigated our way through a new industry. The continued hard work and collaboration within the Vivant group led to significant progress in 2024. The completion and operation of IMCC in 2025 shall mark a significant milestone for the Company as a provider of sustainable water solutions. This project is a first for Vivant, and even a first for the country, with IMCC being the first utility-scale seawater desalination facility. ”

Jess Anthony N. Garcia
 President, Vivant Water





Puerto Princesa Innovative Economical Septage and Sewage Treatment Plant (PPieSSTP) – Water treatment plant that processes 2M liters of sewage & 70m³ of septage daily in Puerto Princesa

The Water SBU's investment in wastewater treatment continued to provide steady results. In 2024, total treated wastewater was at 822.3 million liters, 2% higher than the prior year. The business was able to contribute Php 9.6 mn in income, recording a 13% YoY improvement.

Vivant Water continues to refine its business strategies to prepare itself for future growth. Identification of key segments of the water value

chain was part of this endeavor and resulted to a recalibration of initiatives. As a result, the Water SBU divested its majority stake in a water engineering and construction firm in the fourth quarter of 2024. This move enables the Water SBU to focus on intensifying existing growth initiatives and explore new opportunities across the segments of the water infrastructure sector.

LEADERSHIP AND GOVERNANCE



Celebrating the first flow of water from the Philippines' first utility-grade desalination plant in Cordova, Cebu on June 2024.

BOARD OF DIRECTORS

Vivant strongly advocates for integrity, accountability, and stakeholder protection in all aspects of its business and adopts corporate governance best practices.

These governance practices are principally contained in its Articles of Incorporation, By-Laws, and Manual of Corporate Governance (the MCG), supported by Board and Board Committee Charters, corporate policies, and its Culture Code.

The Company continuously strives to enhance shareholder value through strategic priorities rooted in its core values of **honor, relationships, and excellence**. To this end, the Board of Directors (the Board), as the highest governing authority, provides strategic oversight ensuring that its governance framework evolves to support sustainable growth and promote stakeholder interests. To secure this function, the Board maintains such number of Directors with complementary expertise suitable for substantial discussions while delegating the operational execution of its business to the Management team.

In accordance with internal controls, the Board deliberates on matters concerning fundamental principles and policies relating to risk management, value maximization, and good governance. Regular meetings of the Board are held every other month and special meetings whenever deemed necessary. For the Fiscal Year 2024, a total of eighteen (18) Regular and Special Board meetings were held where the Board carried out major work on the following key operational and ESG related topics:



Focus Area	Matters Reported
 <p>Project Investments</p>	<ul style="list-style-type: none"> Financial viability and sustainability of its projects and investments including: <ul style="list-style-type: none"> Performance metrics of subsidiary operations, both financial and non-financial Acquisition, addition, or initiation of assets in greenfield solar and wind projects Operational readiness of a subsidiary investment in the first ever utility scale seawater desalination plant in Cebu Enhancements to existing partnership agreements Terms and Conditions relative to Power Supply Agreements entered into by the Company via the OGS group
 <p>Business Operations</p>	<ul style="list-style-type: none"> Macroeconomic overview and other assumptions in support of revenue projections and budgets Budget allocation to improve performance of existing assets, enhance customer value, growth of portfolio size for One Vivant, improvements to existing systems and technology Quarterly financial performance of the Company, its subsidiaries, business units, including year-to-date financial dashboards Cash flow statements, latest thinking forecasts, and cost savings for the Company and business units Debt financing at subsidiary levels to partly fund projects and investments for 2024-2025 Fiscal study on capital expenditures through investments in power generation particularly on potential risks, returns, and valuation Creation of specialized teams to head strategic priority areas such as real estate, engineering services, and off-grid solutions; Updates on the risk landscape of both energy and water sectors Updates on the enterprise risk and mitigation plans Acquisition of office space
 <p>Corporate Governance Matters</p>	<ul style="list-style-type: none"> Dividend declarations Approval of external auditor for 2024 Evaluation criteria and effectiveness of board assessment processes including identifying opportunities for continued improvements Revisions to the Corporate Governance Committee Charter Results of the Integrated Annual Corporate Governance Report (I-ACGR) for 2023 and endorsement to the Corporate Governance Committee Changes to the Executive Leadership Team, including appointment of new officers Updates to the Company's limits of authority framework Retirement fund management Adoption of Board Committee, Board, and Annual Shareholders' meeting/s schedules, including special events planned throughout the year such as strategic planning sessions and board development initiatives, ensuring alignment with corporate governance best practices and regulatory requirements

BOARD COMMITTEES

In arriving at its decisions, the Board is aided by six (6) advisory committees:

Executive Committee

Finance Committee

Audit Committee

Risk and Sustainability Committee

Related Party Transactions Committee

Corporate Governance Committee

The Board Committees' responsibilities are two-fold: support the Board of Directors in its deliberations and assist in the decision-making through its recommendations. In 2024, the Board Committees deliberated and endorsed the following strategic initiatives to the Board:



TOP ROW (L-R)
Francis Damasus A. Garcia, Chairman
Jose Marko G. Sarmiento, Member
Charles S.A. Garcia, Member
Ramontito E. Garcia, Member

BOTTOM ROW (L-R)
Emil Andre M. Garcia, Member
Arlo A.G. Sarmiento, Member
Brigette Cecile N. Garcia, Member

EXECUTIVE COMMITTEE

Number of Meetings in 2024 10

Purpose Serves as a recommendatory and endorsing body that handles urgent or strategic matters, particularly on key operational decisions, risk management, financial oversight, and corporate governance.

Frequency 6 times a year and as often as may be required

Main Agenda Items

- Project Investments
 - Financial viability and sustainability of its projects and investments including rebalancing of its portfolio and divestment strategy
 - Acquisition, addition, or initiation of assets in greenfield solar and wind projects
 - Operational readiness of a subsidiary investment in the first ever utility scale desalination plant in Cebu
 - Enhancements to existing partnership agreements
 - Terms and Conditions relative to Power Supply Agreements entered into by the Company via the OGS group
- Business Operations:
 - Macroeconomic overview and other assumptions in support of revenue projections and budgets
 - Budget allocation to improve performance of existing assets, enhance customer value, growth of portfolio size for One Vivant, improvements to existing systems and technology
 - Financial and capital allocation requirements of its subsidiaries and investments
 - Debt financing at subsidiary levels to partly fund projects and investments for 2024-2025
- Corporate Governance Matters
 - Dividend declarations
 - Endorsement of external auditor for 2024 to the Audit Committee and the Board of Directors for final approval
 - Evaluation criteria and effectiveness of board assessment processes including identifying opportunities for continued improvements
 - Revisions to the Corporate Governance Committee Charter
 - Results of the I-ACGR for 2023 and endorsement to the Corporate Governance Committee
 - Updates to the Company's limits of authority framework
 - Retirement fund management
 - Adoption of Board Committee, Board, and Annual Shareholders' meeting/s schedules, including special events planned throughout the year such as strategic planning sessions and board development initiatives, ensuring alignment with corporate governance best practices and regulatory requirements



TOP ROW (L-R)
Laurence R. Rogero, Chairman
Jose Marko G. Sarmiento, Member
Francis Damasus A. Garcia, Member

BOTTOM ROW (L-R)
Carmelo L. Bautista, Member
Jose Carlitos G. Cruz, Member

FINANCE COMMITTEE

Number of Meetings in 2024 8

Purpose The Finance Committee (FinCom) is primarily responsible for overseeing the Company's financial governance, except for financial reporting, which falls under the Audit Committee. It guides the development and execution of Vivant's financial policies and strategies, including capital structure, dividend policy, and capital allocation decisions requiring Board approval.

Frequency 4 times a year and as often as may be required

Main Agenda Items

- Project Investments
 - Financial viability and sustainability of its projects and investments including rebalancing of its portfolio and divestment strategy
- Financial planning, capital allocations, and financial performance of the Company, its subsidiaries, business units including year-to-date dashboards
- Debt financing at subsidiary levels to partly secure projects and investments for 2024-2025
- Corporate matters including dividend declarations and funding requirements including requests for cash and capital calls of its business units and wholly owned subsidiaries



(L-R)
 Jose M. Layug, Jr., Member
 Jose Marko G. Sarmiento, Member
 Laurence R. Rogero, Chairman

RISK AND SUSTAINABILITY COMMITTEE

Number of Meetings in 2024	5
Purpose	The Risk & Sustainability Committee (RSCoM) oversees risk governance and enterprise sustainability. It ensures the effective implementation of the Board-approved Enterprise Risk Management (ERM) policy, covering risk management, regulatory compliance, and ethical standards. Additionally, the RSCoM guides the development of a sustainability framework, focusing on governance as well as environmental and social responsibility.
Frequency	4 times a year and as often as may be required
Main Agenda Items	<ul style="list-style-type: none"> • Analysis of natural and climate change-related risks and vulnerabilities affecting the energy and water sectors, including the financial and operational impacts of natural catastrophes • Establishment of a 2024 risk profile for One Vivant and a framework for monitoring risk evolution and integrating the outlook into corporate strategic planning • Identification and prioritization of top risks for FY 2024 • Assessment of project-related risks for prioritized projects in FY 2024 and development of risk response plans and oversight mechanisms for high-impact projects • Evaluation of current risks in corporate partnerships and Investments • Evaluation of risk exposure in planned capital expenditures for greenfield energy and water projects



TOP ROW (L-R)
 Jose Carlitos G. Cruz, Chairman
 Charles S.A Garcia, Member
 Jose Marko G. Sarmiento, Member

BOTTOM ROW (L-R)
 Jose M. Layug, Jr., Member
 Laurence R. Rogero, Member

AUDIT COMMITTEE

Number of Meetings in 2024	4
Purpose	The Audit Committee (AuditCom) supports the Board in its oversight of the financial reporting process, internal control systems, and audit procedures. It also monitors compliance with applicable laws, regulations, and compliances reinforcing ethical business practices and corporate governance standards.
Frequency	4 times a year and as often as may be required
Main Agenda Items	<ul style="list-style-type: none"> • Financial Reporting and Compliance <ul style="list-style-type: none"> ▪ Oversight of financial statements and regulatory compliance, including the 2023 Annual Financial Statements and 2024 quarterly reports • Audit Oversight and Evaluation <ul style="list-style-type: none"> ▪ Supervision of internal and external audit processes, including unplanned audit engagements, auditor performance, and audit budget endorsement • Governance and Best Practices <ul style="list-style-type: none"> ▪ Strengthening audit governance through the approval of a revised Audit Committee Charter and assessment of One Vivant's financial performance



(L-R)
 Jose M. Layug, Jr., Chairman
 Jose Carlitos G. Cruz, Member
 Laurence R. Rogero, Member

CORPORATE GOVERNANCE COMMITTEE

Number of Meetings in 2024

2

Purpose

The Corporate Governance Committee (CGCom) ensures the Company's adherence to best practices in corporate governance, ethical business conduct, and regulatory compliance. It oversees the development and implementation of governance policies, Board performance evaluation, directors nominations and ensures compliance with disclosure and transparency standards

Frequency

4 times a year and as often as may be required

Main Agenda Items

- Corporate Governance and Compliance
 - Nomination and Selection of Directors including evaluation of nominees for the Board in accordance with the Company's Nomination and Elections Policy and applicable SEC regulations
- Annual Corporate Governance Report Review
 - Assessed the I-ACGR to ensure compliance with governance standards
- Regulatory Compliance Oversight
 - Reviewed and monitored the Company's adherence to corporate governance requirements under SEC rules
- Performance and Governance Evaluation
- Corporate Governance Scorecard Assessment
 - Evaluated Vivant Corporation's corporate governance performance based on the annual scorecard and historical data
- Board and Committee Performance Review
 - Conducted assessments of governance structures and decision-making effectiveness
- Policy and Charter Enhancements
 - Amended the Charter to incorporate best practices, process improvements, and closer alignment with SEC regulations



(L-R)
 Jose M. Layug, Jr., Chairman
 Ramonito E. Garcia, Member
 Jose Carlitos G. Cruz, Member

RELATED PARTY TRANSACTIONS COMMITTEE

Number of Meetings in 2024

2

Purpose

The Related Party Transactions Committee (RPTCom) is responsible for reviewing and approving transactions between the Company and related parties to prevent conflicts of interest and ensure fairness and transparency. It evaluates the terms of RPTs, ensures compliance with regulatory requirements, and upholds the Company's integrity in financial and business dealings.

Frequency

4 times a year and as often as may be required

Main Agenda Items

- Review of related party transactions to be disclosed as part of the Information Statement (SEC Form No. 20-IS)
- The Company's reports on the implementation of regulatory compliance measures concerning related party transactions, and reviews implementation strategy with Management
- Enhancements to the RPTCom Charter to include process improvements, best practices, and to adhere closer to SEC rules and regulations



BOARD STRUCTURE

The Board's Corporate Governance Committee rigorously evaluates and pre-screens nominees at the start of each year, ensuring consistency with the qualifications outlined in Vivant's Corporate Governance Manual. The Company's vision of its medium and long-term goals guides deliberations on Board composition.

Diversity

Eleven (11) Board members are elected by the shareholders at Vivant's Annual Shareholders Meeting (the ASM) held on the third Thursday of June. Board Members serve for a term of one (1) year or until their successors are duly elected and qualified by Vivant's By-Laws. Of the 11 Board members, four (4) are Independent Directors (the IDs), one of whom is appointed as the Lead Independent Director (the LID), four (4) are Non-Executive Directors (the NEDs), and three (3) are Executive Directors (the Eds) thereby safeguarding objectivity and independence in the decision-making processes.

Further, in line with its corporate value of *excellence*, Vivant aims to have a Board membership composition that corresponds to its operational activities, strategic directions, and future challenges. By having members whose experience, skills, and expertise are in alignment with its corporate goals and values, this allows the Board to make decisions that enhance its long-term growth strategy. Complementary competencies and diverse backgrounds foster balanced perspectives, enhance discussions, and facilitate informed forward-thinking decisions reflective of stakeholder interests within the Vivant Board.

BOD	Position	Attendance
Francis Damasus A. Garcia (FDAG)	Chairman of the Board Chairman of the Executive Committee Member of the Finance Committee	Board: 100% Executive Committee: 100% Finance Committee: 100%
Ramontito E. Garcia (REG)	Vice Chairman of the Board Vice Chairman of the Executive Committee Member of the Related Party Transactions Committee	Board: 85% Executive Committee: 80% Related Party Transactions Committee: 50%
Arlo Angelo G. Sarmiento (AGS)	Member of the Board Member of the Executive Committee Chief Executive Officer	Board: 100% Executive Committee: 90%
Emil Andre M. Garcia (EMG)	Member of the Board Member of the Executive Committee President	Board: 85% Executive Committee: 90%
Charles Sylvestre A. Garcia (CAG)	Member of the Board Member of the Executive Committee Member of the Audit Committee Member of the Risk and Sustainability Committee ¹	Board: 100% Executive Committee: 100% Audit Committee: 75% Risk and Sustainability Committee: 60% ¹
Jose Marko Anton G. Sarmiento (JGS)	Member of the Board Member of the Executive Committee Member of the Finance Committee Member of the Audit Committee Member of the Risk and Sustainability Committee	Board: 85% Executive Committee: 90% Finance Committee: 100% Audit Committee: 100% Risk and Sustainability Committee: 100%
Brigette Cecile N. Garcia (BNG)	Member of the Board Member of the Executive Committee Senior Assistant Vice President	Board: 100% Executive Committee: 100%

¹ Member of the Committee until June 20, 2024

BOD	Position	Attendance
Laurence R. Rogero (LRR)	Lead Independent Director Chairman of the Finance Committee Chairman of the Risk and Sustainability Committee Member of the Audit Committee Member of the Corporate Governance Committee	Board: 100% Finance Committee: 100% Risk and Sustainability Committee: 100% Audit Committee: 100% Corporate Governance Committee: 100%
Carmelo Maria L. Bautista (CLB)	Independent Director Member of the Finance Committee ² Directorship in other listed companies: GT Capital Holdings Incorporated	Board: 100% Finance Committee: 16% ²
Jose Carlitos G. Cruz (JGC)	Independent Director Chairman of the Audit Committee Member of the Finance Committee Member of the Related Party Transactions Committee Member of the Corporate Governance Committee Independent Directorship in other listed companies: SM Prime Holdings, Inc.	Board: 100% Audit Committee: 100% Finance Committee: 100% Related Party Committee: 100% Corporate Governance Committee: 100%
Jose M. Layug, Jr. (JML)	Independent Director Chairman of the Related Party Transactions Committee Chairman of the Corporate Governance Committee Member of the Risk and Sustainability Committee Member of the Audit Committee Independent Directorship in other listed companies: Citicore Energy REIT Corp.	Board: 85% Related Party Transactions Committee: 100% Corporate Governance Committee: 100% Risk and Sustainability Committee: 100% Audit Committee: 100%

² Appointed as Member on June 20, 2024

Board Skills Matrix

Diversity and independence are further reinforced by the specialized expertise of the Company's Independent Directors, as reflected in the Board's skills matrix.



	Laurence R. Rogero <i>Independent Director</i>	Carmelo Maria L. Bautista <i>Independent Director</i>	Jose Carlitos G. Cruz <i>Independent Director</i>	Jose M. Layug, Jr. <i>Independent Director</i>
Power Industry Knowledge and/or Experience	★	★	★	★
Water Industry Knowledge and/or Experience	★			
Corporate and Investment Strategy	★	★	★	★
Executive Leadership	★	★	★	★
Finance, Investment Banking	★	★	★	★
Legal and Regulatory	★			★
Risk and/or Audit	★	★	★	★
Other Industry Knowledge and/or Experience	★	★	★	★

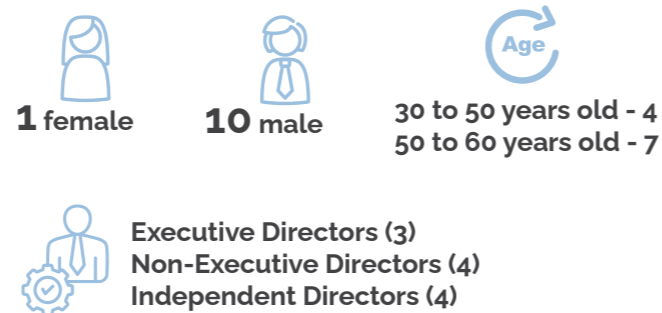
Alongside professional expertise, representation across gender, tenure, and generational diversity, make up the composition of the Board and reflect the Company's commitment to inclusivity and equity.

Diversity Graph

Name	Nationality	Gender	Current Positions	Date Of Appointment	Length Of Service <small>(As of year end - 2024)</small>	Age <small>(As of 2024)</small>
Francis Damasus A. Garcia (FDAG)	Filipino	Male	Chairman	June 15, 2023	1 year; 6 months & 16 days	66
Ramontito E. Garcia (REG)	Filipino	Male	Vice Chairman	February 24, 2003	21 years; 10 months & 7 days	67
Charles Sylvestre A. Garcia (CAG)	Filipino	Male	Non-Executive Director	September 30, 2004	20 years; 3 months & 1 day	64
Jose Marko G. Sarmiento (JGS)	Filipino	Male	Non-Executive Director	June 19, 2008	16 years; 6 months & 12 days	46
Arlo Angelo G. Sarmiento (AGS)	Filipino	Male	Executive Director	June 15, 2017	7 years; 6 months & 16 days	49
Emil Andre M. Garcia (EMG)	Filipino	Male	Executive Director	June 18, 2009	15 years; 6 months & 13 days	47
Brigette Cecile N. Garcia (BNG)	Filipino	Female	Executive Director	June 16, 2022	2 years; 6 months & 15 days	37
Laurence R. Rogero (LRR)	Filipino	Male	Lead Independent Director	June 17, 2021 (appointed) - Feb 28, 2022 (resigned) - June 15, 2023 - re-appointed	2 years; 2 months & 27 days	52
Jose Carlitos G. Cruz (JGC)	Filipino	Male	Independent Director	June 17, 2021	3 years; 6 months & 14 days	64
Carmelo Maria L. Bautista (CLB)	Filipino	Male	Independent Director	June 15, 2017	7 years; 6 months & 16 days	67
Jose M. Layug, Jr. (JML)	Filipino	Male	Independent Director	March 18, 2022	2 years; 9 months & 13 days	53

Independence

Vivant maintains a strong commitment to independence, where NEDs and IDs, each comprise thirty six percent (36%) of the Board. This balanced structure ensures objectivity and impartiality in corporate decision-making while protecting stakeholder interests through sound governance practices.



Lead Independent Director

Selecting a strong and empowered LID is a critical element of Vivant's corporate governance framework. The LID is elected annually and assumes the role of bridging discussions amongst the independent directors and management, ensuring that independent perspectives are adequately represented in discussions and Board activities are aligned with sustainability and corporate goals. The role of the LID further contributes to the Company's sustainability goals through:

- Governance Excellence.** By ensuring sustainability considerations are prioritized alongside financial and operational performance, the LID role promotes balanced and ethical decision-making.
- Risk Oversight:** Through the identification and discussions of ESG related risks, the LID ensures that the Company adapts to and remains resilient amidst evolving regulatory and market demands particularly in the areas of renewable energy and sustainable water management.

The LID's functions are enumerated in Vivant's MCG, which comprises among others: (a) serving as intermediary between the Chairman and the other directors, as may be necessary; (b) convening and chairing meetings of non-executive directors; and (c) as may be required, contributing to the Chairman's performance evaluation.

Past four (4) years lead Independent Director of Vivant

2023-2024

Atty. Laurence R. Rogero

2022-2023

Mr. Jose Carlitos G. Cruz

2021-2022

Atty. Laurence R. Rogero

2020-2021

Atty. Jesus B. Garcia, Jr.

Board and Board Committee Memberships and Attendance

The Office of the Corporate Secretary assists the Board in setting the Board Calendar before the start of each fiscal year. Approvals for the Board Calendar is sought at the prior year's year-end Board meeting before an official advisory is sent to all Board members and the Senior Management Team. In scheduling the Board meetings, several considerations are taken into account, including adequate time allotment for substantive discussions, the Company's yearly strategic planning timelines, and regulatory compliance requirements. Additionally, the Board accommodates the review of emerging business opportunities and project developments enabling the Company to respond proactively. Consideration is also given to stakeholder engagement and transparency, to ensure timely disclosures and adherence to governance best practices. This structured approach supports effective corporate governance, strategic agility, and long-term value creation for Vivant.

For 2024, attendance rate on average was at 98.3% which is more than compliant with good corporate governance minimum attendance rate of 75% with IDs average attendance rate at 98.6%. The following is a record of attendance during the 2024 fiscal year:

Vivant Finance Committee Meetings 2024

Name	Position	2024 January 16	2024 May 16	2024 May 30 Joint VVT-VEC RS/FinCom	2024 August 14	2024 Sept. 13	2024 Nov. 30 Joint VVT-VEC RS/FinCom	Total
LRR	Chairman	1	1	1	1	1	1	6
FDAG	Member	1	1	1	1	1	1	6
JGS	Member	1	1	1	1	1	1	6
JGC	Member	1	1	1	1	1	1	6
CLB	Member	0	0	-	1	0	0	1

Vivant Audit Committee Meetings 2024

Name	Position	2024 March 15	2024 May 10	2024 August 12	2024 November 12	Total
JGC	Chairman	1	1	1	1	4
CAG	Member	1	1	0	1	3
JML	Member	1	1	1	1	4
JGS	Member	1	1	1	1	4
LRR	Member	1	1	1	1	4

Vivant Corporate Governance Committee Meetings 2024

Name	Position	2024 March 7	2024 November 8	Total
JML	Chairman	1	1	2
JGC	Member	1	1	2
LRR	Member	1	1	2

Vivant Related Party Transactions Meetings 2024

Name	Position	2024 March 7	2024 December 6	Total
JML	Chairman	1	1	2
JGC	Member	1	1	2
REG	Member	1	0	1

Vivant Risk & Sustainability Committee Meetings 2024

Name	Position	2024 February 6	2024 May 16	2024 May 30 Joint VVT-VEC RS/FinCom	2024 August 14	2024 November 15	Total
LRR	Chairman	1	1	1	1	1	5
CAG	Member	1	1	1	-	-	3
JGS	Member	1	1	1	1	1	5
JML	Member	1	1	1	1	1	5

Board Performance and Assessment

The effectiveness and performance of the Board is evaluated on an annual basis. In 2024, the Compliance Officer assisted the Board in the conduct of its annual self-assessment through a questionnaire, which measured the effectiveness and efficiency of the Board, Board Committees, Individual Members, and the Chairman.

The self-assessment questionnaires contain the following criteria, which reflect leading good corporate governance practices:



Company

- Board Composition
- Board Efficiency and Performance
- Board Meetings and Participation



Board Committees

- Board Committee Performance
- Board Committee



Independent Directors

- Independence
- Participation
- Expertise
- Character
- Fiduciary Duty
- Innovation



Chairman and Key Officers

- Leadership
- Integrity
- Diligence
- Corporate Governance
- Entrepreneurial Mindset
- Stewardship

This self-assessment methodology is in line with the Company's Board Assessment policy which is on its fifth (5th) year of implementation. An external third-party assessment will be conducted every three (3) years with the last external assessment having been conducted with the assistance of the Institute of Corporate Directors (ICD) in 2023.





Corporate Governance Training on the following topics which were identified critical to Vivant's growth and sustainability development goals:

- **Artificial Intelligence (AI) basics for Directors**
- **AI Use and Culture Build for Risk Management**
- **Outsourcing Cybersecurity Operations**
- **Cyber Risk Management**
- **Customer Centricity**

In today's rapidly evolving business landscape, the Company seeks to explore the transformative potential of AI, particularly in areas such as risk management, cybersecurity, and customer centricity. The Company recognizes the potential benefits of technology and software-assisted tools which may contribute to more effective risk identification and response time to emerging challenges. Engaging consultants with specialized expertise is also seen as a way to navigate the growing complexity in the area of data protection. These topics are building blocks in fostering a culture that leverages on technology innovation to drive long-term success.

Board Remuneration

To further safeguard the integrity and independence of the Board and its decision-making process, only NEDs and IDs are eligible to receive a per diem for every meeting and L&D session conducted by the Company under Vivant's remuneration structure for its Directors. Any special or follow-up meeting uses the same rate adjusted accordingly based on the duration of a session. In 2024, there were no changes to the remuneration structure which was implemented as of 2022.

Engagement	Chairman	Member
Board Meeting	Php 150,000	Php 100,000
Committee Meeting	Php 75,000	Php 50,000
In-house Training/ Workshop	Php 75,000	Php 50,000
Strategic Planning	Php 150,000	Php 100,000

Continuing Development and Board Training

The Company actively provides opportunities to its Directors to deepen their knowledge of the industry and the Company through Learning & Development (L&D) sessions tackling market or regulatory updates and sustainability trends. Additionally, immersive experiences such as plant visits or study tours provide first-hand exposure to operational processes, among others. These initiatives ensure that Directors remain well-informed, enabling them to make data-driven decisions.

Likewise, Vivant conducts its annual corporate governance training for all Directors, alongside key officers. Topics relevant to the Company's strategic goals are taken into account in order to support the Board's and Management's, continuing professional development particularly in areas deemed to play a pivotal role in the Company's strategic direction. In 2024, the Company engaged ICD to conduct its in-house



SENIOR MANAGEMENT TEAM

Vivant's organizational framework is designed to foster leadership and operational effectiveness, while ensuring accountability that is grounded in the core values and culture that define Vivant.

Each member of the Management Team brings specialized expertise in critical areas of the Company's operations. Through a shared commitment to its corporate values, the team works cohesively to steer the organization toward long-term success. After the Company's ASM, the relevant results of the Organizational Board Meeting (OBM) and which includes key officer appointments are disclosed to regulators. The following are the members of the Management Team, whose leadership shapes the direction and growth of Vivant under the supervision of the Company's Chief Executive Officer (CEO).



**Arlo
Angelo G.
Sarmiento**

*Chief
Executive Officer*

*Member,
Board of
Directors*

*Member,
Executive
Committee*



**Emil
Andre M.
Garcia**

President

*Member,
Board of
Directors*

*Member,
Executive
Committee*



**Minuel
Carmela N.
Franco**

*Executive
Vice
President &
Chief
Corporate
Officer*

*Group Chief
Finance
Officer*

*Chief Risk
Officer*

Treasurer



**Jess
Anthony N.
Garcia**

*Senior
Vice
President -
Infrastructure*



**Mark
D. Habana**

*Vice
President -
Subsidiary
Management*



**Maila
De Castro,
JD, MBA**

*Vice
President -
Legal*

*Corporate
Secretary*

*Data
Protection
Officer*



**Peter C.
Buenaseda**

*Chief
Human
Resource
Officer*



Shem Jose W. Garcia

Vice President - Foundation



Allan A. Cuevas

Vice President - Corporate Communications



Brigitte Cecile N. Garcia

Senior Assistant Vice President - Corporate Planning

Member, Board of Directors

Member, Executive Committee



Catherine S. Bringas

Senior Assistant Vice President - Legal and Compliance

Asst. Corporate Secretary

Compliance Officer



Ronnel Vergel E. De Leon

Senior Assistant Vice President - Treasury



Carlos F. Bargamento, Jr.

Assistant Vice President - Real Estate



Dyan Ramona S. Olegario

Assistant Vice President - Accounting



Denise Mae D. Blanco

Assistant Vice President - Human Resources



Nilo M. Arribas, Jr.

Assistant Vice President - Information Technology

Chief Information Officer



Debbie C. Artiaga-Arradaza

Assistant Vice President - Treasury and Operations



Rhesel Joan R. Tompong

Assistant Vice President - Corporate Planning



Myla D. Lumibao

Assistant Vice President - Internal Audit

Chief Audit Executive



Randwil Dinbo U. Macaranas

Assistant Vice President - Investor Relations



Joan A. Giduquio-Baron

Assistant Corporate Secretary

Senior Management Team	Role	Department	Date of Appointment
Arlo Angelo G. Sarmiento	Chief Executive Officer	Executive	2022 February 1
Emil Andre M. Garcia	President Energy Business Unit Head	Executive	2022 February 1
Minuel Carmela N. Franco	Executive Vice President & Chief Corporate Officer Group Chief Finance Officer Chief Risk Officer Treasurer Corporate and Shared Services Business Unit Head	Corporate Services	2022 February 1
Jess Anthony N. Garcia	Senior Vice President – Infrastructure Water Business Unit Head	Infrastructure	2019 January 1
Shem Jose W. Garcia	Vice President	Foundation	2024 January 1
Mark D. Habana	Vice President	Subsidiary Operations	2017 April 17
Maila Lourdes G. De Castro	Vice President – Legal Corporate Secretary Data Protection Officer	Legal	2023 February 20
Allan A. Cuevas	Vice President – Corporate Communications	Corporate Communications	2024 January 16
Peter C. Buenaseda	Chief Human Resource Officer	People Function	2024 February 1
Brigitte Cecile N. Garcia	Senior Assistant Vice President	Corporate Planning	2020 November 15
Catherine S. Bringas	Senior Assistant Vice President – Legal and Compliance Asst. Corporate Secretary Compliance Officer	Legal	2022 January 1

Senior Management Team	Role	Department	Date of Appointment
Ronnel Vergel E. De Leon	Senior Assistant Vice President	Treasury	2023 January 1
Carlos F. Bargamento, Jr.	Assistant Vice President	Real Estate	2020 January 1
Dyan Ramona S. Olegario	Assistant Vice President	Accounting	2020 January 1
Denise Mae D. Blanco	Assistant Vice President	People Function	2021 January 1
Nilo M. Arribas, Jr.	Assistant Vice President Chief Information Officer	Information Technology	2023 January 1
Debbie C. Artiaga-Arradaza	Assistant Vice President – Treasury and Operations	Treasury	2023 January 1
Rhesel Joan R. Tompong	Assistant Vice President – Corporate Planning	Corporate Planning	2023 January 1
Myla D. Lumibao	Assistant Vice President Chief Audit Executive	Internal Audit	2023 December 4
Randwil Dinbo U. Macaranas	Assistant Vice President	Investor Relations	2024 September 2
Joan A. Giduquio-Baron	Assistant Corporate Secretary		2024 October 1
Patrick Joel M. Cinco ¹	Assistant Vice President	Risk and Sustainability	2023 June 26

¹ Mr. Patrick Joel M. Cinco resigned from the Company effective September 27, 2024

Strategy formulation and execution are the primary accountabilities of the CEO with the support of the Company's Business Unit (BU) heads in Energy, Water, and Corporate and Shared Services and other Senior Management Team.

Critical in-depth discussions on business and financial performance, strategic initiatives, capital allocation, operational efficiencies, risks, and remediation measures, as well as key updates on operational issues and industry trends happen at the operations and Management Committee (Mancom) level.

Meanwhile, an added layer of discussion occurs at sub-committees which mirrors the functions of some Board Committees. These discussions lead to management recommendations that have been carefully reviewed at multiple levels before being presented to the Board Committees and the Board itself. Operations meetings are held at least once a week, Departmental meetings at least twice (2x) a month, Mancoms at least once a month, and respective SBU or leadership huddles at least once a month.

Sub-Committees

The following sub-committees assist the CEO prior to agenda items being elevated and endorsed to the respective Board Committees or Board:

- The **Management Finance Committee**, chaired by the Group Chief Finance Officer (CFO), has direct oversight over the formulation and implementation of Vivant's financial policies and strategies. Approved proposals on enterprise-wide initiatives and financial reports, including project-related approvals are then brought to the Board Finance Committee and the Board, and when applicable to the Board Audit Committee.

Number of Meetings in 2024	10										
Frequency	Quarterly or as often as may be required										
Main Agenda Items	<ul style="list-style-type: none"> Financial performance review of the company and its subsidiaries Business portfolio review Funding requirements and capital structure of the company and its subsidiaries Gating of investment opportunities and projects Updates on regulations (e.g. BIR, SEC) 										
Composition and Role	<table border="0"> <tr> <td>Chief Corporate Officer (CCO)</td> <td>Chairman</td> </tr> <tr> <td>CEO</td> <td>Members</td> </tr> <tr> <td>BU Heads – Corporate and Shared Services, Energy and Water</td> <td></td> </tr> <tr> <td>BU CFO or its equivalent</td> <td></td> </tr> <tr> <td>Heads of Treasury, Accounting and Corporate Planning</td> <td></td> </tr> </table>	Chief Corporate Officer (CCO)	Chairman	CEO	Members	BU Heads – Corporate and Shared Services, Energy and Water		BU CFO or its equivalent		Heads of Treasury, Accounting and Corporate Planning	
Chief Corporate Officer (CCO)	Chairman										
CEO	Members										
BU Heads – Corporate and Shared Services, Energy and Water											
BU CFO or its equivalent											
Heads of Treasury, Accounting and Corporate Planning											
Secretariat	Treasury										



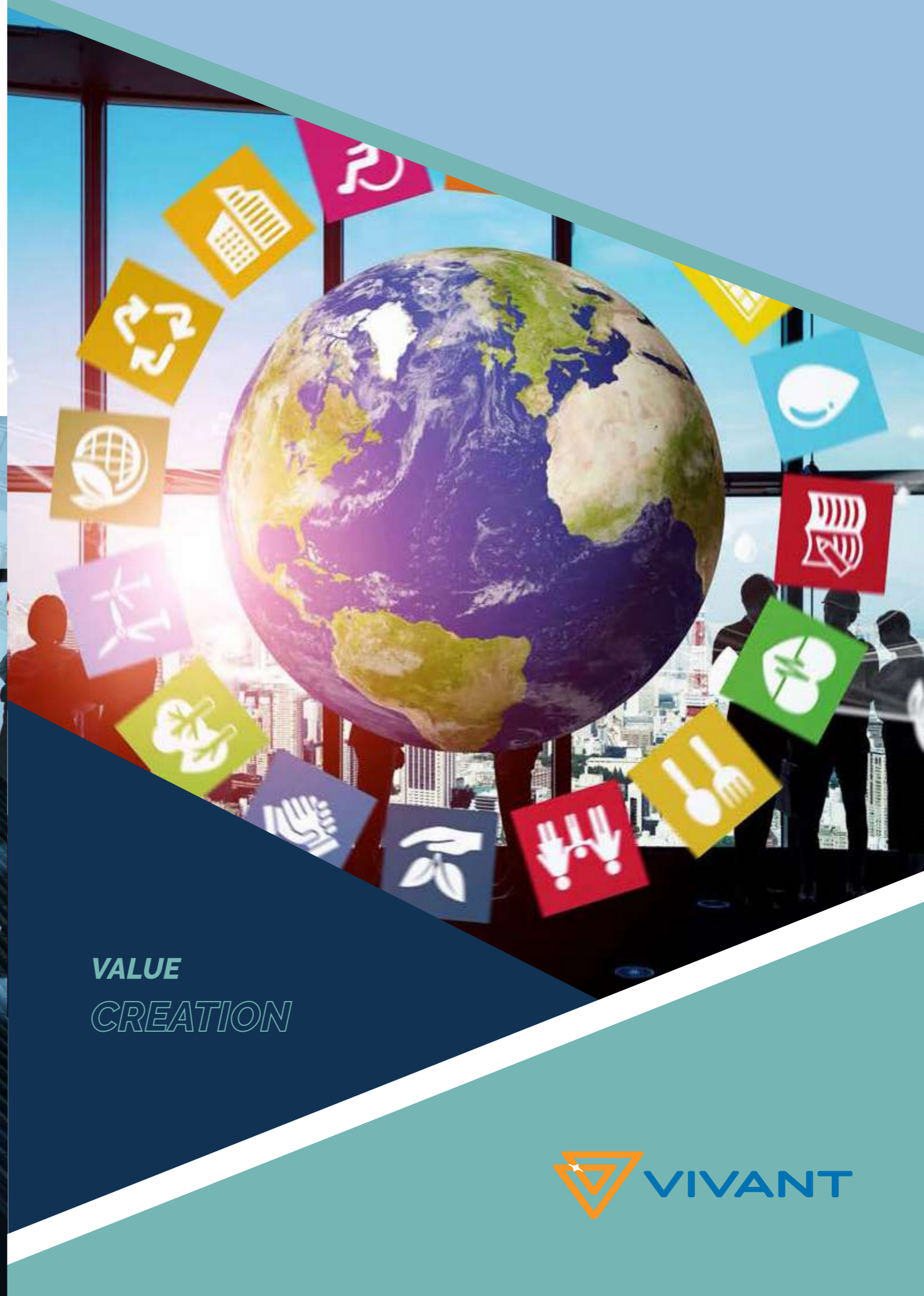
- The **Management Risk Committee**, chaired by the Chief Risk Officer (the CRO), holds an advisory and recommendatory role on matters relative to risk management and sustainability policies and strategies, enterprise, project, and investment risks and regularly reviews the Company's Board approved risk management framework.

Number of Meetings in 2024	7														
Frequency	Quarterly or as often as may be required														
Main Agenda Items	<ul style="list-style-type: none"> 2024 risk landscape Enterprise risks for Vivant and its subsidiaries Risk transfer programs Project gating and portfolio risk assessment for energy and water projects and subsidiaries 														
Composition and Role	<table border="0"> <tr> <td>Chief Risk Officer – Parent</td> <td>Chairman</td> </tr> <tr> <td>CEO</td> <td>Members</td> </tr> <tr> <td>BU Heads – Corporate and Shared Services, Energy and Water</td> <td></td> </tr> <tr> <td>Chief Risk Officer, per BU</td> <td></td> </tr> <tr> <td>Chief Compliance Officer</td> <td></td> </tr> <tr> <td>Group CFO</td> <td></td> </tr> <tr> <td>Heads of Accounting, Legal, Internal Audit and Corporate Planning</td> <td></td> </tr> </table>	Chief Risk Officer – Parent	Chairman	CEO	Members	BU Heads – Corporate and Shared Services, Energy and Water		Chief Risk Officer, per BU		Chief Compliance Officer		Group CFO		Heads of Accounting, Legal, Internal Audit and Corporate Planning	
Chief Risk Officer – Parent	Chairman														
CEO	Members														
BU Heads – Corporate and Shared Services, Energy and Water															
Chief Risk Officer, per BU															
Chief Compliance Officer															
Group CFO															
Heads of Accounting, Legal, Internal Audit and Corporate Planning															
Secretariat	Risk and Sustainability Group														

- The **People Strategy Committee** is a decision-making body responsible for providing strategic direction and oversight for the People Function for Vivant and its managed corporate entities. The committee is responsible for ensuring the alignment of People initiatives with the overall business strategy and goals and provide guidance on key People decisions and priorities.

Number of Meetings in 2024	7												
Frequency	Monthly or as often as may be required												
Main Agenda Items	<ul style="list-style-type: none"> Strategic workforce plans including talent acquisition updates Learning and growth programs Employee events, engagements and wellbeing efforts Review of people metrics such as headcount growth, attrition and performance data PF guidelines, policies and change management plans 												
Composition and Role	<table border="0"> <tr> <td>Chief Corporate Officer (CCO)</td> <td>Chairman</td> </tr> <tr> <td>CEO</td> <td>Members</td> </tr> <tr> <td>BU Head, Energy</td> <td></td> </tr> <tr> <td>BU Head, Water</td> <td></td> </tr> <tr> <td>Chief People Officer (CPO)</td> <td></td> </tr> <tr> <td>Head, Legal</td> <td></td> </tr> </table>	Chief Corporate Officer (CCO)	Chairman	CEO	Members	BU Head, Energy		BU Head, Water		Chief People Officer (CPO)		Head, Legal	
Chief Corporate Officer (CCO)	Chairman												
CEO	Members												
BU Head, Energy													
BU Head, Water													
Chief People Officer (CPO)													
Head, Legal													
Secretariat	People Function												

- A **Retirement Committee** the primary purpose of which is to ensure the prudent administration and operation of the Retirement Plan. It assesses investment management parameters, recommends decisions, and monitors compliance with applicable laws and regulations in the fulfillment of its fiduciary duties.
- A **Disclosure Committee**, chaired by the Head of Legal, ensures the observance of ethical conduct and practices and promotes integrity, transparency, and accountability within the Company. It is tasked with the critical responsibility of implementing Vivant's Whistleblowing Policy, including oversight of the investigation process of whistleblowing reports and has a recommendatory power for the disposition of reports. The DC holds meetings as needed. In 2024, it primarily focused on crafting the framework for handling and disposition of issue matters.



VALUE
CREATION

VALUE CREATED IN 2024

Resources used in 2024	How resources were managed in 2024	Value delivered in 2024
<p>Harnessing and extracting value for Vivant's various stakeholders were made possible with its mindful use of the following resources:</p> <p>Financial Capital</p> <ul style="list-style-type: none"> Robust financial condition Steady operating cash flows and healthy dividend income stream Good track record supports credit availability Continued access to capital markets <p>Human and Intellectual Capital</p> <ul style="list-style-type: none"> Collective experience and knowledge on the power industry Developed and acquired skills and talent in support of new strategic initiatives, particularly in the water space Knowledge banking for new industries/businesses Dynamic, agile and engaged workforce One Vivant culture backed by core competencies <p>Social Capital</p> <ul style="list-style-type: none"> Enhanced corporate governance and stakeholder management practices Corporate and employee-driven CSR initiatives Vivant brand hinged on core values of Honor, Relationship and Excellence 	<p>Financial and non-financial strategies were executed during the year to maximize value generated out of the available resources.</p> <p>Review and enhancement of strategic initiatives to incorporate roadmaps based on studies conducted.</p> <p>Continued business development initiatives in the Energy and Water units, guided by existing capital allocation framework and evaluated using the investment gating process.</p> <p>Portfolio review, covering operating and financial performance, resulted to investment rationalization in both the Energy and Water units.</p> <p>Continued monitoring of funding requirements and compliance requirements.</p> <p>Wholistic approach in people development as frameworks on Learning and Growth and Wellness were rolled out in 2024. Key partnerships with leading experts in the field of executive development and physical wellness.</p>	<p>The management of resources allowed Vivant to deliver value to our stakeholders despite the challenges faced during the year.</p> <ul style="list-style-type: none"> Robust core earnings growth in 2024 with consolidated core net income attributable to parent (NI) expanding by 20% YoY at Php 2.3 bn, while total NI rising by 3% YoY to Php 2.4 bn Return on Equity of 12% 30% increase in available credit facilities of close to Php 30 bn provide flexibility and ensure liquidity position Group's blended borrowing rate at 5.99%, while parent stood at 4.3% Healthy project pipeline involving renewable and off grid energy projects <p>Engaged and capable workforce of over 440 across Vivant and its managed subsidiaries</p> <ul style="list-style-type: none"> Continued talent development supported by robust programs covering functional and core competencies Strong push and support for overall wellness via workplace enhancements, wellness programs, support group creation and other initiatives Developing bench of future leaders Identified potential centers of excellence <p>Vivant continues to be recognized as a reliable and trusted partner</p> <ul style="list-style-type: none"> Sustained recognition for governance practices by the Institute of Corporate Directors Established good working relations with existing business partners and developed new or potential partnerships for future business collaborations Developed network in the public and private sectors in aid of business and community services

Outlook

2024 provided a robust foundation with a healthy economic growth. Controlled inflation likewise paved the way for improved policy rates by year-end.

2024 average inflation stood at 3.2%, well within the government's target and significantly lower than 6% in 2023. The government actively managed prices of both food and non-food commodities by implementing a combination of policy and regulatory measures to shield consumers from price surges.

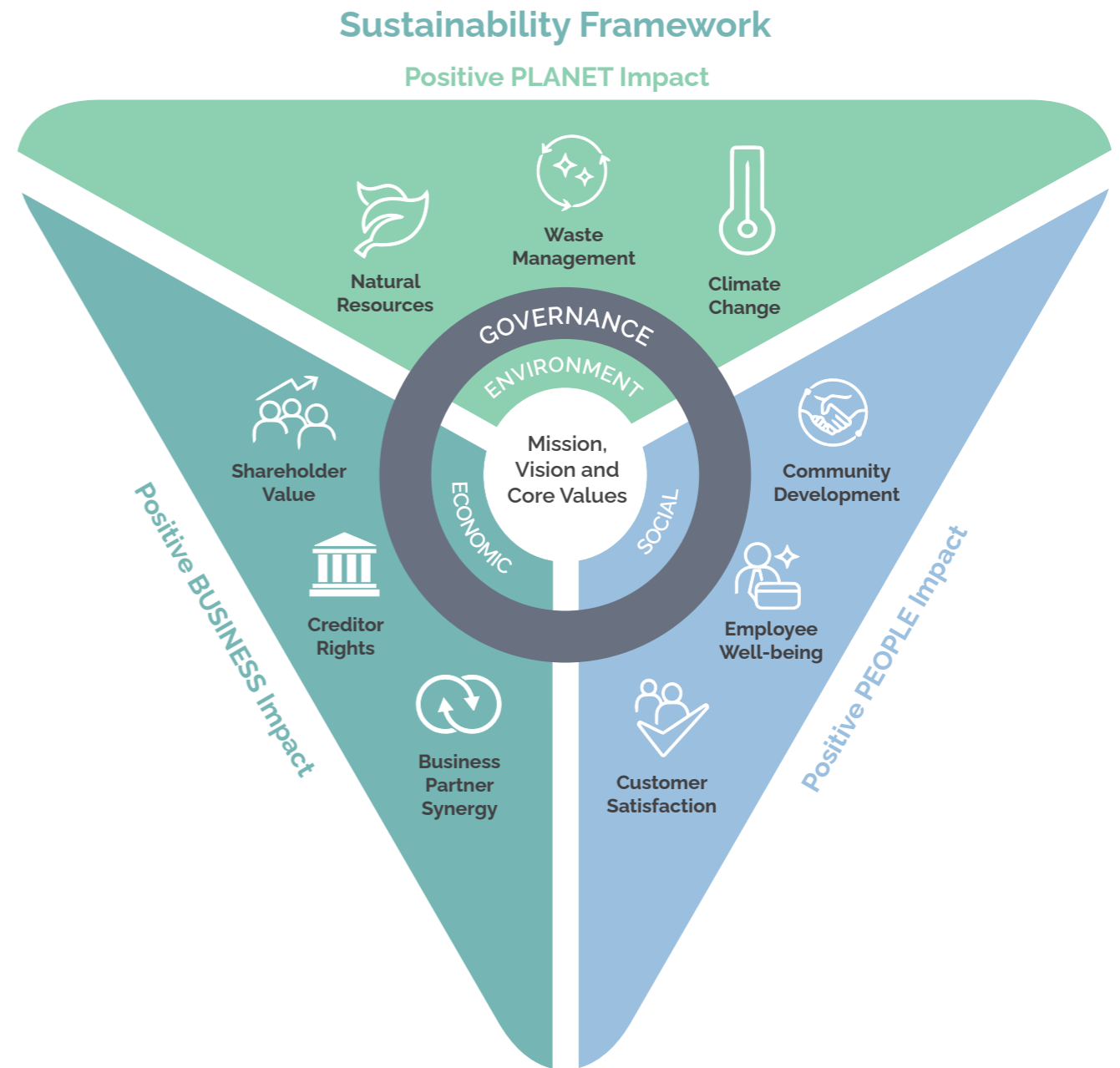
Import tariff adjustments on food, particularly rice, managed to offset the adverse impact of climate-related events to food prices, i.e. El Nino in the first half of the year and successive typhoons in the months of October and November. Logistics and production costs were likewise considered with regulatory agencies

deferring price adjustments. The local central bank also contributed to the government's inflation mitigating measures as it became the first in the ASEAN to implement its monetary easing as it reduced policy interest rates by a total of 75 basis points (bps) and the reserve requirements across all financial intermediaries by 100 to 250 bps.

Against this backdrop, the local economy fared well with GDP posting a robust growth rate of 5.6% in 2024. Local consumption maintained its resiliency, albeit at a slower pace versus the prior year. Industries and services were the key sectors that showed expansions during the year.

STRATEGY AND VALUE CREATED IN 2024

Vivant remains true to its commitment of bringing excellence to industries that improve everyday living. Driven by this purpose, Vivant aims to fulfill this by truly understanding and acknowledging the needs of its various stakeholder groups. Creation and delivery of shared value with its stakeholders remain to be the core objective of the Company's strategies as it works toward a sustainable future.



Capitals



How value is created:

Financial Strategies

- Strategic business planning and development
- Capital allocation and portfolio management
- Balance sheet management

Non-Financial Strategies

- People development and management
- Corporate governance
- Risk management
- Stakeholder management

FINANCIAL STRATEGIES

Strategic Business Planning and Development

Capital Employed	Stakeholder/s
Financial, Human & Intellectual	Shareholders, Customers, Employees

The Company's long term goals are rooted in its mission and vision. Each year, Vivant undergoes a review of its strategies to ensure that any change in the business environment is considered.

In 2024, as Vivant moves closer to its 2030 goals and 2040 vision of becoming a major conglomerate, the Company initiated a value chain study for its energy business. The objective of this initiative is to assess its current portfolio against evolving market trends and customer needs. Valuable insights from the exercise were integrated into the strategic planning, which further refined Vivant's strategies to achieve its long term objectives. Strategic roadmaps for key focus markets were developed, which outlined critical milestones to guide the Company's efforts and initiatives on business sustainability.

A similar exercise was done for the water business, albeit, less exhaustive. The focus was mainly on determining key entry points to the industry, which included business segments and markets. Resulting output was used to further refine the initiatives of the Company's water arm. A more thorough study will be conducted in 2025.

Capital Allocation and Portfolio Management

Capital Employed	Stakeholder/s
Financial, Human & Intellectual	Shareholders, Business Partners

As a holding company, Vivant has to ensure an optimal financial resource allocation for its businesses to support its strategic endeavors. The Company, with the assistance of a third-party consultant, worked on enhancing its capital allocation framework. The objective of this exercise is to develop an improved project prioritization tool that will optimize Vivant's investment portfolio. Guidelines will be developed on three key decision areas: evaluating the strategic fit of investments, both current and potential, assessing the acceptability of financial returns and the determination of stop-loss limits in line with the identified risk tolerance metrics.

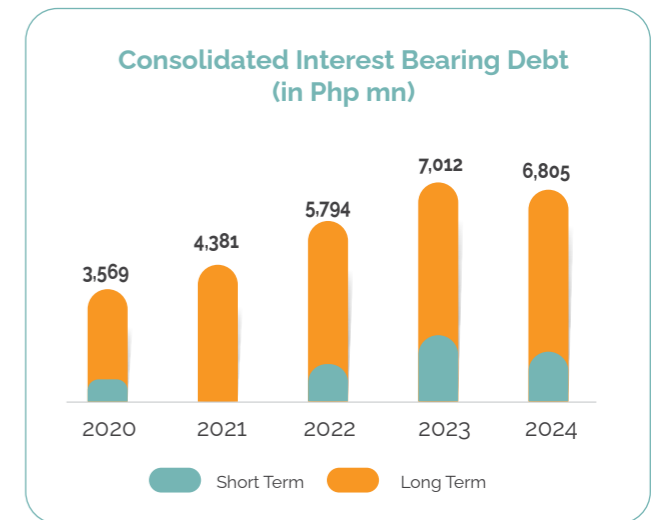
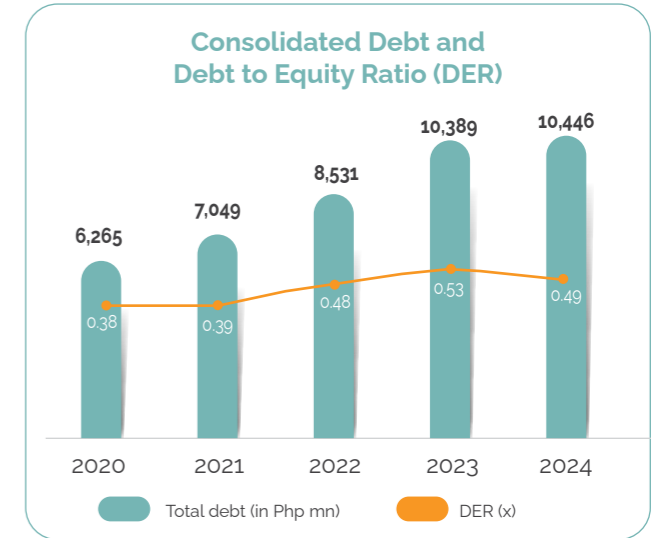
Investment monitoring is an ongoing undertaking of the Company and its business units. Financial performance review, coupled with the assessment of the Company's core competencies and its strategic initiatives, resulted to two divestment activities in 2024. In September, Vivant Energy divested its equity stake in a company that develops and constructs solar rooftop projects. In October, Vivant Water disposed its shareholdings in a company that provides engineering, procurement and construction services for bulk water and treatment facilities. These sale transactions allow for both capital recycling and reallocation of non-financial resources to other projects of Vivant.

Balance Sheet Management

Capital Employed	Stakeholder/s
Financial, Human & Intellectual	Shareholders, Creditors, Business Partners (Suppliers)

The Company's active and prudent fiscal management ensures that Vivant's balance sheet remains strong to readily support investment initiatives and business expansion. The Company's finance committees, both at Management and Board levels, constantly monitor the capital structure, debt capacity thresholds, liquidity positions and cost of capital to ensure a healthy financial position.

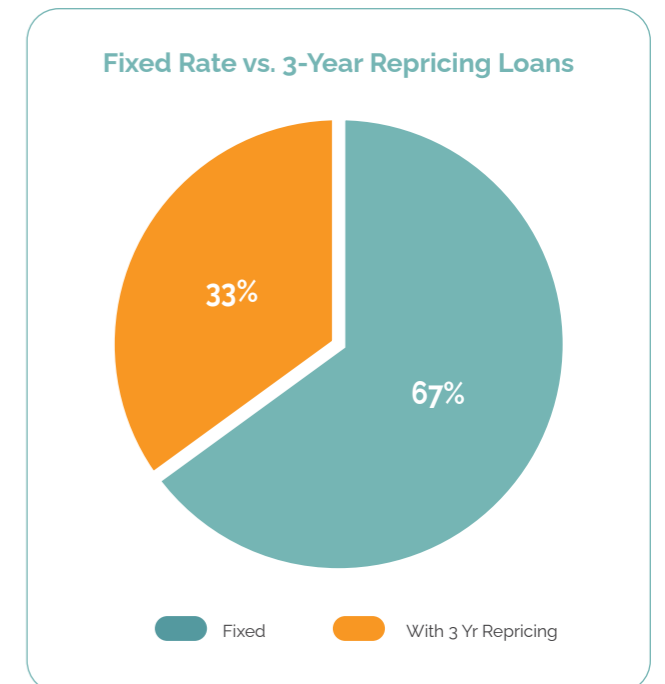
Vivant ended the year with total consolidated debt at Php 10.4 billion, 65% or Php 6.8 bn of which are interest bearing. Consolidated debt to equity ratio improved to 0.49x as of year-end, which is well within the Company's internal threshold and compliant with the Company's existing loan covenant. Vivant's consolidated net debt to equity ratio stood at 28% at the end of 2024, suggesting that the Vivant group still has room to acquire more debt capital to bankroll its investments. In terms of capacity to service its loan obligations, debt service coverage ratio improved to 1.7x at the end of 2024 from 1.5x at the end of 2023.



The Company likewise exhibited a good liquidity position with year-end consolidated current ratio and quick acid ratio at 2.4x and 1.9x, respectively.

Vivant, through its Treasury team, actively manages its loan portfolio. Continuous monitoring of the macro conditions allowed it to make informed decisions on debt structuring, which involves rate structure, tenor and prepayment among others. Initiatives were taken to ensure that financial risks, such as but not limited to liquidity, repricing, refinancing and concentration risks are considered and addressed.

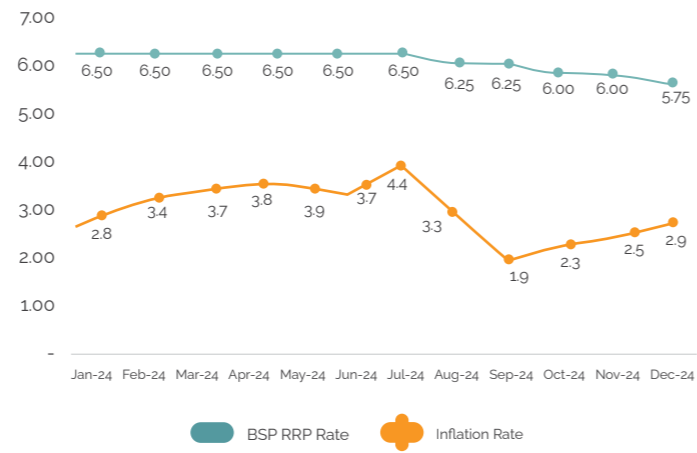
As of end 2024, fixed-rate borrowings mostly comprised Vivant's consolidated long-term loan portfolio at 67% of total. The balance are loans with repricing structures that provide flexibility to the borrowing entities to take advantage of any improvements in the interest rate environment. Loan tenors range from five (5) years to fifteen (15) years thus spreading out the maturities.



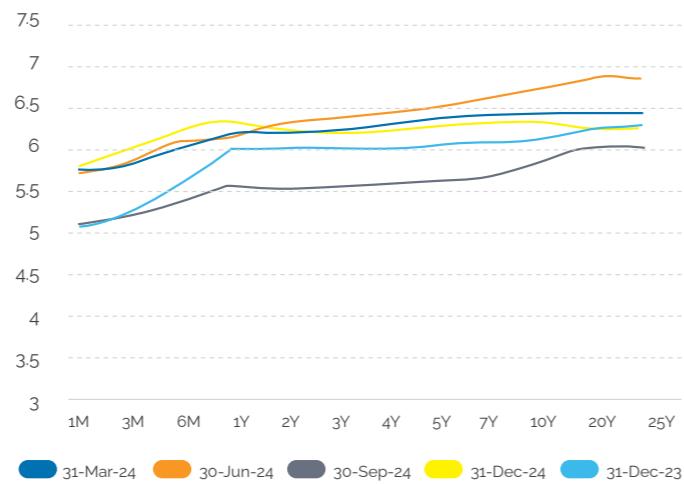
One Vivant contingent at the 11th PICPA Summit in Cebu City last July 11, 2024.

Meanwhile, average cost of borrowing for the group and the parent company stood at 5.99% and 4.30%, respectively. With inflation falling within the Philippine central bank's target range of 2 to 4 percent in 2024, the Bangko Sentral ng Pilipinas (BSP) commenced its easing cycle in August 2024 with policy rate cuts totaling 75 bps at the end of 2024. As a result, interest rates at the secondary market also dropped by an average of 76 bps across the yield curve quarter-on-quarter by the end of September 2024. Events towards year-end, however, pushed rates higher by an average of 51 bps quarter-on-quarter.

BSP Policy Rate vs. Inflation Rate (%)



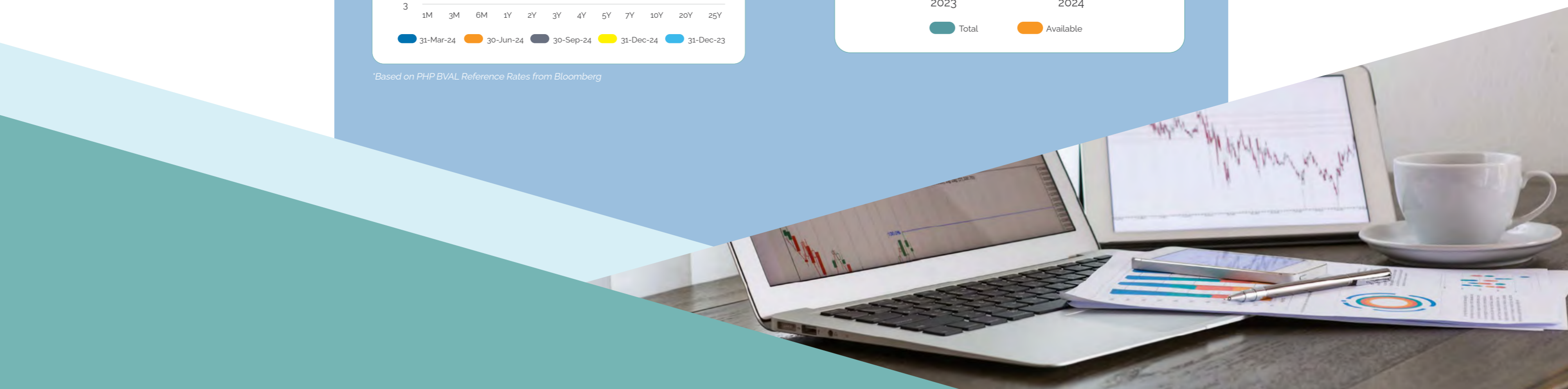
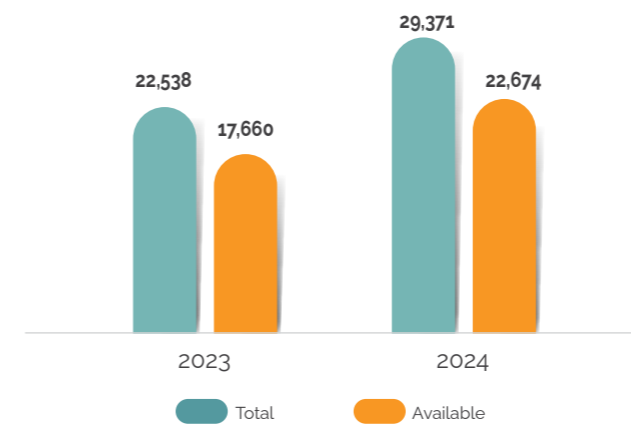
Php Yield Curve* (%)



*Based on PHP BVAL Reference Rates from Bloomberg

Ensuring a good and stable liquidity position is important to Vivant. Internal thresholds for minimum cash balances are set, which consider the Company's operating expenses, debt service, dividend payments and other foreseen financial obligations. To support any unexpected requirement, the Company, through its Treasury team, continues to develop and maintain credit facilities with various partner banks. As of end 2024, the group's total short term facilities with various partner banks amounted to Php 29.4 billion (up 30% YoY). Php 22.7 billion of which remained undrawn. Meanwhile, cash buffers are placed in a diversified portfolio of short term investment instruments to maximize interest income and minimize negative carry.

Vivant Group Short Term Facilities (in Php mn)





Senior Leadership Team assembles in Singapore for high-level discussions on culture transformation.

NON-FINANCIAL

Human Resources (HR) Development and Management

Capital Employed	Stakeholder/s
Human & Intellectual, Social and Relationship, Financial	Employees, Shareholders

In 2024, Vivant's Human Resources Department underwent a significant transformation, officially evolving into the People Function. This shift is a business imperative aimed at transitioning from being a service provider to a value creator, aligned with the organization's growth ambitions. The transformation reflects the Company's commitment to deliver solutions that positively impact both the employee experience and business outcomes.

As part of this change, Business People Partners and People Advisors were assigned to specific Business Units, while Practice Leaders drove initiatives and programs related to their respective practices and centers of excellence. This new approach shall allow Vivant to further strengthen its focus on becoming an Employer of Choice.

Several initiatives were introduced in 2024 that addressed key components of the Company's Employee Value Proposition (EVP) that was launched in 2023.

To support and effectively execute the Company's strategic goals, a strong and supportive culture is essential. Strengthening Vivant's culture of honor, excellence and integrity, a Culture Transformation initiative was initiated in 2024. Based on a thorough assessment of Vivant's corporate culture, a roadmap was developed with a series of workstreams that involve people and processes. Key initiatives were identified and designed to streamline processes within One Vivant, thus reinforcing a unified and high-performance culture.

Further discussion on these can be found in Vivant's Sustainability Journey: Positive People Impact.

Corporate Governance

Capital Employed	Stakeholder/s
Human & Intellectual	All

Guided by its core value of Honor and principles of Integrity, Fairness, and Trustworthiness, Vivant continuously strive to improve its governance processes. As stewards of the Company, the Board continues to work towards optimizing performance and accountability to ensure sustainable value creation for all its stakeholders. Efforts to build and maintain an effective governance infrastructure continue as it adopts best practices provided in the ASEAN Corporate Governance Scorecard.

The Board's breadth of knowledge and experience has worked well for the Company. Active participation and healthy discussions with different perspectives allowed for informed corporate decision making. Availability of functional expertise further strengthened the Board's oversight capabilities in the key areas of finance, audit and risk management among others.

The Board's good working relationship with Management is a key success factor for Vivant. Their symbiotic relationship allows for a cohesive drive to develop Vivant's organizational performance. Initiatives involving people, processes and systems were undertaken in 2024 in preparation for the growth track set for the medium (2030) and long term (2040).

Further discussion on governance can be found in Vivant's Leadership and Governance and Vivant's Sustainability Journey: Positive Business Impact.



Risk Management

Capital Employed	Stakeholder/s
Human & Intellectual	All

As it endeavors to progress in the 4-level risk maturity scale, Vivant continued to work on building its risk management capabilities by focusing on enhancing internal processes, fostering a culture of risk awareness across the subsidiaries and ensuring the effective identification and mitigation of potential risks. The following highlights key actions taken by the Company in 2024.



Implementation of Revised Impact & Likelihood Criteria

In the latter part of 2023, Vivant reviewed and updated the Impact and Likelihood criteria for assessing risks across the organization. This update aims to provide a more structured approach to assessing and prioritizing risks in the 2024 Risk Assessment Cycle and beyond. The revised criteria enhanced the ability of risk owners to evaluate the potential consequences and the probability of their risks, offering a clearer framework for decision-making.

Enhancing Project Risk Review

As Vivant continues to manage a wide array of projects, the Company acknowledges the need to enhance its project risk assessment process to ensure the effective management of project risks. In 2024, Vivant focused on strengthening the risk review process for all ongoing and upcoming projects. By revisiting and refining project risk assessments, Vivant aims to improve the identification, evaluation, review and mitigation of risks throughout the project lifecycle.

Cascading Risk Management to the Subsidiaries

In alignment with the risk management process at Vivant, the Risk team conducted a series of risk assessment workshops across all the managed operating subsidiaries of Vivant Energy. These workshops were designed to cascade the importance of risk management down to the plant, ensuring that employees across the organization are equipped with the tools and knowledge to identify and address risks within their respective areas of operation.

Defining Risk Tolerances for Improved Decision-Making

Recognizing the importance of embedding a risk-based approach in the Company's strategic decisions and as a follow up from the previous year's initiative, Vivant, with the assistance of a consultant, worked on setting risk tolerance limits using identified key risk metrics for each of Vivant's top risks. Once finalized and operational, this initiative should provide a crucial foundation for more informed and consistent decision-making across the organization.

In addition to strengthening its risk management processes, Vivant also focused on identifying and addressing the key risks that could impact the achievement of our aspirational goals and targets. Below sets forth the top risks identified by Vivant and its SBUs in 2024.

Risk	2024 Situationer	Potential Impact	Action Plan	Rating Beg End
<p>Regulatory - Energy</p>	<ul style="list-style-type: none"> • Uncertainty in the implementation of existing regulations (e.g. public offer rule) • Regulation of electricity rates to maintain affordability to consumers 	<ul style="list-style-type: none"> • Non-compliance to regulatory requirements may result to sanctions, reduced / delayed revenue, and reputational damage 	<ul style="list-style-type: none"> • Constant monitoring and coordination with regulatory bodies • Strengthening relationships with key regulatory personnel • Active participation in regulatory discussions relative to Vivant • Close coordination with the relevant departments and business units to ensure compliance to regulatory requirements 	<p>● ●</p>
<p>Regulatory - Water</p>	<ul style="list-style-type: none"> • Complexity in the implementation of laws and regulations (i.e. new PPP law) 	<ul style="list-style-type: none"> • Significant delays in project timeline thus adversely affecting project returns 	<ul style="list-style-type: none"> • Onboarding of an industry expert • Ensure controls are in place for project-specific risks • Ensure compliance to regulatory requirements 	<p>● ●</p> <p>Onboarding of an industry expert addressed this risk</p>
<p>Competition</p>	<ul style="list-style-type: none"> • Less competitive valuation offer compared to our competitors • Varying preferences of customers 	<ul style="list-style-type: none"> • Opportunity losses and possible financial losses 	<ul style="list-style-type: none"> • Engagement of consultants to increase capacity •enchmarking against similar transactions • Peer review / conduct of various valuation methodologies 	<p>● ●</p>
<p>Market Volatility</p>	<ul style="list-style-type: none"> • Merchant capacity exposed to market price volatility • Reserve Market (RM) suspension 	<ul style="list-style-type: none"> • Unpredictable revenues 	<ul style="list-style-type: none"> • Strengthen market monitoring and analysis • Use of energy market modeling and forecasting tools • Participation in the various markets and securing of contracts to hedge against market price volatility • Proactive risk management to continuously monitor and react to changing market conditions 	<p>● ●</p> <p>Resumption of RM operations and reduced market exposure with signed supply contract</p>
<p>Human Resource</p>	<ul style="list-style-type: none"> • Inadequate manpower due to: • Competition over limited talent pool • Attrition • Poaching • Delay in hiring • Inability to attract the right talent 	<ul style="list-style-type: none"> • Delays or non-completion of initiatives, ultimately impacting Vivant's ability to achieve its strategic goals 	<ul style="list-style-type: none"> • Employee pulse checks and surveys • Review and updating of employee compensation and benefits • Utilization of headhunters and online job posting platforms • Implementation of the Employee Value Proposition • Launch of employee programs on wellness, learning and growth • Succession Planning 	<p>● ●</p> <p>Increased manpower requirement due to strategic initiatives</p>

Risk	2024 Situationer	Potential Impact	Action Plan	Rating Beg End
<p>Reputation</p>	<ul style="list-style-type: none"> Increased visibility in the public sphere due to our energy and water operations and projects 	<ul style="list-style-type: none"> Increased public scrutiny Political exposure Controversies leading to reputational issues affecting future projects Negative publicity / perception 	<ul style="list-style-type: none"> Strengthen stakeholder relationships Build a strong brand image Closer monitoring of reputational risk, even at the project level 	<p>● ●</p>
<p>Project Financing</p>	<ul style="list-style-type: none"> ESG regulations/targets to reduce banks' appetite for traditional energy projects Business environment risks 	<ul style="list-style-type: none"> Missed investment opportunities Low project returns due to inefficient project capitalization Refinancing risk 	<ul style="list-style-type: none"> Develop and maintain banking relationships Exploration of alternative financing options 	<p>● ●</p> <p>Availability of credit facility and credit lines addressed this risk</p>
<p>Information Security Risk</p>	<ul style="list-style-type: none"> Lack of/dated policy and/or weak implementation thereof Lack of awareness on proper handling of company information 	<ul style="list-style-type: none"> Reputational damage Opportunity losses Loss of intellectual property Operational disruption 	<ul style="list-style-type: none"> Regular review and checking of disclosures Awareness campaigns on information security Establishment of Information Security policies and procedures 	<p>● ●</p> <p>Newly identified risk</p>

● Extreme, score of 20-25 ● High, score of 15-16 ● Moderate, score of 8-12 ● Low, score of 1-6 ● No rating

As part of its risk management initiatives, Vivant employs several risk transfer programs to cover any potential losses due to personal risks, physical/property risks, liability risks and business interruption risks. Studies (e.g. Risk Engineering Surveys) are likewise conducted to continually assess potential risks associated with the Company's and its subsidiaries' assets.

Further discussion on risk management can be found in [Vivant's Sustainability Journey: Positive Business Impact](#).

Stakeholder Management

Capital Employed	Stakeholder/s
Financial, Human & Intellectual, Social and Relationship	All

Leveraging on Relationships as one of its core values, Vivant endeavors to develop a fair and inclusive value proposition through commitments made as shown in its sustainability framework. Shared value creation further drives the symbiotic relationship between the Company and its stakeholders. As most of them stand as resource providers of the company, below outlines the initiatives taken by the Company as it continued to promote cooperation with and transparency to its stakeholders.

Our Shareholders and Investors

Key Strategy: Timely dissemination of relevant and accurate information through various channels to allow informed investment decisions

Engagement Channels and Regular Initiatives	2024 Concerns and Our Response
<ul style="list-style-type: none"> Annual Stockholders Meeting (virtual) PSE Edge Disclosures SEC Reports – 17A, 17C, 20-IS (Information Statement) Media releases 	<ul style="list-style-type: none"> Impact of macro forces, both local and international, to operating and financial performance <ul style="list-style-type: none"> Close monitoring of market developments to determine potential impact to operations and projects, both ongoing and for development Prudent fiscal management policies implemented Climate-related risks and impact to operations <ul style="list-style-type: none"> Enhancements in Business Continuity Management processes Exploration of potential risk transfer programs to address financial risk Impact of operations to environment <ul style="list-style-type: none"> Business development initiatives towards growing renewable portfolio to 30% by 2030 Exploration of hybridization efforts Tree growing initiative (biodiversity project) Business sustainability, strategy execution and capital allocation <ul style="list-style-type: none"> Value chain study for the energy business Project prioritization and risk tolerance studies Conduct of periodic portfolio review Roll out of sustainability framework Governance <ul style="list-style-type: none"> Benchmarking exercise with 'best in class' corporations Culture transformation, which included people and process reviews Key talent review and succession planning





Our Business Partners*

Key Strategy: Develop and maintain relationships through fair, transparent and professional dealings

Engagement Channels and Regular Initiatives	2024 Concerns and Our Response
<ul style="list-style-type: none"> • Regular meetings (Board, Management, Executive levels)** • Strategic planning sessions** • Project team / committee meetings** • Informal dialogues / meetings 	<ul style="list-style-type: none"> • Strategic alignment and governance <ul style="list-style-type: none"> ▪ Focused on provision of timely and relevant information ▪ Maintained open communication channels ▪ Maintained professionalism and work ethics • Financial position and performance given challenging macro forces <ul style="list-style-type: none"> ▪ Continued support from various units within the Vivant group (including Corporate and Shared Services) to optimize operating and financial performance ▪ Prudent fiscal management to ensure timely settlement of payables ▪ Process and systems improvements involving Procure to Pay

*Including joint venture partners, suppliers and contractors
 **For joint venture partners

Our People

Key Strategy: Develop and promote overall wellness by providing opportunities for growth, work-life balance and merit recognition.

Engagement Channels and Regular Initiatives	2024 Concerns and Our Response
<ul style="list-style-type: none"> • Learning programs • Wellness initiatives • Information cascade through emails and messaging apps • Townhalls, small group huddles (e.g. CEO Connect, Manager Huddles, Kitakits) • 1-on-1 performance discussion between employee and direct report • Employee surveys / pulse checks • Engagement activities 	<ul style="list-style-type: none"> • Compensation and benefits, improvements due to higher cost of living <ul style="list-style-type: none"> ▪ Review of compensation and benefits ▪ Merit increases and salary adjustments • Corporate's environment and social footprint <ul style="list-style-type: none"> ▪ Corporate green initiatives ▪ Employee-led cause-oriented initiatives • Professional growth and development <ul style="list-style-type: none"> ▪ Learning and growth framework ▪ Use of IT-enabled training platforms for flexibility, i.e. LinkedIn Learning ▪ Promotion of coaching culture at Vivant • Working conditions <ul style="list-style-type: none"> ▪ Continued hybrid work set up ▪ Office and work station management app to enable hot desking ▪ Construction of new/upgrade of existing office facilities • Manpower-related issues <ul style="list-style-type: none"> ▪ Design and conduct of activities to improve camaraderie within and across teams ▪ Review/update and issuance of policies • Health and wellness <ul style="list-style-type: none"> ▪ Well Vivant initiative – Thrive 2.0 ▪ Review/update and issuance of policies ▪ Increased engagement activities, e.g. Recognition Night





Our Creditors and Banking Partners

Key Strategy: Develop and maintain good relations with partners by maintaining integrity, transparency and reliability with the timely dissemination of relevant and accurate information

Engagement Channels and Regular Initiatives	2024 Concerns and Our Response
<ul style="list-style-type: none"> • Regular meetings • Plant visits • Written (formal and email correspondences) • Company disclosures to the PSE/SEC • Company website • Bank briefing • Virtual ASM • Policy on Safeguarding Creditor Protection 	<ul style="list-style-type: none"> • Project financing <ul style="list-style-type: none"> ▪ Regular updates on projects in the pipeline during meetings ▪ Issuance of Requests for Proposals • ESG strategy and impact of transition risk to portfolio <ul style="list-style-type: none"> ▪ Communicated strategic plans to develop renewable portfolio and industry need for traditional generation facilities • Balance sheet and debt servicing capacity <ul style="list-style-type: none"> ▪ Regular internal monitoring of debt covenants ▪ Timely discussion on relevant updates, if any

Our Customers*

Key Strategy: Understand customer concerns, particularly in the areas of product availability, reliability, quality and affordability

Engagement Channels and Regular Initiatives	2024 Concerns and Our Response
<ul style="list-style-type: none"> • On the ground monitoring by Industry Affairs and Business Development groups • Engagement with local government units • Meetings with customers, existing and potential • Website and customer portal (Coreenergy) 	<ul style="list-style-type: none"> • Pricing sensitivity due to inflation <ul style="list-style-type: none"> ▪ Design of rate structure ▪ Leverage on supplier/vendor relationship to secure favorable input pricing • Timely project completion <ul style="list-style-type: none"> ▪ Regular project coordination meetings (internal) ▪ Regular project updates with the customer ▪ Dedicated team to oversee regulatory requirements affecting project delivery • Plant availability and outages <ul style="list-style-type: none"> ▪ Conduct of regular maintenance

*These are the customers of the operating companies under the Energy and Water SBUs of Vivant





Our Communities

Key Strategy: Enhance and develop relationship with existing and new communities, respectively, by understanding and addressing their needs

Engagement Channels and Regular Initiatives	2024 Concerns and Our Response
<ul style="list-style-type: none"> • Direct engagements with communities and concerned LGU/NGO/government agency • Focus group discussions, public consultations, hearings • Corporate Social Responsibility initiatives 	<ul style="list-style-type: none"> • Access to good education <ul style="list-style-type: none"> ▪ Initiatives to improve school facilities, e.g. Brigada Eskwela, construction of school building and other facilities ▪ Solar electrification via equipment donation, upgrade of facilities ▪ Continued scholarship program and support to the Regional and Science Technology Fair ▪ STEM support and donation of library packages to served communities • Environment initiatives <ul style="list-style-type: none"> ▪ Green initiatives in served communities, both by corporate and operating subsidiaries ▪ Adopt a City program • Disaster response/assistance <ul style="list-style-type: none"> ▪ Disaster relief initiatives spearheaded by Vivant Foundation, e.g. distribution of relief food packs, kitchen and health kits

Government Agencies and Regulators

Key Strategy: Develop and maintain good relations by keeping open communication lines

Engagement Channels and Regular Initiatives	2024 Concerns and Our Response
<ul style="list-style-type: none"> • Meetings with relevant government agencies • Roundtable discussions, public consultations and conferences • Submission of structured reports 	<ul style="list-style-type: none"> • Compliance with laws and regulations <ul style="list-style-type: none"> ▪ Conduct of regular updates on new or updated regulations ▪ Inclusion in annual corporate governance training, if applicable ▪ Updating or issuance of company policies • Completeness, accuracy and protection of data <ul style="list-style-type: none"> ▪ Periodic review of financial data and reports ▪ Review of processes, coordination of timelines ▪ Review and upgrade of security measures ▪ Updating or issuance of company policies, if applicable • New policies <ul style="list-style-type: none"> ▪ Participation in policy dialogues and reviews ▪ Through industry organizations, submission of position papers on proposed policy reforms ▪ Updating or issuance of company policies, if applicable





SUSTAINABILITY JOURNEY

Other Stakeholders

Key Strategy: Utilize and maximize various media channels to improve reach while maintaining data accuracy

Engagement Channels and Regular Initiatives	2024 Concerns and Our Response
<ul style="list-style-type: none"> • Direct engagements – 1-on-1 meetings, email correspondences or phone calls • Virtual ASM • Media briefings • Company website and social media • Company disclosures to the PSE/SEC 	<ul style="list-style-type: none"> • Company developments, financial performance <ul style="list-style-type: none"> ▪ Prepared statements aligned with company disclosures made to ensure accuracy of information • Change in industry regulations and impact to operations <ul style="list-style-type: none"> ▪ Updates provided during media briefing and/or through Corporate Communications' use of internal media channels • Initiatives to address environmental issues <ul style="list-style-type: none"> ▪ Updates provided during media briefing and/or through Corporate Communications' use of internal media channels

SUSTAINABILITY JOURNEY

Bringing excellence to industries that improve everyday living has always been at the core of what Vivant does. Driven by its mission, guided by its vision and supported by its core values, the Company remains committed to a sustainable future as it recognizes and accepts its responsibility to its stakeholders. Knowing and understanding the needs of its stakeholders are vital to Vivant and its businesses as it aims to achieve inclusive growth. The Company aims to carry this out by adhering to responsible and ethical business practices where business profits are attained alongside investments in social development and responsible resource use.

Vivant's commitments are clear: **Positive Planet Impact. Positive People Impact. Positive Business Impact.**

Through its businesses and its corporate- and foundation-led initiatives, Vivant supports and contributes to twelve (12) out of the seventeen (17) interlinked Sustainable Development Goals (SDGs) of the United Nations. Presented here is a discussion on the Company's sustainability commitments in 2024 and the results of initiatives undertaken.

POSITIVE PLANET IMPACT

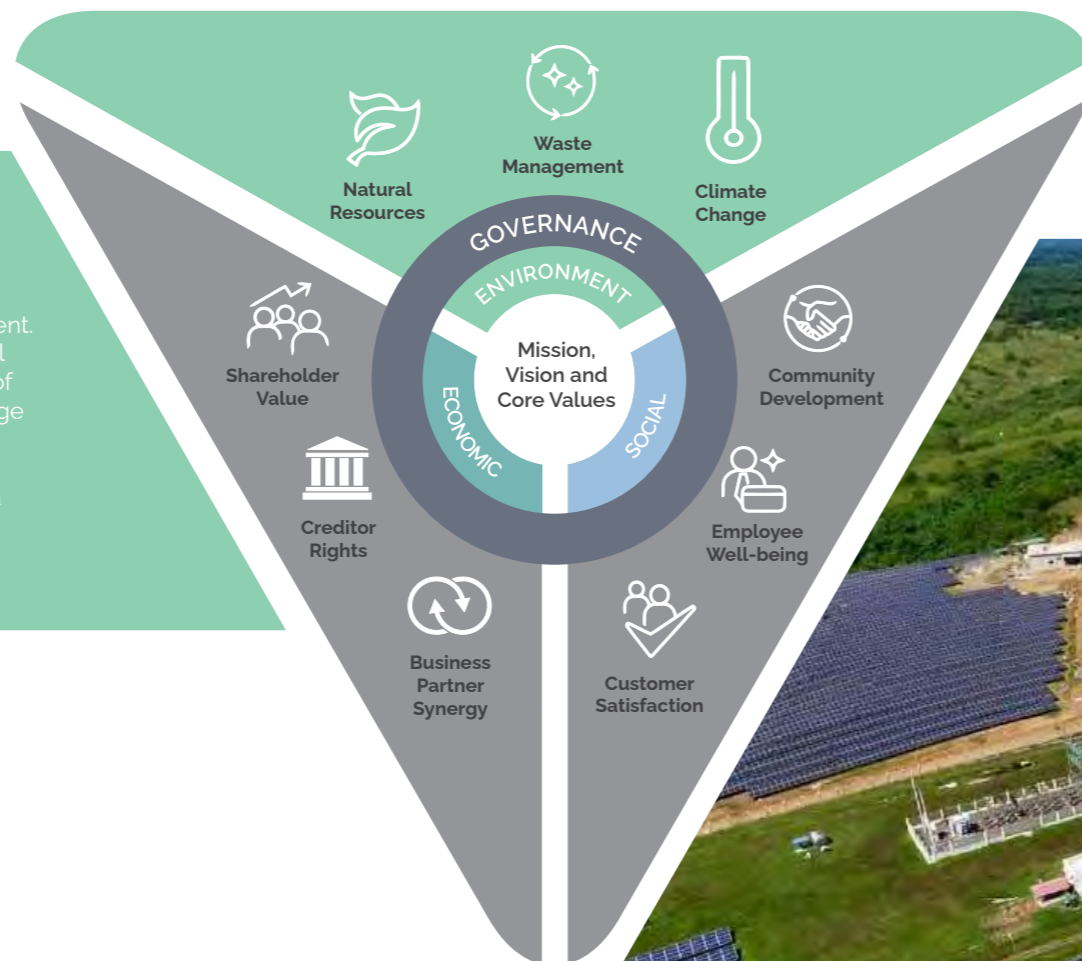
- Take actions to combat climate change and minimize our negative environmental impact through mindful resource use and proper management of our waste and carbon footprint



- Climate Action
 - Manage Carbon Footprint
 - Waste Management
 - Resource Efficiency and Consumption Reduction

*Mindful Resource Use
Mastering Change Agility*

Vivant recognizes and acknowledges the impact its businesses have to the environment. Commitments to address the environmental issues were made, which resulted to plans of action that involved various means to manage the Company's impact to the planet. These include responsible consumption, biodiversity restoration and investments in a green portfolio.



2024 Highlights

Corporate

Water

Energy



Responsible consumption

- Continued implementation of mindful resource consumption with the promotion of sustainable practices



Waste management

- Waste segregation and recycling initiatives
- Cascade of E-waste disposal policy (for implementation in 2025)



Biodiversity Protection

- Over 2,000 Mangrove propagules planted in Cebu
- Over 4,500 seedlings planted by operating units
- 5,000 seedlings planted and geotagged in 2 out of 10 hectares of the Kan-Irag Ecosystem Biodiversity Project
- Coastal clean-up in Cebu and Manila collecting over 1,600 kg of waste



Investment portfolio to support a sustainable future – clean energy, safe and clean water

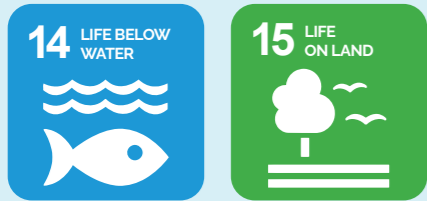
- 99% completion of 20 MLD seawater desalination plant in Cebu
- 822.3 MLD treated water (septage and sewage) in Puerto Princesa

- ~7 MWh of solar energy generated
- Ongoing works for the connection of the 22-MW solar project in Bulacan
- Healthy pipeline of solar and wind projects



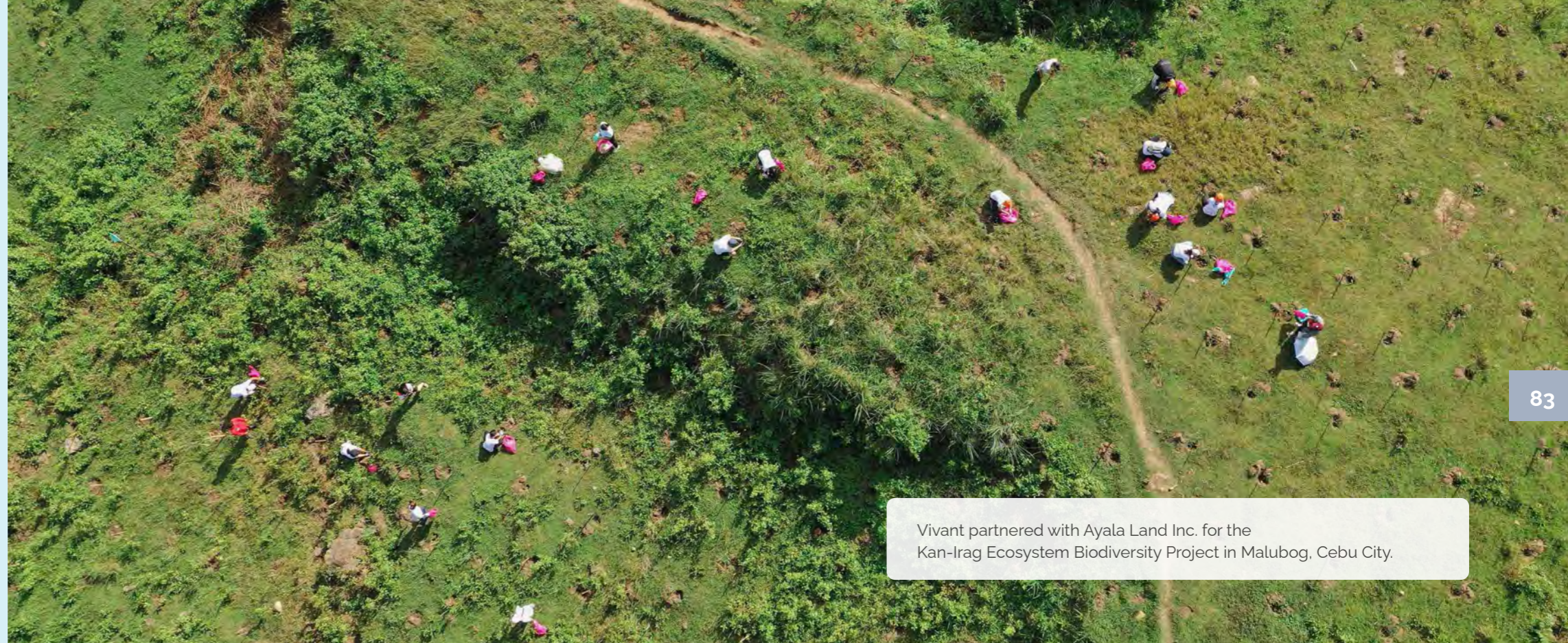
San Ildefonso Alternative Energy Corporation
A 22 MW solar power plant in Bulacan

Contributed to the SDGs



Indicators / Material Disclosures

- Energy consumption
- Water usage
- Emissions
- Waste management



Vivant partnered with Ayala Land Inc. for the Kan-Irag Ecosystem Biodiversity Project in Malubog, Cebu City.

Vivant is very much aware of its responsibility as a good corporate citizen to ensure that sustainable practices in the organization are observed. To preserve the current shared resources for the future, imbibing mindful actions on **responsible consumption** was an initiative that the Company started through its Green Office Policy. Increased awareness through continued promotion of sustainable practices has resulted to positive metrics on the Company's resource use (i.e. electricity, water, paper) and waste management (e.g. segregation and recycling). The Company's Administration team has finalized its E-waste disposal policy and has identified and accredited a certified E-waste recycler. This policy has been rolled out and shall be implemented in 2025.

Initiatives to **restore and protect biodiversity** were continued in 2024. The Vivant EcoBais, together with the operating units, continued to spearhead a number of initiatives that addressed both land and water restoration needs.

- The EcoBais returned to Brgy Cotcot, Liloan, Cebu in August 2024 for its second Mangrove Planting activity. The group of 60 participants planted 2,100 propagules. This initiative was in coordination with the Municipal Environment and Natural Resources Office and the barangay's women's association.
- Energy operating units, namely 1590 EC, CIPC, DPI, INPC, NBPC, BPC and Corenergy planted over 4,500 seedlings in their respective locations.

- EcoBais in both the Cebu (in collaboration with IMCC) and Makati offices conducted simultaneous coastal clean-up in September 2024. Party of over 200 was able to successfully collect over 1,600 kg of waste in Barangays Catarman and Buagsong, Cordova, Cebu and Baseco Beach, Port Area in Manila.

In May 2024, Vivant, through its Foundation, signed a Memorandum of Agreement with Ayala Land, Inc. (Ayala Land) for the Kan-Irag Ecosystem Biodiversity Project. This project involves the rehabilitation and management of a 10-hectare property situated in Barangay Malubog, Cebu City. The **ecological regeneration** process will be done over a five-year period, which started in September 2024 when 5,000 seedlings were planted in a 2-hectare section of the project site. This initiative is in partnership with the Soil and Water Conservation Foundation, Inc., which provided and geotagged the seedlings.

Vivant has been purposeful in its endeavors as it continues to develop and enhance the sustainability of its investment portfolio. With the awareness of the need to balance both profit and impact to the planet, the Company has developed strategies for both its energy and water businesses incorporating the current landscape of both industries.

The Company continues to support the nation's energy transition journey. More than an answer to regulatory shifts, Vivant has taken a proactive move with its 30 by 30 course, given the natural events manifesting the planet's call for action. The Company, through its Energy unit, is working to increase its renewable energy capacity to reach 30% of its total portfolio by 2030. Business development initiatives are geared towards this and have resulted to the following:

- The construction of the 22-MW solar facility in Bulacan is ongoing and is expected to be completed within the second quarter of 2025
- Healthy pipeline of solar and wind projects in varying stages of development
 - Over 320 MW of solar projects in Visayas and Mindanao, with ~53 MW covered with service contracts
 - Over 480 MW of wind projects in Visayas, with 350 MW covered with service contracts

Vivant's solar rooftop business ended the year 2024 with a portfolio of facilities with total operating capacity of 8.4 MW, serving twenty (20) commercial and industrial customers.

Vivant's 20 MLD **seawater desalination plant** in Cordova, Cebu started testing and commissioning (T&C) one out of four skids in April 2024. First water of the facility was achieved the following month and T&C continued with the rest of the units. Pipelaying activities were completed in August, while connection to the water district's network was done in November 2024. As of year-end, the plant reached a 99% completion rate while under T&C mode.

40%-owned PPWRLC's operation of its waste water treatment facility in Puerto Princesa, Palawan continues to improve the water condition in the Puerto Princesa Bay. In 2024, the facility treated a total of 822.3 million liters, both septage and sewage.

One Vivant's Consumption Scorecard

	2023		2024	
	Total Consumption / Collection	Consumption / Collection per employee	Total Consumption / Collection	Consumption / Collection per employee
Paper (in reams)	790	3.67	649	2.48
Water (in cu m)	701.7	3.26	750.0	2.86
Electricity (in kWh)	249,747	1,161.61	300,358	1,146.40
Waste* (in kg)	484.7	2.25	655.5	2.50

*Scrap waste (PET bottles, cardboard boxes, shredded paper, aluminum cans)



IN FOCUS:

Vivant Foundation's Green Initiative for Resilient Ecosystems

As part of its commitment to environmental stewardship, Vivant Foundation Inc. (VFI) has spearheaded a large-scale biodiversity initiative in Cebu's highlands, planting 5,000 endemic trees to restore forest cover and support long-term ecological balance. This initiative, developed in partnership with Ayala Land Inc., the University of San Carlos - Biology Department, and the Soil and Water Conservation Foundation, Inc., exemplifies the foundation's dedication to sustainable development and community resilience.

Spanning 9.7 hectares of forestland, the project focuses on native tree species such as Narra (*Pterocarpus indicus*), Molave (*Vitex parviflora*), Dao (*Dracontomelon dao*), White Lauan (*Shorea contorta*), and Ilang-Ilang (*Cananga odorata*)—all chosen for their role in enhancing biodiversity, improving soil stability, and supporting local wildlife. The inclusion of endemic trees ensures that the reforested areas will sustain a diverse ecosystem while preserving the Philippines' natural heritage.

Environmental and Climate Benefits

The tree-growing initiative addresses critical environmental challenges, particularly deforestation and biodiversity loss. Reforesting vulnerable highland areas helps regulate water cycles, reducing surface runoff and minimizing flood risks in downstream communities. Additionally, restoring forest cover strengthens local ecosystems, providing habitats for native species and enhancing overall environmental resilience.

Community Engagement and Livelihood Opportunities

A key component of the initiative is the active involvement of local communities, fostering a sense of ownership and responsibility for environmental conservation. Training programs in sustainable forestry and ecological restoration equip participants with valuable skills that extend beyond the project, creating long-term livelihood opportunities tied to environmental sustainability.

Research-Backed Conservation Strategies

To maximize the project's impact, Vivant Foundation collaborates with the University of San Carlos - Biology Department to implement research-backed conservation strategies. These include identifying optimal planting seasons and locations to improve tree survival rates, as well as conducting regular biodiversity assessments to monitor progress. The initiative has achieved an impressive 96% tree survival rate, reflecting the foundation's commitment to high-impact reforestation efforts.

Expanding the Reach of Sustainability

Following the success of this initiative, Vivant Foundation plans to replicate the model in other critical areas across Cebu and surrounding provinces. The next phase aims to plant 25,000 trees over the next three years, further expanding the foundation's environmental impact while promoting sustainable ecosystems in other vulnerable regions.

International Coastal Clean Up Day: Saving our Seas

Vivant took part in International Coastal Clean-Up Day, reinforcing its commitment to sustainability and environmental stewardship. This initiative reflects Vivant's dedication to improving everyday living by protecting marine ecosystems, engaging communities, and addressing the growing challenge of ocean pollution.

The event brought together 59 volunteers from Vivant and IMCC Bais, alongside local residents and fishermen from Brgy. Buagsong and Brgy. Catarman in Cordova. United by a shared goal, participants worked together to remove waste from the coastline, contributing to cleaner and healthier marine environments.

Building Partnerships for Greater Impact

Vivant recognizes that environmental sustainability thrives through collaboration. Working with local communities and partner organizations, the company aims to strengthen its role in environmental protection. These partnerships help amplify the impact of clean-up drives and encourage long-term community involvement in sustainable practices.

Expanding Sustainability Efforts

Beyond this initial clean-up, Vivant Corporation is exploring more ways to contribute to sustainability. Future initiatives may include waste reduction programs, educational campaigns on marine conservation, and continued participation in clean-up activities to reinforce the company's commitment to environmental responsibility.



A First Step Toward Long-Term Sustainability

This clean-up marks an important milestone for Vivant Corporation as it integrates coastal conservation into its sustainability initiatives. By directly participating in environmental efforts, the company takes a proactive role in protecting natural resources that coastal communities depend on.

Creating Solutions for a Changing World

By participating in International Coastal Clean-Up Day, Vivant Corporation demonstrates its commitment to creating solutions for a changing world. The initiative highlights the company's dedication to sustainability and reinforces the importance of collective action in protecting the environment. Through continued engagement, Vivant Corporation aims to inspire a culture of environmental stewardship that benefits both communities and ecosystems.

POSITIVE PEOPLE IMPACT

- Continue developing our people, not just to cover intellectual and technical competencies build up, but also on the overall welfare of the employees – prioritizing on the health, safety, wellbeing and rights of our people
- Engaging with our internal and external stakeholders to better understand how we can continuously improve our sustainability initiatives and contribute to a more sustainable world

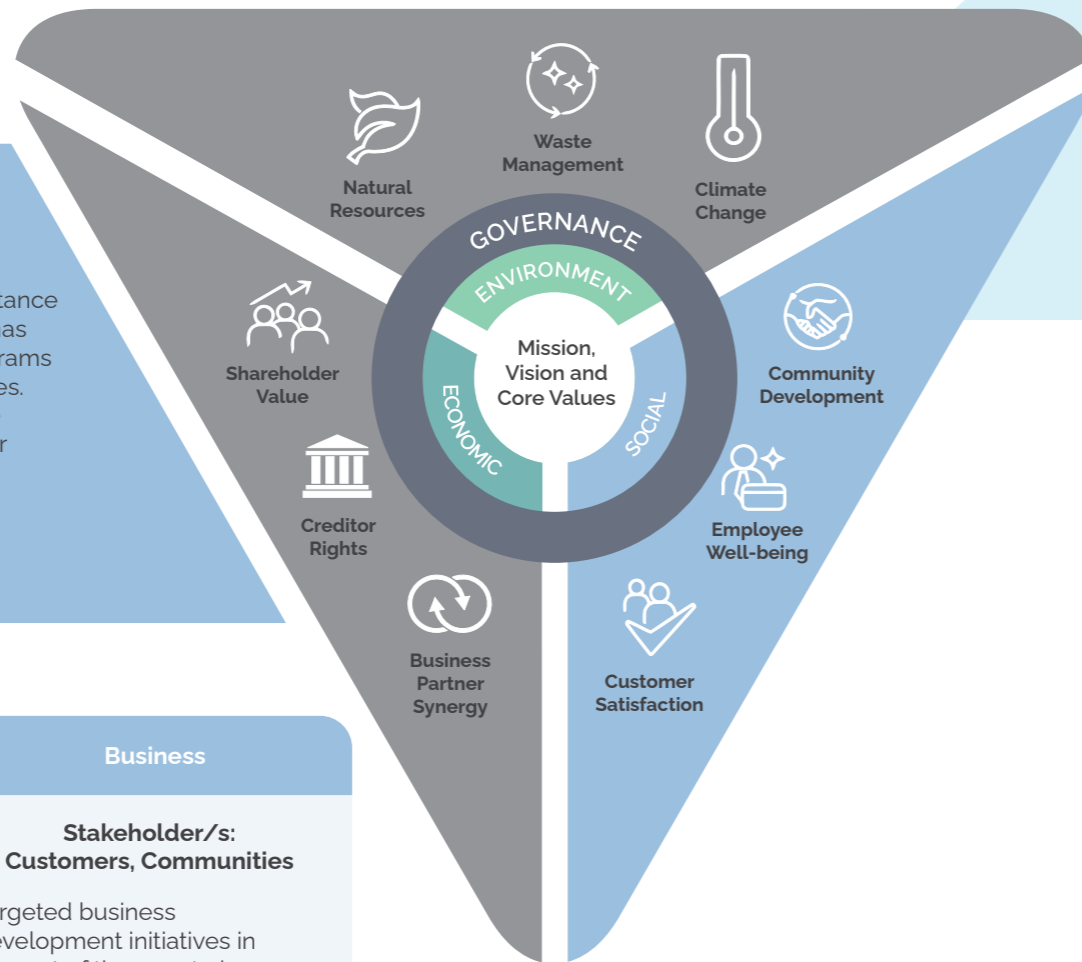


Health & Safety and Well-being

- Employer of Choice
- Great place to work
- Established Safety Culture
- Diversity, Equity and Inclusion
- Community Relationships

Fostering Synergistic Collaboration

Inclusive growth is of paramount importance when it comes to sustainability. Vivant has deliberately set out to advance its programs involving its people and the communities. Through its Energy and Water units, the Company continues to deliver customer solutions that improve everyday living.



2024 Highlights

Corporate	Business
<p>Stakeholder/s: Employees</p> <p>Year-end total headcount at 393 across One Vivant* and managed corporates, up 22%</p> <p>Over 8,900 training hours for Vivant and managed subsidiaries</p> <p>Community projects that are deliberate in addressing people needs</p>	<p>Stakeholder/s: Customers, Communities</p> <p>Targeted business development initiatives in support of the country's nation-building efforts through the Energy and Water units</p> <p>Promoting and supporting economic growth in the islands with the continued supply of stable and reliable energy to Off Grid areas</p> <p>Contributing to grid security with the provision of ancillary services via the Reserves Market</p> <p>Community projects that are deliberate in addressing people needs</p>

*Vivant, Vivant Energy, Vivant Water, Corenergy, Vivant Foundation

Contributed to the SDGs



Indicators / Material Disclosures

- Employment
- Training and education
- Diversity and equal opportunity
- Local communities
- Indirect economic impacts

Our People

Behind the success of every company is its people. Cognizant of this, Vivant has been more intentional in developing its people programs. Taking a holistic approach and using its **Employee Value Proposition** as cornerstone for program design, the Company gained ground on this front in 2024 with the following initiatives.

Nurtures opportunities for growth

A Learning and Growth approach was established that aims to foster continuous learning and personal growth by providing the employees (the Bais) with the interventions and opportunities they need to excel in their present and future roles.

Promotes work-life balance

Well Vivant, a holistic approach to wellness, aims to embed a wellness mindset to the employees and provide support mechanisms to enable them to thrive throughout their different life and career stages.

Rewards merit and performance

A Total Rewards Philosophy was finalized in 2024, which shall serve as the guiding principles to attract, retain and engage a diverse and talent pool. The comprehensive total rewards strategy shall ensure the alignment with Vivant's organizational values, culture and business goals.

Nurtures Growth and Opportunity

As part of the Company's commitment to providing employees with the resources they need for success, an updated Learning and Growth (L&G) framework was launched in 2024. This framework was designed to foster continuous learning and personal growth by providing the Vivant Bais with interventions and opportunities that promote continuous learning and professional development across the organization. Both core and functional competencies have been identified and defined across levels.

Core competencies are the five behavioral manifestation of Vivant's core values: **Doing Right things Right, Fostering Synergistic Collaboration, Managing Change Agility, Achieving Beyond Expectation, Mindful Resource Use**. Embedding these in the Company's L&G framework shall help ensure that every Bai can contribute to a culture of excellence, integrity, continuous improvement and collaboration. Various learning initiatives shall ensure that these values are not only upheld but also translated to behaviors that create value to the business and its stakeholders.

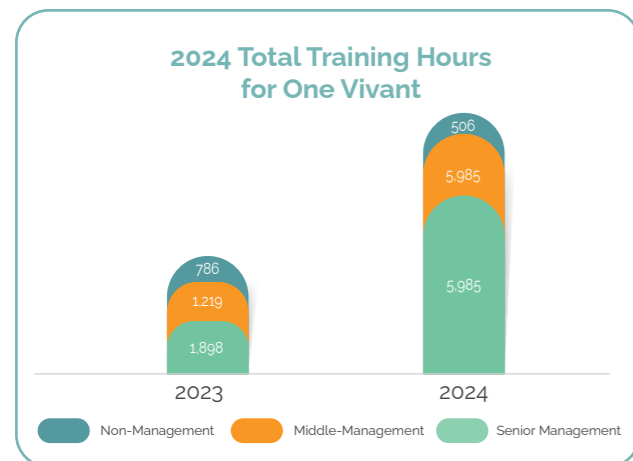


Integrated Human Resource and Information System

An assessment of the functional competencies within One Vivant was conducted in 2024. Job families were identified using specific knowledge, skills and abilities required to perform the tasks and activities related to a particular role and job function as bases. Programs focusing on functional competency development and embedding functional competencies for job families shall be designed to ensure that the Vivant Bais, at every level, can perform their roles efficiently by applying domain knowledge and technical know-how to contribute effectively to the organization's goals. A Learning Champion Circle was created after Vivant Bais were given time to volunteer to become learning champions for the identified job families.

Vivant likewise updated its learning modalities using the Dave Ulrich 50-30-20 model where employee development will be done through a combination of experiences, i.e. 50% from learning through direct work experiences, 30% from learning through relationships and feedback, and 20% from formal training and education.

To improve the learning experience of the Vivant Bais, the Company partnered with **LinkedIn Learning** in 2024. This online platform provides a wider breadth of learning resources and flexibility for the Bais as courses can be taken at their own pace and availability. The application and approval of learning initiatives of each Bai are also done in **iHRIS**, Vivant's online HR information system. This allows for proper monitoring of each Bai's learning journey throughout the year.



Additionally, to strengthen leadership capabilities in managing performance, leaders were equipped with essential tools such as the **SBI Feedback Model** and the **GROW Coaching Model**, which are designed to support effective feedback and coaching practices.

Promotes Work-Life Balance

The People Function introduced and launched **Well Vivant** in 2024, a holistic approach to embed a wellness mindset among the Bais. This program provides support mechanisms that enable them to thrive throughout challenges, crossroads and experiences at their different life and career stages. The objective is for Vivant to have **Well People**, **Well Leaders** and a **Well Culture**.

Rewards Merit and Performance

Well Vivant touches on five dimensions: Physical, Financial, Professional, Family and Social and Emotional. Each dimension impacts the whole person and the programs help to develop a Vivant Bai who is healthy, stable, growing, balanced, feeling safe and engaged across different aspects of his work and his life.

Wellness Dimensions and Touchpoints

Physical



Financial



Professional



Family



Social and Emotional



In 2024, a number of noteworthy initiatives were introduced and undertaken by the **People Function** under the **Well Vivant** program. These are:

- **Thriving at the Top (or Thrive) 2.0**, a two-pronged program for the Vivant Leaders that focuses on performance and wellness coaching.

A partnership with the **Asian Institute of Management** was entered into in May 2024 for the 7-month Executive Coaching for Business Leaders. The objective was for leaders to grow as individuals and effectively lead the organizational success of the teams they are managing. After careful evaluation, Cebu-based Epic was selected for the Wellness Coaching for Business Leaders, a program designed to enhance the overall well-being of executives through personalized guidance on nutrition, fitness and stress management. Thrive 2.0 had three batches in 2024: June, August and October.

- **Employee Assistance Program (EAP)**

The EAP was launched and made available to all employees and family members living in the same household. In partnership with **Intellicare** and **CompPsych**, they will have 24/7 access to counseling and crisis intervention for various issues relating to behavioral health, wellness, legal and financial matters. The EAP is designed to address any life challenge a Vivant Bai is facing and prevent it from adversely affecting home life as well as work performance.

- **Employee Resource Group (ERG)**

In an attempt to further strengthen and improve overall wellness and promote an inclusive workplace in Vivant, employee resource groups were established in 2024. Purely on a voluntary basis, the **Women's ERG** and the **Vivant Pride ERG** were formed to provide the venue to connect with one another, and have an open dialogue about the issues or challenges faced by these communities. To help the conversations start, executive sponsors were identified to champion these ERGs.

In 2024, the first **Vivant Kumbati Awards** was held in November to honor the individuals and teams that exemplified outstanding performance and impactful projects that reflect One Vivant's core competencies and values. A nomination period was held to allow the Vivant Bais to submit their personal nominees for the following awards:

- **Noble Award** was given to individuals and teams that consistently demonstrated exemplary behavior and work ethic in their dealings with both internal and external stakeholders. The awardee embodied the core values of Integrity, Fairness and Trustworthiness.
- **Excellence Award** was bestowed to individuals and teams that demonstrated grit and efficiency in achieving ambitious goals despite insurmountable odds, circumstances and barriers.
- **Synergy Award** was presented to individuals and teams who delivered outstanding results through collaborative efforts, both within their teams and across business units.
- **Catalyst Award** was given to individuals and teams that introduced innovative ways of working, new product features, or impactful service deliveries that have made a game-changing difference to the team, business unit or One Vivant as a whole.
- **Stewardship Award** recognized individuals and teams that demonstrated an unwavering commitment to utilizing resources efficiently to achieve their team, business unit or company goals.
- **Grand Kumbati Award** represents the pinnacle of excellence and honored individuals that stood out as the best among the best. The recognition was awarded to those who set new standards of achievement, serving as role models of unparalleled success through their dedication, hard work and passion.

Vivant aims to continue this as recognizing and celebrating employee achievements are crucial to fostering an engaged workforce.

Competition in the talent market is another challenge that Vivant faces. Talent acquisition and retention initiatives are continuously reviewed and enhanced to ensure that the Company is able to acquire and maintain a high-quality workforce. In 2024, a market competitiveness assessment was conducted, with particular focus on benefits and other people practices. This exercise resulted to a number of proposed enhancements, which shall be for implementation in 2025.

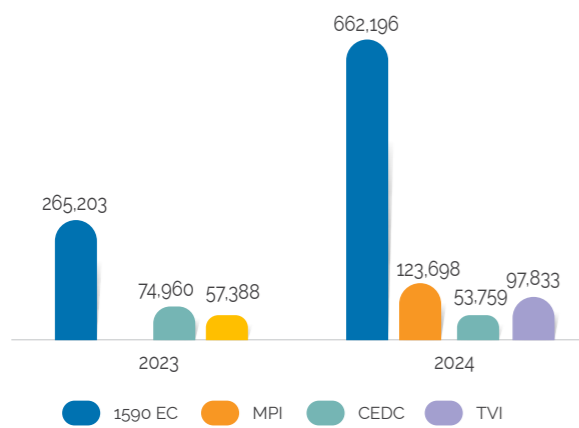
As a result of the above initiatives, Vivant continues to earn the trust and belief of its employees as a **Great Place to Work**. The Company was last certified in 2023. A survey was conducted in December 2024 and results shall be used to validate the effectiveness of the programs and assess lingering gaps which shall be used in designing new and enhancing existing people programs.

Our Customers

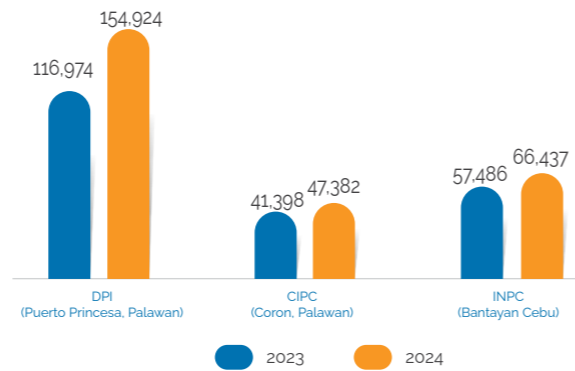
As a testament to its mission and in line with its sustainability efforts, Vivant continues to explore and provide solutions in the energy and water space that support the country's nation-building and inclusive growth initiatives.

Providing the power infrastructure that are key to energy security and grid stability has been the Company's contribution to the government's energy transition program. Both On Grid and Off Grid assets continue to be instrumental in ensuring stable and reliable power are delivered, thus promoting and supporting economic growth across the nation. On Grid assets likewise took part in ensuring the stability of the Luzon and Visayas grids as it provided ancillary services through the Reserves Market.

Total Ancillary Services (in MWh)



Off Grid Energy Sales (in MWh)



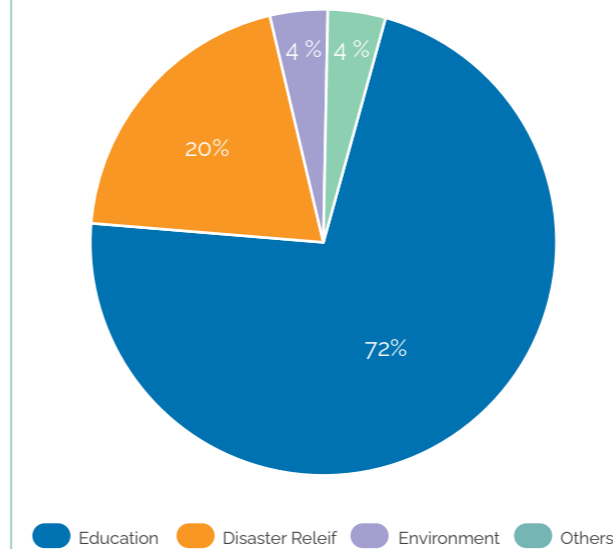
Improving access to clean water is another endeavor that Vivant has started in promoting and improving social welfare. Addressing supply scarcity issues and sanitation requirements are currently the core initiatives of Vivant's Water unit. The completion of the 20 MLD seawater desalination plant in Cebu should improve potable water supply of the highly urbanized cities of the island. In the meantime, the continued operations of the Company's wastewater treatment facility in Puerto Princesa should sustain the city's environmental recovery program for the Puerto Princesa Bay that likewise benefits the communities with improved quality of life.



Our Communities

Upliftment of lives remains to be the purpose of Vivant even when it comes to community work. Through its corporate foundation, subsidiaries and the Vivant Bais, a number of projects were identified and rolled out in 2024 amounting to PhP 13.5 million.

2024 CSR Projects



Projects involving the upgrade of school facilities (solar electrification, electrical rewiring, maintenance work, repainting) and construction of school amenities (classrooms, handwashing facilities) were continued. Initiatives to further promote education were likewise pursued. These included scholarship programs, sponsorships of STEM/Science & Technology fairs and donation of library packages.

The Foundation continues to advocate for disaster resiliency as it implemented the Adopt-A-City program in 2024. In partnership with VECCO, the flagship program of the National Resilience Council (NRC) shall be implemented in the City of Mandaue (Cebu) to reduce its vulnerability and exposure to climate and disaster risks. The city faces significant challenges, including saltwater intrusion, urban sprawl and flooding due to poor drainage. The 3-year program will focus on five core areas: human development, local economy, infrastructure, environment and human security. Through this adoption, the Foundation and NRC will work with the city's local government officials, academic partners and local communities to:

- Implement science and technology-driven solutions tailored to the city's specific resilience needs
- Strengthen local governance and leadership in risk management
- Foster partnerships between the public, private and academic sectors to build a robust, sustainable and resilient community.

In support of the Company's environmental initiatives, Vivant Foundation entered into a Memorandum of Agreement with Ayala Land for the Kan-Irag Ecosystem Biodiversity Project. This project involves the rehabilitation and management of a 10-hectare property situated in Barangay Malubog, Cebu City. The ecological regeneration process will be done over a five-year period, which started in September 2024 when 5,000 seedlings were planted in a 2-hectare section of the project site. This initiative is in partnership with the Soil and Water Conservation Foundation, Inc., which provided and geotagged the seedlings.



IN FOCUS:

Vivant Foundation: A Decade of Impact

“ Celebrating ten years of transformative contributions, Vivant Foundation Inc. (Vivant Foundation) has embarked on a remarkable journey defined by innovation, resilience, and community empowerment. ”

Over the past decade, the foundation has driven progress across education, environmental stewardship, and disaster resilience, solidifying its role as a changemaker in the pursuit of a sustainable and inclusive future.

Empowering Communities Through Education

At the heart of Vivant Foundation's mission is the commitment to advancing education by transcending traditional boundaries. Project Liadlaw stands as a hallmark of this mission, bringing solar energy to off grid schools and fostering reliable learning environments in remote areas. This initiative has provided uninterrupted access to electricity for students in isolated communities, expanding their educational horizons. Since its inception, Project Liadlaw has powered five off grid schools and four senior high schools nationwide.

Building on this success, the Renewable Energy for Livelihood and Youth (Project RELY) was introduced in 2019 through a 2.2-million-euro grant from the European Union. This program has energized 16 off-grid schools and supported five senior high schools in Cebu, Palawan, and Bohol, furthering the foundation's impact in remote regions. VFI's investments in STEM laboratories, classroom resources, technical-vocational (TechVoc) courses, and scholarship grants continue to nurture critical thinking, skill-building, and resilience in students, enabling them to meet the demands of an evolving world.

Championing Environmental Stewardship

In the pursuit of sustainable development, Vivant Foundation has implemented a biodiversity initiative in Cebu's highlands, planting over 5,000 endemic trees. This program, undertaken in collaboration with Ayala Land Inc. and ecological experts, employs science-based methods to enhance ecological value and support long-term conservation. By creating solutions that extend beyond tree planting, the initiative underscores VFI's dedication to fostering ecosystems that thrive in tandem with human progress.

Through research-backed approaches, Vivant Foundation has set a benchmark for sustainable environmental practices, contributing to the preservation of natural resources in the face of global ecological challenges.

Strengthening Disaster-Resilient Communities

Following the devastation of Typhoon Odette, Vivant Foundation strengthened its Adopt-A-City partnership with the National Resilience Council (NRC). This collaboration transformed schools in Mandaue City into urban disaster response hubs equipped with solar-powered water systems and charging stations. These facilities now play a vital role in supporting communities during emergencies. Plans to replicate this disaster resilience model in other cities are already underway, reflecting the foundation's commitment to strengthening community adaptability in the face of climate-related crises.

Innovating for a Changing World

As Vivant Foundation looks to the future, it continues to scale its impact through new initiatives. Expansion plans for Project Liadlaw aims to bring solar power to additional off-grid schools, while further investments in STEM education include the establishment of a second science laboratory in Puerto Princesa. Additionally, a new livelihood program focused on water security is being developed, introducing plumbing courses in TechVoc schools to provide job opportunities and enhance sustainable water solutions.

Each initiative is a testament to Vivant Foundation's unwavering commitment to crafting meaningful and sustainable progress. Its tenth anniversary stands not only as a celebration of milestones but also as a reaffirmation of its mission to uplift communities, safeguard the environment, and foster resilience, ensuring a future where individuals and communities can thrive, regardless of the challenges ahead.



IN FOCUS:

Brigada Eskwela Supporting Education Through Action

Vivant Foundation continues to demonstrate its commitment to improving everyday living through its active participation in Brigada Eskwela, a nationwide school preparation program aimed at fostering collaboration between the private sector and local communities.

“ This annual initiative underscores VFI's dedication to education and community development by improving school facilities and ensuring students have a conducive environment for learning. ”



Since its inception in 2018, Brigada Eskwela has grown into a cornerstone of VFI's corporate social responsibility efforts. The program began with its first beneficiaries, Consuelo NHS, Jomgao ES, Vicenta Manreal ES and SPED Marilao, and has since expanded its reach through partnerships. These collaborations amplify the project's impact, enabling VFI to provide essential resources and improve learning spaces for underserved schools across the country.

A Year of Impactful Engagement in 2024

This year, the Brigada Eskwela initiative reached 5 schools, enhancing classrooms, and other facilities to support students and teachers alike. The program's total budget for 2024 amounted to Php600,000.00, reflecting VFI's sustained commitment to educational development.

With these efforts, the foundation has now benefited a total of 22 schools across Metro Manila and Metro Cebu since the program began. These contributions are a testament to Vivant Foundation's dedication to creating lasting change in communities through education.

Expanding Horizons for 2025

Looking ahead, VFI is set to extend Brigada Eskwela's reach to an additional 4 schools, furthering its mission to uplift communities through education. This ensures that more underserved schools gain access to the resources and support they need to thrive.

A Legacy of Support and Progress

Since the beginning of the project, VFI has contributed a total of 1.8M to Brigada Eskwela, providing tangible improvements in school facilities and empowering

communities to take an active role in education. By addressing gaps in educational infrastructure, Vivant Foundation ensures that students and teachers have the tools they need to succeed in a rapidly evolving world.

Creating Solutions for a Changing World

Through Brigada Eskwela, Vivant Foundation exemplifies its ethos of creating solutions for a changing world. The initiative not only improves learning environments but also fosters community involvement, strengthening the bond between schools and the neighborhoods they serve. As the foundation continues to expand its efforts, it remains steadfast in its commitment to building a brighter, more equitable future for all.



IN FOCUS:

Enabling Remote Education Through Solar

Vivant Foundation, in collaboration with Vivant Energy's retail electricity arm Corenergy, continues to break barriers in education through its solar electrification projects. In a significant milestone, the foundation powered Gamot Integrated School in Sitio Gamot, Barangay Sta. Filomena, Quezon, Bukidnon, with a rooftop solar system worth PHP 2.2 million. Implemented alongside Bukidnon Power Corporation (BPC) and North Bukidnon Power Corporation (NBPC), this initiative responds to the Department of Education's call for private sector support in modernizing the educational landscape in the Philippines.

As Vivant Foundation's first solar-powered mountain school and its second Indigenous People (IP) barangay to benefit from the program, this project underscores the foundation's commitment to bridging the digital divide in underserved communities. The initiative, part of Project Liadlaw, addresses the challenges faced by off-grid schools by providing reliable, renewable energy that powers modern educational tools and internet connectivity.

“ this project underscores the foundation's commitment to bridging the digital divide in underserved communities. ”



The solar rooftop system at Gamot Integrated School generates 12.1 kilowatts peak (KWp) of power—enough to supply the school's energy needs throughout the day. With consistent access to electricity, the school also received free internet service through the Department of Information and Communications Technology's (DICT) Starlink program. This connectivity unlocks new learning opportunities and equips students with digital resources previously inaccessible due to geographical constraints.

Project Liadlaw's impact extends beyond electrification. To date, 21 off-grid schools across the Philippines have benefited from the program, with plans for continued expansion to reach more remote communities. In addition, Vivant Foundation is collaborating with the Department of Education and the Technical Education and Skills Development Authority (TESDA) to enhance the Electrical Installation and Maintenance (EIM) curriculum. By incorporating solar technology, this curriculum upgrade aims to ensure the long-term sustainability of the solar projects and equip students with valuable technical skills for the future.

By integrating innovative solutions in education, Vivant Foundation reaffirms its ethos of creating solutions for a changing world. Through initiatives like Project Liadlaw, the foundation not only provides essential infrastructure but also empowers communities to thrive in the digital era, making strides toward a more inclusive and resilient society.



IN FOCUS:

People at the Core of Progress

Vivant Corporation continues to foster a workplace where employees feel valued, supported, and equipped to excel. In 2024, the company reinforced its commitment to well-being, leadership development, and cultural transformation through strategic people initiatives.

Enhancing Employee Well-being and Growth

Vivant invests in employee well-being through Well Vivant, SkillUp 2024, and the Kumbati Awards. Well Vivant promotes holistic wellness across five key dimensions: Physical, Financial, Professional, Family, and Social & Emotional. Employees benefited from HMO coverage, annual checkups, mental health support, gym subsidies, financial wellness programs, and career development initiatives.

To strengthen workforce adaptability, SkillUp 2024 provided employees with training workshops, mentorship programs, and digital learning platforms. The program focused on upskilling and reskilling, ensuring that employees remain agile in a rapidly evolving business environment.

Recognizing excellence, Vivant introduced the Kumbati Awards, the company's first formal recognition program. The awards celebrated employees who exemplified innovation, high performance, and commitment to company values. By acknowledging outstanding contributions, Vivant reinforces a culture of meritocracy and continuous improvement.

Developing Leaders and Transforming Culture

Leadership development and cultural transformation are key to sustaining Vivant's long-term growth. Thrive 2.0: Thriving at the Top, developed in partnership with the Asian Institute of Management, equipped executives with coaching, mentoring, and wellness support. The program enhanced leadership effectiveness by strengthening self-awareness, communication,



emotional intelligence, and strategic thinking. Among this year's graduates were Ronnel de Leon, Erickson Omamalin, Maila de Castro, Joseph Lua Jr., A.D. Villaos, Macky Padullo Jr., Debbie Artiaga, and Haidee Escriba.

In addition, Vivant launched a Culture Transformation initiative to streamline internal processes, improve agility, and reinforce leadership accountability. Employees played an active role in shaping these changes through town halls and open discussions. A second wave of projects will be introduced in 2025, reinforcing Vivant's commitment to efficiency, innovation, and a high-performance culture.

Fostering a High-Trust Workplace

Vivant's dedication to workplace excellence was reaffirmed through its recertification as a Great Place to Work. The certification was validated by an X% employee response rate, reflecting confidence in the company's commitment to trust, engagement, and career development. Employees highlighted leadership accessibility, professional growth opportunities, and an inclusive work culture as key strengths.

Building a Future-Ready Workforce

Through Well Vivant, SkillUp 2024, Kumbati Awards, Thrive 2.0, Culture Transformation, and Great Place to Work, Vivant continues to create solutions for our changing world and improve everyday living. These initiatives ensure that Vivant remains an employer of choice, equipping its people with the skills, leadership, and workplace culture necessary to drive innovation and long-term success.

POSITIVE BUSINESS IMPACT

- Focus on creation of shared value between us and our stakeholders in our sustainability journey
- Strengthening our core business' operations to assure continuity of business to be able to support the growth of the economy and the development of the communities in which we operate
- Actively integrating sustainability into our strategies, our initiatives and our ways of doing business
- Through our sustainability commitments, it is crucial that we meet regulatory expectations and requirements to ensure protection and create a positive impact value to its stakeholders enabled by a Good Corporate Governance.



Economic

- Operational Efficiency
 - Profitability
 - Portfolio Management
 - Innovation
- Mindful Resource Use
- Mastering Change Agility
- Achieving Beyond Expectations



Governance

- Good Corporate Governance
 - Regulatory Compliance
 - Business Ethics
 - Risk Management
 - Data Integrity and Security
 - Standard Business Processes and Systems

Doing Right Things Right

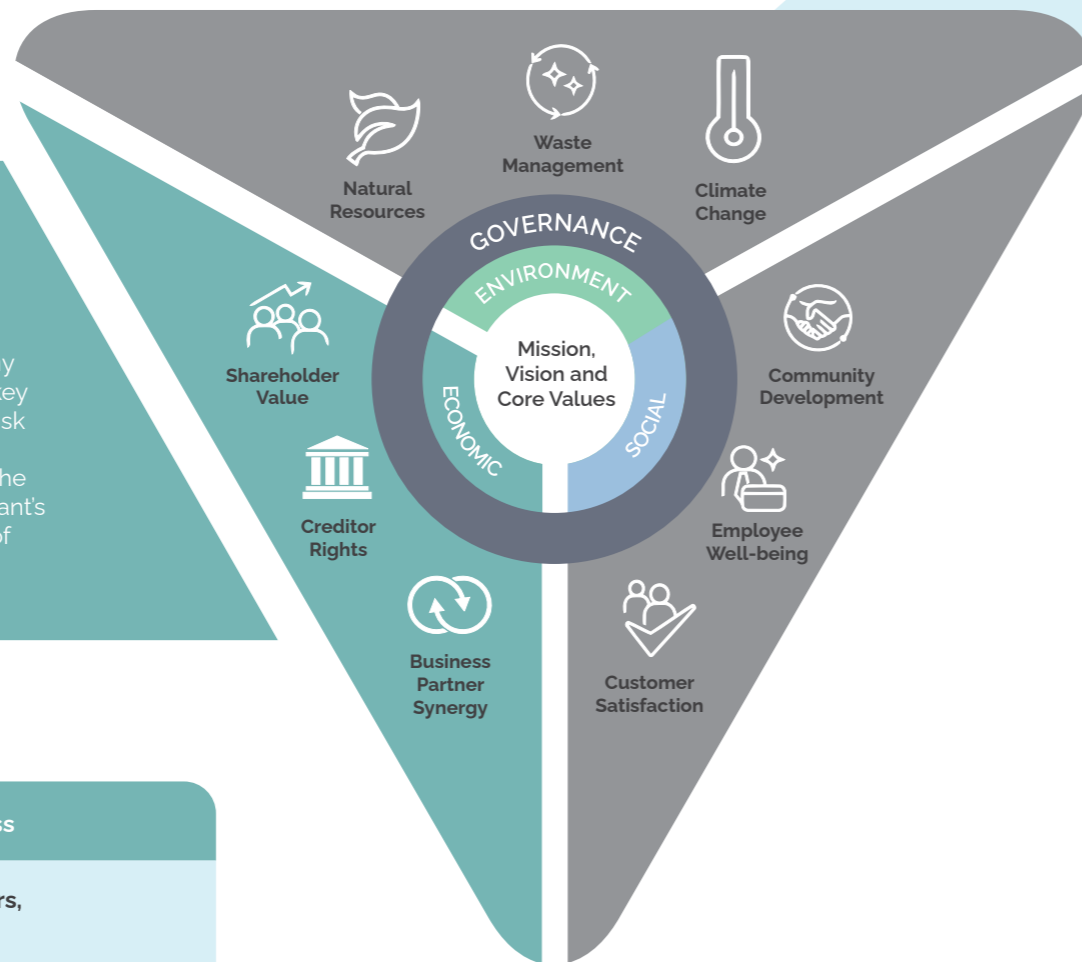
Corporate governance is essential to the success of a company. In Vivant, the continuous drive for improvement has been a mandate that both the Board and Management take seriously. The Company continues to explore ways on improving key areas of strategy, investment execution, risk management and operational efficiency. Alongside this, and equally important, is the ongoing efforts on further developing Vivant's culture to enable the sustained delivery of value to all its stakeholders.

2024 Highlights

Corporate and Business

Stakeholder/s: Shareholders, Creditors, Business Partners

- Php 1.6 bn economic value generated at parent
- Php 12.2 bn economic value generated at group (consolidated)
- Activation of the Investor Relations office
- Two Golden Arrows Award (based on 2023 assessment)



Contributed to the SDGs



Indicators / Material Disclosures

- Business ethics
- Board performance assessment
- Stakeholder rights protection
- Economic value generation and distribution

Vivant undertook initiatives in 2024 to further improve its capital allocation framework. As a holding company, it is imperative to determine an optimal resource allocation for the Company's portfolio of businesses. With the assistance of an external consultant, Vivant worked on an investment prioritization tool that is designed to facilitate informed decision-making by providing a robust and objective assessment of the potential impact of identified projects to its portfolio. Included in the evaluation is the determination of stop-loss limits in line with the identified risk tolerance metrics of the Company.

As it continues to improve its risk management maturity, Vivant, together with an external consultant worked on defining the risk tolerance limits of each risk appetite statement that was set in 2023. The exercise aims to translate and relate those statements to quantifiable metrics and set thresholds based on the appetites that were set.

Vivant endeavors to keep up with the rapid changes in the business environment by improving internal systems and processes. Multi-functional teams were set up to perform process reviews and systems analysis. In 2024, the implementation of process enhancements based on a study conducted in 2023 was started. The initiative covered the Procure to Pay and Record to Report processes used across the Vivant group. The improvements effected used a combination of policy creation and updates, system upgrades and automation of certain sub-processes. As of year-end, this project was 89% completed.

Vivant sees the value of information technology as a key business enabler. In 2024, the Company's IT team initiated an assessment of existing digital technology being used across the group to identify duplication or underutilization of resources. Processes were likewise checked to determine possible use cases for advance technology, such as Generative AI. The Company commits to invest in the development of its enterprise architecture to advance its digital transformation that will support the business.



Culture and strategy are very much interlinked. To support and effectively execute a company's strategic goals, a strong and supportive culture is essential. In 2024, Vivant initiated a culture transformation to ensure that the shared vision and motivation are consistent across the group. The exercise involved the development of a roadmap that involved workstreams designed to address bureaucracy, talent management and organizational effectiveness.

Once again, Vivant was awarded the Two Golden Arrows Award by the Independent Corporate Directors (ICD) based on its 2023 assessment results. This recognition is a testament to the Company's efforts in advancing corporate governance as it garnered a higher score of 95.05 (vs. previous year's 91.71). This serves as an encouragement to Vivant to continue with its plans and programs aimed to develop and strengthen relationships with its stakeholders.

“ This recognition is a testament to the Company's efforts in advancing corporate governance as it garnered a higher score of 95.05 (vs. previous year's 91.71). ”

2024 saw the groundwork for the creation of Centers of Excellence in the Vivant group. Having identified the job families within the group and assessing the requirements of the business, Vivant commenced the work on setting up One Engineering, or 1E. The idea of consolidating the collective talent, knowledge and experience across the group into 1E is seen to benefit the Vivant Group through cost effective and quality driven implementation of projects. It should likewise facilitate and provide an improved learning and development platform for the engineers given the exposure to both water and energy cases.

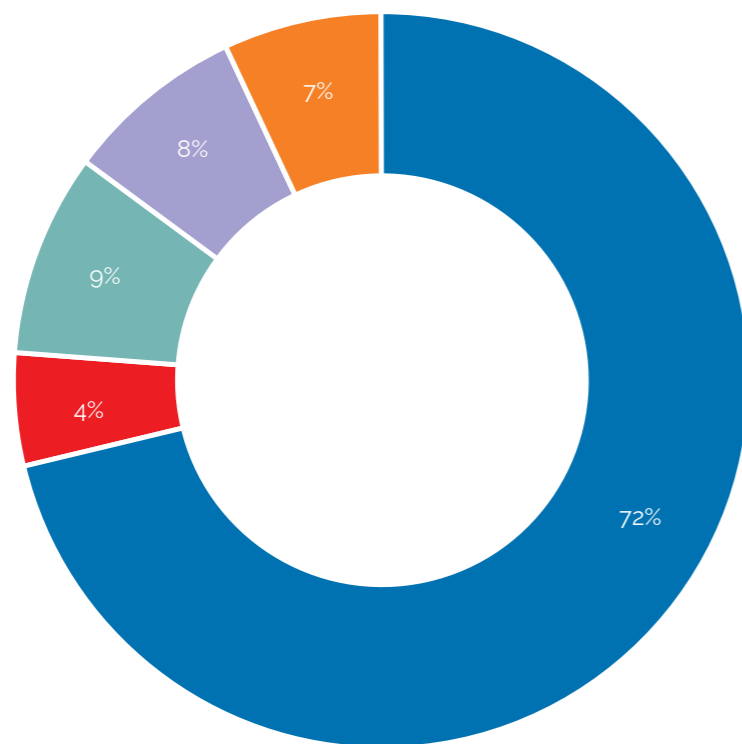
Cascade and operationalization of several policies were done during the year. Among these are the Policy on Safeguarding Creditor Protection, Treasury Risk Management Policy and the Vendor Code of Ethics. Internal stakeholder management initiatives were likewise rolled out during the year. As a shared services provider to its business units, Vivant conducted a customer satisfaction survey to determine and understand areas for improvement. A series of internal roadshows by units in the shared services group were done during the year to cascade, update and explain policies, processes and initiatives undertaken.

Vivant held its 9th annual Accounting conference in September. A total of 62 participants from Vivant and its various subsidiaries attended the 2-day event, providing the venue for continuous learning and sharing of best practices. The program was centered on the theme 'Excellerate: Future Proofing Accountants for Our Changing World'. Subject matter experts from leading accounting firms were invited to share their insights on identified topics deemed relevant for the function and the business. An accounting workshop was likewise conducted to ensure understanding and the appropriate application of new and updated standards.



Value created in 2024 was a product of Vivant's effective corporate governance practices. Proving to be another banner year for the Company, Vivant's consolidated economic value generated in 2024 amounted to PhP 12,201,703,051 bn, which was 47.4% higher than the previous year. The expansion was a result of the robust performance of the Energy SBU and the impact of Vivant's growth initiatives. Value created for its stakeholders was distributed as operating costs (Suppliers), wages and benefits (Employees), payments to providers of capital (Shareholders and Creditors), and payments to the government (Taxes to national and local government).

2024 Economic Value Generated (Php 12,202 Mn)



- Operating Cost
- Payments to Employees
- Payments to Providers of Capital
- Payment to Government
- Community Investments
- Retail Economic Value



IN FOCUS:

Navigating Change, Strengthening Communities: How Vivant is Future-Proofing Finance

As the energy and water sectors evolve, finance professionals must do more than manage numbers—they navigate risks, regulations, and strategic investments that shape the future. At Vivant, financial resilience is not just about protecting profits; it is about driving growth, creating opportunities, and delivering lasting value to communities.

To support this mission, Vivant gathered 62 finance and accounting professionals for **Excellerate 2024: Future-Proofing Accountants for Our Changing World**—a conference designed to enhance expertise, foster collaboration, and prepare teams for an increasingly complex landscape.

Beyond Numbers: The Evolving Role of Finance

At **Excellerate 2024**, professionals from accounting, finance, business development, portfolio management, and IOM came together to reinforce their role in maintaining financial stability, ensuring compliance, and driving strategic planning to sustain and grow Vivant's energy and water infrastructure.

The conference covered topics such as artificial intelligence for efficiency, evolving accounting and tax standards, and investment risk assessment. Beyond technical expertise, the event also emphasized resilience, highlighting the importance of mental well-being in high-pressure finance roles. More than just balancing numbers,

Vivant's finance teams play a crucial role in making responsible and sustainable investments that directly impact the communities the company serves.

Strength in Collaboration, Impact in Action

Excellerate 2024 reinforced the power of teamwork, helping participants build stronger connections across business units. Through shared insights and solutions, they strengthened cross-functional collaboration, aligning financial strategies with business goals. These partnerships ensure that Vivant's projects are not only ambitious but also financially sound and built for long-term success.






Investing in People, Building a Resilient Future

At its core, Excellerate 2024 reflects Vivant's commitment to its people—recognizing that an empowered workforce drives innovation and resilience. Investing in professional development, leveraging new technologies, and fostering collaboration ensures that Vivant remains agile and future-ready.

By equipping its teams with the right knowledge and tools, Vivant reinforces its dedication to delivering reliable energy and water solutions—not just today, but for generations to come. Excellerate 2024 is another step forward, strengthening not just financial resilience but also a future where Vivant's people, projects, and the communities it serves thrive together.

MATERIAL AND REPORTING SCOPE



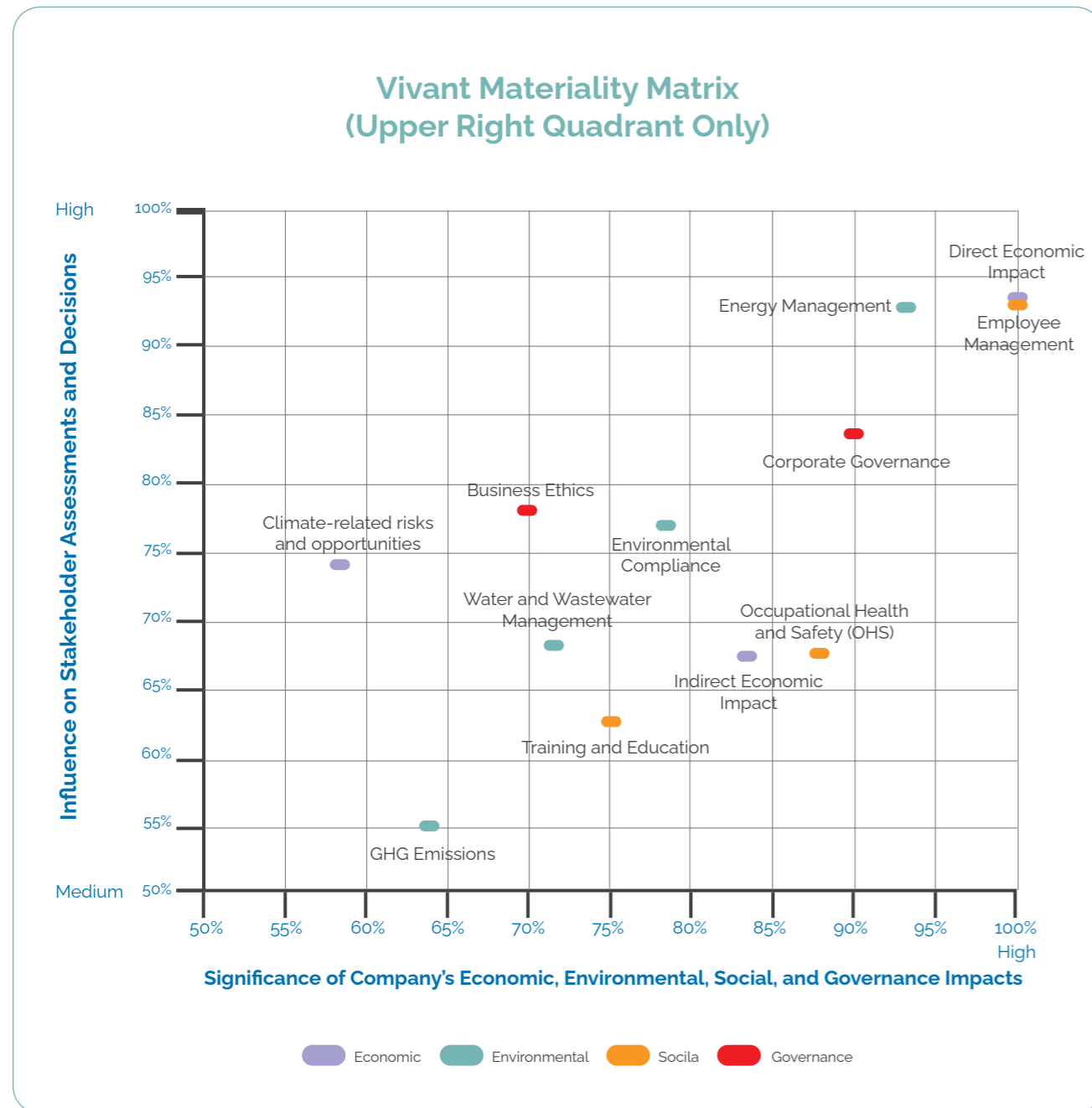
-  Value Chain Analysis
-  Identification
-  Prioritization
-  Validation
-  Review

In 2024, the determination of the disclosure topics started with the assessment of the materiality of each topic. The following criteria were used in the process.

- Impact of the topic to Vivant's value creation over the short, medium and long term
- Impact of Vivant's business activities to the topic, and vice versa
- Impact of subsidiaries' business activities to the topic, and vice versa
- Impact of products/services to the topic
- Impact of the topic to Vivant's stakeholders
- Information that substantively influences the assessments and decisions of stakeholders about the Company, including investors.

Using the Company's sustainability framework, an assessment of the concerns or interests of each stakeholder was conducted. This stakeholder analysis, coupled with the prior year's report, the review of the global and local risk landscape where Vivant and its core businesses of power and water operate in, including the sustainability issues concerning its businesses and the assessment of the impact to the value creation of the Company, resulted in the **identification** of preliminary disclosure topics.

The impact to Vivant's businesses and its stakeholders remains as the main consideration for the **prioritization** of the topics. Internal discussions, peer benchmarking and using the results of the materiality survey conducted in 2023 allowed for the **validation** of the relevance and materiality of each disclosure topic.



¹ An internal review was conducted to assess the impact of each disclosure topic on the Company's and its subsidiaries' operations and stakeholders, considering the Economic, Environmental and Social (ESS) implications of each issue and their influence on stakeholders' evaluations and decisions.

The **review** of the material disclosure topics was done at both the management and Board levels. With the endorsement of the Board Risk and Sustainability Committee, the Vivant Board of Directors approved the material disclosure topics as presented below.

Material Disclosure Topics

Economic

GRI Topic	GRI Disclosure	Materiality Consideration	Reporting Company
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	This is the direct impact our business has to the economy	Vivant
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported 203-2 Significant indirect economic impacts	This refers to the projects and initiatives undertaken through the Company's foundation and its subsidiaries' CSR projects that provide support to help build capability, improve lives and community resiliency.	Vivant Foundation Vivant Energy Corenergy 1590 EC CIPC DPI INPC MPI

Environmental

GRI Topic	GRI Disclosure	Materiality Consideration	Reporting Company
GRI 302: Energy	302-1 Energy consumption within the organization 302-2 Energy consumption outside of the organization	This considers the energy we utilize, in the form of both electricity and fuel, to support our operations and ensure the delivery of products and services to our customers.	Vivant Vivant Energy Vivant Infracore Corenergy 1590 EC BPC NBPC CIPC DPI INPC MPC MPI PPWRCL WMP
GRI 303: Water and Effluents	303-3 Water withdrawal 303-4 Water discharge 303-5 Water consumption	This takes into account the environmental impact of our operations through water consumption.	Vivant Vivant Energy Vivant Infracore Corenergy 1590 EC BPC NBPC CIPC DPI INPC MPC MPI PPWRCL

Environmental

GRI Topic	GRI Disclosure	Materiality Consideration	Reporting Company
305: Emissions	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions	This considers the greenhouse gas (GHG) emissions from our operations and business travels.	Vivant Vivant Energy Vivant Infracore Coreenergy 1590 EC BPC NBPC CIPC DPI INPC MPC MPI PPWRLC WMP
306: Waste	306-3 Waste generated 306-4 Waste diverted from disposal 306-5 Waste directed to disposal	This takes into account the impact of the waste generated by our operations and our methods of disposal.	Vivant Vivant Energy Vivant Infracore Coreenergy 1590 EC BPC NBPC CIPC DPI INPC MPC MPI

Social

GRI Topic	GRI Disclosure	Materiality Consideration	Reporting Company
GRI 401: Employment	401-1 New employee hires and employee turnover 401-3 Parental leave	This highlights Vivant's ability to attract and retain a diverse pool of qualified talent through various employee benefits and programs.	Vivant Vivant Energy Vivant Infracore Coreenergy Vivant Foundation 1590 EC BPC NBPC CIPC DPI INPC MPC MPI SIAEC IMCC PPWRLC WMP

Social

GRI Topic	GRI Disclosure	Materiality Consideration	Reporting Company
GRI 403: Occupational Health and Safety	403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-9 Work-related injuries 403-10 Work-related ill health	This reflects Vivant's focus on promoting employee health, safety, and overall well-being.	Vivant Vivant Energy Vivant Infracore Coreenergy Vivant Foundation 1590 EC BPC NBPC CIPC DPI INPC MPC MPI
GRI 404: Training and Education	404-1 Average hours of training per year per employee 404-2 Programs for upgrading employee skills and transition assistance programs 404-3 Percentage of employees receiving regular performance and career development reviews	This reflects Vivant's commitment to fostering continuous learning and development for all employees.	Vivant Vivant Energy Vivant Infracore Coreenergy Vivant Foundation 1590 EC BPC NBPC CIPC DPI INPC MPC MPI
405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	This considers how diverse backgrounds, knowledge, and experiences drive innovation and business growth to Vivant.	Vivant Vivant Energy Vivant Infracore Coreenergy Vivant Foundation 1590 EC BPC NBPC CIPC DPI INPC MPC
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	This involves engaging with the local community to foster sustainable development.	Vivant

The companies that are not included in this IR are as follows:

- those with minority investments and minimal control/influence (BEI)
- those that are still not operational (CREC, LPEC, NMCWC), and
- those that are part of the portfolio of companies listed in the local stock exchange (VECO, CPPC, CEDC, TVI, PRISM Energy)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023 (Restated)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	₱4,789,149,921	₱4,382,540,776
Trade and other receivables (Note 7)	1,799,335,635	1,647,660,999
Advances to associates and stockholders (Note 16)	104,097,107	162,204,796
Inventories - at cost (Note 8)	595,840,474	364,692,217
Prepayments and other current assets (Note 9)	907,115,027	778,251,105
Total Current Assets	8,195,538,164	7,335,349,893
Noncurrent Assets		
Investments in associates (Note 10)	11,219,286,328	10,595,855,907
Property, plant and equipment (Note 11)	9,025,459,481	8,400,675,915
Right-of-use assets (Note 24)	108,776,076	24,539,068
Investment properties (Note 12)	1,102,959,000	1,045,469,800
Deferred income tax assets - net (Note 20)	33,273,899	30,485,788
Other noncurrent assets (Note 13)	2,281,352,455	2,606,014,376
Total Noncurrent Assets	23,771,107,239	22,703,040,854
TOTAL ASSETS	₱31,966,645,403	₱30,038,390,747
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of trade and other payables (Note 14)	₱1,938,829,128	₱1,942,183,948
Current portion of long-term notes payable (Note 15)	229,522,887	210,300,979
Current portion of lease liabilities (Note 24)	21,466,995	17,928,869
Short term notes payable (Note 15)	1,076,000,000	1,963,546,959
Advances from related parties (Note 16)	50	2,350,050
Income tax payable	147,939,807	34,696,280
Total Current Liabilities	3,413,758,867	4,171,007,085
Noncurrent Liabilities		
Long-term notes payable - net of current portion (Note 15)	5,499,482,910	4,838,054,596
Lease liabilities - net of current portion (Note 24)	95,492,294	11,912,090
Pension liability (Note 19)	247,729,738	185,506,597
Deferred income tax liabilities - net (Note 20)	328,533,671	337,662,925
Other noncurrent liabilities - net of current portion (Notes 14 and 23)	861,499,544	844,587,453
Total Noncurrent Liabilities	7,032,738,157	6,217,723,661
Total Liabilities	10,446,497,024	10,388,730,746
Equity Attributable to Equity Holders of the Parent		
Capital stock - ₱1 par value (Note 21)		
Authorized - 2,000,000,000 shares		
Issued - 1,023,456,698 shares	1,023,456,698	1,023,456,698
Additional paid-in capital	8,339,452	8,339,452
Other components of equity:		
Share in remeasurement losses on employee benefits of associates (Note 10)	(125,169,500)	(125,169,500)
<i>(Forward)</i>		

	December 31	
	2024	2023 (Restated)
Remeasurement gain (loss) on employee benefits (Note 19)	(₱95,882,899)	(₱79,876,405)
Unrealized valuation gain on financial assets at fair value through other comprehensive income (FVOCI)	4,643,039	51,053,039
Equity reserves (Note 21)	(30,252,298)	(30,252,298)
Retained earnings (Notes 10 and 21):		
Appropriated for business expansion	7,767,262,174	7,354,810,254
Unappropriated	11,507,811,991	10,089,924,381
Equity Attributable to Equity Holders of the Parent	20,060,208,657	18,292,285,621
Equity Attributable to Non-controlling Interests (Note 21)	1,459,939,722	1,357,374,380
Total Equity	21,520,148,379	19,649,660,001
TOTAL LIABILITIES AND EQUITY	₱31,966,645,403	₱30,038,390,747

See accompanying Notes to Consolidated Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023 (Restated)	2022
REVENUE			
Revenue from contracts with customers:			
Sale of power (Note 23):			
Generation	₱8,036,164,300	₱3,954,062,040	₱2,813,298,456
Retail electricity supply	1,436,457,998	1,112,675,663	633,488,002
Ancillary services	9,231,211	467,544,939	952,967,736
Management and service fees (Notes 16 and 23)	202,900,000	545,976,930	86,781,813
Engineering service income	38,700,715	17,208,763	30,887,803
	9,723,454,224	6,097,468,335	4,517,423,810
EQUITY IN NET EARNINGS OF ASSOCIATES (Note 10)	2,305,656,054	2,044,341,881	1,941,357,383
INTEREST INCOME (Notes 6 and 16)	172,592,773	123,006,939	60,071,043
	12,201,703,051	8,264,817,155	6,518,852,236
COSTS OF SERVICES			
Generation costs (Notes 17 and 23)	7,294,064,274	4,478,178,345	3,684,022,986
Engineering service fees (Note 17)	29,871,786	52,472,919	24,844,346
	7,323,936,060	4,530,651,264	3,708,867,332
OPERATING EXPENSES			
Salaries and employee benefits (Notes 18 and 19)	639,889,951	414,809,133	390,186,858
Outside services	256,683,812	102,578,608	19,760,683
Professional fees (Note 16)	192,819,317	100,068,964	167,109,166
Taxes and licenses (Note 12)	137,813,727	101,499,369	78,756,067
Depreciation and amortization (Notes 11, 13 and 24)	74,127,507	63,488,151	54,012,303
Travel	68,147,869	47,517,479	29,627,897
Management fees (Note 16)	23,844,444	43,843,882	29,219,324
Communication and utilities	16,486,017	13,208,805	13,405,697
Rent and association dues	12,566,598	5,286,490	6,465,080
Representation	10,964,589	14,949,673	14,883,489
Other operating expenses (Note 17)	167,052,568	102,031,954	89,483,412
	1,600,396,399	1,009,282,508	892,909,976
INCOME FROM OPERATIONS	3,277,370,592	2,724,883,383	1,917,074,928
OTHER INCOME (CHARGES)			
Finance costs on loans (Note 15)	(431,396,575)	(363,678,611)	(259,880,671)
Rent income (Notes 11, 16 and 12)	84,172,352	14,147,457	2,453,687
Unrealized Gain on fair value measurement of investment properties (Note 12)	57,489,200	121,433,200	60,394,600
Loss on disposal of a subsidiary (Note 1)	(36,910,784)	–	–
Finance costs on lease liabilities (Note 24)	(8,500,565)	(1,108,626)	(10,826,959)
Unrealized Foreign exchange gains (losses) - net	2,855,387	(9,673,851)	53,842,288
Gain on fair value measurement of associates (Note 13)	–	69,189,016	–
Gain on bargain purchase (Note 13)	–	36,325,297	–
Other income - net (Notes 11, 12 and 17)	58,720,467	(13,104,163)	31,230,724
	(273,570,518)	(146,470,281)	(122,786,331)

(Forward)

	Years Ended December 31		
	2024	2023 (Restated)	2022
INCOME BEFORE INCOME TAX	₱3,003,800,074	₱2,578,413,102	₱1,794,288,597
PROVISION FOR INCOME TAX (Note 20)	380,140,242	172,870,310	89,561,479
NET INCOME	2,623,659,832	2,405,542,792	1,704,727,118
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in future periods:			
Remeasurement gain (loss) on employee benefits (Note 19)	(20,806,050)	(104,392,805)	11,157,022
Income tax effect	4,262,556	16,390,977	(2,511,242)
	(16,543,494)	(88,001,828)	8,645,780
Unrealized valuation gain on financial assets at FVOCI (Note 13)	–	28,865,324	25,734,676
Income tax effect	–	(4,329,799)	(3,860,201)
	–	24,535,525	21,874,475
Share in the remeasurement gains (losses) on employee benefits of associates, net of tax (Note 10)	–	(31,585,867)	–
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(16,543,494)	(95,052,170)	30,520,255
TOTAL COMPREHENSIVE INCOME	₱2,607,116,338	₱2,310,490,622	₱1,735,247,373
NET INCOME			
Attributable to:			
Equity holders of the parent	₱2,355,018,369	₱2,295,804,486	₱1,595,263,961
Non-controlling interests	268,641,463	109,738,306	109,463,157
	₱2,623,659,832	₱2,405,542,792	₱1,704,727,118
TOTAL COMPREHENSIVE INCOME			
Attributable to:			
Equity holders of the parent	₱2,339,011,875	₱2,201,753,746	₱1,624,319,369
Non-controlling interests	268,104,463	108,736,876	110,928,004
	₱2,607,116,338	₱2,310,490,622	₱1,735,247,373
EARNINGS PER SHARE			
Basic and diluted, for net income for the year attributable to equity holders of the parent (Note 22)	₱2.301	₱2.243	₱1.559

See accompanying Notes to Consolidated Financial Statements.

STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023 (Restated)	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱3,003,800,074	₱2,578,413,102	₱1,794,288,597
Adjustments for:			
Equity in net earnings of associates (Note 10)	(2,305,656,054)	(2,044,341,881)	(1,941,357,383)
Depreciation and amortization (Notes 11, 13, and 24)	638,596,730	537,675,565	430,230,964
Finance costs on loans (Note 15)	431,396,575	363,678,611	259,880,671
Interest income (Note 6)	(172,592,773)	(123,006,939)	(60,071,043)
Unrealized Gain on fair value remeasurement of investment properties (Note 12)	(57,489,200)	(121,433,200)	(60,394,600)
Pension expense (Note 19)	47,994,586	22,261,768	20,731,159
Loss on disposal of a subsidiary (Notes 1 and 10)	36,910,784	–	–
Finance costs on lease liabilities (Note 24)	8,500,565	1,108,626	10,826,959
Gain on disposal of property and equipment (Note 17)	(3,782,805)	(650,300)	(639,207)
Unrealized foreign exchange loss (gains)	(2,855,387)	9,673,851	(53,842,288)
Gain on fair value remeasurement of associates (Note 13)	–	(69,189,016)	–
Gain on bargain purchase (Note 13)	–	(36,325,297)	–
Non-cash donation expense (Note 11)	–	–	8,482,143
Operating income before working capital changes	1,624,823,095	1,117,864,890	408,135,972
Decrease (increase) in:			
Trade and other receivables	(217,418,124)	477,966,796	(510,762,517)
Inventories	(225,003,766)	26,802,524	(25,045,097)
Prepayments and other current assets	(138,020,687)	(238,018,513)	(121,272,673)
Increase (decrease) in trade and other payables	290,360,409	(780,116,821)	376,164,748
Net cash generated from operations	1,334,740,927	604,498,876	127,220,433
Interest paid	(435,993,704)	(262,129,493)	(281,763,405)
Income taxes paid	(274,677,597)	(133,301,800)	(94,273,379)
Contributions to the retirement fund (Note 19)	(6,200,962)	(6,718,787)	(6,755,102)
Benefits paid out of operating funds (Note 19)	–	(327,000)	(83,571)
Net cash flows from (used in) operating activities	617,868,664	202,021,796	(255,655,024)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates (Note 10)	1,682,225,633	1,788,544,553	1,375,935,658
Additions to property, plant and equipment (Note 11)	(1,210,204,558)	(1,678,727,744)	(2,610,405,413)
Proceeds from:			
Disposal of financial assets at FVOCI (Note 13)	355,809,875	–	–
Disposal of property, plant and equipment (Note 11)	4,794,331	650,300	1,960,320
Increase in other noncurrent assets	(201,525,537)	(595,496,058)	(58,417,375)
Interest received	180,656,575	111,720,696	56,534,070
Cash in subsidiary whose control was lost (Note 1)	(30,447,472)	–	–
Additional investments and advances to associates (Note 10)	–	(251,169,255)	(68,400,000)

(Forward)

	Years Ended December 31		
	2024	2023	2022
Net cash outflow from business combinations (Note 13)	₱–	(₱3,035,775)	₱–
Additions to financial assets at FVOCI (Note 13)	–	–	(270,000,000)
Net cash flows used in investing activities	781,308,847	(627,513,283)	(1,572,792,740)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans (Note 15)	963,154,790	1,785,384,762	1,663,345,070
Payments of:			
Loans (Note 15)	(1,179,140,432)	(1,450,528,534)	(353,477,270)
Cash dividends (Note 21)	(794,232,899)	(401,876,299)	(451,479,873)
Lease liabilities (Note 24)	(33,786,786)	(17,474,599)	(76,233,373)
Net proceeds (payments) of advances from related parties	48,581,574	73,466,973	(12,254,278)
Acquisition of noncontrolling interests (Note 21)	–	(64,623,415)	–
Additional investments and deposits for future stock subscriptions of non-controlling interests of a subsidiary (Note 21)	–	–	248,037,487
Net cash flows from (used in) financing activities	(995,423,753)	(75,651,112)	1,017,937,763
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	403,753,758	(501,142,599)	(810,510,001)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,855,387	(9,673,851)	53,842,288
TOTAL CASH AT BEGINNING OF YEAR			
Cash and cash equivalents (Note 6)	4,382,540,776	4,893,357,226	5,650,024,939
Restricted cash (Notes 9 and 13)	2,003,880	2,003,880	2,003,311
	4,384,544,656	4,895,361,106	5,652,028,250
TOTAL CASH AT END OF YEAR			
Cash and cash equivalents (Note 6)	4,789,149,921	4,382,540,776	4,893,357,226
Restricted cash (Notes 9 and 13)	29,242,364	2,003,880	2,003,880
	₱4,818,392,285	₱4,384,544,656	₱4,895,361,106

See accompanying Notes to Consolidated Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL YEAR 2024

Management uses the following key performance indicators for the Company and its investee companies:

- (i) **Equity in Net Earnings (or Loss) of Associates.** Equity in net earnings or (loss) of associates is the Company's share in the income or loss of associates, or investee companies accounted for under the equity method. It indicates the profitability of the associates and measures their contribution to the profitability of the parent.
- (ii) **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).** EBITDA is calculated by taking operating income and adding back to it interest, depreciation, and amortization expenses. Since EBITDA eliminates the effects of financing and accounting decisions, it can provide a relatively good comparison of the performance of the Company with other players in the industry. It also provides a good measure of the Company's ability to generate cash from operations to cover financial charges and income taxes.
- (iii) **Cash Flow Generated.** Cash flow generated indicates the ability of the Company to generate enough cash for operating, investing, and financing activities.
- (iv) **Debt-to-Equity Ratio (DER).** DER gives an indication of the Company's leverage position and is computed by dividing total liabilities with total stockholders' equity.
- (v) **Current Ratio.** Current ratio is computed by dividing current assets with current liabilities. This indicates the liquidity of the Company in the short term and measures the peso amount of current asset available to cover a peso amount of current liability.

As disclosed in the SEC 17A report for calendar year 2023, the Company, through its three wholly owned subsidiaries, acquired all of the shareholdings of the joint venture partner in CIPC, DPI, LPEC, CREC and Isla Norte. Consequently, the equity stake in these subsidiaries went up to 100% effective June 1, 2023.

As allowed by Philippine Financial Reporting Standards (PFRS) 10, Consolidated Financial Statements, the assets and liabilities assumed as of end-December 2023 were based on the provisional assessment of the fair value. The fair values are subject to change within one (1) year measurement period after the acquisition date, i.e., June 1, 2023. Upon the review and finalization of the valuation report, below are the resulting investment values as of end-December 2024:

1. Final fair value of property plant and equipment of Php 1,167.3 mn, an increase of Php 142.2 mn over the provisional value;
2. Fair value of intangible assets from customer contracts was determined to be at Php 53.5 million (mn);
3. As a result of the fair value adjustments, deferred income tax liabilities increased by Php 41.3 mn, goodwill decreased by Php 12.2 mn, and gain on bargain purchase decreased by Php 28.4 mn.

The end-December 2023 comparative consolidated financial statements are restated to reflect the adjustments to the provisional amounts. Moreover, the Company's financial statements starting June 1, 2024, account for the full consolidation of the CIPC, DPI, LPEC and CREC in the consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of cash flows. On the other hand, equity share in the net earnings (losses) of these four investee-companies were taken up in the consolidated statement of comprehensive income until end-May 2023.

The acquisition of the additional 35% equity stake in Isla Norte did not affect the accounting for this investment, i.e., PFRS 10, Consolidated Financial Statements.

The table below shows the comparative figures of the key performance indicators for the years 2024 and 2023.

Key Performance Indicators Amounts in Php '000, except for ratios	2024	2023
Equity in Net Earnings of Associates and Joint Ventures	2,305,656	2,044,342
EBITDA	4,058,860	3,263,602 ¹
Cash Flow From / (Used in)	403,754	501,143
Net cash flows from (used in) operating activities	617,869	201,964
Net cash flows from (used in) investing activities	781,309	(627,513)
Net cash flows from (used in) financing activities	(995,424)	(75,651)
Debt-to-Equity Ratio (x)	0.49	0.53 ²
Current Ratio (x)	2.40	1.76 ²

The Company's share in the net earnings of associates and joint ventures as of end 2024 amounted to Php 2.3 billion (bn), representing a 13% year-on-year (YoY) increase from Php 2.0 bn as of end-December 2023. This was a result of the following:

1. VECO, the Company's electricity distribution utility, posted Php 1.2 bn³ in income contribution as of end 2024, 16% higher YoY. This strong showing was mainly attributed to the 11% YoY increase in the volume of electricity sold. Moreover, a one-time revenue for the recovery of pass-through charges covering 2021 to 2023 was recognized as a result of the utility's change in the recognition of said costs.
2. 20%-owned TVI recorded an 86% growth in its income contribution to Php 515.2 mn as of end 2024 from Php 277.4 mn as of end 2023. This growth was primarily driven by the 129% YoY increase in earnings from ancillary services, following the implementation of its ASPA in September 2023. Also, TVI booked profits from participating in the reserves market⁴ beginning in February 2024 which further enhanced its earnings contribution during the year in review. However, this was tempered by an 8% YoY decline in volume sales to its RES offtakers and the WESM.
3. 40%-owned AHI posted Php 469.7 mn in income contribution during the year in review, an increase of 13% from the period end-December 2023. This was driven by the increase in profitability of its associate, CEDC. CEDC's entry into the reserves market in August 2024 mainly drove the income growth. This was despite posting lower profits from its bilateral contracts (down by 18% YoY) and WESM sales (dropped by 30% YoY), and the non-renewal of a contract for ancillary services during the year in review.
4. 45%-owned FLOWS, through its 89.6%-owned subsidiary, PPWRLC, shored in an income contribution of Php 9.6 mn during the year in review, up by 13% YoY. PPWRLC's higher earnings from septage, and sewage operations and reduced operating costs contributed to the profit expansion during the year in review.

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

1. 40%-owned MPC brought in an earnings contribution of Php 176.0 mn as of end 2024, 28% lower vis-à-vis Php 243.0 mn as of end 2023. During the year in review, MPC recorded a 14% YoY drop in gross profit, primarily due to the termination of the PSA involving Unit 3⁵ of its plant facility. This was offset by earnings generated from the sale of its available capacity to the WESM starting April 2024, as well as a non-recurring revenue resulting from the reversal of prior years' transmission charges.

¹ Reported as Php 3,270 mn in the SEC 17A for FY 2023. The change is attributed to the final fair values resulting from the business acquisition, as described above.

² DER and current ratio were reported at 0.52x and 1.80x, respectively, in the SEC 17A for FY 2023. The changes are attributed to the final fair values resulting from the business acquisition, as described above.

³ Beginning in the second quarter of 2024, VECO adopted a new method for recognizing pass-through costs in its financial statements. Under this approach, operating revenue for the period includes pass-through costs incurred during the same period. Any difference between the operating revenue recognized and the amount billed to customers, subject to an ERC-approved mechanism, is recorded as a trade and other receivable in VECO's statement of financial position. In contrast, as of the end of December 2023, VECO saw a timing difference between the period it incurred these costs and the recovery from customers.

⁴ On March 25, 2024, the ERC issued an order directing PEMC and IEMOP to 'suspend the implementation of the Section 8 of the PDM Manual on the Billing and Settlement under the promulgated Interim Relief dated 24 August 2023,' and provides that 'the suspension will cover the March 2024 billing period and will remain in effect until otherwise lifted by the Commission. This order resulted to the non-booking of revenues by TVI covering the period February 26, 2024, to March 25, 2024 (March 2024 billing month). On May 9, 2024, the ERC issued an order allowing the settlement of 30% of the amounts for payment for trading transactions made in the Reserve Market for the March 2024 billing month.

⁵ The PSA of Unit 3 of MPC was among the contracts affected by the Decision issued by the Supreme Court in the case filed by Alyansa Para Sa Bagong Pilipinas against the ERC, DOE, MERALCO and other generation companies (GR No. 227670 (May 3, 2019)). As a result of the said Decision and pursuant to an Order issued by the ERC, CEPALCO and MPC were directed to desist from implementing PSA. MPC filed a motion for reconsideration of the said Order which remains pending with the ERC.

2. 40%-owned Prism Energy, a RES company, posted a net loss contribution of Php 6.8 mn as of end 2024 from Php 853.00 as of end 2023. Prism Energy saw a 100% YoY decline in the volume of energy sold due to the non-renewal of customer contracts.
3. 40%-owned CPPC reported Php 5.1 mn in loss contribution as of end-December 2024 vis-a-vis Php 66.8 mn in income contribution as of end-December 2023. CPPC saw a 98% YoY reduction in the volume of energy sold to the WESM. A one-time income from the collection of additional compensation for WESM sales in 2023, and a 74% YoY reduction in total generation and operating expenses partially cushioned the revenue contraction.
4. 100%-owned DPI and CIPC are fully consolidated starting June 1, 2023. Thus, there are no equity earnings contribution recognized for the period in review. This compares to the equity earnings contribution of Php 15.8 mn and Php 23.7 mn from DPI and CIPC, respectively, as of end-May 2023.

EBITDA as of end 2024 rose by 24% YoY to Php 4.1 bn from Php 3.3 bn. This was mainly the result of the 48% YoY expansion in revenues, which stemmed from:

1. Sale of power rose to Php 9.5 bn from Php 5.5 bn, which was primarily driven by the improved revenue contribution of the Company's investments in oil-fired power plants, RES and solar rooftop businesses.

Oil-fired Power Plants

- 55.2%-owned 1590 EC recorded a 54% YoY increase in energy sales revenue. This was driven by the company's participation in the reserves market, which yielded fresh revenues amounting to Php 2.8 bn as of the year in review.
- Wholly owned DPI brought in a revenue contribution of Php 2.1 bn. The increased electricity demand in the island of Palawan resulted to a 30% YoY increase in the volume of energy sold as of end 2024. Prior to June 1, 2023, DPI was not consolidated and was accounted by the Company through its equity share in net earnings.
- 100%-owned CIPC yielded a revenue expansion of 63% YoY to Php 711.2 mn, during the year in review. Its volume of energy sold was 15% higher YoY owing to greater electricity demand in the islands. The Company started to consolidate CIPC in its books on June 1, 2023.
- 100%-owned Isla Norte contributed a revenue of Php 939.0 mn (up by 15% YoY), which was driven by a 16% YoY increase in the volume of energy sold due to higher demand as of end 2024.
- 100%-owned MPI shored in fresh revenue contribution of Php 1.2 bn coming from its energy sales to the WESM and participation in the reserves market starting February 2024.
- 90%-owned BPC posted a revenue contribution of Php 107.0 mn as of end 2024, recording a 27% YoY rise. This was primarily due to an increase in dispatched volume (up by 770% YoY).

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

- 90%-owned NBPC's topline revenue declined by 22% YoY to Php 57.9 mn as of end 2024. Despite getting dispatched (up by 485% YoY) and selling to the WESM starting May 2024, energy billings to its customer were adjusted to account for the downtime of one engine due to repairs starting in May 2024.

Retail Electricity Supply (RES)

- 100%-owned Corenergy showed higher RES revenue, up by 29% YoY as of end 2024. This was a result of a 20% YoY increase in energy sales volume backed by an improved customer base.

Solar Rooftop

- The solar rooftop business of 100%-owned Corenergy contributed revenue of Php 14.5 mn, up by 65% YoY. This was mainly attributed to the 51% YoY rise in volume sold on the back of increased number of customers.
- Meanwhile, wholly owned VSC saw a decline in revenue contribution to Php 3.8 million from Php 5.1 million since one of its inverters underwent repair. Similarly, the wholly owned CSSC's revenue contribution declined marginally to Php 21.0 million due to meter malfunction, which stalled the billing in fourth quarter of the year under review.

2. Engineering service income rose to Php 38.7 mn as of end 2024 from Php 17.2 mn as of end 2023. The topline contribution of Corenergy's engineering solutions business was higher by 183% YoY, booking Php 18.0 mn in revenues from technical service contracts during the year in review. Meanwhile, WMP shored in a revenue contribution amounting to Php 10.9 mn⁶ (up by 47% YoY) from service engineering contracts with non-related parties.
3. 13% YoY growth in equity earnings as income contributions from four associates went up as of end 2024. This was offset by the decline in equity earnings of three associates and the change in the take-up of income contributions of DPI and CIPC as a result of the change in accounting for these investments from associates to subsidiaries⁷ starting June 2023.
4. Interest income increased to Php 172.6 mn from Php 123.0 mn, driven by higher cash balance and interest rates for short-term money market placements.

The 43% YoY decline in engineering service fees for the year in review to Php 29.9 mn, contributed to the EBITDA expansion. This was a consequence of lower direct costs⁸ incurred by WMP (down by 50% YoY) for its third-party service contracts, and lower materials and supplies cost incurred by Corenergy (down by 30% YoY) during the year in review.

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

1. Management and service fees was 63% lower YoY at Php 202.9 mn as of end 2024. This was mainly due to the consolidation of two subsidiaries starting on June 1, 2023, which resulted to a change in accounting for the service billings to these entities. As of end 2024, the service billings were eliminated for financial reporting purposes while as of end 2023, only five months' worth of service billings were taken up as service fee revenue in the statement of comprehensive income. Further, the decline in the service fees to two customers also contributed to the revenue contraction.
2. Generation cost rose by 63% YoY to Php 7.3 bn as of end 2024 from Php 4.5 bn as of end 2023 due to the following:

Oil-fired Power Plants

- Take-up of the full year generation costs of DPI and CIPC in the amount of Php 938.2 mn and Php 356.6 mn, respectively, as of the year in review. This was a result of the acquisition of the 50% equity stake of the joint venture partner in both investee companies.
- 55.2%-owned 1590 EC's generation cost grew by 25% YoY to deliver the kilowatt hour commitment under its bilateral contract with a third party.
- 100%-owned Isla Norte incurred a 15% YoY increase in its generation costs, driven by a 16% YoY rise in energy sales volume.
- 100%-owned MPI recognized generation costs of Php 723.1 mn given its energy sales in the WESM starting February 2024.
- 90%-owned BPC recorded a 50% YoY increase in generation cost on the back of a 770% YoY rise in the volume of energy sold.
- 90%-owned NBPC incurred higher generation cost (up by 23% YoY), mainly on repairs and maintenance since one of its engines went offline for a major repair since May 2024.

Retail Electricity Supply

- Increased volume sales of Corenergy's RES business (up by 29% YoY) led to higher cost of purchased power (up by 35% YoY).

⁶ This revenue take-up of WMP is prior to the sale of a wholly owned subsidiary's 60% equity stake in WMP on October 11, 2024

⁷ 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.

⁸ Covering the period from January 2024 up to the sale of a subsidiary's equity stake in WMP.

Solar Rooftop

- The solar rooftop operations of Corenergy and 100%-owned CSSC booked higher depreciation expense as of end 2024. This was on account of the solar facilities that began operating in the fourth quarter of 2023 to serve additional customers.

On the other hand, 100%-owned VSC recorded a 5% YoY reduction in property taxes and royalties for the year in review.

3. Operating expenses rose by 59% YoY.

Before considering the effect of changes in the foreign exchange rates, the Company ended the period 2024 with a net increase in cash and cash equivalents in the amount of Php 403.8 mn, a reverse from the net cash outflow of Php 501.1 mn as of end 2023. The Company generated a net cash inflow from operating activities of Php 617.9 mn and from investing activities of Php 781.3 mn as of end 2024. The increase in the cash level was offset by the net cash used for financing activities in the amount of Php 995.4 mn.

Operating activities showed a net cash inflow of Php 617.9 mn as of end 2024, 206% higher than the net cash inflow of Php 202.0 mn as of end 2023. The significant increase was primarily driven by the 45% YoY rise in the operating results before working capital changes. The timing in the settlement of trade payables (mainly of MPI and DPI due to fuel purchases) also contributed to the retention of cash. However, outflows pertaining to the timing of collection of trade and other receivables (by 1590 EC and MPI from IEMOP coming from the reserves market operations), purchase of inventories by MPI, CIPC, 1590 EC and Isla Norte, increased debt servicing (drawdowns by Vivant Energy, Corenergy and CIPC, finance cost from DPI and higher interest rates of short term loans by 1590 EC) and increased income tax payments by MPI and 1590 EC offset the operating cash inflows during the year in review.

The period in review ended with a net cash inflow of Php 781.3 mn from investing activities, which was mainly on account of the dividends received from five associates, and the proceeds from the sale of a financial asset. This was offset by the capital requirements for various investments during the period in review: (1) development costs by IMCC for the construction of a seawater desalination facility; (2) acquisition cost related to real properties for office space; (3) acquisition cost related to real properties purchased by wholly owned subsidiaries for future projects; and (4) the acquisition cost for solar panels by Corenergy to service new contracts. On the other hand, the Company posted a net cash outflow of Php 627.5mn as of end 2023, which was mainly due to Vivant Energy's investment in a solar plant facility in Bulacan and acquisition initiatives for its on-grid and off-grid generation business segments.

Financing activities as of end 2024 showed a net cash outflow of Php 995.4 mn. This was attributed to the principal amortization of the Company's fixed rate corporate note (FRCN), principal amortization of the long-term loans of DPI, Isla Norte, BPC and NBPC, and payment of the short-term loans of Vivant Energy, 1590 EC and CIPC. Moreover, dividend payments by the Company and finance lease payments by the Company, WMP⁹, DPI, CIPC and MPI contributed to the use of cash as of end 2024. These were tempered by the proceeds from the following loans:

1. Vivant Energy's long-term loans;
2. Corenergy's long-term loan; and
3. CIPC's short-term loans.

On the other hand, the Company's net cash outflow for financing activities as of end 2023 was lower at Php 75.7 mn.

Financial Ratios

Debt-to-Equity ratio declined to 0.49x as of end 2024, vis-à-vis as of end 2023 level of 0.53x¹⁰. Total equity increased by 10%, which was mainly attributed to the earnings, net of the dividends declared by the Company as of end 2024. The marginal rise of total liabilities by 1%, stemmed from the following:

1. Long-term loans drawn by Vivant Energy net of the full settlement of its short-term loan;
2. Accrual of income taxes by seven subsidiaries;
3. Finance lease liability owing to the lease agreements of two subsidiaries and the lease extension of the Company for office space;
4. Short-term loan drawn by CIPC;
5. Long-term loan drawn by Corenergy;
6. Accrued pension booked by the Company, and six wholly-owned subsidiaries;
7. Payment of working capital advances by a subsidiary to its minority shareholders.

⁹ Prior to the divestment in WMP last October 11, 2024.

¹⁰ Reported at 0.52x in the SEC 17A for FY 2023. The change is attributed to the final fair values resulting from the business acquisition, as described above.

These additions were offset by the principal amortization payments made by the Company, Isla Norte, DPI, NBPC and BPC, as well as the short-term loan payment of 1590 EC.

The Company's current ratio went up to 2.40x as of the year in review from the year-end 2023 level of 1.76x¹¹. Current assets increased by 12%. This was attributable to the receipt of the partial proceeds and recording of a non-trade receivable related to the sale of a non-current financial asset, the increase in trade receivables on the back of improved operations (mostly stemming from the reserves market operations of 1590 EC and MPI, and the retail supply business of Corenergy), purchase of inventories (mostly by MPI) and prepayments (attributed to the increase in input VAT and creditable tax withheld (CW/Ts) by two subsidiaries, along with the increase in Corenergy's creditable tax withheld). Moreover, current liabilities decreased by 18%, mainly due to the payment of short-term loans by three subsidiaries.

Material Changes in Line Items of Registrant's Income Statement

As of end 2024, the Company's total revenues amounted to Php 12.2 bn, recording a 48% YoY rise from Php 8.3 bn. The topline performance was attributable to the following:

1. Sale of power rose to Php 9.5 bn from Php 5.5 bn, which was primarily driven by the improved revenue contribution of the Company's investments in oil-fired power plants, RES and solar rooftop businesses.

Oil-fired Power Plants

- 55.2%-owned 1590 EC recorded a 54% YoY increase in energy sales revenue. This was driven by the company's participation in the reserves market, which yielded fresh revenues amounting to Php 2.8 bn as of the year in review.
- Wholly owned DPI brought in a revenue contribution of Php 2.1 bn. The increased electricity demand in the island of Palawan resulted to a 30% YoY increase in the volume of energy sold as of end 2024. Prior to June 1, 2023, DPI was not consolidated and was accounted by the Company through its equity share in net earnings.
- 100%-owned CIPC yielded a revenue expansion of 63% YoY to Php 711.2 mn, during the year in review. Its volume of energy sold was 15% higher YoY owing to greater electricity demand in the islands. The Company started to consolidate CIPC in its books on June 1, 2023.
- 100%-owned Isla Norte contributed a revenue of Php 939.0 mn (up by 15% YoY), which was driven by a 16% YoY increase in the volume of energy sold due to higher demand as of end 2024.
- 100%-owned MPI shored in fresh revenue contribution of Php 1.2 bn coming from its energy sales to the WESM and participation in the reserves market starting February 2024.
- 90%-owned BPC posted a revenue contribution of Php 107.0 mn as of end 2024, recording a 27% YoY rise. This was primarily due to increase in dispatched volume (up by 7 YoY).

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

- 90%-owned NBPC's topline revenue declined by 22% YoY to Php 57.9 mn as of end 2024. Despite getting dispatched (up by 485% YoY) and selling to the WESM starting May 2024, energy billings to its customer were adjusted to account for the downtime of one engine due to repairs starting in May 2024.

Retail Electricity Supply (RES)

- 100%-owned Corenergy showed higher RES revenue, up by 29% YoY as of end 2024. This was a result of a 20% YoY increase in energy sales volume backed by an improved customer base.

Solar Rooftop

- The solar rooftop business of 100%-owned Corenergy contributed revenue of Php 14.5 mn, up by 65% YoY. This was mainly attributed to the 51% YoY rise in volume sold on the back of increased number of customers.
- Meanwhile, wholly owned VSC saw a decline in revenue contribution to Php 3.8 million from Php 5.1 million since one of its inverters underwent repair. Similarly, the wholly owned CSSC's revenue contribution declined marginally to Php 21.0 million due to meter malfunction, which stalled the billing in fourth quarter of the year under review.

¹¹ Reported as 1.80x in the SEC 17A for FY 2023. The change is attributed to the final fair values resulting from the business acquisition, as described above.

2. Engineering service income rose to Php 38.7 mn as of end 2024 from Php 17.2 mn as of end 2023. The topline contribution of Corenergy's engineering solutions business was higher by 183% YoY, booking Php 18.0 mn in revenues from technical service contracts during the year in review. Meanwhile, WMP shored in a revenue contribution amounting to Php 10.9 mn (up by 47% YoY) from service engineering contracts with non-related parties.
3. The Company's share in net earnings of associates and joint ventures as of end 2024 amounted to Php 2.3 bn, representing a 13% YoY increase from Php 2.0 bn. This was a result of the following:
 - VECO, the Company's electricity distribution utility, posted Php 1.2 bn in income contribution as of end 2024, 16% higher YoY. This strong showing was mainly attributed to the 11% YoY increase in the volume of electricity sold. Moreover, a one-time revenue for the recovery of pass-through charges covering 2021 to 2023 was recognized as a result of the utility's change in the recognition of said costs.
 - 20%-owned TVI recorded an 86% growth in its income contribution to Php 515.2 mn as of end 2024 from Php 277.4 mn as of end 2023. This growth was primarily driven by the 129% YoY increase in earnings from ancillary services, following the implementation of its ASPA in September 2023. Also, TVI booked profits from participating in the reserves market beginning in February 2024 which further enhanced its earnings contribution during the year in review. However, this was tempered by an 8% YoY decline in volume sales to its RES off-takers and the WESM.
 - 40%-owned AHI posted Php 469.7 mn in income contribution during the year in review, an increase of 13% from the period end-December 2023. This was driven by the increase in profitability of its associate, CEDC. CEDC's entry into the reserves market in August 2024 mainly drove the income growth. This was despite posting lower profits from its bilateral contracts (down by 18% YoY) and WESM sales (dropped by 30% YoY), and the non-renewal of a contract for ancillary services during the year in review.
 - 45%-owned FLOWS, through its 89.6%-owned subsidiary, PPWRLC, shored in an income contribution of Php 9.6 mn during the year in review, up by 13% YoY. PPWRLC's higher earnings from septage, and sewage operations and reduced operating costs contributed to the profit expansion during the year in review.

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

 - 40%-owned MPC brought in earnings contribution of Php 176.0 mn as of end 2024, 28% lower vis-à-vis Php 243.0 mn as of end 2023. During the year in review, MPC recorded a 14% YoY drop in gross profit, primarily due to the termination of the PSA involving Unit 3 of its plant facility. This was offset by earnings generated from the sale to the WESM starting April 2024, as well as a non-recurring revenue from the reversal of prior years' transmission charges.
 - 40%-owned Prism Energy, a RES company, posted a net loss contribution of Php 6.8 mn as of end 2024 from Php 853.00 as of end 2023. Prism Energy saw a 100% YoY decline in the volume of energy sold due to the non-renewal of customer contracts.
 - 40%-owned CPPC reported Php 5.1 mn in loss contribution as of end-December 2024 vis-a-vis Php 66.8 mn in income contribution as of end-December 2023. CPPC saw a 98% YoY reduction in the volume of energy sold to the WESM. A one-time income from the collection of additional compensation for WESM sales in 2023, and a 74% YoY reduction in total generation and operating expenses partially cushioned the revenue contraction.
 - 100%-owned DPI and CIPC are fully consolidated starting June 1, 2023. Thus, there are no equity earnings contribution recognized for the period in review. This compares to the equity earnings contribution of Php 15.8 mn and Php 23.7 mn from DPI and CIPC, respectively, as of end-May 2023.
4. Interest income increased to Php 172.6 mn from Php 123.0 mn, driven by higher cash balance and interest rates for short-term money market placements.
5. Management and service fees was 63% lower YoY at Php 202.9 mn as of end 2024. This was mainly due to the consolidation of two subsidiaries starting on June 1, 2023, which resulted to a change in accounting for the service billings to these entities. As of end 2024, the service billings were eliminated for financial reporting purposes while as of end 2023, only five months' worth of service billings were taken up as service fee revenue in the statement of comprehensive income. Further, the decline in the service fees to two customers also contributed to the revenue contraction.

Total cost of services and operating expenses as of end 2024 went up by 61% YoY to Php8.9 bn from Php 5.5 bn.

1. Total cost of services rose by 62% YoY to Php 7.3 bn. This was mainly attributed to the following:
 - a. Generation cost rose by 63% YoY to Php 7.3 bn as of end 2024 from Php 4.5 bn as of end 2023 due to the following:

Oil-fired Power Plants

 - Take-up of the full year generation costs of DPI and CIPC in the amount of Php 938.2 mn and Php 356.6 mn, respectively as of the year in review. This was a result of the acquisition of the 50% equity stake of the joint venture partner in both investee companies.
 - 55.2%-owned 1590 EC's generation cost grew by 25% YoY to deliver the kilowatt hour commitment under its bilateral contract with a third party.
 - 100%-owned Isla Norte incurred a 15% YoY increase in its generation costs, driven by a 16% YoY rise in energy sales volume.
 - 00%-owned MPI recognized generation costs of Php 723.1 mn given its energy sales in the WESM starting February 2024.
 - 90%-owned BPC recorded a 50% YoY increase in generation cost on the back of a 770% YoY rise in the volume of energy sold.
 - 90%-owned NBPC incurred higher generation cost (up by 23% YoY), mainly on repairs and maintenance since one of its engines went offline for a major repair since May 2024.

Retail Electricity Supply

 - Increased volume sales of Corenergy's RES business (up by 29% YoY) led to higher cost of purchased power (up by 35% YoY).

Solar Rooftop

 - The solar rooftop operations of Corenergy and 100%-owned CSSC booked higher depreciation expense as of end 2024. This was on account of the solar facilities that began operating in the fourth quarter of 2023 to serve additional customers.

On the other hand, 100%-owned VSC recorded a 5% YoY reduction in property taxes and royalties for the year in review.
 - b. The 43% YoY decline in engineering service fees for the year in review to Php 29.9 mn, contributed to the EBITDA expansion. This was a consequence of lower direct costs incurred by WMP (down by 50% YoY) for its third-party service contracts, and lower materials and supplies cost incurred by Corenergy (down by 30% YoY) during the year in review.
2. Salaries and employee benefits went up by 54% YoY to Php 639.9 mn from Php 414.8 mn. The increase in headcount, merit adjustment and employee training and engagement activities accounted for the cost expansion.
3. Outside services rose by 150% YoY to Php 256.7 mn. This was mainly attributable to business process review and implementation of digital transformation initiatives. Increased costs from third party providers of various services (e.g., manpower sourcing, administrative tasks) incurred by the Company and its two wholly owned subsidiaries, along with expenses for security services and outsourced personnel incurred by three power operating subsidiaries, contributed to the cost expansion.
4. Professional fees increased by 93% YoY to Php 192.8 mn from Php 100.1 mn. This was mainly attributable to higher project development cost, and the take up of costs incurred by DPI and CIPC as a result of the business combination.
5. Taxes and licenses increased by 36% YoY to Php 137.8 mn. The Company, through Vivant Energy, incurred higher local business taxes due to the inclusion of taxes incurred by DPI and CIPC as a result of business combination, and real property tax incurred by MPI.

6. Depreciation and amortization were 17% higher YoY at Php 74.1 mn. This can be mainly attributed to the depreciation of newly purchased fixed assets during the year in review. Also, the Company took up the full year depreciation and amortization costs of DPI, CIPC and MPI during the year in review. This is in contrast to the costs recorded as of end 2023, which included seven months' worth from DPI and CIPC, and four months' worth from MPI.
7. Travel costs went up by 43% to Php 68.1 mn from Php 47.5 mn. The cost expansion was driven by more frequent business trips for meetings with partners and stakeholders, as well as site visits for project development. Additionally, fuel expenses for fleet vehicles went up given the increase in the number of vehicles, frequency of fieldwork, and fuel costs during the year in review.
8. Management and directors' fees decreased by 46% YoY to Php 23.8 mn. The non-renewal of a management consultancy service and the lower number of meetings during the year contributed to the decline in cost.
9. Communication and utilities rose by 25% YoY to Php 16.5 mn. This was attributed to the increased communication costs and utilities consumption by the Company, and two holding subsidiaries on account of increased headcount. The take-up of the communication and utilities expense of two operating subsidiaries resulting from the business combination further contributed to the cost expansion during the year in review.
10. Rent and association dues were higher by 138% YoY to Php 12.6 mn, which was driven by a subsidiary's foreshore lease, common use service area (CUSA) fees for newly acquired condominium units and escalated CUSA fees incurred by the Company for its offices as of end-December 2024.
11. Representation expenses were posted at Php 11.0 mn, 27% lower YoY resulting to reduced spending during the year in review.
12. Other operating expenses was at Php 167.1 mn as of end 2024, a 64% increase vis-à-vis Php 102.0 mn as of end 2023. This increase was mainly attributed to the following: (1) higher insurance premium by 1590 EC; (2) higher costs of subscriptions to work management and communication tools; and (3) increased consumption of office supplies from increased headcount. The take up of expenses of three subsidiaries furthered the cost expansion.

Vivant booked Php 273.6 mn in other charges as of end 2024, recording an 87% increase from last year's Php 146.5 mn¹². This was an outcome of the following account movements:

1. Finance costs on loans was higher by 19% YoY at Php 431.4 mn. This is attributed to the following:
 - a. Long-term loans drawn by Vivant Energy and Corenergy in January 2024 and April 2024, respectively.
 - b. Take up of DPI's finance costs resulting from business combination.
 - c. Higher interest rates upon refinancing 1590 EC's short-term loans.
 - d. Short-term loan drawn by CIPC for working capital requirements.
2. The Company, through a wholly owned subsidiary, incurred a loss of Php 36.9 mn that resulted from the disposal of its 60%-equity stake in WMP in October 2024.
3. Finance costs on lease liabilities rose to Php 8.5 mn from Php 1.1 mn. The rise is due to the lease agreements entered by two subsidiaries during the year in review.
4. Restated one-off gains as of end 2023 that pertain to the acquisition of additional 50% equity stake in DPI and CIPC:
 - a. Gain on increase in the fair value remeasurement of investment in associates amounting to Php 69.2 mn; and
 - b. Gain on bargain purchase of Php 36.3¹³ mn.

The increase in other charges were offset by the following:

1. Unrealized foreign exchange gain stands at Php 2.9 mn as of end 2024, a reversal of the unrealized foreign exchange loss of Php 9.7 mn as of end 2023. This pertains to the translation of the US Dollar and Euro cash balances of the Company and its subsidiaries.

¹² Reported as 186.8 mn in the SEC 17A FY 2023. The reduction to Php 146.5 mn is due to the recognition of the gain on fair value remeasurement on investment in associates amounting to Php 69.2 mn and the downward adjustment of gain on bargain purchase to Php 36.3 mn from Php 64.7 mn resulting from the finalization of the purchase price allocation for the acquisition of DPI & CIPC in compliance to PFRS 3, Business Combination.

¹³ Reported as Php 64.7 mn in the SEC 17A FY 2023. The reduction of Php 28.4 mn resulted from the finalization of the purchase price allocation for the acquisition of additional stake in DPI & CIPC in compliance to PFRS 3, Business Combination.

2. Other income-net went up to Php 142.9 mn from Php 1.0 mn, which is on account of the following:

Taking all of the above into account, the Company recorded a total net income of Php 2.6 bn for the period ending December 31, 2024, which was 9% higher than end-December 2023's net income of Php 2.4 bn. Net income attributable to parent grew by 3% YoY to Php 2.4 bn.

 - a. Ancillary income recognized by Vivant Energy for a third-party lease arrangement involving certain facilities;
 - b. Non-recurring income recognized by a subsidiary related to the reversal of previously accrued operating cost and the recognition of a credit note for fuel purchases; and
 - c. Gain on sale of fixed assets.

3. The gain from the increase in the fair value of investment properties of three subsidiaries amounted to Php 57.5 mn, 53% lower YoY.

As of end 2024, the Company booked a consolidated provision for income tax of Php 380.1 mn, which was 120% higher than previous year's Php 172.9 mn¹⁴. This was mainly due to the higher taxable income of seven subsidiaries. Deferred income tax from the fair value remeasurement of the investment properties of three subsidiaries also contributed to the expansion in tax expense.

Taking all the above into account, the Company recorded a total net income of Php 2.6 bn for the period ending December 31, 2024, which was 9% higher than end-December 2023's net income of Php 2.4 bn. Net income attributable to parent grew by 3% YoY to Php 2.4 bn.

During the year in review, the Company recognized other comprehensive loss (OCL), net of tax, of Php 16.5 mn (83% YoY lower), coming from the remeasurement loss on employee benefits recorded by the Company and nine subsidiaries. This compares to the Php 95.1 mn in OCL as of end 2023, which mainly pertains to the Company's share in remeasurement losses on employee benefits of an associate.

The total comprehensive income as of end 2024 was at Php 2.6 bn. Out of the said amount, Php 2.3 bn was attributable to the equity holders of the parent, which was 6% higher compared to last year's Php 2.2 bn.

Changes in Registrant's Resources, Liabilities, and Shareholders' Equity

The Company's total assets grew by 6% to Php 32.0 bn from end 2023 level of Php 30.0 bn¹⁵. The following are the material movements in the consolidated assets of the Company as of end 2024.

1. Cash and cash equivalents rose to Php 4.8 bn as of end 2024, 9% higher YoY. The increase in cash level was due to cash inflows from investing activities in the amount of Php 781.3 mn and operating activities in the amount of Php 617.9 mn. This was offset by the cash usage for financing activities amounting to Php 995.4 mn.
2. Trade and other receivables went up by 9% YoY to Php 1.8 bn. This was mainly driven by the following:
 - a. Two subsidiaries participated in the reserves market, along with energy sales to the WESM by MPI,
 - b. Non-trade receivable from the sale of a financial asset,
 - c. Non-trade receivable from the disposal of an equity stake in WMP;
 - d. Increased receivables booked by Isla Norte and Corenergy-RES on the back of improved topline performance.
3. Advances to associates, joint ventures, and stockholders declined by 36% YoY to Php 104.1 mn. This was mainly on account of the settlement of an associate's interest-bearing loan with Vivant Energy. Moreover, advances made by WMP to its minority shareholder was derecognized from the Company's books following the sale of a 60% equity stake in WMP by a wholly owned subsidiary effective October 2024.
4. Inventories rose by 63% to Php 595.8 mn as of end 2024. This resulted from increased volume of fuel purchased by four subsidiaries and higher fuel prices.
5. Prepayments and other current assets were higher by 17% to Php 907.1 mn. This was attributed to the increase in input VAT and CWTs by 1590 EC on the back of improved operations and CIPC for the rental of a generator set to support the demand of the islands. Further, Corenergy saw higher CWTs from its retail electricity operations.
6. Investments in associates increased by 6% to Php 11.2 bn brought about by the Company's share in the equity earnings for the period of Php 2.3 bn. This is partially offset by the dividends declared by five associates.

¹⁴ Reported as Php 180.4 mn in the SEC 17A FY 2023. The reduction resulted from the finalization of the purchase price allocation for the acquisition of DPI & CIPC in compliance to PFRS 3, Business Combination.

¹⁵ Reported as 29.9 bn in the SEC 17A FY 2023. The increase resulted from the finalization of the purchase price allocation for the acquisition of additional stake in DPI & CIPC in compliance to PFRS 3, Business Combination.

7. Property, plant and equipment increased by 7% to Php 9.0 bn. This was a result of the following acquisitions during the year in review: (a) Acquisition of condominium units by the Company for office space, (b) development costs by IMCC for the construction of a seawater desalination facility, (c) machineries purchased by MPI during the year, (d) ongoing development costs of Corenergy for solar rooftop projects, (e) construction costs of SIAEC for its solar facility, and (f) land acquisitions by four wholly owned subsidiaries.
8. Right-of-use assets (ROU) went up by 343% YoY to Php 108.8 mn, which was mainly attributed to the lease agreements entered into by two subsidiaries for project sites. This was tempered by the depreciation for the period.
9. Investment properties amounted to Php 1.1 bn, a 5% YoY increase from Php 1.0 bn. This movement is mainly attributable to the gain recorded from the fair valuation of the investment properties by three subsidiaries.
10. Deferred income tax assets increased by 9% YoY to Php 33.3 mn driven by the remeasurement losses on employee benefits recognized during the year in review.
11. Other non-current assets amounted to Php 2.3 bn, 12% lower than end 2023. This was mainly attributed to the sale of a financial asset.

Total consolidated liabilities amounted to Php 10.4 bn as of end 2024, marginally higher by 1% than the previous year's level of Php 10.4 bn. This was mainly attributed to the following:

1. Current and non-current long-term loans grew by 13% YoY to Php 5.7 bn. This was mainly attributed to the long-term loans drawn by Vivant Energy and by Corenergy in January 2024 and April 2024, respectively. However, this was offset by the principal amortization made by the Company, Isla Norte, DPI, BPC and NBPC.
2. Total finance lease liabilities (current and noncurrent portions) amounted to Php 117.0 mn posting a 292% increase YoY. This was mainly attributed to the lease agreements entered by two subsidiaries and the lease extension of the Company's office space. This is partially offset by the derecognition of WMP's finance lease following a shares disposal in the company.
3. Income tax payable rose to Php 147.9 mn showing a 326% YoY expansion. This was mainly from income tax accruals by 1590 EC and MPI on the back of higher revenues during the year in review.
4. Pension liability rose by 34% YoY to Php 247.7 mn. Accrual of pension expenses booked by the Company and nine subsidiaries accounted for the expansion of this account.

The above expansion in consolidated liabilities was offset by the following:

1. Short-term notes payable posted a 45% YoY reduction as a result of repayment by two subsidiaries. This was partially offset by the short-term loan drawn by CIPC during the year in review.
2. Advances from related parties was significantly reduced with the settlement of an associate's interest-bearing loan with a minority shareholder.

Other components of equity declined by 34% YoY to Php 246.7 mn as of end-2024, which can be attributed to the significant movements discussed below.

1. The Company and nine subsidiaries recorded re-measurement loss on the employee benefits in the amount of Php 16.5 mn during the year in review.
2. The Company, through a subsidiary, transferred the accumulated unrealized valuation gain on financial assets at FVOCI to retained earnings, on account of its sale during the year in review. This resulted to a reduction in the unrealized valuation gain on financial assets at FVOCI to Php 4.6 mn, 91% lower YoY.

As a result of the net income generated, net of the dividends declared during the year in review, total stockholders' equity increased by 10% to Php 21.5 bn as of end 2024 from Php 19.6 bn as of end 2023. Meanwhile, equity attributable to parent ended higher by 10% YoY at Php 20.1 bn as of end 2024.

Material Changes in Liquidity and Cash Reserves of Registrant

Cash and cash equivalents were higher by 9% from Php 4.4 bn as of end 2023 to Php 4.8 bn as of end 2024.

Before considering the effect of changes in the foreign exchange rates, the Company ended the period 2024 with a net increase in cash and cash equivalents in the amount of Php 403.8 mn, a reverse from the net cash outflow of Php 501.1 mn as of end 2023. The Company generated a net cash inflow from operating activities of Php 617.9 mn and from investing activities of Php 781.3 mn as of end 2024. The increase in the cash level was offset by the net cash used for financing activities in the amount of Php 995.4 mn.

Operating activities showed a net cash inflow of Php 617.9 mn as of end 2024, 206% higher than the net cash inflow of Php 202.0 mn as of end 2023. The significant increase was primarily driven by the 45% YoY rise in the operating results before working capital changes. The timing in the settlement of trade payables (mainly of MPI and DPI due to fuel purchases) also contributed to the retention of cash. However, outflows pertaining to the timing of collection of trade and other receivables (by 1590 EC and MPI from IEMOP coming from the reserves market operations), purchase of inventories by MPI, CIPC, 1590 EC and Isla Norte, increased debt servicing (drawdowns by Vivant Energy, Corenergy and CIPC, finance cost from DPI and higher interest rates of short term loans by 1590 EC) and increased income tax payments by MPI and 1590 EC offset the operating cash inflows during the year in review.

The period in review ended with a net cash inflow of Php 781.3 mn from investing activities, which was mainly on account of the dividends received from five associates, and the proceeds from the sale of a financial asset. This was offset by the capital requirements for various investments during the period in review: (1) development costs by IMCC for the construction of a seawater desalination facility; (2) acquisition cost related to real properties for office space; (3) acquisition cost related to real properties purchased by wholly owned subsidiaries for future projects; and (4) the acquisition cost for solar panels by Corenergy to service new contracts. On the other hand, the Company posted a net cash outflow of Php 627.5mn as of end 2023, which was mainly due to Vivant Energy's investment in a solar plant facility in Bulacan and acquisition initiatives for its on grid and off-grid generation business segments.

Financing activities as of end 2024 showed a net cash outflow of Php 995.4 mn. This was attributed to the principal amortization of the Company's FRCN, principal amortization of the long-term loans of DPI, Isla Norte, BPC and NBPC, and payment of the short-term loans of Vivant Energy, 1590 EC and CIPC. Moreover, dividend payments by the Company and finance lease payments by the Company, WMP, DPI, CIPC and MPI contributed to the use of cash as of end 2024. These were tempered by the proceeds from the following loans:

1. Vivant Energy's long-term loans;
2. Corenergy's long-term loan; and
3. CIPC's short-term loans.

On the other hand, the Company's net cash outflow for financing activities as of end-2023 was lower at Php 75.7 mn.

Financial Ratios

Debt-to-Equity ratio declined to 0.49x as of end 2024, vis-à-vis as of end 2023 level of 0.53x. Total equity increased by 10%, which was mainly attributed to the earnings, net of the dividends declared by the Company as of end 2024. The marginal rise of total liabilities by 1%, stemmed from the following:

1. Long-term loans drawn by Vivant Energy net of the full settlement of its short-term loan;
2. Accrual of income taxes by seven subsidiaries;
3. Finance lease liability owing to the lease agreements of two subsidiaries and the lease extension of the Company for office space;
4. Short-term loan drawn by CIPC;
5. Long-term loan drawn by Corenergy;
6. Accrued pension booked by the Company, and six wholly-owned subsidiaries;
7. Payment of working capital advances by a subsidiary to its minority shareholders.

These additions were offset by the principal amortization payments made by the Company, Isla Norte, DPI, NBPC and BPC, as well as the short-term loan payment of 1590 EC.

The Company's current ratio went up to 2.40x as of the year in review from the year-end 2023 level of 1.76x. Current assets increased by 12%. This was attributable to the receipt of the partial proceeds and recording of a non-trade receivable related to the sale of a non-current financial asset, the increase in trade receivables on the back of improved operations (mostly stemming from the reserves market operations of 1590 EC and MPI, and the retail supply business of Corenergy), purchase of inventories (mostly by MPI) and prepayments (attributed to the increase in input VAT and CWTs by two subsidiaries, along with the increase in Corenergy's CWT). Moreover, current liabilities decreased by 18%, mainly due to the payment of short-term loans by three subsidiaries.

BOARD COMMITTEE REPORTS

REPORT OF THE EXECUTIVE COMMITTEE TO THE BOARD OF DIRECTORS

For the year-ended 31 December 2024

Pursuant to the Amended By-Laws of the Corporation, when the Board of Directors is not in session, the Executive Committee shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, except with respect to those matters that are exclusively delegated only to the Board of Directors, by law. The Committee had ten (10) meetings in 2024: January 29, February 13, April 3, May 22, June 13, July 16, September 18, October 17, November 19 and December 16.

The Executive Committee deliberated on, and when necessary, endorsed to the Board for its approval, the following matters:

- Project Investments
 - Financial viability and sustainability of its projects and investments including:
 - Rebalancing of Coal Portfolio of Vivant Energy vis-à-vis strengthening its position in conventional energy sources to meet immediate energy demands with reliability and efficiency
 - Expected financial returns on investment, impact on financial position, including associated risks and mitigation measures for proposed capital investments at subsidiary level/s
 - Performance metrics of subsidiary operations, both financial and non-financial
 - Acquisition, addition, or initiation of assets in green field solar and wind projects
 - Operational readiness of a subsidiary investment in the first ever utility scale desalination plant in Cebu;
 - Enhancements to existing partnership agreements;
 - Terms and Conditions relative to Power Supply Agreements entered into via the Company's Off-Grid Solutions group
- Business Operations
 - Financial Planning, particularly:
 - Macroeconomic overview of the assumptions in support of revenue projections and budgets;
 - Budget allocation to improve performance of existing assets, enhancing customer value, growth of portfolio size for One Vivant, and enhance existing systems and augment technology, including:
 - Capital expenditures and operations expenses in line with Base and Bull case scenarios to achieve 2024 the strategic objectives
 - Capital infusion optimization for water and off-grid solutions and capital infusion requirements of various subsidiaries Water and Energy business units
 - Quarterly financial performance of subsidiaries, business units, and consolidated levels including year-to-date financial dashboards
 - Cash flow statements, latest thinking forecasts, and cost savings for the Corporation and business units

- Debt financing at subsidiary levels to partly secure projects and investments for 2024-2025
- Fiscal study on capital expenditures through investments in power distribution particularly on potential risks, returns, and valuation
- Creation of specialized teams to head strategic priority areas such real estate, engineering services, and off-grid solutions;
- Study of the potential risks, returns, and valuation in the participation in energy distribution sector
- Manpower and acquisition of Office Space;
- Corporate Governance Matters:
 - Dividend declarations
 - Endorsement of external auditor for 2024 to the Audit Committee and the Board of Directors for final approval
 - Evaluation criteria and effectiveness of board assessment processes including identifying opportunities for continued improvements
 - Revisions to the Related Party Transactions Committee Charter
 - Results of the Integrated Annual Corporate Governance Report (I-ACGR) for 2023 and endorsement to the Corporate Governance Committee
 - Changes to the executive leadership team, including appointment of new officers
 - Updates to the Company's limits of authority framework
 - Retirement fund management
 - Adoption of Board Committee, Board, and Annual Shareholders' meeting/s schedules, including special events planned throughout the year such as strategic planning sessions and board development initiatives, ensuring alignment with corporate governance best practices and regulatory requirements

December 31, 2024.

FRANCIS DAMASUS A. GARCIA
Chairman

ARLO ANGELO G. SARMIENTO
Member

EMIL ANDRE M. GARCIA
Member

JOSE MARKO ANTON G. SARMIENTO
Member

CHARLES SYLVESTRE A. GARCIA
Member

BRIGETTE CECILLE N. GARCIA
Member

RAMONITO E. GARCIA
Member

REPORT OF THE FINANCE COMMITTEE TO THE BOARD OF DIRECTORS

For the year-ended 31 December 2024

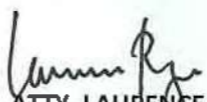
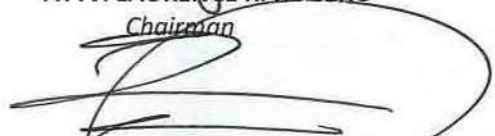
The Finance Committee (the "Committee") assists the Board in fulfilling its oversight responsibilities relating to the formulation and implementation of the Vivant Corporation's (the "Corporation") financial policy and strategy, including capital structure, dividend policy, and capital allocation decisions that may be brought to the Board of Directors for approval.



In 2024, the Committee convened on January 26, May 16, August 14 and September 13 and had joint committee meetings with the Vivant Energy Corporation Finance Committee on May 30, and November 13, during which it reviewed, deliberated on, and endorsed for the Board of Director's approval the following matters:

- Project Investments
 - Financial viability and sustainability of its projects and investments including:
 - Rebalancing of Coal Portfolio of Vivant Energy
 - Divestment of shares in a joint venture company
 - Acquisition of assets in green field solar projects
- Business Operations
 - Financial Planning, particularly:
 - Allocation of budget to achieve the following strategic objectives: improving performance of existing assets, enhancing customer value, growth of portfolio size for One Vivant, and enhance existing systems and augment technology
 - Creation and allocation of budget for specialized teams that will head areas of real estate, engineering for renewable energy projects, and existing and future operations for both power and water segments of One Vivant;
 - Capital Expenditures and Operations Expenses in line with Base and Bull case scenarios to achieve 2024 the strategic objectives
 - Capital infusion optimization for water and off-grid solutions
 - Fiscal study on capital expenditures through investments in power generation particularly on potential risks, returns, and valuations
 - Quarterly financial performance of subsidiaries, business units, and consolidated levels including year-to-date financial dashboards
 - Debt financing at subsidiary levels to partly secure projects and investments for 2024-2025
 - Cash flow statements, latest thinking forecasts, and cost savings for the Corporation and business units
 - Status of projects at the subsidiary and operating units level throughout the year 2024

- Corporate Matters:
 - Dividend declarations
 - Funding requirements including requests for cash and capital calls of its business units and wholly owned subsidiaries, and

December 31, 2024.


 ATTY. LAURENCE R. ROGERO
Chairman

 JOSE MARKO ANTON G. SARMIENTO
Member


 FRANCIS DAMASUS A. GARCIA
Member

 JOSE CARLITOS G. CRUZ
Member


 CARMELO MARIA L. BAUTISTA
Member

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS

For the year-ended 31 December 2024

The Audit Committee assists the Board in fulfilling its oversight responsibility relating to the financial reporting process, the system of internal control, the audit process and the Company's process for monitoring compliance with laws and regulations and the code of conduct.

In compliance with its mandates under the Audit Committee Charter, Committee confirms that majority of the Audit Committee members are Independent Directors, including its Chairman.

In 2024, the Audit Committee convened on March 15, May 10, August 12, and November 12, during which it:

- **Approved the Revised Audit Committee Charter** – Updated the charter to align with best practices, strengthen audit oversight, and ensure compliance with regulatory and corporate governance standards.
- **Reviewed 2023 Annual Financial Statements** – Evaluated compliance with financial reporting standards, discussed key audit findings, and endorsed the financial statements for Board approval.
- **Evaluated 2024 Quarterly Financial Reports** – Assessed financial performance, ensured compliance with regulatory requirements, and reviewed financial trends and variances.
- **Monitored Audit Engagements and Compliance Issues** – Reviewed internal audit findings, monitored corrective actions, and assessed unplanned audit engagements.
- **Reviewed Internal Audit Reports and Systems** – Assessed internal audit findings, evaluated the effectiveness of internal controls, and recommended improvements to risk management and governance.
- **Assessed External Auditor Performance and Fees** – Evaluated the External Auditor's effectiveness, audit and non-audit services, independence, and endorsed the 2024 audit engagement budget.

December 31, 2024.

JOSE CARLITOS G. CRUZ
Chairman

CHARLES SYLVESTRE A. GARCIA
Member

JOSE MARKO ANTON G. SARMIENTO
Member

JOSE M. LAYUG, JR.
Member

LAURENCE R. ROGERO
Member

REPORT OF THE RISK AND SUSTAINABILITY COMMITTEE TO THE BOARD OF DIRECTORS

For the year-ended 31 December 2024

The Risk and Sustainability Committee (the "Committee") oversees the formulation and implementation of the Board-approved company-wide Enterprise Risk Management policy, which covers risk management practices, including regulatory and ethical compliance monitoring. This oversight function extends to the establishment of a Sustainability Management Framework covering key areas of Environment, Social and Governance ("ESG"). Overall, the Committee assists the Board in providing strategic advice as to the Company's overall risk appetite, tolerance and strategy.

In 2024, the Risk and Sustainability Committee convened on February 6, May 16, August 14, and November 15 and held joint committee meetings with the Vivant Energy Corporation's Risk Committee on May 30. The following major agenda items were discussed:

- **Natural and Climate Change-Related Risks and Their Impact on One Vivant's Power and Water Projects**
 - Analysis of climate-related vulnerabilities affecting the energy and water sectors, including the financial and operational impacts of natural catastrophes
 - Discussion on regulatory developments related to climate adaptation and One Vivant's preparedness in addressing compliance risks.
- **Establishment of a 2024 Risk Outlook for One Vivant**
 - Definition of key macroeconomic, industry-specific, and operational risk factors expected to influence One Vivant's business environment in 2024.
 - Framework for monitoring risk evolution and integrating the outlook into corporate strategic planning.
- **Identification and Prioritization of Top Risks for FY 2024**
 - Review and ranking of critical risks impacting One Vivant's Power & Infrastructure projects and business units at the start and mid-year.
 - Comparison of the current risk landscape against the previous fiscal year, with an assessment of risk trends, mitigation effectiveness, and shifting risk priorities.
- **Assessment of Project-Related Risks for Prioritized Projects in FY 2024**
 - Risk evaluation for key energy and water infrastructure projects, focusing on construction risks, regulatory challenges, financial viability, and operational uncertainties.
 - Development of risk response plans and oversight mechanisms for high-impact projects.
- **Evaluation of Current Risks in Corporate Partnerships and Investments**

- Risk review of ongoing and prospective corporate partnerships, joint ventures, and investment activities.
- **Risk Assessment of Capital Outlays for Greenfield Projects**
 - Evaluation of risk exposure in planned capital expenditures for greenfield energy and water projects.

December 31, 2024.

LAURENCE R. ROGERO
Chairman

JOSE MARKO ANTON G. SARMIENTO
Member

JOSE M. LAYUG, JR.
Member

REPORT OF THE RELATED PARTY TRANSACTIONS COMMITTEE TO THE BOARD OF DIRECTORS

For the year-ended 31 December 2024

The Related Party Transactions Committee (the “Committee” or “RPTComm”) plays a pivotal role in evaluating and monitoring relationships and transactions between the Company and its related parties (including directors, executives, subsidiaries, affiliates, and shareholders). Its responsibilities encompass continuous identification and monitoring of related parties and transactions, evaluating transaction terms for fairness and risk management, enforcing disclosure requirements, conducting independent review as may be necessary, and overseeing implementation of systems and processes for identifying, controlling and managing of related party transactions. While the Committee takes on these crucial functions, ultimate approval or disapproval authority for related party transactions typically resides with the Board of Directors, highlighting the committee's role in enhancing governance and mitigating potential conflicts of interest.

In compliance with our mandates under the Related Party Transactions Charter, the Committee affirms that at least two (2) of its members are Independent Directors, including the Committee’s Chairman.

In 2024, the RPTComm convened on March 7 and December 6, during which it:

- **Reviewed Related Party Transactions (RPT) for SEC Form 20-IS** – Evaluated RPTs for proper disclosure in the Information Statement, ensuring accuracy, completeness, and regulatory compliance.
- **Reviewed Regulatory Compliance Measures** – Assessed the effectiveness of RPT compliance strategies, reviewed implementation with Management, and ensured adherence to SEC requirements.
- **Amendment of Committee Charter** – Updated the charter to incorporate process improvements, align with best practices, and enhance compliance with SEC rules and regulations.

December 31, 2024.

JOSE M. LAYUG, JR.
Chairman

JOSE CARLITOS G. CRUZ
Member

RAMONTITO B. GARCIA
Member

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE TO THE BOARD OF DIRECTORS

For the year-ended 31 December 2024

The Corporate Governance Committee (the “Committee” or “CGComm”) supports the Board in executing its oversight role concerning the implementation of corporate governance and compliance programs, which includes sustainability reporting among others. The CGComm is tasked with defining the procedures for nominating and electing directors for Vivant, formulating a compensation policy for directors, and evaluating candidates nominated for Board of Directors membership.

In compliance with our mandates under the Corporate Governance Committee Charter, the Committee affirms that all its members are Independent Directors, including the Committee’s Chairman.

In 2024, the CGCom convened on March 7 and November 8, during which it:

- **Evaluated Director Nominees** – as part of its mandate, the CGComm conducted a rigorous assessment of director nominees to ensure alignment with the Nomination and Elections Policy, SEC regulations, and the highest corporate governance standards.
- **Reviewed the Integrated Annual Corporate Governance Report (I-ACGR)** – the CGCom undertook a comprehensive evaluation of the IACGR to validate compliance with SEC governance mandates and enhance transparency in corporate disclosures.
- **Assessed Corporate Governance Compliance** – which consisted of an examined Vivant Corporation’s adherence to regulatory requirements, identifying strategic enhancements to governance policies and frameworks.
- **Reviewed the Annual Corporate Governance Scorecard** – wherein it assessed governance effectiveness through a detailed analysis of the scorecard, benchmarking progress against prior fiscal years.
- **Enhanced the Corporate Governance Committee Charter** – through refinements to the committee’s charter to integrate best practices, optimize governance structures, and reinforce compliance with SEC regulations.

December 31, 2024.

JOSE M. LAYUG, JR.
Chairman

JOSE CARLITOS G. CRUZ
Member

LAURENCE R. ROGERO
Member

Material Disclosure Index

Economic

GRI Topic	GRI Disclosure	Materiality Consideration	Adhered SDG	Section
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	This is the direct impact our business has to the economy		Vivant at a Glance Vivant's 2024 Year in Review Vivant's Value Creation Vivant's Sustainability Journey: Positive Business Impact Key Performance Metrics
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported 203-2 Significant indirect economic impacts	This refers to the projects and initiatives undertaken through the Company's foundation and its subsidiaries' CSR projects that provide support to help build capability, improve lives and community resiliency.	 	Vivant's Value Creation Vivant's Sustainability Journey: Positive People Impact

Environmental

GRI Topic	GRI Disclosure	Materiality Consideration	Adhered SDG	Section
GRI 302: Energy	302-1 Energy consumption within the organization 302-2 Energy consumption outside of the organization	This considers the energy we utilize, in the form of both electricity and fuel, to support our operations and ensure the delivery of products and services to our customers.		Vivant's Sustainability Journey: Positive Planet impact Key Performance Metrics
GRI 303: Water and Effluents	303-3 Water withdrawal 303-4 Water discharge 303-5 Water consumption	This takes into account the environmental impact of our operations through water consumption.		Vivant's Sustainability Journey: Positive Planet Impact Key Performance Metrics
305: Emissions	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions	This considers the greenhouse gas (GHG) emissions from our operations and business travels.		Vivant's Sustainability Journey: Positive Planet Impact Key Performance Metrics
306: Waste	306-3 Waste generated 306-4 Waste diverted from disposal 306-5 Waste directed to disposal	This takes into account the impact of the waste generated by our operations and our methods of disposal.		Vivant's Sustainability Journey: Positive Planet Impact Key Performance Metrics

Social

GRI Topic	GRI Disclosure	Materiality Consideration	Adhered SDG	Section
GRI 401: Employment	401-1 New employee hires and employee turnover 401-3 Parental leave	This highlights Vivant's ability to attract and retain a diverse pool of qualified talent through various employee benefits and programs.		Vivant's Value Creation Vivant's Sustainability Journey: Positive People Impact Key Performance Metrics
GRI 403: Occupational Health and Safety	403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-9 Work-related injuries 403-10 Work-related ill health	This reflects Vivant's focus on promoting employee health, safety, and overall well-being.		Vivant's Value Creation: Stakeholder Management Vivant's Sustainability Journey: Positive People Impact Key Performance Metrics
GRI 404: Training and Education	404-1 Average hours of training per year per employee 404-2 Programs for upgrading employee skills and transition assistance programs 404-3 Percentage of employees receiving regular performance and career development reviews	This reflects Vivant's commitment to fostering continuous learning and development for all employees.		Vivant's Value Creation: Stakeholder Management Vivant's Sustainability Journey: Positive People Impact Key Performance Metrics
405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	This considers how diverse backgrounds, knowledge, and experiences drive innovation and business growth to Vivant.		Vivant's Leadership and Governance Vivant's Sustainability Journey: Positive People Impact Key Performance Metrics

Social

GRI Topic	GRI DISCLOSURE	Materiality Consideration	Adhered SDG	Section
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	This involves engaging with the local community to foster sustainable development.	 	Vivant's Value Creation: Stakeholder Management Vivant's Sustainability Journey: Positive People Impact

KEY PERFORMANCE METRICS

Direct Economic Value Generated, Distributed and Retained

Economic Value Generated, Distributed, Retained in millions Php (201-1)			
Year	Generated	Distributed	Retained
2022	6,519	6,052	467
2023	8,265	7,207	1,057
2024	12,202	11,398	804

*The financial statements for the year ended December 31, 2023 were restated to account for the finalization of the purchase price allocation for the acquisition, in compliance to the Philippine Financial Reporting Standards (PFRS) 3, Business Combination, of two subsidiaries, DPI and CIPC in 2023.

Breakdown of Economic Value Distributed in millions PHP (201-1)			
Economic Value Distributed	2022	2023	2024
Operating cost	4,526	5,472	8,817
Employee wages and benefits	342	370	552
Payments to providers of capital	735	787	1,084
Payments to government	422	556	926
Community investments	27	22	20
Total	6,052	7,207	11,398

Energy Consumption

Energy Consumption in MWh (302-1)			
Business Unit	2022	2023	2024
HO-CEBU	169	173	209
HO-MAKATI	61	89	97
1590 EC	4,963	4,773	5,436
BPC	37	29	214
CIPC	1,720	2,023	2,112
DPI	3,935	4,903	5,830
INPC	2,750	2,898	3,256
MPC	73,282	86,414	97,776
MPI	-	-	1,224
NBPC	36	26	89
PPWRLC	15	451	362
WMP	19	22	12
Total	86,987	101,801	116,617

Coal Consumption in MT (302-1)			
Business Unit	2022	2023	2024
MPC	382,601	467,781	536,514

Fuel Consumption within the organization (302-1)

Heavy Fuel Oil (in '000 liters)			
Business Unit	2022	2023	2024
1590 EC	39,227.25	20,433.81	20,538.71
BPC	264.94	27.23	214.80
CIPC	7,063.63	8,692.36	9,451.80
DPI	21,614.07	27,140.34	36,516.75
INPC	12,024.54	13,629.23	14,377.07
MPC	-	-	309.21
MPI	-	-	9,862.70
WMP	-	5.18	-
Total	80,194.43	69,928.15	91,271.03

Light Fuel Oil (in '000 liters)			
Business Unit	2022	2023	2024
1590 EC	1,942.71	1,562.45	1,246.39
BPC	97.18	9.53	338.77
CIPC	586.65	1,551.36	2,310.47
DPI	429.31	530.17	730.33
INPC	96.89	130.39	130.01
MPC	168.45	194.79	-
MPI	-	-	724.47
NBPC	33.10	26.32	145.97
PPWRLC	-	30.30	0.04
WMP	-	12.09	28.11
Total	3,354.29	4,047.40	5,654.56

Fuel Consumption outside the Organization (302-2)

Gasoline (in '000 liters)			
Business Unit	2022	2023	2024
HO-CEBU	16.04	24.23	43.66
HO-MAKATI	9.73	14.05	25.90
1590 EC	1.63	0.07	10.53
BPC	-	-	7.17
CIPC	0.74	1.08	0.58
NBPC	-	-	0.02
Total	28.14	39.43	87.86

Diesel (in '000 liters)			
Business Unit	2022	2023	2024
HO-CEBU	20.94	26.75	28.46
HO-MAKATI	8.57	13.49	17.06
1590 EC	14.66	12.70	0.01
BPC	5.83	7.29	-
CIPC	8.53	10.47	10.93
DPI	10.41	9.12	7.74
INPC	6.06	7.15	7.65
MPC	42.01	52.57	51.02
NBPC	-	1.47	1.62
Total	117.00	140.99	124.49

GHG Emissions

Scope 1: Direct GHG Emissions in tco2e (305-1)			
Business Unit	2022	2023	2024
1590 EC	113,454	60,348	59,910
BPC	993	174	1,494
CIPC	21,069	26,633	32,193
DPI	60,783	76,190	102,562
INPC	33,432	35,862	39,961
MPC	869,132	1,028,804	1,214,509
MPI	-	-	29,104
NBPC	89	78	389
PPWRLC	-	81	0.09
WMP	-	46	75
Total	1,098,952	1,228,216	1,480,196

Source of Scope 1 Emission Factors: UK DEFRA

Scope 2: Energy indirect GHG emissions in tco2e (305-2)			
Business Unit	2022	2023	2024
HO-CEBU	118	120	145
HO-MAKATI	42	62	67
1590 EC	3,442	3,310	3,770
BPC	32	25	183
MPC	62,451	73,642	83,325
MPI	-	-	849
NBPC	30	22	76
PPWRLC	10	313	251
WMP	13	15	8
Total	71,967	84,323	96,439

Source of Scope 2 Emission Factors: Department of Energy

Scope 3: Other Indirect GHG Emissions in tco2e (305-3)			
Business Unit	2022	2023	2024
Head Office	195	313	476
1590 EC	44	34	29
BPC	16	19	20
CIPC	25	31	31
DPI	28	24	21
INPC	16	19	20
MPC	113	140	136
NBPC	-	4	4
Total	437	584	737

Source of Scope 3 Emission Factors: UK DEFRA

Water Consumption, Withdrawal and Discharge

Water Consumption in ML (303-5)			
Business Unit	2022	2023	2024
HO-CEBU	0.10	0.12	0.17
HO-MAKATI	0.41	0.57	0.60
1590 EC	39.09	48.33	47.16
BPC	1.44	0.23	0.23
CIPC	0.02	0.35	0.000460
DPI	7.27	4.66	7.05
INPC	2.16	3.23	3.70
MPC	35.84	41.60	16.99
MPI	-	-	5.87
NBPC	0.12	0.59	0.74
Total	86.45	99.68	82.51

Water Withdrawal in ML (303-3)			
Business Unit	2022	2023	2024
1590 EC	42.19	51.43	0.06
BPC	1.10	0.23	0.23
CIPC	1.05	1.14	0.00145
DPI	7.76	7.05	6.64
INPC	2.16	3.58	4.06
MPC	211,918.40	233,699.00	271,885.81
MPI	-	-	0.29
NBPC	0.12	0.59	0.74
PPWRLC	-	-	797.33
Total	211,972.78	233,763.02	272,695.16

Water Withdrawal by Source in ML (303-3)			
Water Source	2022	2023	2024
Sea Water	211,921.78	233,699.00	271,886.09
Ground Water	49.71	60.91	10.44
Municipal Supply	-	-	1.10
Produced Water	-	0.35	-
Surface Water	-	-	797.33
Others	1.28	2.77	0.20
Total	211,972.77	233,763.03	272,695.15

Water Discharge in ML (303-4)			
Business Unit	2022	2023	2024
1590 EC	3.09	5.22	0.00368
BPC	0.02	-	0.06
CIPC	1.03	0.35	-
DPI	0.27	1.40	1.66
INPC	-	-	2.77
MPC	211,883.21	233,699.00	271,885.81
MPI	-	-	6.12
NBPC	-	0.19	0.66
Total	211,887.62	233,706.16	271,897.08

Water Discharge by Destination in ML (303-4)			
Water Destination	2022	2023	2024
Ground Water	1.04	1.75	0.05
Sea Water	211,921.49	233,704.22	271,887.47
Surface Water	0.27	0.19	-
Municipal Water	-	-	6.12
Others	-	-	3.45
Total	211,922.80	233,706.16	271,897.08

Water Treated in ML	
Business Unit	2024
PPWRLC	797.33

Waste Generated and Disposed

Hazardous Waste Generated in T (306-3)			
Business Unit	2022	2023	2024
1590 EC	180.85	65.91	103.08
BPC	0.34	-	29.66
CIPC	0.10	131.27	170.84
DPI	324.00	227.50	336.21
INPC	52.98	81.07	167.36
MPC	14.26	15.20	17.02
MPI	-	-	252.69
NBPC	-	-	11.59
Total	572.53	520.95	1,088.44

Hazardous Waste Diverted from or Directed to Disposal in T (306-4, 306-5)			
Disposal or Recovery Operation	2022	2023	2024
Other Disposal Operations	0.05	-	576.97
Sold	-	-	255.80
Stored	69.78	58.04	968.56
Transported	500.22	447.71	-
Treated (Recovery)	2.48	15.20	-
Total	572.53	520.95	1,801.33

Non-Hazardous Waste Generated in T (306-3)			
Business Unit	2022	2023	2024
HO-CEBU	-	0.29	1.37
HO-MAKATI	-	0.19	0.21
1590 EC	52.87	119.76	16.42
BPC	0.47	0.62	0.98
CIPC	0.70	0.12	0.13
DPI	1.51	0.12	1.22
INPC	-	0.37	2.30
MPC	21,570.00	28,034.00	41,512.00
MPI	-	-	16.93
NBPC	0.03	0.94	1.45
Total	21,625.58	28,156.41	41,552.99

Non-Hazardous Waste Diverted from or Directed to Disposal in T (306-4, 306-5)			
Disposal or Recovery Operation	2022	2023	2024
Composted (Recovery)	0.20	1.06	1,610.63
Landfilled (Disposal)	276.67	313.81	528.49
Other Disposal Operations	0.03	27,725.45	41,512.00
Recycled (Recovery)	21,348.67	115.58	180.78
Reusable (Recovery)	-	0.03	0.01
Sold	-	0.47	19.38
Total	21,625.57	28,156.40	43,851.29

Employment

Total Workforce (401-1)				New Hires (401-1)			
Business Unit	2022	2023	2024	Business Unit	2022	2023	2024
VIVANT	89	95	115	VIVANT	19	25	39
VEC	52	75	92	VEC	12	23	26
VIHI	10	20	29	VIHI	4	11	15
VFI	4	4	4	VFI	1	-	-
COREENERGY	8	21	22	COREENERGY	5	4	5
CORE SOLAR	2	-	-	CORE SOLAR	-	-	-
1590 EC	82	83	86	1590 EC	7	5	8
CIPC	30	28	31	CIPC	6	-	4
DPI	33	31	34	DPI	-	-	10
INPC	25	26	27	INPC	-	2	2
MPC	179	177	179	MPC	14	15	13
BPC	17	16	17	BPC	4	2	2
NBPC	7	5	5	NBPC	1	-	1
PPWRLC	21	16	14	PPWRLC	-	-	3
WMP	33	92	48	WMP	-	2	-
IMCC	-	-	10	IMCC	-	-	8
MPI	-	-	6	MPI	-	-	4
SIAEC	-	-	1	SIAEC	-	-	-
Total	592	689	720	Total	73	89	140

Employee Turnover (401-1)			
Business Unit	2022	2023	2024
VIVANT	16	10	20
VEC	5	4	11
VIHI	2	4	6
VFI	2	-	-
COREENERGY	3	2	4
CORE SOLAR	-	2	-
1590 EC	3	2	2
CIPC	1	5	2
DPI	-	4	7
INPC	2	2	1
MPC	-	-	12
BPC	7	-	1
NBPC	1	-	1
PPWRLC	-	-	7
WMP	-	5	-
IMCC	-	-	-
MPI	-	-	-
SIAEC	-	-	1
Total	42	40	75

Gender

Total Workforce			
Gender	2022	2023	2024
Male	452	522	514
Female	140	167	206
Total	592	689	720

2024 New Hires	
Gender	Count
Male	81
Female	59
Total	140

2024 Employee Turnover	
Gender	Count
Male	48
Female	27
Total	75

Age

Total Workforce			
Age Group	2022	2023	2024
< 30 years old	144	153	156
30 - 50 years old	269	463	492
> 50 years old	179	73	72
Total	592	689	720

2024 New Hires	
Age Group	Count
< 30 years old	68
30 - 50 years old	70
> 50 years old	2
Total	140

2024 Employee Turnover	
Age Group	Count
< 30 years old	24
30 - 50 years old	47
> 50 years old	4
Total	75

Level

Total Workforce			
Level	2022	2023	2024
Non Management	443	574	553
Middle Management	67	57	122
Senior Management	27	58	45
Total	537	689	720

2024 New Hires	
Level	Count
Non Management	118
Middle Management	18
Senior Management	4
Total	140

2024 Employee Turnover	
Level	Count
Non Management	61
Middle Management	11
Senior Management	3
Total	75

Location

Total Workforce			
Location	2022	2023	2024
Metro Cebu	151	245	240
Metro Manila	45	62	80
Luzon	168	158	166
Visayas	25	26	33
Mindanao	203	198	201
Total	592	689	720

2024 New Hires	
Location	Count
Metro Cebu	59
Metro Manila	34
Luzon	25
Visayas	6
Mindanao	16
Total	140

2024 Employee Turnover	
Location	Count
Metro Cebu	23
Metro Manila	18
Luzon	19
Visayas	1
Mindanao	14
Total	75

Parental Leaves (401-3)

Male		
Business Unit	Total number of male employees that were entitled to parental leave	Number of male employees that took parental leave
1590 EC	60	-
BPC	16	1
CIPC	30	-
DPI	38	-
INPC	26	1
MPC	155	18
MPI	1	-
NBPC	6	-
SIAEC	2	-
VIVANT	18	-
VEC	24	-
VIHI	7	-
VFI	2	1
COREENERGY	9	1
Total	394	22

Training

Female		
Business Unit	Total number of female employees that were entitled to parental leave	Number of female employees that took parental leave
1590 EC	1	-
BPC	3	1
CIPC	3	1
DPI	4	-
INPC	2	-
MPC	24	5
MPI	2	-
NBPC	-	-
SIAEC	-	-
VIVANT	83	2
VEC	39	-
VIHI	17	-
VFI	2	-
COREENERGY	9	1
Total	189	10

Training Hours (404-1)		
Business Unit	Training Hours	Average Hours
2022	5,654	10
2023	6,494	9
2024	20,102	26

Training Hours by Company (404-1)	
Business Unit	Total Hours
VIVANT	2,639
VEC	5,554
VIHI	500
COREENERGY	228
1590 EC	3,108
BPC	664
CIPC	168
DPI	600
INPC	1,032
MPC	5,308
MPI	69
NBPC	232
Total	20,102

Training Hours by Level (404-1)	
Business Unit	Total Hours
Non-Management	15,545
Middle Management	3,923
Senior Management	634
Total	20,102

Performance Reviews by Company

Performance Reviews by Company (404-3)	
Business Unit	Total Hours
VIVANT	100%
VEC	100%
VIHI	100%
VFI	100%
COREENERGY	100%
1590 EC	100%
CIPC	100%
DPI	100%
INPC	100%
MPI	100%
MPC	100%
BPC	100%
NBPC	100%

Occupational Health & Safety

Worker Training on Occupational Health and Safety (403-5)	
Business Unit	Safety/emergency drills conducted
1590 EC	2
BPC	5
CIPC	1
DPI	6
INPC	4
MPC	1
MPI	15
NBPC	2
Total	36

Work-related Injuries & Illnesses (403-9 & 403-10)	
Business Unit	Work-related Injuries
1590 EC	419,983
BPC	56,708
CIPC	150,614
DPI	210,476
INPC	131,690
MPC	1,194,092
MPI	247,396
NBPC	18,672
Total	2,429,631

Work-related Injuries & Illnesses (403-9 & 403-10)	
Business Unit	Safe Man Hours
1590 EC	-
BPC	-
CIPC	-
DPI	1
INPC	-
MPC	-
MPI	-
NBPC	-
Total	1

*DPI had a minor work-related incident involving a contractor.



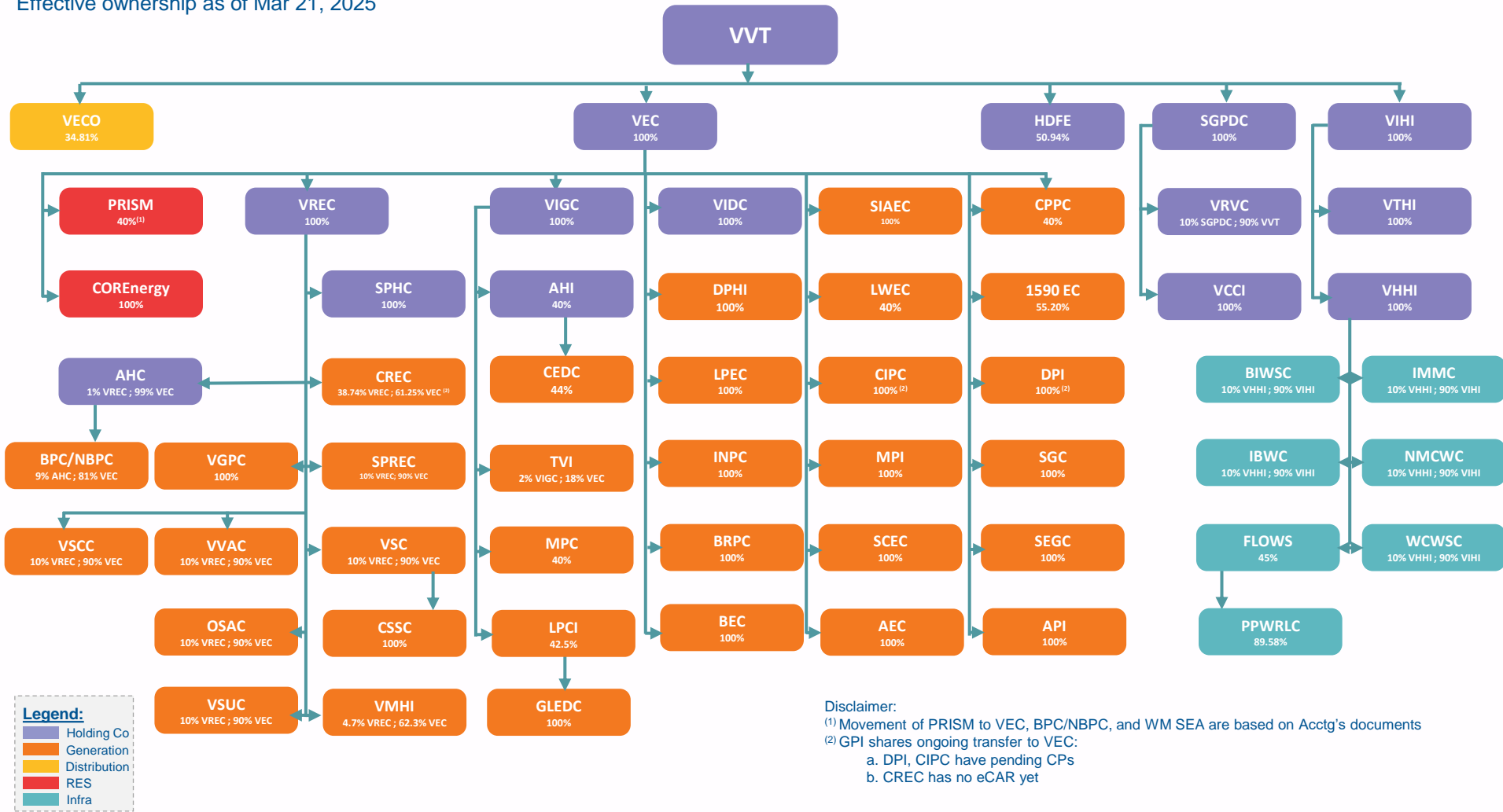
2024 Vivant Corp. Integrated Report Production Team:

Corporate Services, Corporate Communications, Legal,
Investor Relations, Treasury, Finance, Risk and Sustainability,
Portfolio Management Group, Business Development,
Office of the CEO

Design Agency:

Subatomic7 Multimedia Studios

Effective ownership as of Mar 21, 2025



Legend:

- Holding Co
- Generation
- Distribution
- RES
- Infra

Disclaimer:
 (1) Movement of PRISM to VEC, BPC/NBPC, and WM SEA are based on Acctg's documents
 (2) GPI shares ongoing transfer to VEC:
 a. DPI, CIPC have pending CPs
 b. CREC has no eCAR yet

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of **VIVANT CORPORATION AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2024 and 2023, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


FRANCIS DAMASUS A. GARCIA
Chairman of the Board
ARLO ANGELO G. SARMIENTO
Chief Executive Officer
MINUEL CARMELA N. FRANCO
Group Chief Finance Officer

Signed this **27th** day of **March**, 2025.

REPUBLIC OF THE PHILIPPINES)
MANDAUE CITY) S.S.

ACKNOWLEDGMENT

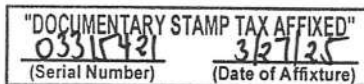
MAR 27 2025 BEFORE ME, a Notary Public for and in Mandaue City appeared on the following:

Name	Competent Evidence of Identification	
	Type/Number	Date of Expiry/ Place of Issue
FRANCIS DAMASUS A. GARCIA	Passport No. P0768103C	01 JUL 2032 / PCG San Francisco
ARLO ANGELO G. SARMIENTO	Passport No. P6592337A	28 MAR 2028 / DFA Cebu
MINUEL CARMELA N. FRANCO	Passport No. P9523819B	05 Apr 2032/DFA Manila

known to me and to me known to be the same persons who executed the foregoing instrument, and who acknowledged to me that the same is their true and voluntary act and deed and that of the Corporation which they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and in the place above given.

Doc. No. 4 ;
Page No. 2 ;
Book No. I ;
Series of 2025.



Althea Vergara Yungco
ALTHEA A. VERGARA YONGCO
Notary Public for and in the City of Mandaue and
Municipalities of Cordova, Consolacion,
Lilo-an, and Compostela, Cebu
Notarial Commission No. 2025-98 until December 31, 2026
Roll of Attorneys No. 72451
IBP Service Invoice No.: 481804; 12/09/2024
PTR No. 1395117; 01/14/2025; Cebu Province
MCLE Exemption No. VIII-BEP000278
Valid until April 14, 2028
2nd Floor One Centro Building, C. Ouano Street,
Centro, Mandaue City, Cebu, Philippines



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



The following document has been received:

Receiving: ICTD ERMD

Receipt Date and Time: April 10, 2025 08:00:00 AM

Company Information

SEC Registration No.: 0000175222

Company Name: VIVANT CORPORATION

Industry Classification: J66940

Company Type: Stock Corporation

Document Information

Document ID: OST10410202583155535

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2024

Submission Type: Parent, Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 7 5 2 2 2

COMPANY NAME

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

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

9 t h F l o o r , O a k r i d g e I T C e n t e r
3 , O a k r i d g e B u s i n e s s P a r k , A . S
. F o r t u n a S t r e e t , B r g y . B a n i l a
D , M a n d a u e C i t y , C e b u , P h i l i p p
I n e s 6 0 1 4

Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Company's Email Address

vivant@vivant.com.ph

Company's Telephone Number

(032) 234-2256

Mobile Number

N/A

No. of Stockholders

1,404

Annual Meeting (Month / Day)

June 20

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Atty. Maila Lourdes G. De Castro

Email Address

jbaron@jpgarcialaw.com

Telephone Number/s

(032) 232-0253

Mobile Number

0917-5356692

CONTACT PERSON'S ADDRESS

9th Floor, Oakridge IT Center 2, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.
2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.





Creating Solutions
for Our Changing World
vivant.com.ph

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2024 and 2023, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


FRANCIS DAMASUS A. GARCIA
Chairman of the Board


ARLO ANGELO G. SARMIENTO
Chief Executive Officer


MINUEL CARMELA N. FRANCO
Chief Finance Officer

Signed this 27th day of March, 2025.

Headquarters – Cebu
9/F Oakridge IT Center 3, Oakridge Business Park
A.S. Fortuna St., Mandaue City, Cebu Philippines 6014
Tel. no.: +63 (32) 243 2256, +63 (32) 243 2285

Makati
3/F La Paz Centre Bldg., Salcedo St., cor. V.A. Rufino St.,
Legazpi Village, Makati City, Philippines 1229
Tel. no.: +63 (02) 840 36551, +63 (02) 840 36566

REPUBLIC OF THE PHILIPPINES)
MANDAUE CITY) S.S.

ACKNOWLEDGMENT

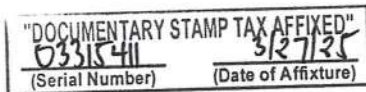
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Name	Competent Evidence of Identification	
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MINUEL CARMELA N. FRANCO	Passport No. P9523819B	05 Apr 2032/DFA Manila

known to me and to me known to be the same persons who executed the foregoing instrument, and who acknowledged to me that the same is their true and voluntary act and deed and that of the Corporation which they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and in the place above given.

Doc. No. 3 ;
Page No. 2 ;
Book No. I ;
Series of 2025.



Althea Vergara-Yongco
ALTHEA A. VERGARA-YONGCO
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Valid until April 14, 2028
2nd Floor One Centro Building, C. Ouano Street,
Centro, Mandaue City, Cebu, Philippines

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City, Cebu, Philippines

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Vivant Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2024 and 2023, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for each of the three years in the period ended December 31, 2024 and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the parent company financial statements, management is responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Parent Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



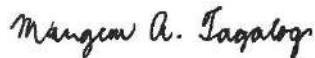
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 22 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Vivant Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Margem A. Tagalog

Partner

CPA Certificate No. 0098098

Tax Identification No. 206-544-506

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-156-2024, October 2, 2024, valid until October 1, 2027

PTR No. 10465387, January 2, 2025, Makati City

March 21, 2025



VIVANT CORPORATION**PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	₱1,208,294,623	₱1,469,938,367
Trade and other receivables (Notes 7 and 14)	1,443,750,149	1,504,483,327
Prepaid expenses and other current assets (Note 8)	44,696,094	28,934,758
Total Current Assets	2,696,740,866	3,003,356,452
Noncurrent Assets		
Investments in and advances to subsidiaries and associate (Note 9)	8,492,306,128	8,269,541,845
Property and equipment (Note 10)	499,483,131	100,160,377
Right-of-use assets (Note 21)	51,806,416	19,296,042
Deferred income tax assets - net (Note 16)	27,224,227	28,306,431
Other noncurrent assets (Note 11)	206,840,968	167,265,409
Total Noncurrent Assets	9,277,660,870	8,584,570,104
TOTAL ASSETS	₱11,974,401,736	₱11,587,926,556
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other current liabilities (Notes 12 and 14)	₱163,748,493	₱119,649,599
Current portion of notes payable (Note 13)	45,054,514	45,144,790
Current portion of lease liabilities (Note 21)	8,177,001	16,202,865
Total Current Liabilities	216,980,008	180,997,254
Noncurrent Liabilities		
Notes payable - net of current portion (Note 13)	1,799,619,079	1,844,673,593
Lease liabilities - net of current portion (Note 21)	44,549,755	5,367,662
Pension liability (Note 15)	124,625,069	101,890,724
Other noncurrent liabilities (Notes 14 and 15)	15,452,978	14,898,744
Total Noncurrent Liabilities	1,984,246,881	1,966,830,723
Total Liabilities	2,201,226,889	2,147,827,977
Equity		
Capital stock (Note 17)	1,023,456,698	1,023,456,698
Additional paid-in capital	8,339,452	8,339,452
Remeasurement of employee benefits (Note 15)	(44,858,229)	(43,562,321)
Remeasurement of financial assets at fair value through other comprehensive income (FVOCI; Note 11)	3,655,000	3,655,000
Retained earnings (Note 17)		
Appropriated for business expansion	7,767,262,174	7,354,810,254
Unappropriated	1,015,319,752	1,093,399,496
Total Equity	9,773,174,847	9,440,098,579
TOTAL LIABILITIES AND EQUITY	₱11,974,401,736	₱11,587,926,556

See accompanying Notes to Financial Statements.



VIVANT CORPORATION**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31		
	2024	2023	2022
REVENUES			
Dividend income (Note 9)	₱1,205,877,874	₱996,075,661	₱1,557,905,614
Revenues from contracts with customers:			
Management and service fees (Note 14)	185,481,315	392,012,951	160,078,728
Service income (Note 14)	8,737,884	3,811,069	9,878,094
Interest income (Notes 6 and 14)	152,947,051	77,599,998	37,863,232
	1,553,044,124	1,469,499,679	1,765,725,668
EXPENSES			
Salaries and employee benefits (Notes 15 and 18)	302,442,991	218,081,842	238,382,868
Outside services	90,515,124	25,561,314	10,383,229
Depreciation (Notes 10 and 21)	45,321,924	40,253,118	39,724,356
Professional fees (Note 14)	28,520,738	47,344,044	37,186,086
Travel	24,084,474	21,666,209	17,840,670
Dues and subscriptions	22,532,713	14,773,480	8,840,066
Directors' per diem	11,869,444	16,475,000	14,862,500
Communication and utilities	11,006,665	8,841,943	8,581,895
Taxes and licenses	10,865,542	4,213,582	6,225,589
Rent and association dues	6,475,374	3,674,762	3,614,242
Repairs and maintenance	2,540,389	3,418,882	4,102,732
Representation	2,100,248	6,184,864	6,517,601
Marketing	1,692,046	510,694	490,017
Supplies	1,575,636	3,885,492	3,531,407
Meetings and conferences	422,866	774,727	595,910
Corporate social responsibility	88,304	93,567	125,731
Others (Note 7)	7,423,316	14,027,108	14,000,498
	569,477,794	429,780,628	415,005,397
INCOME FROM OPERATIONS	983,566,330	1,039,719,051	1,350,720,271
FINANCE CHARGES			
Interest expense (Notes 13 and 21)	88,671,298	94,752,182	135,242,080
Other financing charges	461,612	613,070	349,479
	89,132,910	95,365,252	135,591,559
OTHER INCOME			
Gain on reversal of impairment loss (Note 9)	27,219,365	45,741,149	29,018,552
Other income (Note 14)	4,214,310	20,480,504	35,921,029
	31,433,675	66,221,653	64,939,581
INCOME BEFORE INCOME TAX	925,867,095	1,010,575,452	1,280,068,293
PROVISION FOR INCOME TAX (Note 16)	20,406,080	15,571,516	9,459,315
NET INCOME	905,461,015	995,003,936	1,270,608,978

(Forward)

	Years Ended December 31		
	2024	2023	2022
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income that will not be reclassified to profit or loss:</i>			
Remeasurement gain (loss) on employee benefits (Note 15)	(P1,727,877)	(P60,518,231)	P5,587,983
Income tax effect	431,969	15,129,558	(1,396,996)
Other comprehensive income (loss) for the year, net of tax	(1,295,908)	(45,388,673)	4,190,987
TOTAL COMPREHENSIVE INCOME	P904,165,107	P949,615,263	P1,274,799,965
EARNINGS PER SHARE (BASIC/DILUTED)			
(Note 17)	P0.885	P0.972	P1.241

See accompanying Notes to Financial Statements.



VIVANT CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Capital Stock	Additional Paid-in Capital	Remeasurement of Employee Benefits (Note 15)	Remeasurement of Financial Assets at FVOCI (Note 11)	Retained Earnings (Note 17)		Total
					Appropriated	Unappropriated	
At January 1, 2024	₱1,023,456,698	₱8,339,452	(₱43,562,321)	₱3,655,000	₱7,354,810,254	₱1,093,399,496	₱9,440,098,579
Net income	–	–	–	–	–	905,461,015	905,461,015
Other comprehensive loss	–	–	(1,295,908)	–	–	–	(1,295,908)
Total comprehensive income	–	–	(1,295,908)	–	–	905,461,015	904,165,107
Reversal of appropriation for business expansion	–	–	–	–	(1,387,548,080)	1,387,548,080	–
Appropriation for business expansion	–	–	–	–	1,800,000,000	(1,800,000,000)	–
Cash dividends declared	–	–	–	–	–	(571,088,839)	(571,088,839)
At December 31, 2024	₱1,023,456,698	₱8,339,452	(₱44,858,229)	₱3,655,000	₱7,767,262,174	₱1,015,319,752	₱9,773,174,847
At January 1, 2023	₱1,023,456,698	₱8,339,452	₱1,826,352	₱3,655,000	₱6,820,897,482	₱1,031,149,407	₱8,889,324,391
Net income	–	–	–	–	–	995,003,936	995,003,936
Other comprehensive loss	–	–	(45,388,673)	–	–	–	(45,388,673)
Total comprehensive income	–	–	(45,388,673)	–	–	995,003,936	949,615,263
Reversal of appropriation for business expansion	–	–	–	–	(1,866,087,228)	1,866,087,228	–
Appropriation for business expansion	–	–	–	–	2,400,000,000	(2,400,000,000)	–
Cash dividends declared	–	–	–	–	–	(398,841,075)	(398,841,075)
At December 31, 2023	₱1,023,456,698	₱8,339,452	(₱43,562,321)	₱3,655,000	₱7,354,810,254	₱1,093,399,496	₱9,440,098,579
At January 1, 2022	₱1,023,456,698	₱8,339,452	(₱2,364,635)	₱3,655,000	₱6,198,363,882	₱827,356,579	₱8,058,806,976
Net income	–	–	–	–	–	1,270,608,978	1,270,608,978
Other comprehensive income	–	–	4,190,987	–	–	–	4,190,987
Total comprehensive income	–	–	4,190,987	–	–	1,270,608,978	1,274,799,965
Reversal of appropriation for business expansion	–	–	–	–	(1,627,466,400)	1,627,466,400	–
Appropriation for business expansion	–	–	–	–	2,250,000,000	(2,250,000,000)	–
Cash dividends declared	–	–	–	–	–	(444,282,550)	(444,282,550)
At December 31, 2022	₱1,023,456,698	₱8,339,452	₱1,826,352	₱3,655,000	₱6,820,897,482	₱1,031,149,407	₱8,889,324,391

See accompanying Notes to Financial Statements.



VIVANT CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱25,867,095	₱1,010,575,452	₱1,280,068,293
Adjustments for:			
Dividend income (Note 9)	(1,205,877,874)	(996,075,661)	(1,557,905,614)
Interest income (Notes 6 and 14)	(152,947,051)	(77,599,998)	(37,863,232)
Interest expense (Notes 13 and 21)	88,671,298	94,752,182	135,242,080
Depreciation (Notes 10 and 21)	45,321,924	40,253,118	39,724,356
Gain on reversal of impairment loss (Note 9)	(27,219,365)	(45,741,149)	(29,018,552)
Pension expense (Note 15)	21,560,702	8,349,126	9,753,930
Gain on disposal of property and equipment (Note 10)	(3,782,805)	(1,409,227)	(574,734)
Unrealized foreign exchange loss (gain)	37,777	(696,665)	(33,907,730)
Operating income (loss) before working capital changes	(308,368,299)	32,407,178	(194,481,203)
Decrease (increase) in:			
Trade and other receivables	45,147,666	(537,205,321)	(532,784,226)
Input VAT under "Other noncurrent assets"	(7,242,814)	-	-
Prepaid expenses and other current assets	(15,761,335)	(8,691,448)	(3,253,909)
Creditable tax withheld under other noncurrent assets	(12,129,845)	(8,220,395)	(2,469,905)
Increase (decrease) in trade and other current liabilities	43,492,547	72,172,652	(22,285,605)
Net cash used in operations	(254,862,080)	(449,537,334)	(755,274,848)
Interest paid	(84,065,679)	(94,496,696)	(124,799,388)
Net cash flows used in operating activities	(338,927,759)	(544,034,030)	(880,074,236)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from subsidiaries and associate (Note 9)	1,205,877,874	1,726,485,617	827,495,658
Additions to:			
Property and equipment (Note 10)	(430,101,530)	(43,685,958)	(21,431,326)
Investments in and advances to subsidiaries and associate (Note 9)	(195,544,919)	(228,404,554)	(316,635,956)
Interest received	130,473,986	66,907,949	28,011,300
Proceeds from disposal of property and equipment	4,794,331	1,409,231	752,413
Other noncurrent assets - Others	(1,036,230)	(211,701)	-
Net cash flows from investing activities	714,463,512	1,522,500,584	518,192,089
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Cash dividends (Notes 17 and 20)	(570,232,899)	(398,264,828)	(443,594,871)
Notes payable (Notes 13 and 20)	(50,000,000)	(1,050,000,000)	(50,000,000)
Principal portion of lease liabilities (Notes 20 and 21)	(16,908,821)	(15,748,226)	(13,562,669)
Net cash flows used in financing activities	(637,141,720)	(1,464,013,054)	(507,157,540)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(261,605,967)	(485,546,500)	(869,039,687)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(37,777)	696,665	33,907,730
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,469,938,367	1,954,788,202	2,789,920,159
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	₱1,208,294,623	₱1,469,938,367	₱1,954,788,202

See accompanying Notes to Financial Statements.



VIVANT CORPORATION

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Vivant Corporation (the “Parent Company” or “Vivant”) was incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on May 28, 1990. The Parent Company’s shares are listed in the Philippine Stock Exchange (PSE) with the symbol VVT.

The Parent Company’s primary purpose is to invest in and manage the general business of any other corporation or corporations except management of fund securities portfolios and other similar assets of a managed entity.

The Parent Company is owned by Mai-I Resources Corporation (MRC) and JEG Development Corporation (JDC) with a combined ownership of 75.84% in 2024, 2023 and in 2022. MRC and JDC are entities incorporated and domiciled in the Philippines.

The principal office address of the Parent Company is currently located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

Details of the Parent Company’s equity interests in its subsidiaries and associate as of December 31 are shown below:

	2024		2023	
	Percentage of Ownership			
	Direct	Indirect	Direct	Indirect
Subsidiaries				
Hijos De F. Escaño (HDFE)	50.94	–	50.94	–
Southern Grove Properties and Development Corp. (SGPDC)	100.00	–	100.00	–
Vivant Realty Ventures Corporation (VRVC)	–	100.00 ^(e)	–	100.00 ^(e)
Vivant Corporate Center, Inc. (VCCI)	–	100.00 ^(e)	–	100.00 ^(e)
Vivant Infracore Holdings Inc. (VIHI)	100.00	–	100.00	–
Vivant Hydrocore Holdings Inc. (VHHI)	–	100.00 ^(f)	–	100.00 ^(f)
Vivant Transcore Holdings Inc. (VTHI)	–	100.00 ^(f)	–	100.00 ^(f)
Isla Mactan Cordova Corporation (IMCC)	–	100.00 ^(g)	–	100.00 ^(g)
Watermatic Philippines Corporation (WMP)	–	– ^{(g)(v)}	–	60.00 ^{(g)(v)}
Watermatic Southeast Asia, Ltd. (WMP SEA)	–	– ^{(i)(v)}	–	60.00 ^{(i)(v)}
Northern Metro Cebu Water Corporation (NMCWC)	–	100.00 ^(g)	–	100.00 ^(g)
Bantayan Island Water Solutions Corporation (BIWSC)	–	100.00 ^{(g)(r)}	–	–
Isla Busuanga Water Corporation (IBWC)	–	100.00 ^{(g)(r)}	–	–
Western Cebu Water Services Corporation (WCWSC)	–	100.00 ^{(g)(r)}	–	–
Vivant Energy Corporation (VEC)	100.00	–	100.00	–
Vivant Integrated Generation Corporation (VIGC)	–	100.00 ^(a)	–	100.00 ^(a)
Vivant Geo Power Corp. (VGPC)	–	100.00 ^(b)	–	100.00 ^(b)
Delta P Hybrid, Inc. (DPHI; formerly Vivant Isla Inc.)	–	100.00 ^(a)	–	100.00 ^(a)
Vivant Renewable Energy Corporation (VREC)	–	100.00 ^(a)	–	100.00 ^(a)
Southern Powercore Holding Corp. (SPHC)	–	100.00 ^(b)	–	100.00 ^(b)
Amberdust Holding Corporation (AHC)	–	100.00 ^(a)	–	100.00 ^(a)
Corenergy Inc. (Core)	–	100.00 ^(a)	–	100.00 ^(a)

(Forward)



	2024		2023	
	Percentage of Ownership			
	Direct	Indirect	Direct	Indirect
Vivant Integrated Diesel Corporation (VIDC)	–	100.00 ^(a)	–	100.00 ^(a)
Isla Norte Power Corp. (INPC)	–	100.00 ^(d)	–	65.00 ^(d)
Vivant-Malogo Hydropower, Inc. (VMHI)	–	67.00 ^(a)	–	67.00 ^(a)
1590 Energy Corp. (1590 EC)	–	55.20 ^(a)	–	55.20 ^(a)
Vivant Solar Corporation (VSC)	–	100.00 ^(a)	–	100.00 ^(a)
Corenergy Solar Solutions Corporation (CSSC)	–	100.00 ^(c)	–	100.00 ^(c)
Bukidnon Power Corporation (BPC)	–	90.00 ^(h)	–	90.00 ^(h)
North Bukidnon Power Corporation (NBPC)	–	90.00 ^(h)	–	90.00 ^(h)
Culna Renewable Energy Corp. (CREC)	–	100.00 ^(b)	–	35.00 ^(b)
Calamian Islands Power Corp. (CIPC)	–	100.00 ^(a)	–	50.00 ^(a)
Delta P, Inc. (Delta P)	–	100.00 ^(a)	–	50.00 ^(a)
La Pampanga Energy Corp (LPEC)	–	100.00 ^(a)	–	50.00 ^(a)
San Ildefonso Alternative Energy Corp (SIAEC)	–	100.00 ^(a)	–	100.00 ^(a)
Meridian Power, Inc. (MPI)	–	100.00 ^{(a)(j)}	–	100.00 ^{(a)(j)}
San Pablo Renewable Energy Corp (SPREC)	–	100.00 ^{(a)(k)}	–	100.00 ^{(a)(k)}
Spark Grid Corp (SGC)	–	100.00 ^{(a)(l)}	–	100.00 ^{(a)(l)}
Avant Energy Corp (AEC)	–	100.00 ^{(a)(n)}	–	100.00 ^{(a)(n)}
Adequate Power, Inc. (API)	–	100.00 ^{(a)(m)}	–	100.00 ^{(a)(m)}
Bohol Renewable Power Corp (BRPC)	–	100.00 ^(a)	–	–
Bai Energy Corp (BEC)	–	100.00 ^{(a)(o)}	–	100.00 ^{(a)(o)}
South Cebu Energy Corp. (SCEC)	–	100.00 ^{(a)(p)}	–	100.00 ^{(a)(p)}
SolEnergy Generation Corp (SEGC)	–	100.00 ^{(a)(q)}	–	100.00 ^{(a)(q)}
Vivant Solenergy Cebu Corp (VSCC)	–	100.00 ^{(a)(u)}	–	–
Vivant Solenergy Ubay Corp (VSUC)	–	100.00 ^{(a)(u)}	–	–
One Solenergy Aglao Corp (OSAC)	–	100.00 ^{(a)(s)}	–	–
Vivant Vienergy Antique Corp (VVAC)	–	100.00 ^{(a)(t)}	–	–

Associate

Visayan Electric Company, Inc. (VECO)	34.81	–	34.81	–
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- a. Indirect ownership through VEC
- b. Indirect ownership through VREC
- c. Ownership interest in CSSC is through VSC.
- d. Indirect ownership through VIDC.
- e. Indirect ownership through SGPDC
- f. Indirect ownership through VIH1
- g. Indirect ownership through VHHI
- h. Indirect ownership through AHC
- i. Indirect ownership through WMP
- j. Incorporated April 11, 2023. Changed its Corporate name from Central Cebu Transitional Power Corporation.
- k. Incorporated March 29, 2023
- l. Incorporated April 12, 2023
- m. Incorporated June 7, 2023.
- n. Incorporated May 17, 2023
- o. Incorporated June 13, 2023
- p. Incorporated May 23, 2023
- q. Incorporated June 21, 2023
- r. Incorporated July 9, 2024
- s. Incorporated November 28, 2024
- t. Incorporated November 29, 2024
- u. Incorporated December 10, 2024
- v. VIH1 divested on October 11, 2024.

Subsidiaries

The subsidiaries are all incorporated in the Philippines. Except for 1590 EC, VMHI, INPC, BPC, NBPC, Core, CSSC, Delta P, CIPC, SIAEC, MPI, LPEC, CREC, IMCC and NMCWC, all subsidiaries are also operating as holding and investing companies, which are primarily engaged in power generation and distribution, and water infrastructure. 1590 EC is operating a diesel power plant, while VMHI is in its pre-operating stage of building a hydro power plant in Silay, Negros Occidental. INPC is operating a diesel power plant in Bantayan, Cebu. BPC and NBPC are operating diesel-fired power plants in Bukidnon. Core is operating as a retail electricity supplier and engineering services provider. Delta P is operating an oil-fired power generation plant in Puerto



Princesa, Palawan. CIPC is operating diesel-fired power generation plants in Coron and Busuanga. SIAEC is in its development stage of solar plant facility in Bulacan. MPI is operating an oil-fired power plant in Cebu. LPEC is in its pre-operating stage of building an oil-fired plant in Pampanga. CREC is in its pre-operating stage of building hybrid facilities in Culion and Linapacan islands. IMCC and NMCWC are in its pre-operating stage of building a seawater desalination facility.

The following sets out a brief information of the Parent Company's subsidiaries and associate:

HDFE

HDFE was incorporated on December 24, 1926, which registration was renewed for another 50 years effective November 26, 1974. The primary purpose of HDFE is to invest in, hold, own, purchase, acquire, lease, contract, operate, improve, develop, grant, sell, exchange, or otherwise dispose of real and personal properties of every kind and description including shares of stocks, bonds and other securities or evidence of indebtedness of any other corporation, association, firm, or entity, domestic or foreign, where necessary or appropriate, and to process and exercise in respect thereof of all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, without acting as, or engaging in the business of an investment company, or dealer or broker in securities. On June 26, 2012, the SEC approved the latest renewal of the HDFE's registration for another 25 years effective April 2, 2023, or until April 2, 2038.

SGPDC

SGPDC was incorporated on December 8, 2004 with a primary purpose to invest in, purchase, or otherwise acquire and own, hold, develop, use, sell, lease, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description for whatever purpose the same may have been organized. It has also direct equity shareholdings in VRVC and VCCI, both real estate companies.

On March 5, 2015, during the Special Stockholders' Meeting and Special Board Meeting, the stockholders and BOD approved that one of SGPDC's secondary purposes is to conduct and transact any and all lawful business, and to do or cause to be done any one or more of the acts and things set forth as its purposes, within or without the Philippines, and in any and all foreign countries, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers of the Company under the Corporation Code of the Philippines, or which shall at any time appear conducive to or expedient for its protection or benefit. These amendments made in SGPDC's Articles of Incorporation (AOI) were approved by the SEC on October 8, 2015.

On January 6, 2016, the SEC approved the amendment to its AOI changing its name from VC Ventures Net, Inc. to Southern Grove Properties and Development Corp. and its primary purpose is to engage in real estate business, to hold, construct, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of all kinds of real property or to act as real estate broker for such fees as may be legal and proper.

VRVC

VRVC was incorporated on May 19, 2017. Its primary purpose is to engage in the real estate business. On July 3, 2017, VRVC purchased from HDFE, a company under common control, a parcel of land located at M.J. Cuenco Ave., Tinago Central, Barangay San Roque, Cebu City amounting to ₱27.9 million, with the intention of holding the land for capital appreciation. As of December 31, 2024, VRVC continues to recognize rental income from the purchased investment property.



VCCI

VCCI was incorporated on October 10, 2018 and its primary purpose is to engage in the real estate business. As of December 31, 2024, VCCI has not yet started its operations.

VIHI

VIHI was incorporated on December 18, 2018 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2024, VIHI is operating as a holding company for VTHI and VHHI.

VHHI

VHHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2024, VHHI is operating as a holding company for IMCC, NMCWC and FLOWS, a holding company.

VTHI

VTHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2024, VTHI has not yet started its operations.

IMCC

IMCC was incorporated on August 14, 2020 and its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, wastewater treatment facility and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.

As of December 31, 2024, IMCC is in its development stage.

WMP

WMP was incorporated on July 23, 2019 as a water treatment engineering company primarily engaged in the design, supply (which includes detailed design, procurement, and assembly), installation, commission, operation and maintenance of water treatment and waste water treatment plant to be owned by WMP or for third parties. WMP also engages in bulk water supply agreements using water sourced from ground water, surface water, or desalinated water.



In 2024, VIHI entered into a Share Sale and Purchase Agreement (SSPA) with Watermatic International Ltd. resulting to the derecognition of VIHI's total investment in WMP.

WMP SEA

WMP SEA was incorporated on July 1, 2021 according to the Companies Law 5769-1999, as a limited liability company under the laws of the Republic of Israel. Its primary purpose is to buy and sell products for waste water and waste water treatment projects. In 2024, VIHI derecognized its interest in WMP SEA, along with its divestment in WMP.

NMCWC

NMCWC was incorporated on March 18, 2021. Its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, waste water treatment facility, and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.

The registered office of NMCWC is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

As of December 31, 2024, NMCWC has not yet started operations.

BIWSC

BIWSC was incorporated on July 9, 2024 with the primary purpose to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, groundwater treatment facilities, seawater desalination plants, and wastewater treatment facilities, water infrastructure and related facilities. As of December 31, 2024, BIWSC has not yet started its commercial operations.

The registered office of BIWSC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

IBWC

IBWC was incorporated on July 9, 2024 with the primary purpose to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, groundwater treatment facilities, seawater desalination plants, and wastewater treatment facilities. As of December 31, 2024, IBWC has not yet started its operations.

The registered office of IBWC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

WCWSC

WCWSC was incorporated on July 9, 2024 with the primary purpose to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, groundwater treatment facilities, seawater desalination plants, and wastewater treatment facilities. As of December 31, 2024, WCWSC has not yet started its operations.

The registered office of WCWSC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VEC

VEC was incorporated on January 25, 2005 and its primary purpose is to establish, maintain and operate power plants of any kind and such other sources that may be a viable source of electric light, heat and power system and to sell to the general public, electricity as the corporation may determine.



VEC currently exists as a holding company with direct equity shareholdings in CPPC, Delta P, 1590 EC, CIPC, VMHI, TVI, DPHI, INEC, INPC, LPEC, and VIDC entities engaged in the power Generation business and PEI and Core, entities engaged in the retail electricity supply. Core is also engaged in engineering services. VEC also has direct equity shareholdings on holding entities namely VIGC and VREC.

VIGC

VIGC was incorporated on November 5, 2008 with the primary purpose of holding investments in power generation companies. It has direct equity shareholdings in Minergy Power Corporation (MPC), Therma Visayas, Inc. (TVI) and LPCI, entities engaged in the power generation business and Abovant Holdings, Inc. (AHI), a holding entity.

VGPC

VGPC was incorporated on April 23, 2014. Its primary purpose is to establish, maintain, own, and operate geothermal, thermal, hydroelectric, solar, wind, coal, diesel power plants and such other sources that may be viable source of electric light, heat and power system and to sell and/or trade electricity for light, heat and power purposes within cities, municipalities and provinces of the Philippines as the corporation may determine and enter into business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2024, VGPC is still in the pre-operating stage.

DPHI

DPHI, formerly VII, was incorporated on July 11, 2014. Its primary purpose is to engage in business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, constructing, holding, and selling power generation facilities and related facilities, or any other business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2024, DPHI is still in the pre-operating stage.

On February 16, 2022, the application to change the name of VII to Delta P Hybrid, Inc. was approved by the SEC.

VREC

VREC was incorporated on January 8, 2010 with the primary purpose of holding investments in power generation companies. On October 2, 2015, the SEC approved its application for change in corporate name from Vics Bakun Holdings Corporation to VREC. It also has direct equity shareholdings in VGPC, SPHC, AHC, VSC, CREC, and LWEC as of December 31, 2024.

Core

Core was incorporated on December 14, 2012. Its primary purpose is to buy, source and obtain electricity from generating companies or from the wholesale electricity spot market to sell, broker, market or aggregate electricity to the end-users, to provide services necessary in connection with the supply or delivery of electricity thereof, distribution utilities and other entities in the electric systems by a duly licensed electrical engineer, the conduct of energy examinations, inspections, assessments, maintenance, testing and commissioning, as amended dated May 31, 2019. As of December 31, 2024 Core has entered into retail supply contract and engineering service contracts with various customers.

VIDC

VIDC was incorporated on August 7, 2015. Its primary purpose is to establish, maintain, acquire, own, hold, and operate diesel powered generating facilities. As of December 31, 2024, VIDC is the holding company of INPC.



INPC

INPC was incorporated on February 14, 2022, and carried on the operations of Isla Norte Energy Corporation after the merger of said entity with INPC was approved by the SEC on December 29, 2022. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power purposed within the cities, municipalities, and provinces of the Philippines.

In 2023, VEC and VIDC acquired the remaining interest of GPI in INPC resulting in 100% ownership by the Group in INPC.

The registered office of INPC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

SPHC

SPHC was incorporated on April 20, 2017. Its primary purpose is to engage in the business of holding investments in power generation companies. As of December 31, 2024 SPHC has not yet started its commercial operations.

The registered office of SPHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

AHC

AHC was incorporated on August 16, 2017. Its primary purpose is to engage in the business of a holding company. As of December 31, 2024, AHC is the holding company of BPC and NBPC.

In May 2021, VEC and AHC acquired 81% and 9% ownership of BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively. In May 2021, VEC and AHC also acquired 81% and 9% ownership of NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

On June 28, 2021, VREC assigned its 45,000 common shares in AHC with par value of ₱1.00 per share to VEC.

The registered office of AHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

VMHI

VMHI was incorporated on June 8, 2012. Its primary purpose is to engage in the business of owning, acquiring, operating, generating, collecting and distributing electricity.



VMHI is in its starting phase or pre-operational stage as a power generating entity that will implement a greenfield power plant project, involving the construction and operation of a series of run-of-river hydropower facility in Barangay Capitan Ramon in Silay City, Negros Occidental. VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a six (6) MW power plant facility along the Malogo river. The project has concluded its detailed engineering design. A tender process is underway for the construction to coincide with the project timetable, but subject to adjustments that may be brought about by regulations from the grid system operator.

On March 8, 2017, bidding for the award of the Engineering, Procurement, Construction and Commissioning (“EPCC”) contract was conducted. However, the National Grid Corporation of the Philippines (NGCP) issued a prohibition to the power plants from connecting to the Negros Island Grid.

In April 2024, NGCP’s 230 kV backbone project was energized. Following this energization, the Company re-engaged with NGCP to discuss interconnection matters and requested for an initial technical assessment. However, the results of the assessment indicate a potential risk of congestion at the proposed interconnection, should the 3-phase project proceed hence, the need to perform and update certain studies to evaluate the viability of the interconnection for the project. With this, the Company has withheld the awarding of the EPCC contract to implement the detailed engineering design as of December 31, 2024.

The registered office of VMHI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

1590 EC

1590 EC was incorporated and started operations on July 30, 2010. It is primarily engaged in power generation and operates a 225 MW diesel-fired power plant in Bauang, La Union. 1590 EC is also partly-owned by GPI, Eco Utilities Ventures Holdings Company, Inc. (EUVHCI) and ICS Renewables Holdings, Inc. (ICS), among others.

The registered office of the Company is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

On April 6, 2022, 1590 EC acquired the Buang Diesel Power Plant (BDPP) as the highest bidder during the public auction of the power plant following a post qualification evaluation. On April 19, 2022, 1590 EC and the PGLU signed the deed of transfer and conveyance.

VSC

VSC, formerly ET Vivant, was incorporated on April 4, 2018 primarily to engage in developing and constructing solar power generation and related facilities for lighting and power purposes and wholeselling the electric power to the wholesale electricity spot market, private distribution utilities, private electric cooperatives and other off-takers and selling and/or trading electricity for light, heat and power purposes. VSC has direct equity shareholding in CSSC, an entity engaged in the solar power generation business. As of December 31, 2021, VSC has started its commercial operations.

CSSC

CSSC, formerly ETEI, was incorporated on January 11, 2017 with the primary purpose to explore, develop, build, construct, install, commission, rehabilitate, maintain, own, manage, operate and invest in, bid for or otherwise acquire power generating plants and related facilities and to engage in the business of generating, marketing, selling and supplying electricity generated from solar photovoltaic systems and components; planning and construction of photovoltaic power plants and to provide



consulting services associated with photovoltaic power plants, provided that it shall not operate a public utility. In January 2019, CSSC has started its commercial operations.

BPC

BPC was incorporated to develop, construct, erect assemble, commission, own, operate, maintain, rehabilitate, and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. BPC has two (2) operating power plants in Bukidnon and have started commercial operations on February 26, 2016 for Plant 1 and February 26, 2017 for Plant 2.

On October 16, 2014, BPC entered into a PSA with First Bukidnon Electric Cooperative (FIBECO) to supply a maximum of 4.4 MW from its 2 x 2.4 MW power plant located at Barangay Barandias, Bukidnon at a specific contract rate for a period of 15 years commencing from March 15, 2015. ERC has granted a provisional approval on its rate application on August 3, 2015. The second power supply agreement was entered into with FIBECO on July 24, 2015 for a contracted capacity of 2 MW from its 2.5 MW Fuel power plant located at Barangay Mabuhay, San Fernando, Bukidnon, for a period of 15 years starting from April 15, 2016. ERC's final approval on its rate application was dated June 6, 2017.

In May 2021, VEC and AHC acquired 81% and 9% ownership of BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively.

The registered office address of BPC is at National Highway Barandias, Pangantucan, Bukidnon.

NBPC

NBPC was incorporated to develop, construct, erect, assemble, commission, own, operate, maintain, rehabilitate and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. NBPC has started its commercial operations on September 26, 2018.

In May 2021, VEC and AHC acquired 81% and 9% ownership of NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

The registered office address of NBPC is at 2nd Floor Z-Gas Building, Purok 6A, South Poblacion, Maramag, Bukidnon.

CIPC

CIPC was incorporated on October 19, 2010 primarily to engage in the business of owning, acquiring, commissioning, operating and selling power generation facilities and related facilities, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. Currently, CIPC operates an 8 MW bunker and 0.75 MW diesel-fired power generation plants in the municipalities of Coron and Busuanga, respectively.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in CIPC for a consideration of ₱172.0 million, which resulted to a 100% ownership of the Group in CIPC.

The registered principal office of CIPC is at Sitio Lilibutin, Barangay Guadalupe Coron, Palawan, Philippines 5316.



Delta P

Delta P was registered with SEC on September 20, 2002 primarily to operate and maintain a 16 MW heavy fuel oil-fired generating power station in Puerto Princesa, Palawan.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in Delta P which resulted to an increase in the Group's ownership interest in Delta P to 100%.

The registered principal office of Delta P is at Km. 13 North National Highway, Sta. Lourdes, Puerto Princesa City, Palawan.

LPEC

La Pampang Energy Corp (LPEC), formerly Vivant Enercore Integrated, Inc. (VEII), was incorporated on May 26, 2016. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system. As of December 31, 2024, LPEC is still in the pre-operating stage.

On June 1, 2023, the Group entered into a share purchase agreement with GPI to acquire its shares equivalent to 6,250,000 common shares and 51,750,000 preferred shares with par value of ₱1 per share, which resulted to 100% ownership by the Group in LPEC.

CREC

CREC, an associate through VREC, was registered on April 12, 2017 primarily to engage in the business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, and constructing conventional renewable energy and/or hybrid power generation, distribution and related facilities, and distributing and selling power, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in the furtherance of or otherwise relating to such purpose. As of December 31, 2024, CREC has not yet started its commercial operations.

On June 1, 2023, VEC entered into a share purchase agreement with Gigawatt Power, Inc. (GPI) to acquire the latter's shares in CREC equivalent to 9,375 preferred shares with par value of ₱1,000 per share resulting to an increase of the Group's ownership interest in CREC to 100%.

The registered principal office of CREC is at Sitio Lilibutin, Barangay Guadalupe, Coron, Palawan 5316.

SIAEC

SIAEC was incorporated on February 18, 2016 with the primary purpose to engage in the business of development, investment, acquisition, construction, operation and maintenance, and sale of renewable energy facilities including generation of heat and power, sales and distribution.

On February 3, 2023, VEC acquired 100% ownership of SIAEC from Cleantech Global Renewables, Inc. representing 1,250,004 common shares for a consideration of ₱5.0 million and advanced ₱381.8 million to be applied against future issuance of common stock.

As of December 31, 2024, SIAEC has not yet started its commercial operations.

The registered office of SIAEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.



MPI

MPI, formerly Central Cebu Transitional Power Corporation, was incorporated on April 11, 2023 with the primary purpose to engage in the business of establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. MPI started its commercial operations in August 2023.

The registered office of MPI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SPREC

SPREC was incorporated on March 29, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, SPREC has not yet started its commercial operations.

The registered office of SPREC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SGC

SGC was incorporated on April 12, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, SGC has not yet started its commercial operations.

The registered office of SGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

API

API was incorporated on June 7, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, API has not yet started its commercial operations.

The registered office of API is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

AEC

AEC was incorporated on May 17, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, AEC has not yet started its commercial operations.



The registered office of AEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

BEC

BEC was incorporated on June 13, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2024, BEC has not yet started its commercial operations.

The registered office of BEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

In February 2025, the application to change the name of BEC to Vivant Solenergy Bukidnon Corp. was approved by the SEC.

SEGC

SEGC was incorporated on June 21, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, SEGC has not yet started its commercial operations.

The registered office of SEGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SCEC

SCEC was incorporated on May 23, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2024, SCEC has not yet started its commercial operations.

The registered office of SCEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

BRPC

BRPC was incorporated on March 21, 2022 with the primary purpose to operate, manage, and engage in the business of electric power generation, transmission and distribution that includes operation of generation facilities, transmission and distribution systems as well as electricity and transmission capacity exchanges for sale of electricity to its end users except production of electricity through incineration of waste.

On January 22, 2024, VEC entered into a shares purchase agreement to acquire 1,000,000 common shares in BRPC with par value of ₱1 per share. As of December 31, 2024, BRPC has not yet started its operations.

The registered office of BRPC is at 0716 1st Floor Ocean Suites Hotel, VP Inting Ave., Bool, Tagbilaran City, Bohol, Region VII (Central Visayas), 6300.



VSCC

VSCC was incorporated on December 10, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy storage systems and to sell to the general public electricity for light, heat and power. As of December 31, 2024, VSCC has not yet started its commercial operations.

The registered office of VSCC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VSUC

VSUC was incorporated on December 10, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy storage systems and to sell to the general public electricity for light, heat and power. As of December 31, 2024, VSUC has not yet started its commercial operations.

The registered office of VSUC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

OSAC

OSAC was incorporated on November 9, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy storage systems and to sell to the general public electricity for light, heat and power. As of December 31, 2024, OSAC has not yet started its commercial operations.

The registered office of OSAC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VVAC

VVAC was incorporated on November 9, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy storage systems and to sell to the general public electricity for light, heat and power. As of December 31, 2024, VVAC has not yet started its commercial operations.

The registered office of VVAC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

Associate. VECO qualifies as an associate of the Parent Company.

VECO

VECO was incorporated on February 22, 1961 and whose corporate term was extended for another 50 years after the expiration on February 23, 2012. VECO is a power distribution entity, the primary activities of which are to establish, maintain and operate electric light, heat and power systems and to sell to the general public electricity for light, heat and power purposes.

VECO serves the electrical power needs of four cities (Cebu, Mandaue, Talisay and Naga) and four municipalities (Minglanilla, San Fernando, Consolacion and Lilo-an) of the greater part of Metro Cebu by virtue of legislative franchise grants.

The registered office address of VECO is at J. Panis Street, Banilad, Cebu City, Philippines.



2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The parent company financial statements have been prepared on a historical cost basis except for financial assets at FVOCI, which have been measured at fair value. The financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All values are rounded to the nearest Peso except as otherwise indicated.

The Parent Company also prepares and issues consolidated financial statements for the same period as these separate financial statements presented in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. These may be obtained at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

Statement of Compliance

The parent company financial statements have been prepared in compliance with PFRS Accounting Standards.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments to the standards effective in 2024. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these amendments did not have an impact on the financial statements of the Parent Company.

- Amendments to PAS 1, *Presentation of Financial Statements, Classification of Liabilities as Current or Noncurrent*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or noncurrent;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Leases, Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures, Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.



Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates, Lack of Exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9, *Financial Instruments* and PFRS 7, *Classification and Measurement of Financial Instruments*

The amendments clarify that a financial liability is derecognized on the ‘settlement date’, i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of nonrecourse assets and contractually linked instruments.

- *Annual Improvements to PFRS Accounting Standards – Volume 11*

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards, Hedge Accounting by a First-time Adopter*

The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.



- Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9

- *Lessee Derecognition of Lease Liabilities.* The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.
- *Transaction Price.* The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to ‘transaction price as defined by PFRS 15, *Revenue from Contracts with Customers*’ with ‘the amount determined by applying PFRS 15’. The term ‘transaction price’ in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.
- Amendments to PFRS 10, *Consolidated Financial Statements, Determination of a ‘De Facto Agent’.* The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.
- Amendments to PAS 7, *Cost Method.* The amendments to paragraph 37 of PAS 7 replaced the term ‘cost method’ with ‘at cost’, following the prior deletion of the definition of ‘cost method’.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*

The standard replaces PAS 1 and responds to investors’ demand for better information about companies’ financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss;
- Disclosure of management-defined performance measures; and
- Guidance on aggregation and disaggregation.

- PFRS 19, *Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19’s reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.



Deferred Effectivity

- Amendments to PFRS 10 and PAS 28, *Investments in Associates and Joint Ventures, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. **Material Accounting Policy Information**

Current and Noncurrent Classification

The Parent Company presents assets and liabilities in the parent company statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Parent Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Parent Company measures financial instruments, such as, cash on hand and in banks, short-term placements, trade and other receivables, trade and other payables, notes payable and non-financial assets such as investment properties and financial assets at FVOCI, at fair value at each reporting date.



Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Parent Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Parent Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments

Initial Recognition and Subsequent Measurement

- *Classification of Financial Assets.* Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Parent Company's business model for managing the financial assets. The Parent Company classifies its financial assets into the following measurement categories:
 - Financial assets measured at amortized cost;
 - Financial assets measured at fair value through profit or loss (FVPL);



- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss; and
 - Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss.
- *Contractual Cash Flows Characteristics.* If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Parent Company assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Parent Company determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

- *Business Model.* The Parent Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Parent Company's business model does not depend on management's intentions for an individual instrument.

The Parent Company's business model refers to how it manages its financial assets in order to generate cash flows. The Parent Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Parent Company in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Parent Company's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

- *Financial Assets at Amortized Cost.* A financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the Effective Interest Rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized



cost of the financial asset. Losses arising from impairment are recognized in “Expenses - Others” account in the parent company statement of comprehensive income.

As at December 31, 2024 and 2023, the Parent Company has financial assets at amortized cost consisting of cash and cash equivalents, trade and other receivables, and receivable from RFM Corporation included under “Other noncurrent assets” (see Notes 6, 7 and 11).

- *Financial Assets at FVPL.* Financial assets at FVPL are measured at FVPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Parent Company may choose at initial recognition to designate the financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

The Parent Company assesses whether embedded derivatives are required to be separated from host contracts when the Parent Company first becomes party to the contract. An embedded derivative is separated from the host financial liability or nonfinancial contract and accounted for as a derivative if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized as at FVPL.

For derivatives embedded in financial asset host contracts, the Parent Company applies the financial asset classification and measurement requirements to the entire instrument. No embedded derivatives in financial asset host contracts are recognized separately in the financial statements.

Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Trading gains or losses are calculated based on the results arising from trading activities of the Parent Company, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL, and the gains or losses from disposal of financial investments.

As at December 31, 2024 and 2023, the Parent Company has no financial assets at FVPL.



- *Financial Assets at FVOCI.* A financial asset is measured at FVOCI if (a) it is held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

The Parent Company may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Parent Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

Dividends are recognized in profit or loss only when:

- the Parent Company's right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the Parent Company; and
- the amount of the dividend can be measured reliably.

As at December 31, 2024 and 2023, the Parent Company has financial assets at FVOCI amounting to P8.0 million which is presented as part of "Other noncurrent assets" (see Note 11).

Classification of Financial Liabilities. Financial liabilities are measured at amortized cost, except for the following:

- Financial liabilities measured at fair value through profit or loss;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Parent Company retains continuing involvement;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and
- Contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.



Where a financial liability is designated at FVPL, the movement in fair value attributable to changes in the Parent Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. This category also includes derivative financial instruments entered into by the Parent Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Parent Company's financial liabilities include accrued expenses, accounts payable, accrued interest, dividends payable and advances from related parties (under "Trade and other current liabilities"), interest-bearing loans (under "Notes payable") and lease liabilities (see Notes 12, 13 and 21).

Impairment of Financial Assets. The Parent Company recognizes ECL for the following financial assets that are not measured at FVPL:

- Debt instruments that are measured at amortized cost and FVOCI;
- Loan commitments; and
- Financial guarantee contracts.

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

- *Stage 1: 12-month ECL.* For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.
- *Stage 2: Lifetime ECL - not credit-impaired.* For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.
- *Stage 3: Lifetime ECL - credit-impaired.* Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.



Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; or
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Parent Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

- *Determination of the Stage for Impairment.* At each reporting date, the Parent Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

- *Simplified Approach.* The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to accounts and other receivables under “Trade and other receivables”. The Parent Company has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Parent Company considers a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

- *Offsetting Financial Instruments.* Financial assets and financial liabilities are offset and the net amount is reported in the parent company statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derecognition of Financial Assets and Liabilities

- *Financial Assets.* A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:
 - the rights to receive cash flows from the asset have expired;
 - The Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or



- The Parent Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Parent Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Parent Company's continuing involvement is the amount of the transferred asset that the Parent Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Parent Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

- *Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from dates of acquisition and that are subject to an insignificant risk of changes in value.

Prepaid Expenses and Other Current Assets

Prepayments and other current assets are recognized and carried at cost, less any impairment in value. These are recognized as assets when it is probable that any future economic benefit associated with the item will flow to or from the entity and the item has a cost or value that can be measured with reliability. An asset is not recognized in the parent company statement of financial position when expenditure has been incurred for which it is considered improbable that economic benefits will flow to the entity beyond the current accounting period. Instead, such a transaction results in the recognition of an expense in the parent company statement of comprehensive income.

Investments in and Advances to Subsidiaries and Associate

A subsidiary is an entity over which the Parent Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent Company controls another entity.

An associate is an entity over which the Parent Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.



Investments in and advances to subsidiaries and associate are carried at cost, less impairment in value, in the parent company financial statements.

The Parent Company recognizes income from the investments only to the extent that the Parent Company receives distributions or establishes a right to receive distributions from accumulated profits of the subsidiaries and associate arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Parent Company. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Depreciation is computed using the straight-line method over the assets' estimated useful lives. Leasehold improvements are depreciated using the straight-line method over the estimated useful life of the improvements or the term of the lease, whichever is shorter. The estimated useful lives are as follows:

	Number of Years
Condominium units and improvements	5–40
Transportation equipment	5
Office furniture and equipment	2–10
Leasehold improvements	3–10
Other equipment	3–5

The useful lives and depreciation method are reviewed at each reporting date to ensure that such useful lives and depreciation method are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect to those assets.

When an asset is disposed of or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and the related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.



Construction in progress represents structures under construction and is stated at cost. This includes the cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. Property and equipment under construction are not depreciated until such time as the relevant assets are completed and put into operational use.

Leases

The Parent Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Parent Company as a Lessee. The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets. The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Unless the Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

	Number of Years
Land	15
Office space	1-4
Vehicle	5

Right-of-use assets are subject to impairment. Refer to the accounting policies in section Impairment of Nonfinancial Assets.

Lease Liabilities. At the commencement date of the lease, the Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.



Short-term Leases. The Parent Company applies the short-term lease recognition exemption to its short-term leases of office space and lot (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Foreign-currency-denominated Transactions

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at reporting date. Exchange gains and losses arising from foreign currency transactions and translations of foreign-currency-denominated monetary assets and liabilities are credited or charged to current operations.

Impairment of Nonfinancial Assets

As at December 31, 2024 and 2023, the Parent Company has investments in subsidiaries and associate, property and equipment and right-of-use assets which are classified as nonfinancial assets subject to impairment.

The Parent Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognized in the parent company statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Parent Company estimates the assets or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the parent company statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital Stock. Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscribing agreement and is measured at par value for all issued shares.



Additional Paid-in Capital. Consideration received in excess of par value are recognized as additional paid-in capital, net of incremental costs that are directly attributable to the issuance of new shares.

Retained Earnings. Retained earnings consist of appropriated and unappropriated balances. Appropriated retained earnings are restricted for specific purposes and/or are not available for dividend declaration. Unappropriated retained earnings are not restricted and include the cumulative balance of net income or loss, any dividend distributions, prior period adjustments and effects of any change in accounting policy.

Revenue Recognition

Revenue is measured based on the consideration to which the Parent Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Parent Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The Parent Company has concluded that it is the principal in its revenue arrangements because it controls the goods or services before these goods or services are transferred to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenues from Contracts with Customers

- *Management and Service Fees.* Revenue from management and service fees, arising from services involving consultancy, management, technical, and services covered by Service Level Agreements (SLAs), are recognized over time when the related services are rendered based on the terms of the management and service contracts.
- *Service Income.* Revenue from service income arising from intercompany charges are recognized over time when the related services are rendered based on agreed hourly billing rates.

For the years ended December 31, 2024, 2023 and 2022, the Parent Company has no variable consideration and the timing of revenue recognition currently does not result in any contract assets or liabilities and there are no unfulfilled performance obligations at any point in time.

Dividends. Dividends are recognized when the Parent Company's right to receive the payment is established.

Interest Income. Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Other Income. Other income includes services to third party, rental income from short-term leases and gain on disposal of property and equipment. These are generally recognized when earned. Rental income is recognized on a straight-line basis over the term of the lease while gain on disposal of property and equipment is recognized as the difference between the consideration and the book value of the property and equipment disposed.



Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized in the parent company statement of comprehensive income when incurred.

Provisions

Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Parent Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the parent company statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Pension Benefits

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the parent company statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the parent company statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to parent company statement of comprehensive income in subsequent periods.



Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Taxes

Current Income Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax. Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.



The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the reporting date. Income tax relating to items recognized directly in equity is recognized in equity and not in the parent company statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-Added Tax (VAT). Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the parent company statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the parent company statement of financial position to the extent of the recoverable amount.

Earnings Per Share

Basic earnings per common share is calculated by dividing net income for the year attributable to the common stockholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year, after retroactive adjustments for any stock dividend declared.

Diluted earnings per share is calculated by dividing the net income for the year attributable to the common stockholders of the Parent Company by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued for outstanding common stock equivalents.

As of December 31, 2024 and 2023, the Parent Company does not have dilutive common stock equivalents.

Contingencies

Contingent liabilities are not recognized in the parent company financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period

Post year-end events that provide additional information about the Parent Company's position at the reporting date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed when material.



5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the parent company financial statements in compliance with PFRS Accounting Standards requires the Parent Company to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and related notes. In preparing these parent company financial statements, the Parent Company made its best judgments and estimates of certain amounts, giving due consideration to materiality. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

The Parent Company believes that the following represent a summary of these significant accounting estimates and the related impact and associated risks in the parent company financial statements.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating Allowance for Impairment of Losses on Investments in and Advances to Subsidiaries and Associate. Investments in and advances to subsidiaries and associate are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In 2024 and 2023, there was an increase in the carrying value of HDFE's investment properties being appraised. Thus, a reversal of prior impairment was recognized in 2024 and 2023 amounting to ₱27.2 million and ₱45.7 million, respectively.

Estimating Provision for Pension Liability. The costs of defined benefit pension plans, as well as the present value of the pension obligation, are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The pension liability as of December 31, 2024 and 2023 amounted to ₱124.6 million and ₱101.9 million, respectively (see Note 15).

Further details about the assumptions used are provided in Note 15.

Estimating Realizability of Deferred Income Tax Assets. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of such deferred income tax assets to be utilized. The Parent Company's assessment on the recognition of deferred income tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Parent Company.

Deferred income tax assets amounted to ₱53.6 million and ₱47.8 million as of December 31, 2024 and 2023, respectively. Deferred income tax assets have not been recognized on net operating loss carry-over (NOLCO) of ₱1.4 billion and ₱1.1 billion as of December 31, 2024 and 2023, respectively, and excess minimum corporate income tax (MCIT) of ₱1.0 million as of December 31, 2024 and 2023, because management believes that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized (see Note 16).



Estimating the Incremental Borrowing Rate for Lease Liability. The Parent Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Parent Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Parent Company ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Parent Company estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

The Parent Company’s lease liabilities amounted to ₱52.7 million and ₱21.6 million as of December 31, 2024 and 2023, respectively (see Note 21).

6. Cash and Cash Equivalents

	2024	2023
Cash on hand and in banks	₱18,747,926	₱54,191,369
Short-term investments	1,189,546,697	1,415,746,998
	₱1,208,294,623	₱1,469,938,367

Cash in banks earn interest at the respective bank deposit rates. Short-term investments are cash equivalents and made for varying periods of up to three months depending on the immediate cash requirements of the Parent Company and earn interest at the respective short-term investment rates.

Interest income recognized from cash in banks and short-term investments amounted to ₱90.4 million, ₱63.2 million, and ₱37.9 million in 2024, 2023 and 2022, respectively. Accrued interest receivable amounted to ₱10.0 million and ₱6.4 million as of December 31, 2024 and 2023, respectively (see Note 7).

7. Trade and Other Receivables

	2024	2023
Trade receivables:		
Related parties (see Note 14)	₱36,158,272	₱120,760,306
Third parties	2,701,404	252,155,992
Advances to related parties (see Note 14)	1,358,944,912	1,103,140,188
Accrued interest receivable (see Note 6)	9,960,019	6,378,861
Advances to employees	5,114,073	–
Others (see Note 14)	33,291,441	24,467,952
	1,446,170,121	1,506,903,299
Less allowance for impairment and credit losses	2,419,972	2,419,972
	₱1,443,750,149	₱1,504,483,327

Trade receivables represent amounts owed by third parties and related parties for consultancy, management, technical and other related services rendered by the Parent Company. These are noninterest-bearing and collectible within 10 to 30 days.



Advances to employees pertain to cash advanced to the Parent Company's employees for official business expenses which are subject to liquidation upon completion of the purpose for which the cash is advanced.

Other receivables arise from transactions other than those related to the Parent Company's normal course of business such as nontrade intercompany charges, receivable from government agencies and others.

The Parent Company has an allowance for impairment losses of receivables amounting to ₱2.4 million in 2024 and 2023.

The Parent Company did not recognize provision for estimated credit losses in 2024 and 2023 as a result of performing collective impairment tests using the simplified approach.

8. Prepaid Expenses and Other Current Assets

	2024	2023
Input VAT	₱22,783,400	₱11,026,541
Prepayments	16,991,279	9,637,945
Others	4,921,415	8,270,272
	₱44,696,094	₱28,934,758

Prepayments include prepaid rentals and advance payments for health insurance coverage and all risks of direct physical loss or damage to the Parent Company's properties. Others include advance payment to suppliers and unused office supplies.

9. Investments in and Advances to Subsidiaries and Associate

The components of the carrying values of investments accounted for under the cost method and advances to subsidiaries and associate are as follows:

	Nature of Business	Ownership	2024	2023
Investments in Subsidiaries				
VEC	Holding Company/ Power generation	100.00	₱5,532,915,995	₱5,532,915,995
VIHI	Holding company	100.00	1,436,915,948	605,336,770
HDFE	Holding company	50.94	760,507,362	760,507,362
SGPDC	Real estate	100.00	66,900,000	66,750,000
VRVC*	Real estate	-	26,156,250	26,156,250
			7,823,395,555	6,991,666,377
Less allowance for impairment loss			267,593,789	294,813,154
			7,555,801,766	6,696,853,223
Investments in Associate				
VECO	Power distribution	34.81	919,693,137	919,693,137
Advances for Future Stock Subscription				
HDFE			16,811,225	16,811,225
VIHI			-	636,184,260
			16,811,225	652,995,485
			₱8,492,306,128	₱8,269,541,845

*Preferred shares



Subsidiaries

VEC, VIHI, HDFE, and SGPDC qualify as the Parent Company's subsidiaries. The relevant operations of the subsidiaries are as follows:

VEC. VEC is a holding company with the following direct and indirect equity shareholdings:

	2024		2023	
	Direct	Indirect	Direct	Indirect
Subsidiaries				
VIGC	100.00	–	100.00	–
VREC	100.00	–	100.00	–
Core	100.00	–	100.00	–
DPHI	100.00	–	100.00	–
VIDC	100.00	–	100.00	–
AHC	100.00	–	100.00	–
INPC	55.00	45.00	55.00	45.00
1590 EC	55.20	–	55.20	–
VMHI	20.00	47.00	20.00	47.00
VGPC	–	100.00	–	100.00
BPC	81.00	9.00	81.00	9.00
NBPC	81.00	9.00	81.00	9.00
SPHC	–	100.00	–	100.00
VSC	–	100.00	–	100.00
CSSC	–	100.00	–	100.00
CREC	–	100.00	–	100.00
CIPC	100.00	–	100.00	–
Delta P	100.00	–	100.00	–
LPEC	100.00	–	100.00	–
SIAEC	100.00	–	100.00	–
MPI	100.00	–	100.00	–
SPREC	–	100.00	–	100.00
SGC	100.00	–	100.00	–
API	100.00	–	100.00	–
AEC	100.00	–	100.00	–
BRPC	100.00	–	–	–
BEC	100.00	–	100.00	–
SEGC	100.00	–	100.00	–
SCEC	100.00	–	100.00	–
OSAC	100.00	–	–	–
VVAC	100.00	–	–	–
VSCC	100.00	–	–	–
VSUC	100.00	–	–	–
Associates				
Cebu Private Power Corporation	40.00	–	40.00	–
Prism Energy, Inc. (PEI)	40.00	–	40.00	–
LPCI	–	42.50	–	42.50
Global Luzon Energy Development Corporation (GLEDC)	–	42.50	–	42.50
AHI	–	40.00	–	40.00
MPC	–	40.00	–	40.00
LWEC	–	40.00	–	40.00
TVI	18.00	2.00	18.00	2.00

VEC declared dividends to the Parent Company amounting to ₱210.0 million in 2024, ₱232.3 million in 2023, and ₱730.4 million in 2022 (see Note 14). As of December 31, 2024 and 2023, there are no dividends receivable from VEC (see Note 7).



HDFE. As of December 31, 2024 and 2023, an appraisal of HDFE's investment properties showed an increase in their fair market values, thereby increasing the carrying value of the Parent Company's investment in HDFE. Reversal of allowance for impairment loss was recognized in the parent company statements of comprehensive income amounting to ₱27.2 million and ₱45.7 million in 2024 and 2023, respectively.

VIHI. VIHI is a holding company with the following direct and indirect equity shareholdings:

	2024		2023	
	Direct	Indirect	Direct	Indirect
Subsidiaries				
VHHI	100.00	–	100.00	–
WMP	–	–	–	60.00
WMP SEA	–	–	–	60.00
IMCC	–	100.00	–	100.00
NMCWC	–	100.00	–	100.00
VTHI	100.00	–	100.00	–
BIWSC	–	100.00	–	–
IBWC	–	100.00	–	–
WCWSC	–	100.00	–	–
Associates				
Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS)	–	45.00	–	45.00
Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC)	–	40.31	–	40.31

In 2023 and 2022, the Parent Company made additional investments in VIHI amounting to ₱228.4 million and ₱316.6 million, respectively, which represent advances for future stock subscriptions for a total issuance of 54,504,054 common shares and 490,536,456 preferred shares, both with par value of ₱1.00 per share. In 2024, the ACS increase of VIHI is already approved, thus, advances for future stock subscriptions were converted to issued shares.

In 2024, the Parent Company made additional investments in VIHI amounting to ₱195.4 million for the issuance of 19,539,495 common shares and 175,855,423 preferred shares, both with par value of ₱1.00 per share.

Associate

VECO. VECO declared cash dividends to the Parent Company amounting to ₱995.9 million, ₱763.7 million, and ₱827.5 million in 2024, 2023 and 2022, respectively (see Note 14).



10. Property and Equipment

2024							
	Condominium Units and Improvements	Transportation Equipment	Office Furniture and Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Cost							
At January 1	P36,421,603	P71,305,220	P100,314,047	P53,531,886	P14,115,248	P12,808,921	P288,496,925
Additions	363,161,282	19,351,786	23,693,104	16,433,678	6,451,404	1,010,276	430,101,530
Disposals	–	(15,845,437)	–	–	–	–	(15,845,437)
At December 31	399,582,885	74,811,569	124,007,151	69,965,564	20,566,652	13,819,197	702,753,018
Accumulated Depreciation							
At January 1	25,630,223	39,258,157	76,334,491	38,641,999	8,471,678	–	188,336,548
Additions	499,527	12,150,922	8,990,387	7,592,841	533,573	–	29,767,250
Disposals	–	(14,833,911)	–	–	–	–	(14,833,911)
At December 31	26,129,750	36,575,168	85,324,878	46,234,840	9,005,251	–	203,269,887
Net Book Value	P373,453,135	P38,236,401	P38,682,273	P23,730,724	P11,561,401	P13,819,197	P499,483,131

2023							
	Condominium Units and Improvements	Transportation Equipment	Office Furniture and Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Cost							
At January 1	P36,421,603	P56,325,959	P84,942,878	P53,475,723	P8,711,461	P9,111,493	P248,989,117
Additions	–	19,117,857	15,410,723	56,163	5,403,787	3,697,428	43,685,958
Disposals	–	(4,138,596)	(39,554)	–	–	–	(4,178,150)
At December 31	36,421,603	71,305,220	100,314,047	53,531,886	14,115,248	12,808,921	288,496,925
Accumulated Depreciation							
At January 1	25,143,096	33,594,627	67,379,899	31,239,974	8,336,301	–	165,693,897
Additions	487,127	9,802,123	8,994,145	7,402,025	135,377	–	26,820,797
Disposals	–	(4,138,593)	(39,553)	–	–	–	(4,178,146)
At December 31	25,630,223	39,258,157	76,334,491	38,641,999	8,471,678	–	188,336,548
Net Book Value	P10,791,380	P32,047,063	P23,979,556	P14,889,887	P5,643,570	P12,808,921	P100,160,377

In 2024, the Parent Company acquired condominium units in Makati that will be used as the new office amounting to P363.2 million.

Construction in progress mainly includes costs for renovation and improvements of the office in 2024 and 2023.

11. Other Noncurrent Assets

	2024	2023
Creditable tax withheld	P160,724,388	P148,594,543
Loans receivable	19,166,667	–
Financial assets at FVOCI	8,000,000	8,000,000
Input VAT - noncurrent	7,242,814	–
Others - net of allowance for impairment loss of P46.1 million	11,707,099	10,670,866
	P206,840,968	P167,265,409

Creditable Tax Withheld

These pertain to taxes withheld by customers on income payments to the Parent Company for sales of services that can be applied against its income tax liabilities.

Loans receivable

This pertains to loans receivable from WMP as of December 31, 2024 which are collectible in two years at an annual interest rate of 10.82%.



Financial Assets at FVOCI

As of December 31, 2024 and 2023, the carrying value of the financial assets at FVOCI are as follows:

Cost:		
Cebu Country Club, Inc.		₱3,400,000
Tower Club, Inc.		300,000
		<u>3,700,000</u>
Fair value remeasurement gain (loss):		
Cebu Country Club, Inc.		4,600,000
Tower Club, Inc.		(300,000)
		<u>4,300,000</u>
		<u><u>₱8,000,000</u></u>

Cebu Country Club, Inc. In 2012, the Parent Company acquired proprietary ownership shares in the Cebu Country Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares.

Tower Club, Inc. In 2014, the Parent Company acquired proprietary ownership shares in the Tower Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares. On September 25, 2020, the shareholders of Tower Club agreed to shorten its corporate life and permanently close by January 2022.

Fair value hierarchy disclosures for the Parent Company's financial assets at FVOCI are provided in Note 19.

Others

Others include receivable from RFM Corporation, the Parent Company's previous owner, which has been fully provided with allowance for impairment losses as of December 31, 2024 and 2023. Also included in this account are security deposits with various tenants and other parties.

12. Trade and Other Current Liabilities

	2024	2023
Accrued expenses	₱101,270,662	₱21,312,256
Accounts payable	20,587,577	20,162,752
Accrued interest (see Note 13)	12,615,769	12,865,361
Accrued taxes payable	8,488,813	5,081,370
Dividends payable	6,446,873	5,590,933
Advances from related parties (see Note 14)	4,633,338	3,160,865
Deferred output VAT - net	1,833,104	43,044,346
Advances from employees	-	1,030,821
Others	7,872,357	7,400,895
	<u>₱163,748,493</u>	<u>₱119,649,599</u>

Accrued expenses includes accruals for legal fees, securities and transfer fees and other expenses.

Accounts payable consist mainly of liabilities for payroll, professional fees and other expenses.



Accrued taxes payable are accruals for documentary stamp tax, VAT, and withholding taxes on wages and on certain income tax payments.

Others include contributions payable to government agencies and unearned income related to consideration received for transactions pending execution of the contracts.

13. Notes Payable

	2024	2023
2021 Fixed Rate Corporate Notes (FRCN)		
₱2.0 billion at 4.3000% interest per annum	₱1,850,000,000	₱1,900,000,000
Less unamortized debt issue costs	5,326,407	10,181,617
	1,844,673,593	1,889,818,383
Less current portion - net of unamortized debt issue costs of ₱4.9 million in 2022 and ₱10.8 million in 2021	45,054,514	45,144,790
	₱1,799,619,079	₱1,844,673,593

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

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

The first tranche is for a term of two years and payable on January 27, 2023 while the second tranche is for a term of five years and will mature on January 27, 2026 with principal payment of **₱50.0 million** for the first four years and a balloon payment of **₱1.8 billion** on maturity. On January 27, 2023, the first tranche of the loan matured and was settled. Loan amortizations in 2024 and 2023 amounting to **₱50 million** and **₱1.1 billion**, respectively, were settled upon maturity. On January 27, 2025, **₱50.0 million** of the total principal amount was settled upon maturity.

Repayments of outstanding principal amounts are scheduled as follows:

	2024	2023
Within one year	₱50,000,000	₱50,000,000
More than one year but not more than five years	1,800,000,000	1,850,000,000
	₱1,850,000,000	₱1,900,000,000

The Agreement requires that the Parent Company shall not permit its debt-to-equity ratio to exceed 2.5:1. The debt-to-equity ratio is based on the Parent Company's debt and consolidated equity. In addition, the Agreement requires the current ratio to not fall below 1.25:1 and is based on the consolidated current assets and consolidated current liabilities. The Parent Company has complied with these ratio requirements as of December 31, 2024 and 2023.



Interest expense recognized in the parent company statements of comprehensive income related to these notes payable amounted to ₱87.6 million, ₱93.8 million, and ₱122.7 million in 2024, 2023 and 2022, respectively, and the related accrued interest expense as of December 31, 2024 and 2023 amounted to ₱12.6 million and ₱12.9 million, respectively (see Note 12).

Debt issue costs were incurred in connection with the financing arrangements. These costs are amortized, using the EIR method, over the term of the related loans. The Parent Company has recognized amortization of debt issue costs amounting to ₱4.9 million, ₱5.2 million, and ₱10.8 million in 2024, 2023 and 2022, respectively. These are presented under “Interest expense” in the parent company statements of comprehensive income.

14. Related Party Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

In the normal course of business, the Parent Company enters into transactions with related parties principally consisting of the following:

Category	Volume	2024		Terms	Conditions
		Outstanding Balance			
		Receivable	Payable		
Subsidiaries					
Dividend income (see Note 9):					
VEC	₱209,955,400	₱-	₱-	15-30 days; noninterest-bearing	Unsecured
Management and service fees income (see Note 14a):					
VEC	123,979,100	11,374,651		15-30 days; noninterest-bearing	Unsecured; no impairment
VIHI	53,252,215	24,224,451	-	15-30 days; noninterest-bearing	Unsecured; no impairment
HDFE	840,000	67,900	-	15-30 days; noninterest-bearing	Unsecured
Delta P	-	491,270	-	15-30 days; noninterest-bearing	Unsecured; no impairment
Service income (see Note 14a):					
VEC	3,181,383	4,279,901	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VIHI	2,443,527	1,949,876	-	15-30 days; noninterest-bearing	Unsecured; no impairment
CORE	445,242	339,433	-	15-30 days; noninterest-bearing	Unsecured; no impairment
SGPDC	437,670	481,437	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VHHI	322,089	360,740	125,563	15-30 days; noninterest-bearing	Unsecured; no impairment
INPC	267,949	1,873,180	-	15-30 days; noninterest-bearing	Unsecured; no impairment
NMCWC	259,265	-	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VRVC	197,330	217,063	-	15-30 days; noninterest-bearing	Unsecured; no impairment
HDFE	172,000	189,200	-	15-30 days; noninterest-bearing	Unsecured; no impairment
MPI	157,234	149,511	-	15-30 days; noninterest-bearing	Unsecured; no impairment

(Forward)



2024

Category	Volume	Outstanding Balance		Terms	Conditions
		Receivable	Payable		
IMCC	₱148,509	₱539,483	₱-	15-30 days; noninterest-bearing	Unsecured; no impairment
BPC	33,137	970,056	-	15-30 days; noninterest-bearing	Unsecured; no impairment
NBPC	18,000	893,367	-	15-30 days; noninterest-bearing	Unsecured; no impairment
CIPC	80,954	107,632	-	15-30 days; noninterest-bearing	Unsecured; no impairment
Delta P	53,919	4,383,893	-	15-30 days; noninterest-bearing	Unsecured; no impairment
SIAEC	1,474	₱2,513	-	15-30 days; noninterest-bearing	Unsecured; no impairment
PPWRLC	5,670	6,237	-	15-30 days; noninterest-bearing	Unsecured; no impairment
1590 EC	92	29,289	-	15-30 days; noninterest-bearing	Unsecured; no impairment
CSSC	-	2,704,021	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VMHI	-	154,311	-	15-30 days; noninterest-bearing	Unsecured; no impairment
LPEC	-	104,833	-	15-30 days; noninterest-bearing	Unsecured; no impairment
Advances (see Note 14c):					
IMCC	205,476,259	501,374,908	-	Within one year; 9.08%-10.82% interest	Unsecured; no impairment
BIWSC	70,000,000	70,000,000	-	Within one year; 10.82% interest	Unsecured; no impairment
VEC	706,799	4,342,945	3,288,638	15-30 days; noninterest-bearing	Unsecured; no impairment
HDFE	237,636	297,006	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VIHI	116,520	203,581,938	822,790	15-30 days; noninterest-bearing	Unsecured; no impairment
IMCC	6,200	568,274,941	-	15-30 days; noninterest-bearing	Unsecured; no impairment
CORE	29,057	214,157	10,105	15-30 days; noninterest-bearing	Unsecured; no impairment
INPC	10,477	183,358	6	15-30 days; noninterest-bearing	Unsecured; no impairment
BPC	21,557	117,462	-	15-30 days; noninterest-bearing	Unsecured; no impairment
Delta P	19,427	425,636	-	15-30 days; noninterest-bearing	Unsecured; no impairment
CIPC	749	31,583	-	15-30 days; noninterest-bearing	Unsecured; no impairment
SGPDC	59	9,923,235	-	15-30 days; noninterest-bearing	Unsecured; no impairment
SIAEC	19,468	34,468	-	15-30 days; noninterest-bearing	Unsecured; no impairment
1590 EC	10,057	23,611	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VHHI	30	30	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VCCI	1,288	1,288	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VTHI	762	762	-	15-30 days; noninterest-bearing	Unsecured; no impairment
NBPC	500	9,282	-	15-30 days; noninterest-bearing	Unsecured; no impairment
CSSC (Formerly ETEI)	30	9,505	-	15-30 days; noninterest-bearing	Unsecured; no impairment
DPHI (Formerly VII)	30	-	-	15-30 days; noninterest-bearing	Unsecured; no impairment

(Forward)



2024

Category	Volume	Outstanding Balance		Terms	Conditions
		Receivable	Payable		
VIDC	₱30	₱30	₱-	15-30 days; noninterest-bearing	Unsecured; no impairment
NMCWC	30	30	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VREC	290	-	-	15-30 days; noninterest-bearing	Unsecured; no impairment
LPEC	30	2,319	-	15-30 days; noninterest-bearing	Unsecured; no impairment
CREC	-	258	-	15-30 days; noninterest-bearing	Unsecured; no impairment
AEC	1,443	1,443	-	15-30 days; noninterest-bearing	Unsecured; no impairment
SCEC	1,443	1,443	-	15-30 days; noninterest-bearing	Unsecured; no impairment
API	1,443	1,443	-	15-30 days; noninterest-bearing	Unsecured; no impairment
BEC	1,443	1,443	-	15-30 days; noninterest-bearing	Unsecured; no impairment
SEGC	1,443	1,443	-	15-30 days; noninterest-bearing	Unsecured; no impairment
MPI	500	500	-	15-30 days; noninterest-bearing	Unsecured; no impairment
BIWSC	2,500	2,500	-	15-30 days; noninterest-bearing	Unsecured; no impairment
WCWSC	2,500	2,500	-	15-30 days; noninterest-bearing	Unsecured; no impairment
IBWC	2,500	2,500	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VVAC	2,500	2,500	-	15-30 days; noninterest-bearing	Unsecured; no impairment
OSAC	2,500	2,500	-	15-30 days; noninterest-bearing	Unsecured; no impairment
BRPC	2,360	2,360	-	15-30 days; noninterest-bearing	Unsecured; no impairment
Interest income on advances (see Note 14c)					
IMCC	57,642,453	10,497,589	-	On Demand	Unsecured; no impairment
HDFE	77,980	-	-	On Demand	Unsecured; no impairment
Transferred pension obligations (see Note 14d)					
VEC	200,292	19,883	14,050,726	On Demand; noninterest-bearing	Unsecured
VIHI	754,526	1,101,069	1,414,737	On Demand; noninterest-bearing	Unsecured
Lease liabilities (see Note 14e)					
SGPDC	433,848	-	3,060,810	15-30 days; noninterest-bearing	Unsecured
Associates					
Dividend income (see Note 9)					
VECO	995,922,474	-	-	15-30 days; noninterest-bearing	Unsecured
Advances (see Note 14c):					
GLEDC	-	30,609	-	15-30 days; noninterest-bearing	Unsecured; no impairment
LPCI	-	300	-	15-30 days; noninterest-bearing	Unsecured; no impairment
Service income (see Note 14a):					
GLEDC	-	25,101	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VECO	-	616	-	15-30 days; noninterest-bearing	Unsecured; no impairment
Advances (see Note 14c)					
Shareholder	-	42,676	-	15-30 days; noninterest-bearing	Unsecured; no impairment



2023

Category	Volume	Outstanding Balance		Terms	Conditions
		Receivable	Payable		
Subsidiaries					
Dividend income (see Note 9)					
VEC	₱232,388,020	₱-	₱-	15-30 days; noninterest-bearing	Unsecured
Management and service fees income (see Note 14a):					
VEC	111,960,456	112,979,922		15-30 days; noninterest-bearing	Unsecured; no impairment
VIHI	46,538,832	5,380,414	-	15-30 days; noninterest-bearing	Unsecured; no impairment
WMP	1,925,000	1,705,000	-	15-30 days; noninterest-bearing	Unsecured; no impairment
HDFE	840,000	203,700	-	15-30 days; noninterest-bearing	Unsecured
Delta P	-	491,270	-	15-30 days; noninterest-bearing	Unsecured; no impairment
Service income (see Note 14a):					
VEC	1,592,059	1,796,431	125	15-30 days; noninterest-bearing	Unsecured; no impairment
VIHI	1,350,256	765,343	-	15-30 days; noninterest-bearing	Unsecured; no impairment
CORE	312,465	245,109	-	15-30 days; noninterest-bearing	Unsecured; no impairment
IMCC	135,143	464,962	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VIGC	98,350	-	-	15-30 days; noninterest-bearing	Unsecured; no impairment
INPC	91,044	38,647	-	15-30 days; noninterest-bearing	Unsecured; no impairment
LPEC	93,601	104,833	-	15-30 days; noninterest-bearing	Unsecured; no impairment
BPC	55,490	937,514	-	15-30 days; noninterest-bearing	Unsecured; no impairment
CSSC	24,085	2,704,021	-	15-30 days; noninterest-bearing	Unsecured; no impairment
1590 EC	23,463	29,188	-	15-30 days; noninterest-bearing	Unsecured; no impairment
INEC	19,668	1,733,844	-	15-30 days; noninterest-bearing	Unsecured; no impairment
Delta P	8,315	4,324,582	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VMHI	6,350	154,311	-	15-30 days; noninterest-bearing	Unsecured; no impairment
SIAEC	780	862	-	15-30 days; noninterest-bearing	Unsecured; no impairment
NBPC	-	873,567	-	15-30 days; noninterest-bearing	Unsecured; no impairment
NMCWC	-	163,638	-	15-30 days; noninterest-bearing	Unsecured; no impairment
SGDPC	-	116,133	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VRVC	-	109,844	-	15-30 days; noninterest-bearing	Unsecured; no impairment
CIPC	-	18,582	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VAHC	-	4,144	-	15-30 days; noninterest-bearing	Unsecured; no impairment
WMP	-	5	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VHHI	-	-	125,563	15-30 days; noninterest-bearing	Unsecured; no impairment
Advances (see Note 14c):					
VEC	1,071,528	2,920,590	2,452,809	15-30 days; noninterest-bearing	Unsecured; no impairment

(Forward)



2023

Category	Volume	Outstanding Balance		Terms	Conditions
		Receivable	Payable		
IMCC	₱295,898,649	₱295,898,649	₱-	Within one year; 9.08%-10.82% interest	Unsecured; no impairment
WMP	20,000,000	20,000,000	-	Within one year; 9.08%-10.82% interest	Unsecured; no impairment
HDFE	2,650,000	2,650,000	-	Within 1 year; 9.08% interest	Unsecured; no impairment
VIHI	1,908,447	202,331,595	706,359	15-30 days; noninterest-bearing	Unsecured; no impairment
IMCC	634,173	568,270,241	-	15-30 days; noninterest-bearing	Unsecured; no impairment
HDFE	108,660	114,351	-	15-30 days; noninterest-bearing	Unsecured; no impairment
CORE	77,390	176,686	1,691	15-30 days; noninterest-bearing	Unsecured; no impairment
INPC	40,944	32,886	-	15-30 days; noninterest-bearing	Unsecured; no impairment
BPC	26,365	95,905	-	15-30 days; noninterest-bearing	Unsecured; no impairment
Delta P	31,453	406,209	-	15-30 days; noninterest-bearing	Unsecured; no impairment
CIPC	20,679	30,834	-	15-30 days; noninterest-bearing	Unsecured; no impairment
SGPDC	16,000	9,939,255	-	15-30 days; noninterest-bearing	Unsecured; no impairment
SIAEC	15,000	15,000	-	15-30 days; noninterest-bearing	Unsecured; no impairment
1590 EC	12,138	23,111	-	15-30 days; noninterest-bearing	Unsecured; no impairment
EVC	1,660	-	-	15-30 days; noninterest-bearing	Unsecured; no impairment
WMP	580	-	-	15-30 days; noninterest-bearing	Unsecured; no impairment
INEC	500	139,995	6	15-30 days; noninterest-bearing	Unsecured; no impairment
NBPC	500	8,782	-	15-30 days; noninterest-bearing	Unsecured; no impairment
CSSC (Formerly ETEI)	500	9,475	-	15-30 days; noninterest-bearing	Unsecured; no impairment
DPHI (Formerly VII)	246	246	-	15-30 days; noninterest-bearing	Unsecured; no impairment
VREC	246	246	-	15-30 days; noninterest-bearing	Unsecured; no impairment
LPEC	-	2,289	-	15-30 days; noninterest-bearing	Unsecured; no impairment
CREC	-	258	-	15-30 days; noninterest-bearing	Unsecured; no impairment
Interest income on advances (see Note 14c)					
IMCC	13,550,595	5,502,843	-	On Demand	Unsecured; no impairment
WMP	705,922	479,234	-	On Demand	Unsecured; no impairment
HDFE	186,023	58,830	-	On Demand	Unsecured; no impairment
Interest income on Interim Financing Agreement (see Note 14f)					
FLAWS	17,857,143	-	-	On Demand	Unsecured; no impairment
Transferred pension obligations (see Note 14d)					
VEC	2,404,849	-	13,830,551	On Demand; noninterest-bearing	Unsecured
VIHI	-	-	1,068,194	On Demand; noninterest-bearing	Unsecured

(Forward)



2023					
Category	Volume	Outstanding Balance		Terms	Conditions
		Receivable	Payable		
Lease liabilities (see Note 14e)					
SGPDC	₱413,189	₱–	₱3,453,471	15-30 days; noninterest-bearing	Unsecured
Associates					
Dividend income (see Note 9):					
VECO	763,687,641	–	–	15-30 days; noninterest-bearing	Unsecured
Advances (see Note 14c):					
GLEDC	–	30,609	–	15-30 days; noninterest-bearing	Unsecured; no impairment
LPCI	–	300	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Service income (see Note 14a):					
GLEDC	–	25,101	–	15-30 days; noninterest-bearing	Unsecured; no impairment
VECO	–	616	–	15-30 days; noninterest-bearing	Unsecured; no impairment
Stockholders					
Professional fees (see Note 14b):					
JDC	7,218,220	–	–	15-30 days; noninterest-bearing	Unsecured
MRC	10,827,329	–	–	15-30 days; noninterest-bearing	Unsecured
Advances (see Note 14c):					
Shareholder	–	42,676	–	15-30 days; noninterest-bearing	Unsecured; no impairment

The transactions above are generally settled in cash.

- a. Management and service fees and service income from subsidiaries and associates represent compensation for consultancy, management and other related services rendered by the Parent Company and for the use of the Parent Company’s facilities in accordance with the terms of the respective agreements with the related parties. Services covered by SLAs or management contracts are recognized as part of the “Management and service fees” account while those not within the scope of work in the SLAs and rendered to the subsidiaries and associates on irregular basis are recognized as part of the “Service income” account in the parent company statements of comprehensive income.
- b. The Parent Company entered into agreements with MRC and JDC, its stockholders, to perform consultancy services. For the consideration of the services rendered by MRC and JDC, the Parent Company will pay management fees agreed upon by the parties, without need for further demand. These are recognized as part of “Professional fees” in the parent company statements of comprehensive income.
- c. Advances to and from subsidiaries, associates and shareholders pertain to advances for working capital requirements. Advances to shareholder pertains to the life insurance plan advanced by the Parent Company for a member of its BOD.
- d. In 2023, the Parent Company released pension obligation to VEC due to employee transfers amounting to ₱2.4 million. In 2024, the Parent Company acquired pension obligation from VEC and VIHI amounting to ₱0.6 million and released pension obligation to VEC and VIHI amounting to ₱1.1 million, both due to employee transfers.



- e. In 2017, the Parent Company entered into lease agreements as lessee with SGPDC to lease a parcel of land for a period of seventeen (17) years and four (4) months from September 1, 2017 to December 31, 2034. On January 15, 2025, an addendum to the lease agreement was executed amending the monthly rental fee to ₱0.06 million with a 3-year periodic increase of 5% starting January 2028.
- f. On February 14, 2020, the Parent Company entered into an Interim Financing Agreement (IFA) with FLOWS for the development of a combined sewerage and septage facility serving the City of Puerto Princesa. The IFA is for a term of four (4) months or until June 13, 2020 at an interest rate of 5.7810% per annum. On June 13, 2020, the IFA was later extended. On January 13, 2023, the Parent Company collected the outstanding receivable of ₱150.0 million and recognized interest income amounting to ₱17.9 million, presented as part of “Other income” in the 2023 statement of comprehensive income.

The retirement fund (the Fund) of the Parent Company is in the form of a trust being maintained and managed by a trust and investment entity in the Philippines. The Fund, which is invested mostly in fixed income securities, has a carrying amount and fair value of ₱25.0 million and ₱23.8 million as of December 31, 2024 and 2023, respectively (see Note 15).

Compensation and Benefits of Key Management Personnel

The compensation of the Parent Company’s key management personnel by benefit type follows:

	2024	2023	2022
Short-term employee benefits	₱158,210,569	₱129,585,085	₱138,988,012
Post-employment pension benefits	15,233,795	6,447,763	8,120,745
	₱173,444,364	₱136,032,848	₱147,108,757

15. Retirement Plan

The Parent Company has a funded, non-contributory, defined benefit pension plan (“the Plan”) covering all regular, permanent employees. The Plan provides lump sum benefits upon a member’s normal retirement. The benefits are based on the member’s final monthly salary and length of service with the Parent Company.

The Fund is administered by a trust and investment entity in the Philippines under the supervision of a trustee. The trustee is responsible for the investment strategy of the plan.

The existing regulatory framework, Republic Act (RA) 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of pension expense recognized in the parent company statements of comprehensive income and the funded status and amounts recognized in the parent company statements of financial position for the pension plan.



The components of the pension expense recognized under “Salaries and employee benefits” in the parent company statements of comprehensive income follow:

	2024	2023	2022
Current service cost	₱16,258,066	₱6,326,275	₱8,105,076
Net interest cost	5,302,636	2,022,851	1,648,854
	₱21,560,702	₱8,349,126	₱9,753,930

Remeasurement effects recognized in the parent company statements of comprehensive income follow:

	2024	2023	2022
Remeasurement gain (loss) on defined benefit obligation	(₱613,025)	(₱59,405,425)	₱7,660,909
Remeasurement loss on plan assets	(1,114,852)	(1,112,806)	(2,072,926)
	(₱1,727,877)	(₱60,518,231)	₱5,587,983

The Parent Company’s pension liability as of December 31, 2024 and 2023 follows:

	2024	2023
Present value of defined benefit obligation	₱149,615,722	₱125,658,446
Fair value of plan assets	(24,990,653)	(23,767,722)
Pension liability	₱124,625,069	₱101,890,724

Changes in the present value of the defined benefit obligation follow:

	2024	2023
At January 1	₱125,658,446	₱58,155,763
Current service cost	16,258,066	6,326,275
Interest cost on defined benefit obligation	7,640,419	4,175,832
Remeasurement loss due to:		
Changes in financial assumptions	185,623	54,459,305
Experience adjustments	427,402	4,946,120
Employee transfers (see Note 14)	(554,234)	(2,404,849)
At December 31	₱149,615,722	₱125,658,446

Changes in the fair value of plan assets are as follows:

	2024	2023
At January 1	₱23,767,722	₱22,727,547
Interest income included in net interest cost	2,337,783	2,152,981
Loss on return on plan assets	(1,114,852)	(1,112,806)
At December 31	₱24,990,653	₱23,767,722



Changes in the amounts recognized in the parent company statements of financial position for pension liability follow:

	2024	2023
At January 1	₱101,890,724	₱35,428,216
Pension expense	21,560,702	8,349,126
Remeasurement gain	1,727,877	60,518,231
Employee transfers (see Note 14)	(554,234)	(2,404,849)
At December 31	₱124,625,069	₱101,890,724

The major categories of the plan assets are as follows:

	2024	2023
Unquoted investments:		
Unitized investment trust funds (UITF)	₱22,261,961	₱23,767,534
Equities	2,269,734	-
Cash and cash equivalents	294	188
	₱24,531,989	₱23,767,722

The control and administration of the fund vest on the trustee. The trustee shall have the full and complete power and authority to hold, manage, administer, convert, sell, assign, alter, divide, invest, and reinvest the fund without distinction between principal and income, to the same extent and with the same effect as might be lawfully done by persons who own and control property and may thus exercise every power and right with respect to each item of property in this trust authority specified in the agreement and expressly conferred upon it by law.

The overall investment policy and strategy of the Parent Company's defined benefit pension plan is guided by the objective of providing the necessary funding for the benefits payable under the plan and achieving such liquidity as deemed appropriate in the circumstances.

The Parent Company contributed to the fund in March 2025.

The principal assumptions used in determining pension liability obligations for the Parent Company's plan as of December 31 are shown below:

	2024	2023
Discount rate	6.10%	6.11%
Future salary increase rate	10.00%	10.00%

The sensitivity analysis below has been determined based on reasonable possible changes of the significant assumptions on the present value of the defined benefit obligation as of December 31, assuming all other assumptions were held constant:

	Increase (Decrease)	Increase (Decrease) in the Present Value of Defined Benefit Obligation	
		2024	2023
Discount rate	+100 basis points	(₱15,330,649)	(₱13,676,744)
	-100 basis points	17,782,439	15,950,331
Future salary increase rate	+100 basis points	17,464,711	15,633,393
	-100 basis points	(15,376,623)	(13,691,687)



The average duration of the defined benefit obligation at the end of the reporting period is 14.73 years and 15.22 years as of December 31, 2024 and 2023, respectively.

The expected benefit payment assumes that all actuarial assumptions will materialize. Shown below is the maturity analysis of the undiscounted benefit payments as of December 31:

	2024	2023
Less than one year	₱1,747,641	₱1,221,332
More than 1 year to 5 years	22,617,759	15,339,591
More than 5 years to 10 years	102,791,683	87,878,967
More than 10 years to 15 years	264,663,774	219,733,108
More than 15 years to 20 years	181,160,394	125,089,217
More than 20 years	466,799,914	397,534,286
	₱1,039,781,165	₱846,796,501

16. Income Tax

	2024	2023	2022
Final (at 20% and 7.5%)	₱18,891,907	₱12,379,193	₱6,112,505
Deferred	1,514,173	2,162,894	3,346,810
Current (MCIT)	-	1,029,429	-
	₱20,406,080	₱15,571,516	₱9,459,315

The reconciliation of the income tax expense computed at the statutory tax rate to provision for income tax reported in the parent company statements of comprehensive income follows:

	2024	2023	2022
Income before income tax	₱925,867,095	₱1,010,575,452	₱1,280,068,293
Income tax computed at the statutory tax rate	₱231,466,774	₱252,643,863	₱320,017,073
Adjustments to income tax resulting from:			
Nontaxable dividend income	(301,469,469)	(249,018,915)	(389,476,404)
Unrecognized deferred income tax assets on NOLCO and MCIT	87,687,043	16,893,676	85,391,899
Interest income subjected to final tax	(21,205,074)	(14,523,934)	(7,510,729)
Final taxes paid	18,891,907	12,379,193	6,112,505
Unrecognized deferred income tax asset on lease liabilities	8,127,594	4,824,010	-
Nontaxable gains	(6,804,841)	(11,435,287)	(15,770,136)
Nondeductible expenses	3,712,146	3,808,910	10,695,107
	₱20,406,080	₱15,571,516	₱9,459,315



The components of the Parent Company's net deferred income tax assets as of December 31 are as follows:

	2024	2023
Recognized in profit or loss:		
Deferred income tax assets on:		
Pension liability	₱23,108,402	₱17,856,786
Allowance for impairment losses	11,602,774	11,602,774
Net acquired and transferred obligation due to employee transfers	3,863,245	3,724,686
Unrealized foreign exchange loss	70,142	60,698
	38,644,563	33,244,944
Deferred income tax liabilities on:		
Unrealized foreign exchange gain	11,444,873	11,444,873
Right-of-use assets	12,951,604	4,824,010
Unamortized debt issue costs	1,331,602	2,545,404
	25,728,079	18,814,287
Recognized in other comprehensive income:		
Deferred income tax asset on pension liability	14,952,743	14,520,774
Deferred income tax liability on unrealized valuation gain of financial assets at FVOCI	(645,000)	(645,000)
	14,307,743	13,875,774
Net deferred income tax assets	₱27,224,227	₱28,306,431

In 2024 and 2023, the Parent Company has deductible temporary differences and tax credits for which the deferred tax assets have not been recognized since management believes that no sufficient taxable income will be available in the year these are expected to be reversed, settled or realized. These unrecognized deductible temporary differences and tax credits follow:

	2024	2023
NOLCO	₱1,412,035,089	₱1,061,286,916
MCIT	1,029,429	1,029,429

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 to implement Section 4(bbbb) of RA No. 11494, otherwise known as "Bayanihan to Recover as One Act". This RR provides that the net operating loss of the business or enterprise for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2024, the Parent Company has incurred NOLCO after taxable year 2021 which can be claimed as deductions from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Expiry Date	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2022	2025	₱341,567,594	P-	P-	P-	₱341,567,594
2023	2026	63,456,989	-	-	-	63,456,989
2024	2027	350,748,173	-	-	-	350,748,173
		₱755,772,756	P-	P-	P-	₱755,772,756



As of December 31, 2024, the Parent Company has incurred NOLCO in taxable years 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover as One Act, as follows:

Year Incurred	Expiry Date	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2020	2025	₱354,396,692	₱-	₱-	₱-	₱354,396,692
2021	2026	301,865,641	-	-	-	301,865,641
		₱656,262,333	₱-	₱-	₱-	₱656,262,333

As of December 31, 2024 and 2023, the Parent Company did not recognize deferred income tax assets on NOLCO because management believes that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

As at December 31, 2024, the Parent Company has MCIT which can be claimed as a deduction against the Parent Company's RCIT due for the next three (3) consecutive taxable years, as follows:

Year Incurred	Expiry Date	Amount	Applied Previous Year/s	Expired	Applied Current Year	Unapplied
2023	2026	₱1,029,429	₱-	₱-	₱-	₱1,029,429

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law

President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. RA No. 11534 or the CREATE Act introduced reforms to the corporate income tax and incentives systems. It took effect on April 11, 2021.

Among the key changes pursuant to the CREATE Act which had an impact on the Company, the minimum corporate income tax (MCIT) rate was reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023. Beginning July 1, 2023, the MCIT rate reverted to 2%.

17. Equity

Capital Stock

There were no changes in the Parent Company's authorized, issued and outstanding common shares as of December 31, 2024 and 2023.

Authorized capital stock - ₱1 par value	2,000,000,000
Issued and outstanding shares	1,023,456,698
Unissued shares	976,543,302

The Parent Company's issued capital stock originally consists of 224,880,067 common shares and 600,000,000 preferred shares that were listed in the Philippine Stock Exchange (PSE) since 2003 and 198,576,631 preferred shares that were approved for listing by the PSE on June 29, 2004. In June 2005, the SEC approved the amendment to Article VII that relates to the conversion of the Parent Company's preferred shares to common shares. As of December 31, 2024 and 2023, the Parent Company's issued capital stock all consists of common shares.

The Parent Company has 1,404 stockholders as of December 31, 2024, 1,406 stockholders as of December 31, 2023, and 1,413 stockholders as of December 31, 2022, and has complied with the Minimum Public Ownership requirement of the PSE for listed entities as of the same dates.



Appropriation of Retained Earnings for Business Expansion

Out of the 2021 retained earnings appropriation amounting to ₱6.2 billion, the Parent Company made additional investments of ₱1.6 billion in 2022 on the power generation project in the Visayas, solar installation projects and infrastructure projects in Luzon and the Visayas, which amount was then reverted to unappropriated retained earnings in 2022.

In a BOD meeting held on November 11, 2022, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱4.6 billion to provide appropriations for the investment on the new power generation projects in Luzon, solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.25 billion to be used for the investment in the on-going and new infrastructure projects in the Visayas, and new power generation projects in Luzon and the Visayas starting in 2023.

Out of the 2022 retained earnings appropriation, the Parent Company made additional investments of ₱1.9 billion in 2023 on the new power generation project in Luzon, solar installation projects in Luzon and Visayas, and infrastructure projects in the Visayas, which amount was then reverted to unappropriated retained earnings in 2023.

In a BOD meeting held on November 24, 2023, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱5.0 billion to provide appropriations for the investment on the solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.4 billion to be used for the investment in the ongoing new infrastructure projects in the Visayas and new power generation projects in Luzon and the Visayas starting in 2024.

Out of the 2023 retained earnings appropriation, the Parent Company made additional investments of ₱1.4 billion in 2024 on the infrastructure projects in the Visayas, power generation projects in Luzon, the Visayas, and Mindanao, which amount was then reverted to unappropriated retained earnings in 2024.

In a BOD meeting held on December 23, 2024, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱6.0 billion to provide appropriations for the investment on the solar installation projects in Luzon and the Visayas, infrastructure projects in the Visayas and the real estate project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱1.8 billion to be used for the investment in the ongoing expansion of power generation project in Luzon, solar generation projects in Luzon and the Visayas, and the working capital requirements of a wholly owned subsidiary starting in 2025.

Dividends

The BOD declared cash dividends to its stockholders as follows:

	2024	2023	2022
Date of declaration	May 24, 2024	May 18, 2023	May 13, 2022
Date of record	June 7, 2024	June 1, 2023	May 30, 2022
Date of payment	June 21, 2024	June 16, 2023	June 10, 2022
Regular dividends declared	₱571,088,839	₱398,841,075	₱444,282,550
Dividends per share	₱0.5580	₱0.3897	₱0.4341



Earnings per Share

The earnings per share as of December 31 are computed as follows:

	2024	2023	2022
Net income for the year	₱905,461,015	₱995,003,936	₱1,270,608,978
Number of outstanding common shares	1,023,456,698	1,023,456,698	1,023,456,698
Basic and diluted earnings per share	₱0.885	₱0.972	₱1.241

There are no potential dilutive shares as of December 31, 2024, 2023 and 2022.

18. Personnel Expenses

	2024	2023	2022
Salaries and employee benefits	₱280,882,289	₱209,732,716	₱228,628,938
Pension expense (see Note 15)	21,560,702	8,349,126	9,753,930
	₱302,442,991	₱218,081,842	₱238,382,868

19. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, financial assets at FVOCI, trade and other current liabilities, lease liabilities and notes payable. The main purpose of these financial instruments is to raise funds for the Parent Company's operations.

The main risks arising from the Parent Company's financial instruments are credit risk and liquidity risk. The BOD reviews and agrees policies for managing each of these risks and these policies are summarized below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Parent Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. With respect to cash investments, the risk is mitigated by the short-term and/or liquid nature of its investments mainly in bank deposits and placements, which are placed with financial institutions of high credit standing.

Receivable balances are actively monitored on an ongoing basis and acted upon regularly to avoid significant concentrations of credit risk. The maximum exposure to credit risk, net of allowance for doubtful accounts, amounted to ₱2,665.8 million and ₱2,974.2 million as of December 31, 2024 and 2023, respectively.

There are no significant concentrations of credit risk within the Parent Company.



The Parent Company writes off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The Parent Company writes off an account when all of the following conditions are met:

- the asset is in past due for over 90 days, or is already an item-for-forfeiture; and
- contract restructuring is no longer possible.

The Parent Company may also write off financial assets that are still subject to enforcement activity.

The following are the details of the Parent Company's assessment of credit quality and the related ECLs as of December 31, 2024 and 2023:

- *General Approach*
 - *Cash and Cash Equivalents and Accrued Interest Receivable.* As of December 31, 2024 and 2023, the ECL relating to the cash and cash equivalents and accrued interest receivable of the Parent Company is minimal as these are deposited in reputable banks which have good bank standing and are considered to have low credit risk.
 - *Advances to Related Parties, Advances to Employees and Dividends Receivable.* The Parent Company did not recognize ECL relating to advances to related parties, advances to employees and dividends receivable since there were no history of default payments, except for the receivable from RFM Corporation, which is specifically and fully provided with allowance for impairment amounting to ₱46.1 million as of December 31, 2024 and 2023 (see Note 11). This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.
- *Simplified Approach*
 - *Trade and Other Receivables.* The Parent Company applied the simplified approach under PFRS 9, using a 'provision matrix'. As of December 31, 2024 and 2023, the allowance for impairment losses as a result from performing collective and specific impairment test amounted to ₱2.4 million. Management evaluated that the Parent Company's accounts and other receivables are of high grade and of good credit quality.

The tables below show the maximum exposure to credit risk based on the Parent Company's stage classification as of December 31:

2024					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱2,576,924,554	P-	₱46,078,063	₱91,317,784	₱2,714,320,401
Loss allowance	-	-	(46,078,063)	(2,419,972)	(48,498,035)
Carrying amount	₱2,576,924,554	P-	P-	₱88,897,812	₱2,665,822,366

2023					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱2,579,197,416	P-	₱46,078,063	₱397,384,250	₱3,022,659,729
Loss allowance	-	-	(46,078,063)	(2,419,972)	(48,498,035)
Carrying amount	₱2,579,197,416	P-	P-	₱394,964,278	₱2,974,161,694



As of December 31, 2024 and 2023, the aging analysis per class of financial assets is as follows:

		2024						
		Neither Past Due nor Impaired	Past Due but not Impaired				Impaired	Total
			Less than 30 Days	31-60 Days	61-90 Days	Over 90 days		
Financial Assets at Amortized Cost								
Cash and cash equivalents (excluding cash on hand)	₱1,208,019,623	₱-	₱-	₱-	₱-	₱-	₱1,208,019,623	
Trade and other receivables:								
Trade receivables	-	17,387,833	4,970,207	4,970,207	11,531,429	-	38,859,676	
Advances to related parties	-	903,208	68,033	70,150,739	1,287,822,932	-	1,358,944,912	
Accrued interest receivable	9,960,019	-	-	-	-	-	9,960,019	
Others	-	13,518,023	802,674	1,205,614	15,345,158	2,419,972	33,291,441	
Loans receivable (under "Other noncurrent assets")	-	19,166,667	-	-	-	-	19,166,667	
Due from RFM Corporation (under "Other noncurrent assets")	-	-	-	-	-	46,078,063	46,078,063	
Financial Assets at Amortized Cost	₱1,217,979,642	₱50,975,731	₱5,840,914	₱76,326,560	₱1,314,699,519	₱48,498,035	₱2,714,320,401	
		2023						
		Neither Past Due nor Impaired	Past Due but not Impaired				Impaired	Total
			Less than 30 Days	31-60 Days	61-90 Days	Over 90 days		
Financial Assets at Amortized Cost								
Cash and cash equivalents (excluding cash on hand)	₱1,469,678,367	₱-	₱-	₱-	₱-	₱-	₱1,469,678,367	
Trade and other receivables:								
Trade receivables	-	267,711,715	10,793,597	-	94,410,986	-	372,916,298	
Advances to related parties	-	720,561	639,419	513,043	1,101,267,165	-	1,103,140,188	
Accrued interest receivable	6,378,861	-	-	-	-	-	6,378,861	
Others	-	4,410,845	1,037,073	81,757	16,518,305	2,419,972	24,467,952	
Due from RFM Corporation (under "Other noncurrent assets")	-	-	-	-	-	46,078,063	46,078,063	
Financial Assets at Amortized Cost	₱1,476,057,228	₱272,843,121	₱12,470,089	₱594,800	₱1,212,196,456	₱48,498,035	₱3,022,659,729	

Liquidity Risk

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

The Parent Company maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements and the Parent Company's trade receivables are maintained to meet maturing obligations. The Parent Company, in general, matches the appropriate long-term funding instruments with the general nature of its equity instruments.



The following tables summarize the Parent Company's financial assets that can be used to manage its liquidity risk and the maturity profile of the Parent Company's financial liabilities based on contractual undiscounted payments as of December 31:

	2024			
	Contractual Undiscounted Payments			
	Total	On Demand	Less than 1 Year	More than 1 Year
Financial Assets				
At amortized cost:				
Cash and cash equivalents	P1,208,294,623	P18,747,926	P1,189,546,697	P-
Trade and other receivables:				
Trade receivables	38,859,676	-	38,859,676	-
Advances to related parties	1,358,944,912	-	1,358,944,912	-
Accrued interest receivable	9,960,019	-	9,960,019	-
Others	30,871,469	-	30,871,469	-
Loans receivable (under "Other noncurrent assets")	19,166,667	-	19,166,667	-
At FVOCI	8,000,000	-	-	8,000,000
	2,674,097,366	18,747,926	2,647,349,440	8,000,000
Financial Liabilities				
At amortized cost:				
Notes payable*	1,933,366,250	-	127,561,250	1,805,805,000
Lease liabilities	62,448,256	-	11,292,420	51,155,836
Accrued interest	12,615,769	-	12,615,769	-
Accounts payable, accrued expenses and advances from related parties	126,491,577	-	126,491,577	-
Dividends payable	6,446,873	-	6,446,873	-
	2,141,368,725	-	284,407,889	1,856,960,836
Net Financial Assets (Liabilities)	P532,728,641	P18,747,926	P2,362,941,551	(P1,848,960,836)

*Including contractual interest to maturity

	2023			
	Contractual Undiscounted Payments			
	Total	On Demand	Less than 1 Year	More than 1 Year
Financial Assets				
At amortized cost:				
Cash and cash equivalents	P1,469,938,367	P54,191,369	P1,415,746,998	P-
Trade and other receivables:				
Trade receivables	372,916,298	-	372,916,298	-
Advances to related parties	1,103,140,188	-	1,103,140,188	-
Accrued interest receivable	6,378,861	-	6,378,861	-
Others	22,047,980	-	22,047,980	-
At FVOCI	8,000,000	-	-	8,000,000
	2,982,421,694	54,191,369	2,920,230,325	8,000,000
Financial Liabilities				
At amortized cost:				
Notes payable*	2,063,077,500	-	129,711,250	1,933,366,250
Lease liabilities	24,399,551	-	17,126,123	7,273,428
Accrued interest	12,865,361	-	12,865,361	-
Accounts payable, accrued expenses and advances from related parties	44,635,873	-	44,635,873	-
Dividends payable	5,590,933	-	5,590,933	-
	2,150,569,218	-	209,929,540	1,940,639,678
Net Financial Assets (Liabilities)	P831,852,476	P54,191,369	P2,710,300,785	(P1,932,639,678)

*Including contractual interest to maturity

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.



Fair Value Hierarchy

The Parent Company uses the following hierarchy for determining the fair value of assets and liabilities:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Parent Company's financial assets at FVOCI is carried at fair value classified under Level 2 as at December 31, 2024 and 2023, since its fair value was measured based on published buying and selling prices in a relatively inactive market, and no significant adjustments were made to market observations due to the relatively nonvolatile movements in historical prices of the said club shares (see Note 11).

As of December 31, 2024 and 2023, the carrying values of the Parent Company's financial instruments, except for the notes payable, approximate fair values due to their relatively short-term maturity.

The Parent Company considers the notes payable with fair value of ₱1.8 billion as of December 31, 2024 and 2023, respectively, under Level 3 classification. The carrying amounts of these notes payable amounted to ₱1.8 billion and ₱1.9 billion as of December 31, 2024 and 2023, respectively.

For the years ended December 31, 2024, 2023 and 2022, there were no changes in the valuation techniques used in the Level 2 and Level 3 fair value measurements.

For the years ended December 31, 2024, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Valuation Techniques Used to Derive Level 3 Fair Values

The following tables show an analysis of the Parent Company's long-term notes payable for which fair values are disclosed at Level 3 of the fair value hierarchy as at December 31:

Description	Fair Value as of December 31, 2024	Valuation Technique	Key Unobservable Inputs	Range (Weighted Average)
Notes payable	₱1,791,321,755	Discounted Cash Flow Approach	Risk-free interest rate	7.08%–7.62% (7.59%)
Description	Fair Value as of December 31, 2023	Valuation Technique	Key Unobservable Inputs	Range (Weighted Average)
Notes payable	₱1,790,118,285	Discounted Cash Flow Approach	Risk-free interest rate	7.58%–7.68% (7.58%)

Capital Management

The Parent Company considers its total equity as its capital. The primary objective of the Parent Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.



The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for the years ended December 31, 2024, 2023 and 2022.

The Parent Company is required to maintain a minimum current ratio and maximum debt-to-equity ratio as part of its covenants on its notes payable. The Parent Company has complied with these ratio requirements as of December 31, 2024 and 2023 (see Note 13). The Parent Company is also subject to Minimum Public Ownership requirement of the PSE. As of December 31, 2024 and 2023, the Parent Company has complied with the requirement. The Parent Company is not subject to other externally imposed capital requirements (see Note 17).

The Parent Company monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Parent Company determines net debt as notes payable less cash and cash equivalents.

Gearing ratios of the Parent Company as of December 31 are as follows:

	2024	2023
Notes payable	₱1,844,673,593	₱1,889,818,383
Less cash and cash equivalents	1,208,294,623	1,469,938,367
Net cash and cash equivalents (a)	636,378,970	419,880,016
Equity	9,773,174,847	9,440,098,579
Equity and net cash and cash equivalents (b)	₱10,409,553,817	₱9,859,978,595
Gearing ratio (a/b)	0.06:1.00	0.04:1.00

20. Changes in Liabilities Arising from Financing Activities

	2024			
	Notes Payable	Dividends Payable	Lease Liabilities	Total Liabilities from Financing Activities
At January 1	₱1,889,818,383	₱5,590,933	₱21,570,527	₱1,916,979,843
Net cash flows	(50,000,000)	(570,232,899)	(16,908,821)	(637,141,720)
Noncash changes:				
Amortization of debt issue costs	4,855,210	-	-	4,855,210
Dividends declared	-	571,088,839	-	571,088,839
Additions	-	-	48,065,050	48,065,050
At December 31	₱1,844,673,593	₱6,446,873	₱52,726,756	₱1,903,847,222

	2023			
	Notes Payable	Dividends Payable	Lease Liabilities	Total Liabilities from Financing Activities
At January 1	₱2,934,581,579	₱5,014,686	₱26,813,448	₱2,966,409,713
Net cash flows	(1,050,000,000)	(398,264,828)	(15,748,226)	(1,464,013,054)
Noncash changes:				
Amortization of debt issue costs	5,236,804	-	-	5,236,804
Dividends declared	-	398,841,075	-	398,841,075
Modifications	-	-	10,505,305	10,505,305
At December 31	₱1,889,818,383	₱5,590,933	₱21,570,527	₱1,916,979,843



	2022			
	Notes Payable	Dividends Payable	Lease Liabilities	Total Liabilities from Financing Activities
At January 1	₱2,973,815,020	₱4,327,007	₱40,156,357	₱3,018,298,384
Net cash flows	(50,000,000)	(443,594,871)	(13,562,669)	(507,157,540)
Noncash changes:				
Amortization of debt issue costs	10,766,559	-	-	10,766,559
Dividends declared	-	444,282,550	-	444,282,550
Modifications	-	-	₱219,760	₱219,760
At December 31	₱2,934,581,579	₱5,014,686	₱26,813,448	₱2,966,409,713

21. Lease Agreements

- The Parent Company has lease contracts for various items of land and office space used in its operations. Lease of land has a lease term of 17 years, while office space generally has lease terms between 2 and 5 years. In January 2025, the Parent Company agreed to modify the lease contract of land which increased the monthly rate (see Note 14).
- In 2023, the Parent Company extended the lease for its office space for one (1) year. In November 2024, this office lease term expired and was subsequently extended for two months. Additionally, in 2024, the Parent Company renewed the lease contract for one office space for five (5) years.
- In 2023, the Parent Company also entered into a lease contract for a transportation vehicle for a term of five (5) years.

Generally, the Parent Company is restricted from assigning or subleasing the leased assets. The Parent Company identified these as leases under PFRS 16.

Set out below are the carrying amounts of the Parent Company's right-of-use assets and lease liabilities and the movements for the years ended December 31, 2024 and 2023:

	2024				
	Right-of-use Assets				Lease Liabilities
	Land	Office Space	Vehicle	Total	
As at January 1, 2024	₱2,545,559	₱13,940,882	₱2,809,601	₱19,296,042	₱21,570,527
Additions	-	48,065,048	-	48,065,048	48,065,050
Depreciation expense	(231,415)	(14,741,963)	(581,296)	(15,554,674)	-
Interest expense	-	-	-	-	1,062,147
Payments	-	-	-	-	(17,970,968)
As at December 31, 2024	₱2,314,144	₱47,263,967	₱2,228,305	₱51,806,416	₱52,726,756

	2023				
	Right-of-use Assets				Lease Liabilities
	Land	Office Space	Vehicle	Total	
As at January 1, 2023	₱2,776,974	₱19,446,084	₱-	₱22,223,058	₱26,813,448
Modifications/additions	-	7,598,821	2,906,484	10,505,305	10,505,305
Depreciation expense	(231,415)	(13,104,023)	(96,883)	(13,432,321)	-
Interest expense	-	-	-	-	996,017
Payments	-	-	-	-	(16,744,243)
As at December 31, 2023	₱2,545,559	₱13,940,882	₱2,809,601	₱19,296,042	₱21,570,527



As of December 31, 2024 and 2023, current portion of lease liabilities recognized in the parent company statements of financial position amounted to ₱8.2 million and ₱16.2 million, respectively, and noncurrent portion of lease liabilities amounted to ₱44.5 million and ₱5.4 million, respectively.

Set out below are the amounts recognized in the statements of comprehensive income for the years ended December 31:

	2024	2023
Depreciation expense of right-of-use assets	₱15,554,674	₱13,432,321
Interest expense on lease liabilities	1,062,147	996,017
Rent expense - short-term leases	1,355,554	625,447
	₱17,972,375	₱15,053,785

Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

	2024	2023
1 year	₱11,292,420	₱17,126,123
more than 1 year to 2 years	11,801,439	1,112,028
more than 2 years to 3 years	12,357,602	1,112,028
more than 3 years to 5 years	24,557,375	2,154,411
more than 5 years	2,439,420	2,894,961
	₱62,448,256	₱24,399,551

22. Supplementary Information Required under Revenue Regulations 15-2010

In compliance with the requirements set forth by the RR 15-2010, hereunder are the information on taxes, duties, and license fees paid or accrued by the Parent Company in 2024:

Details of the Parent Company's net sales, output VAT and input VAT accounts are as follows:

Value-Added Tax (VAT)

Output VAT. The Parent Company is a VAT-registered company. The Parent Company's sources of revenue are management and service fees and service income from subsidiaries and associate. The VAT rate is 12.0%.

Net Sales/Receipts and Output VAT Declared in the Parent Company's VAT Returns

	Net Sales/ Receipts	Output VAT
Net sales	₱602,803,714	₱72,336,446

The Parent Company's taxable sales are based on actual collections up to April 26, 2024, and, thereafter, based on accrual basis pursuant to the Ease of Paying Taxes (EOPT) Act. Hence, taxable sales may not be the same as the amounts accrued under "Management and service fees" and "Service income" in the 2024 parent company statement of comprehensive income.

Input VAT. The Parent Company recognized input VAT for the purchases of goods and services from other VAT-registered individuals or corporations in 2024 amounting to ₱639,714,916.



Total input VAT available for application as of December 31, 2024 is as follows:

At January 1	
Input VAT	₱8,938,246
Deferred input VAT on capital goods	910,656
Beginning balance per VAT return	9,848,902
Current year's domestic purchases or payments for:	
Purchase of services	46,231,994
Capital goods not subject to amortization	27,799,310
Goods other than capital goods	2,734,486
VAT payments	12,580,282
Input VAT from capital goods not yet amortized	(423,332)
Total available input tax	98,771,642
Claims against output VAT	(72,336,446)
Deferred input VAT on capital goods, ending balance	423,332
Ending balance per VAT return	26,858,528
Deferred input VAT	205,248
At December 31	₱27,063,776

Customs Duties

The Parent Company does not engage in import/export transactions, hence, no customs duties were paid or recorded during the year.

Excise Tax

The Parent Company does not engage in transactions that will give rise to payment of excise taxes.

Documentary Stamp Tax

Documentary stamp tax paid during the year are as follows:

Related parties transactions	₱6,364,753
New office units	4,949,985
Others	328,669
	₱11,643,407

Others pertain to telegraphic transfer from bank transactions, insurance-related and other transactions entered during the year.

Other Taxes and Licenses

Other taxes paid during the year are as follows:

Business permit	₱2,396,961
Fringe benefit tax	1,410,204
Real property tax	67,662
Community tax	10,500
Others	286,793
	₱4,172,120



Withholding Taxes

The amount of taxes withheld in 2024 follows:

Withholding taxes on compensation and benefits	₱55,639,648
Expanded withholding taxes	34,575,823
Final withholding taxes	196,090
	<hr/>
	₱90,411,561
	<hr/>

Tax Assessments and Cases

As of December 31, 2024, the Parent Company has no outstanding final assessment notice from the BIR, nor does it have any pending tax cases outside the administration of the BIR.



VIVANT CORPORATION
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2024

Items	Amount
Unappropriated Retained Earnings, Beginning	₱1,000,520,159
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	
Reversal of Retained Earnings Appropriation/s	1,387,548,080
Effect of restatements or prior-period adjustments	—
Others	—
	<u>1,387,548,080</u>
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	571,088,839
Retained Earnings appropriated during the reporting period	1,800,000,000
Effect of restatements or prior-period adjustments	—
Others	—
	<u>2,371,088,839</u>
Unappropriated Retained Earnings, as adjusted	16,979,400
Add/Less: Net Income for the current year	905,461,015
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	—
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Unrealized fair value gain of Investment Property	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	(27,219,365)
Subtotal	<u>(27,219,365)</u>
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	—
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Realized fair value gain of Investment Property	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
Subtotal	<u>—</u>

(Forward)

Items	Amount
Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	P—
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Realized fair value gain of Investment Property	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
Subtotal	<u>—</u>
Adjusted Net Income/Loss	<u>—</u>
Add: Category D: Non-actual loss recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	—
Subtotal	<u>—</u>
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP	
Amortization of the effect of reporting relief	—
Total amount of reporting relief granted during the year	—
Others	—
	<u>—</u>
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares (except for reacquisition of redeemable shares)	—
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(5,399,619)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	—
Adjustment due to deviation from PFRS/GAAP – gain(loss)	—
Others	—
Subtotal	<u>(5,399,619)</u>
TOTAL RETAINED EARNINGS, END OF THE YEAR FOR DIVIDEND DECLARATION	<u>P889,821,431</u>



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Transaction Code:

AFS-0-7EKB5HCK06E799GEQPNV3PWV0BDJLK8CH

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Apr 09, 2025 11:04 AM

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eafs@bir.gov.ph <eafs@bir.gov.ph>
To: VIVANTCORPORATION@vivant.com.ph
Cc: VIVANTCORPORATION@vivant.com.ph

Wed, Apr 9, 2025 at 11:04 AM

Hi VIVANT CORPORATION,

Valid files

- EAFS242603734RPTTY122024.pdf
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- EAFS242603734AFSTY122024.pdf
- EAFS242603734OTHTY122024.pdf

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- <None>

Transaction Code: **AFS-0-7EKB5HCK06E799GEQPNV3PWV0BDJLK8CH**
Submission Date/Time: **Apr 09, 2025 11:04 AM**
Company TIN: **242-603-734**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



The following document has been received:

Receiving: ICTD ERMD

Receipt Date and Time: March 27, 2025 07:00:22 PM

Company Information

SEC Registration No.: 0000175222

Company Name: VIVANT CORPORATION

Industry Classification: J66940

Company Type: Stock Corporation

Document Information

Document ID: OST10327202583130059

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2024

Submission Type: Consolidated, Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

					1	7	5	2	2	2
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COMPANY NAME

V	I	V	A	N	T	C	O	R	P	O	R	A	T	I	O	N	A	N	D	S	U	B	S	I	D	I
A	R	I	E	S																						

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

9	t	h	F	l	o	o	r	O	a	k	r	i	d	g	e	I	T	C	e	n	t	e	r	3						
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			F	o	r	t	u	n	a	S	t	r	e	e	t	,		B	r	g	y	.		B	a	n	i	l	a	d
,			M	a	n	d	a	u	e	C	i	t	y	,		C	e	b	u	,		P	h	i	l	i	p	p	i	
n	e	s	6	0	1	4																								

Form Type

A	A	C	F	S
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Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
vivant@vivant.com.ph	(032) 234-2256	N/A
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,404	June 20	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Joan A. Giduquio-Baron	jbaron@jpgarcialaw.com	(032) 232-0253	0917-5356692

CONTACT PERSON'S ADDRESS

9th Floor Oakridge IT Center 2, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines, 6014

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.
2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of **VIVANT CORPORATION AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2024 and 2023, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


FRANCIS DAMASUS A. GARCIA
Chairman of the Board
ARLO ANGELO G. SARMIENTO
Chief Executive Officer
MINUEL CARMELA N. FRANCO
Group Chief Finance Officer

Signed this **27th** day of **March**, 2025.

REPUBLIC OF THE PHILIPPINES)
MANDAUE CITY) S.S.

ACKNOWLEDGMENT

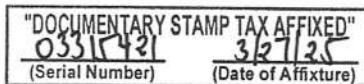
MAR 27 2025 BEFORE ME, a Notary Public for and in Mandaue City appeared on the following:

Name	Competent Evidence of Identification	
	Type/Number	Date of Expiry/ Place of Issue
FRANCIS DAMASUS A. GARCIA	Passport No. P0768103C	01 JUL 2032 / PCG San Francisco
ARLO ANGELO G. SARMIENTO	Passport No. P6592337A	28 MAR 2028 / DFA Cebu
MINUEL CARMELA N. FRANCO	Passport No. P9523819B	05 Apr 2032/DFA Manila

known to me and to me known to be the same persons who executed the foregoing instrument, and who acknowledged to me that the same is their true and voluntary act and deed and that of the Corporation which they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and in the place above given.

Doc. No. 4 ;
Page No. 2 ;
Book No. I ;
Series of 2025.



Althea Vergara Yungco
ALTHEA A. VERGARA YONGCO
Notary Public for and in the City of Mandaue and
Municipalities of Cordova, Consolacion,
Lilo-an, and Compostela, Cebu
Notarial Commission No. 2025-98 until December 31, 2026
Roll of Attorneys No. 72451
IBP Service Invoice No.: 481804; 12/09/2024
PTR No. 1395117; 01/14/2025; Cebu Province
MCLE Exemption No. VIII-BEP000278
Valid until April 14, 2028
2nd Floor One Centro Building, C. Ouano Street,
Centro, Mandaue City, Cebu, Philippines

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City, Cebu, Philippines 6014

Opinion

We have audited the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Accounting for the Investment in Visayan Electric Company, Inc. (VECO)

As disclosed in Notes 1 and 10 to the consolidated financial statements, the Group owns 34.81% of VECO, an associate engaged in power distribution services, as at December 31, 2023 and accounts for the investment under the equity method. The application of the equity method of accounting to the Group's investment in VECO is significant to our audit because the carrying value of the investment accounted for 6% of the consolidated total assets and its equity in net earnings contributed 44% to the consolidated net income of the Group as at and for the year ended December 31, 2024, respectively. VECO's net income is significantly affected by the electricity revenue which depends on the electric consumption captured, the rates applied across different customer groups, and the systems involved in the billing process. The electric consumption captured is based on the meter readings taken on various dates for the different groups of customers (i.e., industrial, commercial, and residential customers) within the franchise area of operation.

The disclosures relating to the investment in VECO are included in Note 10 to the consolidated financial statements.

Audit Response

We obtained the relevant financial information of VECO and recomputed the Group's share in the net income of VECO for the year ended December 31, 2024. We evaluated the design and tested the controls over VECO's billing and revenue process. These include the capture and accumulation of meter data in the billing system as well as a calculation of the billed amounts, and uploading of the billed amounts from the billing system to the financial reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in the billing statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

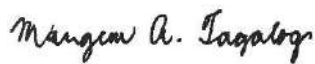
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Margem A. Tagalog.

SYCIP GORRES VELAYO & CO.



Margem A. Tagalog
Partner

CPA Certificate No. 0098098

Tax Identification No. 206-544-506

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-156-2024, October 2, 2024, valid until October 1, 2027

PTR No. 10465387, January 2, 2025, Makati City

March 21, 2025



VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023 (Restated)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	P4,789,149,921	P4,382,540,776
Trade and other receivables (Note 7)	1,799,335,635	1,647,660,999
Advances to associates and stockholders (Note 16)	104,097,107	162,204,796
Inventories - at cost (Note 8)	595,840,474	364,692,217
Prepayments and other current assets (Note 9)	907,115,027	778,251,105
Total Current Assets	8,195,538,164	7,335,349,893
Noncurrent Assets		
Investments in associates (Note 10)	11,219,286,328	10,595,855,907
Property, plant and equipment (Note 11)	9,025,459,481	8,400,675,915
Right-of-use assets (Note 24)	108,776,076	24,539,068
Investment properties (Note 12)	1,102,959,000	1,045,469,800
Deferred income tax assets - net (Note 20)	33,273,899	30,485,788
Other noncurrent assets (Note 13)	2,281,352,455	2,606,014,376
Total Noncurrent Assets	23,771,107,239	22,703,040,854
TOTAL ASSETS	P31,966,645,403	P30,038,390,747
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of trade and other payables (Note 14)	P1,938,829,128	P1,942,183,948
Current portion of long-term notes payable (Note 15)	229,522,887	210,300,979
Current portion of lease liabilities (Note 24)	21,466,995	17,928,869
Short term notes payable (Note 15)	1,076,000,000	1,963,546,959
Advances from related parties (Note 16)	50	2,350,050
Income tax payable	147,939,807	34,696,280
Total Current Liabilities	3,413,758,867	4,171,007,085
Noncurrent Liabilities		
Long-term notes payable - net of current portion (Note 15)	5,499,482,910	4,838,054,596
Lease liabilities - net of current portion (Note 24)	95,492,294	11,912,090
Pension liability (Note 19)	247,729,738	185,506,597
Deferred income tax liabilities - net (Note 20)	328,533,671	337,662,925
Other noncurrent liabilities - net of current portion (Notes 14 and 23)	861,499,544	844,587,453
Total Noncurrent Liabilities	7,032,738,157	6,217,723,661
Total Liabilities	10,446,497,024	10,388,730,746
Equity Attributable to Equity Holders of the Parent		
Capital stock - P1 par value (Note 21)		
Authorized - 2,000,000,000 shares		
Issued - 1,023,456,698 shares	1,023,456,698	1,023,456,698
Additional paid-in capital	8,339,452	8,339,452
Other components of equity:		
Share in remeasurement losses on employee benefits of associates (Note 10)	(125,169,500)	(125,169,500)

(Forward)



	December 31	
	2024	2023 (Restated)
Remeasurement gain (loss) on employee benefits (Note 19)	(₱95,882,899)	(₱79,876,405)
Unrealized valuation gain on financial assets at fair value through other comprehensive income (FVOCI)	4,643,039	51,053,039
Equity reserves (Note 21)	(30,252,298)	(30,252,298)
Retained earnings (Notes 10 and 21):		
Appropriated for business expansion	7,767,262,174	7,354,810,254
Unappropriated	11,507,811,991	10,089,924,381
Equity Attributable to Equity Holders of the Parent	20,060,208,657	18,292,285,621
Equity Attributable to Non-controlling Interests (Note 21)	1,459,939,722	1,357,374,380
Total Equity	21,520,148,379	19,649,660,001
TOTAL LIABILITIES AND EQUITY	₱31,966,645,403	₱30,038,390,747

See accompanying Notes to Consolidated Financial Statements.



VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023 (Restated)	2022
REVENUE			
Revenue from contracts with customers:			
Sale of power (Note 23):			
Generation	₱8,036,164,300	₱3,954,062,040	₱2,813,298,456
Retail electricity supply	1,436,457,998	1,112,675,663	633,488,002
Ancillary services	9,231,211	467,544,939	952,967,736
Management and service fees (Notes 16 and 23)	202,900,000	545,976,930	86,781,813
Engineering service income	38,700,715	17,208,763	30,887,803
	9,723,454,224	6,097,468,335	4,517,423,810
EQUITY IN NET EARNINGS OF ASSOCIATES (Note 10)	2,305,656,054	2,044,341,881	1,941,357,383
INTEREST INCOME (Notes 6 and 16)	172,592,773	123,006,939	60,071,043
	12,201,703,051	8,264,817,155	6,518,852,236
COSTS OF SERVICES			
Generation costs (Notes 17 and 23)	7,294,064,274	4,478,178,345	3,684,022,986
Engineering service fees (Note 17)	29,871,786	52,472,919	24,844,346
	7,323,936,060	4,530,651,264	3,708,867,332
OPERATING EXPENSES			
Salaries and employee benefits (Notes 18 and 19)	639,889,951	414,809,133	390,186,858
Outside services	256,683,812	102,578,608	19,760,683
Professional fees (Note 16)	192,819,317	100,068,964	167,109,166
Taxes and licenses (Note 12)	137,813,727	101,499,369	78,756,067
Depreciation and amortization (Notes 11, 13 and 24)	74,127,507	63,488,151	54,012,303
Travel	68,147,869	47,517,479	29,627,897
Management fees (Note 16)	23,844,444	43,843,882	29,219,324
Communication and utilities	16,486,017	13,208,805	13,405,697
Rent and association dues	12,566,598	5,286,490	6,465,080
Representation	10,964,589	14,949,673	14,883,489
Other operating expenses (Note 17)	167,052,568	102,031,954	89,483,412
	1,600,396,399	1,009,282,508	892,909,976
INCOME FROM OPERATIONS	3,277,370,592	2,724,883,383	1,917,074,928
OTHER INCOME (CHARGES)			
Finance costs on loans (Note 15)	(431,396,575)	(363,678,611)	(259,880,671)
Rent income (Notes 11, 16 and 12)	84,172,352	14,147,457	2,453,687
Unrealized gain on fair value remeasurement of investment properties (Note 12)	57,489,200	121,433,200	60,394,600
Loss on disposal of a subsidiary (Note 1)	(36,910,784)	–	–
Finance costs on lease liabilities (Note 24)	(8,500,565)	(1,108,626)	(10,826,959)
Unrealized foreign exchange gains (losses) - net	2,855,387	(9,673,851)	53,842,288
Gain on fair value measurement of associates (Note 13)	–	69,189,016	–
Gain on bargain purchase (Note 13)	–	36,325,297	–
Other income - net (Notes 11, 12 and 17)	58,720,467	(13,104,163)	31,230,724
	(273,570,518)	(146,470,281)	(122,786,331)

(Forward)



	Years Ended December 31		
	2024	2023 (Restated)	2022
INCOME BEFORE INCOME TAX	₱3,003,800,074	₱2,578,413,102	₱1,794,288,597
PROVISION FOR INCOME TAX (Note 20)	380,140,242	172,870,310	89,561,479
NET INCOME	2,623,659,832	2,405,542,792	1,704,727,118
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in future periods:			
Remeasurement gain (loss) on employee benefits (Note 19)	(20,806,050)	(104,392,805)	11,157,022
Income tax effect	4,262,556	16,390,977	(2,511,242)
	(16,543,494)	(88,001,828)	8,645,780
Unrealized valuation gain on financial assets at FVOCI (Note 13)	–	28,865,324	25,734,676
Income tax effect	–	(4,329,799)	(3,860,201)
	–	24,535,525	21,874,475
Share in the remeasurement gains (losses) on employee benefits of associates, net of tax (Note 10)	–	(31,585,867)	–
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(16,543,494)	(95,052,170)	30,520,255
TOTAL COMPREHENSIVE INCOME	₱2,607,116,338	₱2,310,490,622	₱1,735,247,373
NET INCOME			
Attributable to:			
Equity holders of the parent	₱2,355,018,369	₱2,295,804,486	₱1,595,263,961
Non-controlling interests	268,641,463	109,738,306	109,463,157
	₱2,623,659,832	₱2,405,542,792	₱1,704,727,118
TOTAL COMPREHENSIVE INCOME			
Attributable to:			
Equity holders of the parent	₱2,339,011,875	₱2,201,753,746	₱1,624,319,369
Non-controlling interests	268,104,463	108,736,876	110,928,004
	₱2,607,116,338	₱2,310,490,622	₱1,735,247,373
EARNINGS PER SHARE			
Basic and diluted, for net income for the year attributable to equity holders of the parent (Note 22)			
	₱2.301	₱2.243	₱1.559

See accompanying Notes to Consolidated Financial Statements.



VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Equity Attributable to Equity Holders of the Parent										
	Capital Stock (Note 21)	Additional Paid-in Capital	Share in Remeasurement Losses on Employee Benefits of Associates	Remeasurement Gain (Loss) on Employee Benefits	Unrealized Valuation Gain (Loss) on Financial Assets at FVOCI	Equity Reserves	Retained Earnings (Note 21)		Total	Equity Attributable to Non-Controlling Interests	Total Equity
							Appropriated	Unappropriated			
Balances at January 1, 2024	P1,023,456,698	P8,339,452	(P125,169,500)	(P79,876,405)	P51,053,039	(P30,252,298)	P7,354,810,254	P10,078,329,275	P18,280,690,515	P1,357,374,380	P19,638,064,895
Finalization of accounting for business acquisition (Note 13)	-	-	-	-	-	-	-	11,595,106	11,595,106	-	11,595,106
Balances at January 1, 2024, as restated	P1,023,456,698	P8,339,452	(P125,169,500)	(P79,876,405)	P51,053,039	(P30,252,298)	P7,354,810,254	P10,089,924,381	P18,292,285,621	P1,357,374,380	P19,649,660,001
Total comprehensive income	-	-	-	(16,006,494)	-	-	-	2,355,018,369	2,339,011,875	268,104,463	2,607,116,338
Appropriation for business expansion	-	-	-	-	-	-	1,800,000,000	(1,800,000,000)	-	-	-
Reversal of appropriation for business expansion	-	-	-	-	-	-	(1,387,548,080)	1,387,548,080	-	-	-
Disposal of a subsidiary (Note 1)	-	-	-	-	-	-	-	-	-	58,460,879	58,460,879
Disposal of investment measured at FVOCI (Note 13)	-	-	-	-	(46,410,000)	-	-	46,410,000	-	-	-
Cash dividends	-	-	-	-	-	-	-	(571,088,839)	(571,088,839)	(224,000,000)	(795,088,839)
Balances at December 31, 2024	P1,023,456,698	P8,339,452	(P125,169,500)	(P95,882,899)	P4,643,039	(P30,252,298)	P7,767,262,174	P11,507,811,991	P20,060,208,657	P1,459,939,722	P21,520,148,379
Balances at January 1, 2023	P1,023,456,698	P8,339,452	(P94,016,067)	P7,123,993	P26,517,514	(P25,128,554)	P6,820,897,482	P8,727,306,176	P16,494,496,694	P1,414,199,094	P17,908,695,788
Total comprehensive income, as previously reported	-	-	(31,585,867)	(87,000,398)	24,535,525	-	-	2,284,209,380	2,190,158,640	108,736,876	2,298,895,516
Finalization of accounting for business acquisition (Note 13)	-	-	-	-	-	-	-	11,595,106	11,595,106	-	11,595,106
Total comprehensive income, as restated	-	-	(31,585,867)	(87,000,398)	24,535,525	-	-	2,295,804,486	2,201,753,746	108,736,876	2,310,490,622
Appropriation for business expansion	-	-	-	-	-	-	2,400,000,000	(2,400,000,000)	-	-	-
Reversal of appropriation for business expansion	-	-	-	-	-	-	(1,866,087,228)	1,866,087,228	-	-	-
Acquisition of noncontrolling interests	-	-	-	-	-	(5,123,744)	-	-	(5,123,744)	(164,501,590)	(169,625,334)
Transfer of accumulated share in other comprehensive income of joint ventures upon step-acquisition (Note 10)	-	-	432,434	-	-	-	-	(432,434)	-	-	-
Cash dividends	-	-	-	-	-	-	-	(398,841,075)	(398,841,075)	(1,060,000)	(399,901,075)
Balances at December 31, 2023	P1,023,456,698	P8,339,452	(P125,169,500)	(P79,876,405)	P51,053,039	(P30,252,298)	P7,354,810,254	P10,089,924,381	P18,292,285,621	P1,357,374,380	P19,649,660,001
Balances at January 1, 2022	P1,023,456,698	P8,339,452	(P94,016,067)	(P56,940)	P4,643,039	(P25,128,554)	P6,198,363,882	P8,198,858,365	P15,314,459,875	P1,063,833,603	P16,378,293,478
Total comprehensive income	-	-	-	7,180,933	21,874,475	-	-	1,595,263,961	1,624,319,369	110,928,004	1,735,247,373
Appropriation for business expansion	-	-	-	-	-	-	2,250,000,000	(2,250,000,000)	-	-	-
Reversal of appropriation for business expansion	-	-	-	-	-	-	(1,627,466,400)	1,627,466,400	-	-	-
Additional investments of non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	248,037,487	248,037,487
Cash dividends	-	-	-	-	-	-	-	(444,282,550)	(444,282,550)	(8,600,000)	(452,882,550)
Balances at December 31, 2022	P1,023,456,698	P8,339,452	(P94,016,067)	P7,123,993	P26,517,514	(P25,128,554)	P6,820,897,482	P8,727,306,176	P16,494,496,694	P1,414,199,094	P17,908,695,788

See accompanying Notes to Consolidated Financial Statements.



VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023 (Restated)	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱3,003,800,074	₱2,578,413,102	₱1,794,288,597
Adjustments for:			
Equity in net earnings of associates (Note 10)	(2,305,656,054)	(2,044,341,881)	(1,941,357,383)
Depreciation and amortization (Notes 11, 13, and 24)	638,596,730	537,675,565	430,230,964
Finance costs on loans (Note 15)	431,396,575	363,678,611	259,880,671
Interest income (Note 6)	(172,592,773)	(123,006,939)	(60,071,043)
Unrealized gain on fair value remeasurement of investment properties (Note 12)	(57,489,200)	(121,433,200)	(60,394,600)
Pension expense (Note 19)	47,994,586	22,261,768	20,731,159
Loss on disposal of a subsidiary (Notes 1 and 10)	36,910,784	–	–
Finance costs on lease liabilities (Note 24)	8,500,565	1,108,626	10,826,959
Gain on disposal of property and equipment (Note 17)	(3,782,805)	(650,300)	(639,207)
Unrealized foreign exchange loss (gains)	(2,855,387)	9,673,851	(53,842,288)
Gain on fair value remeasurement of associates (Note 13)	–	(69,189,016)	–
Gain on bargain purchase (Note 13)	–	(36,325,297)	–
Non-cash donation expense (Note 11)	–	–	8,482,143
Operating income before working capital changes	1,624,823,095	1,117,864,890	408,135,972
Decrease (increase) in:			
Trade and other receivables	(217,418,124)	477,966,796	(510,762,517)
Inventories	(225,003,766)	26,802,524	(25,045,097)
Prepayments and other current assets	(138,020,687)	(238,018,513)	(121,272,673)
Increase (decrease) in trade and other payables	290,360,409	(780,116,821)	376,164,748
Net cash generated from operations	1,334,740,927	604,498,876	127,220,433
Interest paid	(435,993,704)	(262,129,493)	(281,763,405)
Income taxes paid	(274,677,597)	(133,301,800)	(94,273,379)
Contributions to the retirement fund (Note 19)	(6,200,962)	(6,718,787)	(6,755,102)
Benefits paid out of operating funds (Note 19)	–	(327,000)	(83,571)
Net cash flows from (used in) operating activities	617,868,664	202,021,796	(255,655,024)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates (Note 10)	1,682,225,633	1,788,544,553	1,375,935,658
Additions to property, plant and equipment (Note 11)	(1,210,204,558)	(1,678,727,744)	(2,610,405,413)
Proceeds from:			
Disposal of financial assets at FVOCI (Note 13)	355,809,875	–	–
Disposal of property, plant and equipment (Note 11)	4,794,331	650,300	1,960,320
Increase in other noncurrent assets	(201,525,537)	(595,496,058)	(58,417,375)
Interest received	180,656,575	111,720,696	56,534,070
Cash in subsidiary whose control was lost (Note 1)	(30,447,472)	–	–
Additional investments and advances to associates and joint ventures (Note 10)	–	(251,169,255)	(68,400,000)

(Forward)



	Years Ended December 31		
	2024	2023	2022
Net cash outflow from business combinations (Note 13)	₱-	(₱3,035,775)	₱-
Additions to financial assets at FVOCI (Note 13)	-	-	(270,000,000)
Net cash flows used in investing activities	781,308,847	(627,513,283)	(1,572,792,740)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans (Note 15)	963,154,790	1,785,384,762	1,663,345,070
Payments of:			
Loans (Note 15)	(1,179,140,432)	(1,450,528,534)	(353,477,270)
Cash dividends (Note 21)	(794,232,899)	(401,876,299)	(451,479,873)
Lease liabilities (Note 24)	(33,786,786)	(17,474,599)	(76,233,373)
Net proceeds (payments) of advances from related parties	48,581,574	73,466,973	(12,254,278)
Acquisition of noncontrolling interests (Note 21)	-	(64,623,415)	-
Additional investments and deposits for future stock subscriptions of non-controlling interests of a subsidiary (Note 21)	-	-	248,037,487
Net cash flows from (used in) financing activities	(995,423,753)	(75,651,112)	1,017,937,763
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	403,753,758	(501,142,599)	(810,510,001)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,855,387	(9,673,851)	53,842,288
TOTAL CASH AT BEGINNING OF YEAR			
Cash and cash equivalents (Note 6)	4,382,540,776	4,893,357,226	5,650,024,939
Restricted cash (Notes 9 and 13)	2,003,880	2,003,880	2,003,311
	4,384,544,656	4,895,361,106	5,652,028,250
TOTAL CASH AT END OF YEAR			
Cash and cash equivalents (Note 6)	4,789,149,921	4,382,540,776	4,893,357,226
Restricted cash (Notes 9 and 13)	29,242,364	2,003,880	2,003,880
	₱4,818,392,285	₱4,384,544,656	₱4,895,361,106

See accompanying Notes to Consolidated Financial Statements.



VIVANT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Vivant Corporation (the “Parent Company” or “Vivant”) was incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on May 28, 1990. The Parent Company is listed in the Philippine Stock Exchange using the symbol VVT. Vivant is the ultimate parent of the Group.

The Parent Company’s primary purpose is to invest in and manage the general business of any other corporation or corporations except management of fund securities portfolios and other similar assets of a managed entity.

The Parent Company is owned by Mai-I Resources Corporation (MRC) and JEG Development Corporation (JDC) with a combined ownership of 75.84%. MRC and JDC are entities incorporated and domiciled in the Philippines.

The Parent Company and its Subsidiaries (collectively referred to as the Group) are engaged in various business activities, through its subsidiaries and affiliates, namely electric power generation (both renewable and non-renewable energy), electric power distribution, retail electricity supply, electrical engineering services, water infrastructure and real estate.

The principal office address of the Parent Company is currently located at 9th Floor Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Barangay Banilad, Mandaue City, Cebu.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries and associates, all incorporated in the Philippines, as at December 31, 2024 and 2023:

	2024		2023	
	Percentage of Ownership			
	Direct	Indirect	Direct	Indirect
Subsidiaries				
Hijos De F. Escaño (HDFE)	50.94	–	50.94	–
Southern Grove Properties and Development Corp. (SGPDC)	100.00 ⁽ⁿ⁾	–	100.00 ⁽ⁿ⁾	–
Vivant Realty Ventures Corporation (VRVC)	–	100.00 ^{(q) (r)}	–	100.00 ^{(q) (r)}
Vivant Corporate Center, Inc. (VCCI)	–	100.00 ^{(q) (w)}	–	100.00 ^{(q) (w)}
Vivant Infracore Holdings Inc. (VIHI)	100.00 ^(v)	–	100.00 ^(v)	–
Vivant Hydrocore Holdings Inc. (VHHI)	–	100.00 ^{(y) (bb)}	–	100.00 ^{(y) (bb)}
Vivant Transcore Holdings Inc. (VTHI)	–	100.00 ^{(y) (bb)}	–	100.00 ^{(y) (bb)}
Isla Mactan Cordova Corporation (IMCC)	–	100.00 ^{(p) (cc)}	–	100.00 ^{(p) (cc)}
Watermatic Philippines Corporation (WMP)	–	–	–	60.00 ^{(z) (cc)}
Watermatic Southeast Asia, Ltd. (WMP SEA)	–	–	–	60.00 ^{(cc) (ff)}
Northern Metro Cebu Water Corporation (NMCWC)	–	100.00 ^{(cc) (jj)}	–	100.00 ^{(cc) (jj)}
Bantayan Island Water Solutions Corporation (BIWSC)	–	100.00 ^{(bb) (uu)}	–	–
Isla Busuanga Water Corporation (IBWC)	–	100.00 ^{(bb) (uu)}	–	–
Western Cebu Water Services Corporation (WCWSC)	–	100.00 ^{(bb) (uu)}	–	–
Vivant Energy Corporation (VEC)	100.00	–	100.00	–
Vivant Integrated Generation Corporation (VIGC)	–	100.00 ^(a)	–	100.00 ^(a)
Vivant Geo Power Corp. (VGPC)	–	100.00 ^{(b) (g)}	–	100.00 ^{(b) (g)}
Delta P Hybrid, Inc. (DPHI; formerly Vivant Isla Inc.)	–	100.00 ^{(a) (h)}	–	100.00 ^{(a) (h)}
Vivant Renewable Energy Corporation (VREC)	–	100.00 ^{(a) (f)}	–	100.00 ^{(a) (f)}

(Forward)



	2024		2023	
	Percentage of Ownership			
	Direct	Indirect	Direct	Indirect
Corenergy Inc. (Core)	–	100.00 ^(a)	–	100.00 ^(a)
Vivant Integrated Diesel Corporation (VIDC)	–	100.00 ^{(a)(i)}	–	100.00 ^{(a)(i)}
Isla Norte Power Corp. (INPC)	–	100.00 ^{(e)(mm)}	–	100.00 ^{(e)(mm)}
Southern Powercore Holding Corp. (SPHC)	–	100.00 ^{(b)(s)}	–	100.00 ^{(b)(s)}
Amberdust Holding Coproration (AHC)	–	100.00 ^{(a)(d)}	–	100.00 ^{(a)(d)}
Vivant-Malogo Hydropower, Inc. (VMHI)	–	67.00 ^(a)	–	67.00 ^(a)
1590 Energy Corp. (1590 EC)	–	55.20 ^(a)	–	55.20 ^(a)
Vivant Solar Corporation (VSC)	–	100.00 ^{(a)(x)}	–	100.00 ^{(a)(x)}
Corenergy Solar Solutions Corporation (CSSC)	–	100.00 ^{(a)(d)}	–	100.00 ^{(a)(d)}
Bukidnon Power Corporation (BPC)	–	90.00 ^{(gg)(ii)}	–	90.00 ^{(gg)(ii)}
North Bukidnon Power Corporation (NBPC)	–	90.00 ^{(hh)(ii)}	–	90.00 ^{(hh)(ii)}
Calamian Islands Power Corp. (CIPC)	–	100.00 ^(a)	–	100.00 ^(a)
Delta P, Inc. (Delta P)	–	100.00 ^(a)	–	100.00 ^(a)
La Pampanga Energy Corp (LPEC)	–	100.00 ^{(a)(l)}	–	100.00 ^{(a)(l)}
Culna Renewable Energy Corp. (CREC)	–	100.00 ^{(b)(tu)}	–	100.00 ^{(b)(tu)}
San Ildefonso Alternative Energy Corp (SIAEC)	–	100.00 ^{(a)(nn)}	–	100.00 ^{(a)(nn)}
Meridian Power, Inc. (MPI)	–	100.00 ^{(a)(oo)}	–	100.00 ^{(a)(oo)}
San Pablo Renewable Energy Corp (SPREC)	–	100.00 ^{(a)(pp)}	–	100.00 ^{(a)(pp)}
Spark Grid Corp (SGC)	–	100.00 ^{(a)(qq)}	–	100.00 ^{(a)(qq)}
Adequate Power, Inc. (API)	–	100.00 ^{(a)(rr)}	–	100.00 ^{(a)(rr)}
Avant Energy Corp (AEC)	–	100.00 ^{(a)(ss)}	–	100.00 ^{(a)(ss)}
Bai Energy Corp (BEC)	–	100.00 ^{(a)(tt)}	–	100.00 ^{(a)(tt)}
SolEnergy Generation Corp (SEGC)	–	100.00 ^{(a)(m)}	–	100.00 ^{(a)(m)}
South Cebu Energy Corp. (SCEC)	–	100.00 ^{(a)(j)}	–	100.00 ^{(a)(j)}
Bohol Renewable Power Corp. (BRPC)	–	100.00 ^{(a)(vv)}	–	–
Vivant Solenergy Cebu Corp. (VSCC)	–	100.00 ^{(a)(ww)}	–	–
Vivant Solenergy Ubay Corp. (VSUC)	–	100.00 ^{(a)(ww)}	–	–
One Solar Energy Aglao Corp. (OSAC)	–	100.00 ^{(a)(xx)}	–	–
Vivant Vienergy Antique Corp. (VVAC)	–	100.00 ^{(a)(yy)}	–	–
Associates				
Visayan Electric Company, Inc. (VECO)	34.81	–	34.81	–
Prism Energy, Inc. (PEI)	–	40.00 ^(a)	–	40.00 ^(a)
Abovant Holdings, Inc. (AHI)	–	40.00 ^(c)	–	40.00 ^(c)
Cebu Private Power Corporation (CPPC)	–	40.00 ^(a)	–	40.00 ^(a)
Minergy Power Corporation (MPC)	–	40.00 ^(c)	–	40.00 ^(c)
Therma Visayas, Inc. (TVI)	–	20.00 ^(c)	–	20.00 ^(c)
Lunar Power Core Inc. (LPCI)	–	42.50 ^{(c)(k)}	–	42.50 ^{(c)(k)}
Global Luzon Energy Development Corporation (GLEDC)	–	42.50 ^{(c)(o)}	–	42.50 ^{(c)(o)}
Lihangin Wind Energy Corp (LWEC)	–	40.00 ^{(b)(aa)}	–	40.00 ^{(b)(aa)}
Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS)	–	45.00 ^{(cc)(dd)}	–	45.00 ^{(cc)(dd)}
Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC)	–	40.31 ^{(kk)(ll)}	–	40.31 ^{(kk)(ll)}

- a. Indirect ownership through VEC
- b. Indirect ownership through VREC
- c. Indirect ownership through VIGC
- d. Incorporated January 11, 2017. Ownership interest in CSSC is through VSC.
- e. Indirect ownership through VIDC.
- f. Incorporated on January 8, 2010. .
- g. Incorporated on April 23, 2014
- h. Incorporated on July 11 2014. .
- i. Incorporated on August 7, 2015
- j. Incorporated May 23, 2023
- k. Incorporated on June 10, 2016
- l. Incorporated on May 26, 2016. .
- m. Incorporated June 21, 2023
- n. Incorporated on December 8, 2004
- o. Incorporated on January 31, 2013. Ownership interest in GLEDC is through LPCI.
- p. Incorporated on August 14, 2020
- q. Indirect ownership through SGPDC
- r. Incorporated May 19, 2017
- s. Incorporated April 20, 2017
- t. Incorporated August 16, 2017



	2024		2023	
	Percentage of Ownership			
	Direct	Indirect	Direct	Indirect
<i>u. Incorporated April 12, 2017</i>				
<i>v. Incorporated December 18, 2018</i>				
<i>w. Incorporated October 10, 2018.</i>				
<i>x. Incorporated April 4, 2018.</i>				
<i>y. Incorporated May 20, 2019</i>				
<i>z. Incorporated July 23, 2019. The Group divested in WMP on October 11, 2024.</i>				
<i>aa. Incorporated January 24, 2017.</i>				
<i>bb. Indirect ownership through VHI</i>				
<i>cc. Indirect ownership through VHI.</i>				
<i>dd. Incorporated August 31, 2018</i>				
<i>ee. Incorporated on July 1, 2021. The Group divested in WMP SEA on October 11, 2024.</i>				
<i>ff. Indirect ownership through WMP.</i>				
<i>gg. Incorporated September 23, 2014</i>				
<i>hh. Incorporated October 10, 2016</i>				
<i>ii. Indirect ownership through AHC</i>				
<i>jj. Incorporated March 18, 2021</i>				
<i>kk. Incorporated November 8, 2018</i>				
<i>ll. Indirect ownership through FLOWS</i>				
<i>mm. Incorporated February 14, 2022</i>				
<i>nn. Incorporated February 18, 2016.</i>				
<i>oo. Incorporated April 11, 2023. Changed its Corporate name from Central Cebu Transitional Power Corporation.</i>				
<i>pp. Incorporated March 29, 2023</i>				
<i>qq. Incorporated April 12, 2023.</i>				
<i>rr. Incorporated June 7, 2023.</i>				
<i>ss. Incorporated May 17, 2023.</i>				
<i>tt. Incorporated June 13, 2023</i>				
<i>uu. Incorporated July 9, 2024</i>				
<i>vv. Incorporated March 21, 2022</i>				
<i>ww. Incorporated December 10, 2024</i>				
<i>xx. Incorporated November 28, 2024</i>				
<i>yy. Incorporated November 29, 2024</i>				

Subsidiaries

The subsidiaries are all incorporated in the Philippines. Except for 1590 EC, VMHI, INPC, BPC, NBPC, Core, CSSC, Delta P, CIPC, SIAEC, MPI, LPEC, CREC, IMCC and NMCWC, all subsidiaries are also operating as holding and investing companies, which are primarily engaged in power generation and distribution, and water infrastructure. 1590 EC is operating a diesel power plant, while VMHI is in its pre-operating stage of building a hydro power plant in Silay, Negros Occidental. INPC is operating a diesel power plant in Bantayan, Cebu. BPC and NBPC are operating diesel-fired power plants in Bukidnon. Core is operating as a retail electricity supplier and engineering services provider. Delta P is operating an oil-fired power generation plant in Puerto Princesa, Palawan. CIPC is operating diesel-fired power generation plants in Coron and Busuanga. SIAEC is in its development stage of solar plant facility in Bulacan. MPI is operating an oil-fired power plant in Cebu. LPEC is in its pre-operating stage of building an oil-fired plant in Pampanga. CREC is in its pre-operating stage of building hybrid facilities in Culion and Linapacan islands. IMCC and NMCWC are in its pre-operating stage of building a seawater desalination facility.

The following sets out brief information of the Parent Company’s subsidiaries and associates:

HDFE

HDFE was incorporated on December 24, 1926, which registration was renewed for another 50 years effective November 26, 1974. The primary purpose of HDFE is to invest in, hold, own, purchase, acquire, lease, contract, operate, improve, develop, grant, sell, exchange, or otherwise dispose of real and personal properties of every kind and description including shares of stocks, bonds and other securities or evidence of indebtedness of any other corporation, association, firm, or entity, domestic or foreign, where necessary or appropriate, and to process and exercise in respect thereof of all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, without acting as, or engaging in the business of an investment company, or dealer or broker in



securities. On June 26, 2012, the SEC approved the latest renewal of the HDFE's registration for another 25 years effective April 2, 2023, or until April 2, 2038.

SGPDC

SGPDC was incorporated on December 8, 2004 with a primary purpose to invest in, purchase, or otherwise acquire and own, hold, develop, use, sell, lease, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description for whatever purpose the same may have been organized. It has also direct equity shareholdings in VRVC and VCCI, both real estate companies.

On March 5, 2015, during the Special Stockholders' Meeting and Special Board Meeting, the stockholders and BOD approved that one of SGPDC's secondary purposes is to conduct and transact any and all lawful business, and to do or cause to be done any one or more of the acts and things set forth as its purposes, within or without the Philippines, and in any and all foreign countries, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers of the Company under the Corporation Code of the Philippines, or which shall at any time appear conducive to or expedient for its protection or benefit. These amendments made in SGPDC's Articles of Incorporation (AOI) were approved by the SEC on October 8, 2015.

On January 6, 2016, the SEC approved the amendment to its AOI changing its name from VC Ventures Net, Inc. to Southern Grove Properties and Development Corp. and its primary purpose is to engage in real estate business, to hold, construct, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of all kinds of real property or to act as real estate broker for such fees as may be legal and proper.

VRVC

VRVC was incorporated on May 19, 2017. Its primary purpose is to engage in the real estate business. On July 3, 2017, VRVC purchased from HDFE, a company under common control, a parcel of land located at M.J. Cuenco Ave., Tinago Central, Barangay San Roque, Cebu City amounting to ₱27.9 million, with the intention of holding the land for capital appreciation. As of December 31, 2024, VRVC is recognizing rental income from the purchased investment property (see Note 12).

VCCI

VCCI was incorporated on October 10, 2018 and its primary purpose is to engage in the real estate business. As of December 31, 2024, VCCI has not yet started its operations.

VIHI

VIHI was incorporated on December 18, 2018 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2024, VIHI is operating as a holding company for VTHI and VHHI.



VHHI

VHHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2024, VHHI is operating as a holding company for IMCC, NMCWC, and FLOWS, a holding company.

VTHI

VTHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2024, VTHI has not yet started its operations.

IMCC

IMCC was incorporated on August 14, 2020 and its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, wastewater treatment facility and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.

As of December 31, 2024, IMCC is at its testing and commissioning phase.

WMP

WMP was incorporated on July 23, 2019 as a water treatment engineering company primarily engaged in the design, supply (which includes detailed design, procurement, and assembly), installation, commission, operation and maintenance of water treatment and wastewater treatment plant to be owned by WMP or for third parties. WMP also engages into bulk water supply agreements using water sourced from ground water, surface water, or desalinated water. WMP has started its operations in 2020.

In 2024, the Group entered into a Share Sale and Purchase Agreement with Watermatic International Ltd. (WMI) resulting in the derecognition of the Company's total investment in WMP amounting to ₱63.9 million, which represents 31,875,000 common shares with par value of ₱1 per share for a total consideration of ₱31.9 million, along with goodwill and non-controlling interest amounting to ₱82.4 million and ₱58.5 million, respectively. As a result, the Company recognized a loss from the disposal amounting to ₱36.9 million.

WMP SEA

WMP SEA, a wholly-owned subsidiary of WMP, was incorporated on July 1, 2021 according to the Companies Law 5769-1999, as a limited liability company under the laws of the Republic of Israel. Its primary purpose is to buy and sell products for wastewater and wastewater treatment projects. In 2024, the Company derecognized its interest in WMP SEA, along with its divestment in WMP.



NMCWC

NMCWC was incorporated and registered with the SEC on March 18, 2021. Its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, wastewater treatment facility, and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers. As of December 31, 2024, NMCWC has not yet started operations.

The registered office of the Company is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Philippines.

BIWSC

BIWSC was incorporated on July 9, 2024. Its primary purpose is to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, ground water treatment facilities, seawater desalination plants, and wastewater treatment facilities, water infrastructure and related facilities; and in furtherance of this purpose, to build, finance, operate, and maintain the same; to sell and distribute treated water to residential, commercial, government, and institutional customers; and to sell bulk water to water districts and/or private entities. Provided that the corporation shall only engage in activities within the limits allowed by law. As of December 31, 2024, BIWSC has not yet started its operations.

The registered office of BIWSC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

IBWC

IBWC was incorporated on July 9, 2024. Its primary purpose is to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, ground water treatment facilities, seawater desalination plants, and wastewater treatment facilities; and in furtherance of this purpose, to hire the services of professionals and duly licensed engineers to plan, and layout various water infrastructure and related facilities, as well as to build, finance, operate and maintain the same; to sell and distribute treated water to residential, commercial, government and institutional customers; and to sell bulk water to water districts and/or private entities. As of December 31, 2024, IBWC has not yet started its operations.

The registered office of IBWC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

WCWSC

WCWSC was incorporated on July 9, 2024. Its primary purpose is to engage in, conduct, and carry on the business of water distribution systems, surface water treatment facilities, ground water treatment facilities, seawater desalination plants, and wastewater treatment facilities; and in furtherance of this purpose, to hire the services of professionals and duly licensed engineers to plan, and layout various water infrastructure and related facilities, as well as to build, finance, operate and maintain the same; to sell and distribute treated water to residential, commercial, government and institutional customers; and to sell bulk water to water districts and/or private entities.

As of December 31, 2024, WCWSC has not yet started its operations.

The registered office of WCWSC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.



VEC

VEC was incorporated on January 25, 2005 and its primary purpose is to establish, maintain and operate power plants of any kind and such other sources that may be a viable source of electric light, heat and power system and to sell to the general public, electricity as the corporation may determine. VEC currently exists as a holding company with direct equity shareholdings in CPPC, Delta P, 1590 EC, CIPC, VMHI, TVI, DPHI, INPC, LPEC, and VIDC, entities engaged in the power generation business, and PEI and Core, entities engaged in the retail electricity supply. Core is also engaged in engineering services. VEC also has direct equity shareholdings on holding entities namely VIGC and VREC.

VIGC

VIGC was incorporated on November 5, 2008 with the primary purpose of holding investments in power generation companies. It has direct equity shareholdings in MPC, TVI and LPCI, entities engaged in the power generation business and AHI, a holding entity.

VGPC

VGPC was incorporated on April 23, 2014. Its primary purpose is to establish, maintain, own, and operate geothermal, thermal, hydroelectric, solar, wind, coal, diesel power plants and such other sources that may be viable source of electric light, heat and power system and to sell and/or trade electricity for light, heat and power purposes within cities, municipalities and provinces of the Philippines as the corporation may determine and enter into business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2024, VGPC is still in the pre-operating stage.

DPHI

DPHI, formerly VII, was incorporated on July 11, 2014. Its primary purpose is to engage in business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, constructing, holding, and selling power generation facilities and related facilities, or any other business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2024, DPHI is still in the pre-operating stage.

On February 16, 2022, the application to change the name of VII to Delta P Hybrid, Inc. was approved by the SEC.

VREC

VREC was incorporated on January 8, 2010 with the primary purpose of holding investments in power generation companies. On October 2, 2015, the SEC approved its application for change in corporate name from Vics Bakun Holdings Corporation to VREC. It also has direct equity shareholdings in VGPC, SPHC, AHC, VSC, CREC, and LWEC as of December 31, 2024.

Core

Core was incorporated on December 14, 2012. Its primary purpose is to buy, source and obtain electricity from generating companies or from the wholesale electricity spot market to sell, broker, market or aggregate electricity to the end-users, to provide services necessary in connection with the supply or delivery of electricity thereof, distribution utilities and other entities in the electric systems by a duly licensed electrical engineer, the conduct of energy examinations, inspections, assessments, maintenance, testing and commissioning, as amended dated May 31, 2019.

As of December 31, 2024, Core has entered into retail supply contracts and engineering service contracts with various customers.



VIDC

VIDC was incorporated on August 7, 2015. Its primary purpose is to establish, maintain, acquire, own, hold, and operate diesel powered generating facilities. As of December 31, 2024, VIDC is the holding company of INPC.

INPC

Isla Norte Power Corporation (INPC) was incorporated on February 14, 2022, and carried on the operations of Isla Norte Energy Corporation after the merger of said entity with INPC was approved by the SEC on December 29, 2022. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power purposed within the cities, municipalities, and provinces of the Philippines.

In 2023, VEC and VIDC acquired the remaining interest of Gigawatt Power, Inc. (GPI) in INPC for a total consideration of ₱169.6 million, resulting in 100% ownership by the Group in INPC (see Note 21).

The registered office of INPC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

SPHC

SPHC was incorporated on April 20, 2017. Its primary purpose is to engage in the business of holding investments in power generation companies. As of December 31, 2024, SPHC has not yet started its commercial operations.

The registered office of SPHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

AHC

AHC was incorporated on August 16, 2017. Its primary purpose is to engage in the business of a holding company. As of December 31, 2024, AHC is the holding company of BPC and NBPC.

In May 2021, AHC in partnership with VEC acquired 9% ownership in BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively. Further, AHC acquired 9% ownership in NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

On June 28, 2021, VREC assigned its 45,000 common shares in AHC with par value of ₱1.00 per share to VEC.

The registered office of AHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

VMHI

VMHI was incorporated on June 8, 2012. Its primary purpose is to engage in the business of owning, acquiring, operating, generating, collecting and distributing electricity.

VMHI is in its starting phase or pre-operational stage as a power generating entity that will implement a greenfield power plant project, involving the construction and operation of a series of run-of-river hydropower facility in Barangay Capitan Ramon in Silay City, Negros Occidental.



VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a six (6) MW power plant facility along the Malogo river. The project has concluded its detailed engineering design. A tender process is underway for the construction to coincide with the project timetable, but subject to adjustments that may be brought about by regulations from the grid system operator.

On March 8, 2017, bidding for the award of the Engineering, Procurement, Construction and Commissioning (“EPCC”) contract was conducted. However, the National Grid Corporation of the Philippines (NGCP) issued a prohibition to the power plants from connecting to the Negros Island Grid. Such prohibition is expected to be in place until NGCP’s 230 kV backbone project is expected to be completed and ready to accommodate new capacity.

In April 2024, NGCP’s 230 kV backbone project was energized. Following this energization, the Company re-engaged with NGCP to discuss interconnection matters and requested for an initial technical assessment. However, the results of the assessment indicate a potential risk of congestion at the proposed interconnection, should the 3-phase project proceed. Hence, the need to perform and update certain studies to evaluate the viability of the interconnection for the project. With this, the Company has withheld the awarding of the EPCC contract to implement the detailed engineering design as of December 31, 2024.

The registered office of VMHI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

1590 EC

1590 EC was incorporated and started operations on July 30, 2010. It is primarily engaged in power generation and operates a 225 MW diesel-fired power plant in Bauang, La Union. 1590 EC is also partly-owned by GPI, Eco Utilities Ventures Holdings Company, Inc. (EUVHCI) and ICS Renewables Holdings, Inc. (ICS), among others.

The registered office of 1590 EC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

On April 6, 2022, 1590 EC acquired the Buang Diesel Power Plant (BDPP) as the highest bidder during the public auction of the power plant following a post qualification evaluation. On April 19, 2022, 1590 EC and the PGLU signed the deed of transfer and conveyance.

VSC

VSC, formerly ET-Vivant Solar Corporation, was incorporated on April 4, 2018 primarily to engage in developing and constructing solar power generation and related facilities for lighting and power purposes and whole-selling the electric power to the wholesale electricity spot market, private distribution utilities, private electric cooperatives and other off-takers and selling and/or trading electricity for light, heat and power purposes. VSC has direct equity shareholding in CSSC, an entity engaged in the solar power generation business. In 2021, VSC has started its commercial operations.

The registered office of the Company is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S, Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

CSSC

CSSC, formerly ET Energy Island Corporation (ETEI), was incorporated on January 11, 2017 with the primary purpose to explore, develop, build, construct, install, commission, rehabilitate, maintain, own, manage, operate and invest in, bid for or otherwise acquire power generating plants and related facilities and to engage in the business of generating, marketing, selling and supplying electricity



generated from solar photovoltaic systems and components; planning and construction of photovoltaic power plants and to provide consulting services associated with photovoltaic power plants, provided that it shall not operate a public utility. In January 2019, CSSC has started its commercial operations.

The registered office of the Company is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines.

BPC

BPC was incorporated to develop, construct, erect assemble, commission, own, operate, maintain, rehabilitate, and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. BPC has two (2) operating power plants in Bukidnon and have started commercial operations on February 26, 2016 for Plant 1 and February 26, 2017 for Plant 2.

On October 16, 2014, BPC entered into a PSA with First Bukidnon Electric Cooperative (FIBECO) to supply a maximum of 4.4 MW from its 2 x 2.4 MW power plant located at Barangay Barandias, Bukidnon at a specific contract rate for a period of 15 years commencing from March 15, 2015. ERC has granted a provisional approval on its rate application on August 3, 2015. The second power supply agreement was entered into with FIBECO on July 24, 2015 for a contracted capacity of 2 MW from its 2.5 MW Fuel power plant located at Barangay Mabuhay, San Fernando, Bukidnon, for a period of 15 years starting from April 15, 2016. ERC's final approval on its rate application was dated June 6, 2017.

In May 2021, VEC and AHC acquired 81% and 9% ownership of BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively.

The registered office address of BPC is at National Highway Barandias, Pangantucan, Bukidnon.

NBPC

NBPC was incorporated to develop, construct, erect, assemble, commission, own, operate, maintain, rehabilitate and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. NBPC has started its commercial operations on September 26, 2018.

In May 2021, 2021, VEC and AHC acquired 81% and 9% ownership of NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

The registered office address of NBPC is at 2nd Floor Z-Gas Building, Purok 6A, South Poblacion, Maramag, Bukidnon.

CIPC

CIPC was incorporated on October 19, 2010 primarily to engage in the business of owning, acquiring, commissioning, operating and selling power generation facilities and related facilities, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. Currently, CIPC operates an 8 MW bunker and 0.75 MW diesel-fired power generation plants in the municipalities of Coron and Busuanga, respectively.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in CIPC for a consideration of ₱172.0 million, which resulted to a 100% ownership of the Group (see Note 13).



The registered principal office of CIPC is at Sitio Lilibutin, Barangay Guadalupe Coron, Palawan, Philippines 5316.

Delta P

Delta P was registered with SEC on September 20, 2002 primarily to operate and maintain a 16 MW heavy fuel oil-fired generating power station in Puerto Princesa, Palawan.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in Delta P for a consideration of ₱272.9 million, which resulted to an increase in the Group's ownership interest in Delta P to 100% (see Note 13).

The registered principal office of Delta P is at Km. 13 North National Highway, Sta. Lourdes, Puerto Princesa City, Palawan.

LPEC

La Pampanga Energy Corp (LPEC), formerly Vivant Enercore Integrated, Inc. (VEII), was incorporated on May 26, 2016. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system. As of December 31, 2024, LPEC is still in the pre-operating stage.

On June 1, 2023, the Group entered into a share purchase agreement with GPI to acquire its shares equivalent to 6,250,000 common shares and 51,750,000 preferred shares with par value of ₱1 per share for a consideration of ₱41.1 million, which resulted to 100% ownership of the Group.

CREC

CREC, an associate through VREC, was registered on April 12, 2017 primarily to engage in the business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, and constructing conventional renewable energy and/or hybrid power generation, distribution and related facilities, and distributing and selling power, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in the furtherance of or otherwise relating to such purpose. As of December 31, 2024, CREC has not yet started its commercial operations.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its shares equivalent to 9,375 preferred shares with par value of ₱1,000 per share for a consideration of ₱6.5 million resulting to an increase of the Group's ownership interest to 100%.

The registered principal office of CREC is at Sitio Lilibutin, Barangay Guadalupe, Coron, Palawan 5316.

SIAEC

SIAEC was incorporated on February 18, 2016 with the primary purpose to engage in the business of development, investment, acquisition, construction, operation and maintenance, and sale of renewable energy facilities including generation of heat and power, sales and distribution. As of December 31, 2024, SIAEC has not yet started its commercial operations.

On February 3, 2023, VEC acquired 100% ownership of SIAEC from Cleantech Global Renewables, Inc. representing 1,250,004 common shares for a consideration of ₱5.0 million and advanced ₱381.8 million to be applied against future issuance of common stock.



The registered office of SIAEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

MPI

MPI, formerly Central Cebu Transitional Power Corporation, was incorporated on April 11, 2023 with the primary purpose to engage in the business of establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. MPI started its commercial operations in August 2023.

The registered office of MPI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SPREC

SPREC was incorporated on March 29, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, SPREC has not yet started its commercial operations.

The registered office of SPREC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SGC

SGC was incorporated on April 12, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, SGC has not yet started its commercial operations.

The registered office of SGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

API

API was incorporated on June 7, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, API has not yet started its commercial operations.

The registered office of API is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

AEC

AEC was incorporated on May 17, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, AEC has not yet started its commercial operations.

The registered office of AEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.



BEC

BEC was incorporated on June 13, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2024, BEC has not yet started its commercial operations.

The registered office of BEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SEGC

SEGC was incorporated on June 21, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2024, SEGC has not yet started its commercial operations.

The registered office of SEGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SCEC

SCEC was incorporated on May 23, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2024, SCEC has not yet started its commercial operations.

The registered office of SCEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

BRPC

BRPC was incorporated on March 21, 2022 with the primary purpose to operate, manage, and engage in the business of electric power generation, transmission and distribution that includes operation of generation facilities, transmission and distribution systems as well as electricity and transmission capacity exchanges for sale of electricity to its end users except production of electricity through incineration of waste.

On January 22, 2024, the Company entered into a share purchase agreement to acquire 1,000,000 common shares in BRPC with par value of ₱1 per share for a consideration of ₱1.0 million. As of December 31, 2024, BRPC has not yet started its commercial operations.

The registered office of the Company is located at 0716 1st Floor Ocean Suites Hotel, VP Inting Ave., Bool, Tagbilaran City, Bohol, Region VII (Central Visayas), 6300.

VSCC

VSCC was incorporated on December 10, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy storage systems capable of absorbing energy from the grid or distribution system or from a renewable energy facility or conventional facility, to be stored for a period of time and injected as needed, and to sell to the general public electricity for light, heat and power. As of December 31, 2024, VSCC has not yet started its commercial operations.



The registered office of VSCC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VSUC

VSUC was incorporated on December 10, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy storage systems capable of absorbing energy from the grid or distribution system or from a renewable energy facility or conventional facility, to be stored for a period of time and injected as needed, and to sell to the general public electricity for light, heat and power. As of December 31, 2024, VSUC has not yet started its commercial operations.

The registered office of VSUC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

OSAC

OSAC was incorporated on November 28, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy storage systems capable of absorbing energy from the grid or distribution system or from a renewable energy facility or conventional facility, to be stored for a period of time and injected as needed, and to sell to the general public electricity for light, heat and power. As of December 31, 2024, OSAC has not yet started its commercial operations.

The registered office of OSAC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

VVAC

VVAC was incorporated on November 29, 2024 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and energy storage systems capable of absorbing energy from the grid or distribution system or from a renewable energy facility or conventional facility, to be stored for a period of time and injected as needed, and to sell to the general public electricity for light, heat and power. As of December 31, 2024, VVAC has not yet started its commercial operations.

Associates. VECO, PEI, AHI, CPPC, MPC, TVI, LPCI, GLEDC, LWEC, FLOWS, and PPWRLC qualify as associates of the Group.

VECO

VECO was incorporated on February 22, 1961 and whose corporate term was extended for another 50 years after the expiration on February 23, 2012. VECO is a power distribution entity, the primary activities of which are to establish, maintain and operate electric light, heat and power systems and to sell to the general public electricity for light, heat and power purposes.

VECO serves the electrical power needs of four cities (Cebu, Mandaue, Talisay and Naga) and four municipalities (Minglanilla, San Fernando, Consolacion and Lilo-an) of the greater part of Metro Cebu by virtue of legislative franchise grants.

The registered office address of VECO is at J. Panis Street, Banilad, Cebu City, Philippines.



PEI

PEI was incorporated on March 24, 2009 as a retail electricity supplier. On April 26, 2017, PEI began its operations providing qualified contestable customers the opportunity to select a contract structure that will meet their generation supply requirement.

PEI's registered principal office address is at Aboitiz Corporate Center, Gov. Manuel A. Cuenco Ave., Kasambagan, Cebu City, Philippines.

AHI

AHI was incorporated on November 28, 2007 primarily to manage entities and to provide management, investment and technical advice for enterprises engaged in electricity generation and/or distribution.

AHI and Global Formosa Power Holdings, Inc., a joint venture between Global Business Power Corp. (Global Power) and Formosa Heavy Industries (Global Formosa), signed a shareholders' agreement to develop, construct and own Cebu Energy Development Corporation (CEDC), a 246 MW coal-fired power plant in Toledo City, Cebu. AHI has a 44% direct ownership interest in CEDC.

Its principal place of business is located at Aboitiz Corporate Center, Gov. Manuel Cuenco Avenue, Kasambagan, Cebu City, Philippines.

CPPC

CPPC was incorporated on July 13, 1994 and its primary purpose is to build, construct or own power generation plants and related facilities. It operates a 70 MW bunker "C" diesel-fired power generating plant, prior to the acquisition by the Group of the assets in 2023 (see Note 16).

The registered office address of CPPC, which is also its principal place of business, is Old VECO Compound, Barangay Ermita, Carbon, Cebu City.

MPC

MPC (formerly Minergy Coal Corporation) was registered with SEC on February 18, 2013, primarily to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the generation and supply of power utilizing any fuel or energy source.

MPC operates 3x55 MW coal-fired power plants in Balingasag, Misamis Oriental.

The registered office of MPC is at Brgy. Mandangoa, Balingasag, Misamis Oriental.

TVI

TVI was registered with SEC on October 15, 1997, primarily to acquire by purchase, lease, contract, concession, or otherwise any and all real estate, land, land patents, opinions, grants, concessions, franchises, water and other rights, privileges, easements, estates, interests and mineral properties of every kind and description. The power plant started its operations in April 2019.

The registered principal office of TVI is at Barangay Bato, Toledo City, Cebu.

LPCI

LPCI was registered with SEC on June 10, 2016 and is primarily engaged in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources. As of December 31, 2024, LPCI has not started its commercial operations.



The registered office of LPCI is at 22F GT Tower International 6813 Ayala Avenue cor. H.V. dela Costa St, Makati City 1227.

GLEDC

GLEDC, a wholly owned subsidiary of LPCI, was registered with SEC on January 31, 2013. It is primarily engaged in the general business of generating power derived from coal, fossil fuel, geothermal, nuclear, natural gas, hydroelectric, and other viable sources of power, for lighting and power purposes and whole selling the electric power to electric cooperatives, distribution utilities, and industrial customers. As of December 31, 2024, GLEDC has not started its commercial operations.

The registered office of GLEDC is at 22nd Flr GT Tower International, Ayala Avenue Corner H.V. Dela Costa St. Bel-air, Makati City.

LWEC

LWEC, formerly 6 Barracuda, an associate through VREC, was incorporated and registered in the Philippine SEC on January 24, 2017. It is engaged in all aspects of exploration, assessment, development and utilization of renewable energy resources, including the procurements, acquisition, importation, construction, installation, erection, ownership, lease, operation and maintenance of edifices, structures, facilities, materials, machinery and equipment, for or related to generation and sale of power.

As of December 31, 2024, LWEC has not started commercial operations.

The registered office of LWEC is at 21/F Tower 6789 Ayala Ave., Bel-Air Makati, Metro Manila.

FLAWS

FLAWS, an associate of VHHI, was incorporated on August 31, 2018 primarily to engage in the activities of a holding company except as a stockbroker or dealer of securities, provided that, FLAWS shall not solicit, accept or take investments/placements from the public neither shall it issue investments contracts.

FLAWS has an 89.58% direct ownership interest in PPWRLC.

The registered principal office of FLAWS is at 37 Taft Street, Barangay Maligaya, Puerto Princesa City, Palawan.

PPWRLC

PPWRLC was incorporated under the laws of the Republic of the Philippines and registered with the SEC on November 8, 2018. The Company's primary purpose is to engage in the activities of an operator, contractor and/or agent of the City of Puerto Princesa in providing septage, sewerage and sanitation services and to engage in the development, construction, operation, and maintenance of sewage and/or septage treatment plants which may also act as a tourist attraction and learning center for environmental protection. FLAWS has an 89.58% direct ownership interest in PPWRLC.

PPWRLC already started its commercial operations on January 1, 2022. The registered principal place of business is at Maligaya, Puerto Princesa City (Capital), Palawan, Region IV-B, Philippines, 5300.



Authorization to Issue the Consolidated Financial Statements. The consolidated financial statements of the Group as of and for the years ended December 31, 2024, 2023 and 2022 were approved and authorized for issuance by the Board of Directors (BOD) on March 21, 2025.

2. **Basis of Preparation, Statement of Compliance and Basis of Consolidation**

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at FVOCI and investment properties which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All amounts are rounded to the nearest Peso, except as otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries.

The consolidated financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Profit or loss and each component of Other Comprehensive Income (OCI) comprise income from the date the Group gains control until the date the Group ceases to control the subsidiary. The Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income and attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Accounting for Loss of Control

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the former subsidiary, including any non-controlling interests in the former subsidiary at the date control is lost, and components of other comprehensive income attributable to them. The Group also recognizes any investment retained in the former subsidiary at its fair value when control is lost. The Group subsequently accounts for any retained interests and for any amount owed by or to the former subsidiary in accordance with other relevant PFRS Accounting Standards. The fair value shall be regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of



an investment in an associate or joint venture. The Group recognizes a gain or loss associated with the loss of control attributable to the former controlling interest.

The Group accounts for all amounts previously recognized in other comprehensive income in relation to former subsidiaries on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Transactions with Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the parent. Transactions with non-controlling interests are accounted for as equity transactions. On acquisitions of non-controlling interests, the difference between the consideration and the book value of the share of the net assets acquired is reflected as being a transaction between owners and recognized directly in equity. Gain or loss on disposals to non-controlling interest is also recognized directly in equity.

3. **Changes in Accounting Policies and Disclosures**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments standards effective in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements, Classification of Liabilities as Current or Noncurrent*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or noncurrent;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Leases, Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures, Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.



Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates, Lack of Exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9, *Financial Instruments* and PFRS 7, *Classification and Measurement of Financial Instruments*

The amendments clarify that a financial liability is derecognized on the ‘settlement date’, i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of nonrecourse assets and contractually linked instruments.

- *Annual Improvements to PFRS Accounting Standards – Volume 11*

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards, Hedge Accounting by a First-time Adopter*

The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.



- Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities*

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

- *Transaction Price*

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to ‘transaction price as defined by PFRS 15, *Revenue from Contracts with Customers*’ with ‘the amount determined by applying PFRS 15’. The term ‘transaction price’ in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Consolidated Financial Statements, Determination of a ‘De Facto Agent’*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term ‘cost method’ with ‘at cost’, following the prior deletion of the definition of ‘cost method’.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*

The standard replaces PAS 1 and responds to investors’ demand for better information about companies’ financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss;
- Disclosure of management-defined performance measures; and
- Guidance on aggregation and disaggregation.

The Group is currently assessing the impact of adopting PFRS 18 and plans to adopt the new standard on the required effective date.

- PFRS 19, *Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19’s reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.



Deferred Effectivity

- Amendments to PFRS 10 and PAS 28, *Investments in Associates and Joint Ventures, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Material Accounting Policy Information

Current and Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Group measures financial instruments, such as, cash on hand and in banks, short-term placements, trade and other receivables, trade and other payables, notes payable and non-financial assets such as investment properties and AFS investments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:



- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as cash on hand and in banks, short-term investments, trade and other receivables, advances to associates and stockholders, financial assets at FVOCI, trade and other payables, advances from related parties, notes payable and investment properties.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Valuers are normally rotated every 3–6 years. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.



The management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

On an interim basis, the management and the Group's external valuers present the valuation results to the audit committee. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Assets and Financial Liabilities

Financial Instruments - Initial Recognition and Subsequent Measurement

- *Classification of Financial Assets.* Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:
 - Financial assets measured at amortized cost;
 - Financial assets measured at fair value through profit or loss (FVPL);
 - Financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss
 - Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss
- *Contractual Cash Flows Characteristics.* If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

- *Business Model.* The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and



reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

- *Financial Assets at Amortized Cost.* A debt financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the consolidated statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "Provision for bad debts" in the consolidated statement of comprehensive income.

As at December 31, 2024 and 2023, the Group has financial assets at amortized cost consisting of cash and cash equivalents, trade and other receivables, advances to associates and stockholders, and other receivables included under "Other noncurrent assets" such as advances to suppliers and other parties, due from RFM Corporation, security deposits under "Prepayments and other current assets" and restricted cash under "Other current assets" and "Other noncurrent assets" (see Notes 6, 7, 9, 13 and 16).

- *Financial Assets at FVPL.* Financial assets at FVPL are measured at FVPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. An embedded derivative is separated from the host financial liability or nonfinancial contract and accounted for as a derivative if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics of the host contract;



- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized as at FVPL.

For derivatives embedded in financial asset host contracts, the Group applies the financial asset classification and measurement requirements to the entire instrument. No embedded derivatives in financial asset host contracts are recognized separately in the financial statements.

Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL, and the gains or losses from disposal of financial investments.

As at December 31, 2024 and 2023, the Group has no financial assets at FVPL.

- *Financial Assets at FVOCI.* A financial asset is measured at FVOCI if (a) it is held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

Dividends are recognized in profit or loss only when:

- the Group's right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the Group; and,
- the amount of the dividend can be measured reliably.

As at December 31, 2024 and 2023, the Group has financial assets at FVOCI amounting to ₱8.0 million and ₱426.6 million, respectively, and is presented as part of "Other noncurrent assets" account in Group's consolidated statements of financial position (see Note 13).



- *Classification of Financial Liabilities.* Financial liabilities are measured at amortized cost, except for the following:
 - Financial liabilities measured at fair value through profit or loss;
 - Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
 - Financial guarantee contracts;
 - Commitments to provide a loan at a below-market interest rate; and,
 - Contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or,
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVPL, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group's financial liabilities include trade and other payables, notes payable and advances from related parties.

- *Impairment of Financial Assets.* Upon adoption of PFRS 9, the standard introduces the single, forward-looking "expected loss" impairment model, replacing the "incurred loss" impairment model under PAS 39.

The Group recognizes ECL on debt instruments that are measured at amortized cost.

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and,
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

- *Stage 1: 12-month ECL.* For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.



- *Stage 2: Lifetime ECL - not credit-impaired.* For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.
- *Stage 3: Lifetime ECL - credit-impaired.* Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; or,
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

- *Determination of the Stage for Impairment.* At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

- *Simplified Approach.* The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to ‘Trade receivables’. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Offsetting Financial Instruments. Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.



Derecognition of Financial Assets and Liabilities

- *Financial Assets.* A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:
 - the rights to receive cash flows from the asset have expired;
 - the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
 - the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group’s continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

- *Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group’s investments in its associates are accounted for using the equity method.



Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing the inventory to its present location and condition is determined primarily on the basis of the weighted average method. NRV is the current replacement cost. An allowance for inventory obsolescence is provided for slow-moving, defective or damaged goods based on analyses and physical inspection.

Prepayments and Other Current Assets

Prepayments and other current assets are recognized and carried at cost, less any impairment in value. These are recognized as assets when it is probable that any future economic benefit associated with the item will flow to or from the entity and the item has a cost or value that can be measured with reliability. An asset is not recognized in the consolidated statement of financial position when expenditure has been incurred for which it is considered improbable that economic benefits will flow to the entity beyond the current accounting period. Instead, such a transaction results in the recognition of an expense in the consolidated statement of comprehensive income.

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost less accumulated depreciation and amortization, and impairment losses, if any.

Initially, an item of property, plant and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred. Land is measured at cost less any impairment losses. For land transferred from investment properties carried at fair value, the land's deemed cost is its fair value at the date of change in use.



Depreciation and amortization are computed using the straight-line method over the assets' estimated useful lives. Leasehold improvements are amortized using the straight-line method over the estimated useful life of the improvements or the term of the lease, whichever is shorter. The estimated useful lives are as follows:

	<u>Number of Years</u>
Plant machineries and equipment	5–10
Condominium units, building and improvements	5–40
Transportation equipment	5
Office furniture, fixtures and equipment	2–10
Tools and other assets	3–5
Leasehold and land improvements	3–10

The useful lives and depreciation and amortization method are reviewed at each reporting date to ensure that such useful lives and depreciation and amortization method are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect to those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and the related accumulated depreciation and amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period.

Investment Properties

Investment properties, which pertain to land and buildings, are properties held by the Group either to earn rentals or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are initially measured at cost. Subsequently, investment properties are measured at fair value with any change therein recognized in profit or loss following the fair value model.

The fair value of the Group's investment properties measured using the fair value model is based on the valuation carried out by independent appraisers. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices of similar properties.

Any gain or loss resulting from either a change in the fair value or the sale of investment properties is recognized in profit or loss in the year of change or derecognition.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or the start of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by start of owner-occupation or of development with a view to sell.



Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree pertaining to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets.

All other components of non-controlling interest are measured at fair value unless another measurement basis is required by PFRS Accounting Standards. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PAS 39 either in the consolidated statement of comprehensive income or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the Group's interest in the fair values of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.



Impairment of Goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized.

Impairment of Nonfinancial Assets

As at December 31, 2024 and 2023, the Group has investments in associates, property, plant and equipment, intangible assets and right-of-use assets which are classified as nonfinancial assets subject to impairment.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, including impairment of inventories, are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.



Equity

Capital Stock. Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value for all issued shares.

Additional Paid-in Capital. Consideration received in excess of par value are recognized as additional paid-in capital, net of incremental costs that are directly attributable to the issuance of new shares.

Retained Earnings. Retained earnings consist of appropriated and unappropriated balances. Appropriated retained earnings are restricted for specific purposes and/or are not available for dividend declaration. Unappropriated retained earnings are not restricted and include the cumulative balance of net income or loss, any dividend distributions, prior period adjustments and effects of any change in accounting policy.

Equity Reserves. Equity reserves pertain to the difference between the consideration transferred and the book value of interest acquired from non-controlling interest without loss of control.

Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before these goods or services are transferred to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Contracts with Customers

- *Sale of Power.* For power generation and ancillary services where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity. The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer.

Revenue from power generation and ancillary services is recognized in the period actual capacity is delivered. Revenue is to be recognized over time since the customer simultaneously receives and consumes the benefits as the seller supplies power.

Power retail supply also qualify as a series of distinct goods or services that are substantially the same and have the same pattern of transfer accounted for as one performance obligation. Revenue should be recognized over time based on amounts billed.



- *Management and Service Fees.* Revenue from management fees, arising from services involving consultancy, management and technical services covered by Service Level Agreements (SLAs), are recognized over time when the related services are rendered based on the terms of the management and service contracts.
- *Engineering Service Income.* Revenue from engineering services, arising from engagement with customers availing technical and engineering expertise and covered by service contracts, are recognized overtime when the services are rendered.

For the years ended December 31, 2024, 2023 and 2022, the Group has no variable consideration and the timing of revenue recognition currently does not result in any contract assets or liabilities and there are no unfulfilled performance obligations at any point in time.

Interest Income. Interest income is recognized as interest accrues taking into account the effective yield on the assets.

Other Income. Other income includes proceeds from insurance claims, rental income and gain on disposal of property and equipment. These are generally recognized when earned. Rental income is recognized on a straight-line basis over the term of the lease while gain on disposal of property, plant and equipment is recognized as the difference between the consideration and the book value of the property, plant and equipment disposed.

Cost and Expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized in the consolidated statements of comprehensive income when incurred.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Pension Benefits

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.



Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statement of comprehensive income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Taxes

Current Income Tax. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax. Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the reporting date. Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group records uncertain tax positions on the basis of a two-step process whereby the Group determines whether it is more likely than not that the tax positions will be sustained based on technical merits of the position, and for those tax positions that meet the more likely than not criteria, the Group recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with related tax authority. The Group records interest and penalties on uncertain tax positions in "Income tax expense (benefit)" account in the consolidated statement of comprehensive income.

Value-Added Tax (VAT). Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.



Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follow.

	Number of Years
Office space	1-5
Plant and equipment	5
Land	4-5

Right-of-use assets are subject to impairment. Refer to the accounting policies in section on impairment of non-financial assets.

Lease Liabilities. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.



Short-term Leases and Leases of Low-value Assets. The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱0.25 million). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Foreign-currency-denominated Transactions

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at reporting date. Exchange gains and losses arising from foreign currency transactions and translations of foreign-currency-denominated monetary assets and liabilities are credited or charged to current operations.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed when material.

Earnings Per Share

Basic earnings per common share is calculated by dividing net income for the year attributable to the common stockholders of the Group by the weighted average number of common shares issued and outstanding during the year, after retroactive adjustments for any stock dividends declared.

Diluted earnings per share is calculated by dividing the net income for the year attributable to the common stockholders of the Group by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued for outstanding common stock equivalents.

As at December 31, 2024 and 2023, the Group does not have dilutive common stock equivalents.

5. Significant Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRS Accounting Standards requires the Group to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. In preparing these consolidated financial statements, the Group made its best estimates of certain amounts, giving due consideration to materiality. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.



The Group believes that the following represent a summary of these significant accounting estimates and the related impact and associated risks in the consolidated financial statements.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining Fair Value of Customer Contracts as part of a Business Combination. The Group acquired two subsidiaries in 2021 and completed the valuation required by PFRS 3 in 2022 (see Note 13). The subsidiaries at the time of acquisition had existing power supply agreements with electric cooperatives. These signed customer agreements were assessed to qualify as intangible assets as at the acquisition date because they arose from an existing contractual relationship. Management determined the fair value of the customer contracts using the multi-period excess earnings method, using discounted future operating cash flows adjusted by imputed charges on contributory asset charges such as working capital, property, plant and equipment, and the assembled workforce. The discount rates used to discount these adjusted cash flows was based on the NBPC and BPC's WACC at the acquisition date of 9.65% and 9.51%, estimated using the entities' current cost of debt and an estimated cost of equity using the capital asset pricing model.

The acquisition-date fair value of customer contracts amounted to ₱233.5 million. The intangible assets were amortized over the expected remaining contractual term of the customer contracts as of the acquisition date of 5–12 years.

In 2023, the Group entered into a share purchase agreement which resulted to an increase in the Group's ownership interest from 50% to 100 % in Delta P and CIPC and completed the valuation required by PFRS 3 in 2024 (see Note 13). As at acquisition date, the subsidiaries have signed contracts with customers for the sale of power which qualify for recognition as intangible assets separate from goodwill. Management determined the fair value of the customer contracts using the multi-period excess earnings method, using discounted future operating cash flows adjusted by imputed charges on contributory asset charges such as working capital. The discount rates used to discount these adjusted cash flows was based on Delta P and CIPC's WACC at the acquisition date of 11.30%.

The acquisition-date fair value of customer contracts amounted to ₱53.5 million. The intangible assets were amortized over the expected remaining contractual term of the customer contracts as of the acquisition date of less than a year–7 years. The carrying amount of the intangible assets as of December 31, 2024 and 2023 amounted to nil and ₱30.4 million, respectively (see Note 13).

Management has assessed that no reasonably possible change in the forecasted cash flows, the contributory asset charges, or the components of the discount rate estimate would result in material changes to the fair value of customer contracts determined as of the acquisition date.

Determining Fair Value of Investment Properties. The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statements of comprehensive income. While the Group has opted to rely on independent appraisers to determine the fair value of its investment properties, such fair value was determined based on recent prices of similar properties with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Group made different judgments and estimates or utilized different basis in determining fair value.



The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 25.

Any gain or loss from a change in the fair value of each investment property is included in the consolidated statement of comprehensive income in the year in which the change arises.

As of December 31, 2024, and 2023, the carrying value of the Group's investment properties amounted to ₱1,103.0 million and ₱1,045.5 million, respectively (see Note 12).

Determining Non-Controlling Interest (NCI) that is Material to the Group. The Group assesses whether an NCI is material by considering factors such as the carrying amount of the NCI relative to the net equity of the Group, the profit or loss or OCI of the subsidiary attributable to the NCI, the assets and liabilities of the related subsidiary, or the amount of dividends paid by the subsidiary to the NCI, and the proportion that these amounts bear to the Group's financial position or results of operations. The Group also considers the nature of activities of the subsidiary and its relative importance or risk compared to other operations of the Group.

Based on management's assessment, it has determined that the NCI in 1590 EC is material to the Group. Information about this subsidiary with material NCI are disclosed in Notes 1 and 21.

Estimating Useful Lives of Property, Plant and Equipment and Intangible Assets. The Group reviews annually the estimated useful lives of property, plant and equipment and intangible assets and updates the estimates based on expected asset utilization, market demands and future technological developments consistent with the Group's pursuit of constant modernization of its machineries, equipment and software. However, it is possible that the factors mentioned above may change in the future which could change the estimated useful lives of the property, plant and equipment and intangible assets. The estimated useful lives are also updated if expectations differ from previous estimates due to physical wear and tear, technical obsolescence and legal or other limits on the use of the assets. A reduction in the estimated useful lives could result in a significant increase in depreciation and amortization of property, plant and equipment and intangible assets.

The carrying value of the property, plant and equipment amounted to ₱9,025.5 million and ₱8,400.7 million as of December 31, 2024 and 2023, respectively (see Note 11). The carrying value of intangible assets (relating to software costs and customer contracts under "Other noncurrent assets") amounted ₱187.6 million and ₱216.0 million as of December 31, 2024 and 2023, respectively (see Note 13).

Estimating Impairment of Nonfinancial Assets. Internal and external sources of information are reviewed at each reporting date to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may be decreased:

- Investments in associates
- Property, plant and equipment
- Right-of-use assets

PFRS Accounting Standards require that an impairment review be performed when certain impairment indicators are present. Determining the recoverable amount, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect its consolidated financial statements. Future events could cause the Group to conclude that the investments in associates and property, plant and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.



Assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators) are as follows:

	2024	2023
Investments in associates (see Note 10)	₱11,219,286,328	₱10,595,855,907
Property, plant and equipment (see Note 11)	9,025,459,481	8,400,675,915
Right-of-use assets (see Note 24)	108,776,076	24,539,068

In 2024, there were no impairment indicators on the Group’s nonfinancial assets. In 2023, impairment indicators were present for certain property, plant and equipment of a subsidiary. However, no impairment loss was recognized as a result of the impairment test.

Estimating Impairment of Goodwill. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. In estimating the value in use, the Group estimated revenue based on existing customer contracts, anticipated projects and projected demand, and assumed, for one CGU, a consistent gross margin during the five-year horizon based on the mix of business model arrangements with current and expected customers, and for two other CGUs, a gross margin that varies depending on anticipated demand. The interest rate used to discount the net free cash flows from operations is the weighted average cost of capital (WACC) of 8.97% as of December 31, 2024 and 9.11%–9.31% as of December 31, 2023.

As at December 31, 2024 and 2023, the carrying amount of goodwill amounted to ₱47.5 million and ₱129.8 million, respectively (see Note 13).

Estimating Realizability of Deferred Income Tax Assets. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of such deferred income tax assets to be utilized. The Group’s assessment on the recognition of deferred income tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Group.

Gross deferred income tax assets amounted to ₱61.9 million and ₱58.5 million as of December 31, 2024 and 2023, respectively (see Note 20).

Deferred income tax assets have not been recognized on net operating loss carry-over (NOLCO) of ₱1,564.0 million and ₱1,555.0 million as of December 31, 2024 and 2023, respectively, and minimum corporate income tax (MCIT) of ₱5.0 million and ₱8.5 million as of December 31, 2024 and 2023, respectively (see Note 20).

Estimating Legal Contingencies. The estimate of probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group’s defense in these matters and is based upon an analysis of potential results. Management, in consultation with its legal counsel, believes that the likely outcome of these proceedings will not have a material adverse effect on the Group’s financial position and operating results.



Management also believes that the current provisions in the accounts are adequate to cover the possible claims that may arise under the current circumstances. Existing circumstances and assumptions about future developments related to these proceedings may still change. Such changes are reflected in the assumptions when they occur.

6. Cash and Cash Equivalents

	2024	2023
Cash on hand and in banks	₱744,554,772	₱898,772,610
Short-term investments	4,044,595,149	3,483,768,166
	₱4,789,149,921	₱4,382,540,776

Cash in banks earn interest at the respective bank deposit rates.

Short-term investments are cash equivalents and are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates.

Interest income earned from cash in banks and short-term investments amounted to ₱167.5 million, ₱119.2 million and ₱60.1 million in 2024, 2023 and 2022, respectively. Accrued interest receivable amounted to ₱12.9 million and ₱20.9 million as of December 31, 2024 and 2023, respectively (see Note 7).

7. Trade and Other Receivables

	2024	2023
Trade receivables:		
Third parties	₱1,659,633,638	₱1,555,955,827
Related parties (see Notes 16 and 23)	100,671,437	20,013,282
Advances to officers and employees	14,412,359	5,694,516
Accrued interest receivable (see Note 6)	12,882,015	20,945,817
Accounts receivable (see Note 16)	100,750	182,598
Others	88,657,163	81,273,031
	1,876,357,362	1,684,065,071
Less allowance for impairment losses	77,021,727	36,404,072
	₱1,799,335,635	₱1,647,660,999

Trade receivables represent receivables from Independent Electricity Market Operator of the Philippines (IEMOP) for sales to the Wholesale Electricity Spot Market (WESM), Ancillary Services Procurement Agreement (ASPA) with NGCP and bilateral sales contracts with other parties, Power Supply Agreement (PSA), Distribution Wheeling Service (DWS), and Retail Supply Contracts (see Note 23). Trade receivables are noninterest-bearing and generally have credit terms of 30 days (see Note 23). Trade receivables with carrying amount of ₱360.1 million and ₱454.7 million as of December 31, 2024 and 2023, respectively, are held as collateral for Delta P's long-term debt (see Note 15).

Other receivables are mainly composed of project costs and receivables from former related parties.



The following table shows the movement in the allowance for impairment losses of receivables:

	2024	2023
At January 1	₱36,404,072	₱41,994,023
Provision (see Note 17)	40,617,655	410,049
Recovery (see Note 17)	-	(6,000,000)
At December 31	₱77,021,727	₱36,404,072

Significant portion of the impairment losses pertains to individually impaired accounts.

8. Inventories - at Cost

	2024	2023
Heavy fuel oil	₱295,927,062	₱143,151,140
Light fuel oil	28,467,561	19,635,006
Lube oil	22,342,254	14,833,331
Spare parts	249,103,597	187,072,740
	₱595,840,474	₱364,692,217

The total cost of inventories recognized under “Generation costs” in the consolidated statements of comprehensive income amounted to ₱4,499.9 million, ₱2,536.0 million and ₱2,392.2 million in 2024, 2023 and 2022, respectively (see Note 17).

9. Prepayments and Other Current Assets

	2024	2023
Input VAT - current	₱478,643,531	₱431,774,396
Prepaid expenses	213,768,673	205,891,052
Creditable withholding taxes - current	116,776,027	47,380,505
Advances to suppliers and other parties	8,221,388	43,910,119
Others (see Note 23)	89,705,408	49,295,033
	₱907,115,027	₱778,251,105

Input VAT represents the VAT imposed by the Group’s suppliers of goods and services as required by Philippine taxation laws and regulations. The non-current portion of these input VAT are presented as part of “Other noncurrent assets” (see Note 13).

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

Creditable withholding taxes pertain to taxes withheld by the customers on income payments to the companies in the Group from sales of services that can be applied against the companies’ income tax liabilities. The non-current portion of these creditable withholding taxes are presented as part of “Other noncurrent assets” (see Note 13).

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



Others include cash restricted amounting to ₱2.0 million as of December 31, 2024 and 2023 for implementing environmental and community projects pursuant to the agreement entered with the Department of Environment and Natural Resources and PGLU and security deposits paid to distribution utilities in connection with distribution wheeling services agreements (see Note 23).

10. Investments in Associates

The Group's associates, which are all incorporated in the Philippines, and the corresponding equity ownership as of December 31 follow:

	Nature of Business	Percentage of Ownership		
		2024	2023	2022
VECO	Power distribution	34.81	34.81	34.81
LPCI	Power generation	42.50	42.50	42.50
GLEDC	Power generation	42.50	42.50	42.50
CPPC	Power generation	40.00	40.00	40.00
PEI	Power generation	40.00	40.00	40.00
AHI	Holding company	40.00	40.00	40.00
MPC	Power generation	40.00	40.00	40.00
TVI	Power generation	20.00	20.00	20.00
CREC*	Power generation	100.00	100.00	35.00
LWEC	Power generation	40.00	40.00	40.00
FLAWS	Holding company	45.00	45.00	45.00
PPWRLC	Water treatment	40.31	40.31	40.31
CIPC*	Power generation	100.00	100.00	50.00
Delta P*	Power generation	100.00	100.00	50.00
LPEC*	Power generation	100.00	100.00	50.00

*Became subsidiaries on June 1, 2023 (see Note 1)

	2024	2023
Acquisition cost:		
At January 1	₱7,599,083,102	₱7,743,358,223
Additions	–	251,169,255
Step acquisitions	–	(395,444,376)
At December 31	7,599,083,102	7,599,083,102
Accumulated share in net earnings:		
At January 1	3,121,942,305	2,928,978,968
Equity in net earnings of associates	2,305,656,054	2,044,341,881
Cash dividends received and receivable	(1,682,225,633)	(1,780,784,552)
Step acquisitions	–	(70,593,992)
At December 31	3,745,372,726	3,121,942,305
Share in remeasurement gains (losses) on employee benefits of associates:		
At January 1	(125,169,500)	(94,016,067)
Share in the remeasurement losses on employee benefits	–	(31,585,867)
Step acquisitions	–	432,434
At December 31	(125,169,500)	(125,169,500)
	₱11,219,286,328	₱10,595,855,907



As of December 31, 2024 and 2023, the undistributed earnings of the associates included in the Group's retained earnings amounting to ₱3,745.4 million and ₱3,121.9 million, respectively, are not available for distribution to the stockholders unless declared as dividends by the associates.

LWEC

VEC made additional investments to LWEC amounting to ₱251.1 million in 2023. The additional infusions did not result in a change in ownership interest in LWEC.

CREC

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its shares equivalent to 9,375 preferred shares with par value of ₱1,000 per share for a consideration of ₱6.5 million resulting to an increase of the Group's ownership interest to 100%. The Group has assessed that the group of assets it has acquired in CREC does not constitute a business and has accounted for the acquired net assets at cost.

CIPC

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in CIPC for a consideration of ₱172.0 million, which resulted to an increase in the Group's ownership interest in CIPC to 100%. The Group has assessed that the set of assets and activities that it has acquired in CIPC constitutes a business and has accounted for the acquisition as a business combination (see Note 13).

Delta P

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in Delta P for a consideration of ₱272.9 million, which resulted to an increase in the Group's ownership interest in Delta P to 100%. The Group has assessed that the set of assets and activities that it has acquired in Delta P constitutes a business and has accounted for the acquisition as a business combination (see Note 13).

LPEC

On June 1, 2023, the Group entered into a share purchase agreement with GPI to acquire its shares in LPEC consisting of 6,250,000 common shares and 51,750,000 preferred shares, both with a par value of ₱1 per share for total consideration of ₱41.1 million, which resulted to an increase in the Group's ownership interest in LPEC to 100%. The Group has assessed that the set of assets it has acquired in LPEC does not constitute a business and has accounted for the acquired net assets at cost.



The following are selected financial information of the material associates of the Group as of and for the years ended December 31, 2024, 2023 and 2022:

VECO

	2024	2023	2022
Total current assets	₱5,363,213,230	₱4,920,551,073	₱5,519,111,633
Total noncurrent assets	20,391,707,635	18,884,862,791	17,915,203,930
Total current liabilities	10,894,022,715	9,561,717,515	9,722,486,379
Total noncurrent liabilities	5,011,736,465	4,709,554,881	4,599,705,333
Total equity	9,849,161,685	9,534,141,468	9,112,123,851
Gross revenue	29,175,473,983	26,357,988,539	26,977,125,092
Operating profit	4,255,341,137	3,333,551,909	2,269,847,546
Net income	3,352,246,055	2,883,498,348	2,169,835,188
Other comprehensive loss	-	(86,106,592)	-
Total comprehensive income	3,352,246,055	2,797,391,756	2,169,835,188
Group's share in net income	1,166,916,852	1,003,745,775	755,319,629
Proportion of Group's ownership	34.81%	34.81%	34.81%
Group's share in equity of associate	3,428,493,183	3,318,834,645	3,171,930,313
Share in revaluation increment and other adjustments	(1,537,703,624)	(1,599,039,464)	(1,662,219,570)
Carrying amount of the investment	₱1,890,789,559	₱1,719,795,181	₱1,509,710,743
Dividends received from VECO	₱995,922,474	₱763,687,641	₱827,495,660

MPC

	2024	2023	2022
Total current assets	₱3,551,112,704	₱3,435,863,836	₱4,201,022,933
Total noncurrent assets	14,611,369,796	15,377,943,371	16,909,376,253
Total current liabilities	1,634,275,293	1,992,286,194	3,242,063,666
Total noncurrent liabilities	7,456,089,566	7,894,261,494	9,050,373,824
Total equity	9,072,117,641	8,927,259,519	8,817,961,696
Gross revenue	6,353,822,536	6,695,432,008	7,447,497,810
Operating profit	1,174,903,122	1,409,635,000	1,657,295,454
Net income	440,019,776	607,440,019	933,519,225
Total comprehensive income	440,019,776	607,440,019	933,519,225
Group's share in net income	176,007,910	242,976,008	373,407,690
Proportion of Group's ownership	40.00%	40.00%	40.00%
Group's share in equity of associate	3,628,847,056	3,570,903,808	3,527,184,678
Goodwill and other adjustments	18,140,211	20,075,548	20,818,687
Carrying amount of investment	₱3,646,987,267	₱3,590,979,356	₱3,548,003,365
Dividends received from MPC	₱120,000,000	₱200,000,016	₱200,000,000



TVI

	2024	2023	2022
Total current assets	₱12,613,818,802	₱10,478,856,901	₱10,324,952,761
Total noncurrent assets	26,684,098,429	31,745,707,936	31,889,847,789
Total current liabilities	3,408,273,771	4,572,615,329	4,597,094,963
Total noncurrent liabilities	18,493,684,644	22,285,635,538	22,258,113,570
Total equity	17,395,958,816	15,366,313,970	15,359,592,017
Gross revenue	14,376,851,877	15,294,820,389	15,048,870,946
Operating income	4,827,095,772	3,256,629,869	3,022,186,775
Net income	2,575,796,311	1,386,782,325	1,901,715,238
Other comprehensive income (loss)	–	(8,060,814)	–
Total comprehensive income	2,575,796,311	1,378,721,511	1,901,715,238
Group's share in net income	515,159,262	277,356,465	380,343,048
Proportion of Group's ownership	20.00%	20.00%	20.00%
Group's share in equity of associate	3,479,191,763	3,073,262,794	3,071,918,403
Goodwill and other adjustments	(63,120,217)	27,649,545	(66,750,366)
Carrying amount of the investment	₱3,416,071,546	₱3,100,912,339	₱3,005,168,037
Dividends received from TVI	₱200,000,055	₱180,000,000	₱–

AHI

	2024	2023	2022
Total current assets	₱5,512,568	₱884,440,906	₱796,056,687
Total noncurrent assets	4,182,143,388	3,008,643,439	3,081,430,007
Total current liabilities	67,571	–	14,886
Total equity	4,187,588,385	3,893,084,345	3,877,471,808
Gross revenue	1,173,234,141	1,035,267,658	955,728,891
Operating profit	1,173,111,520	1,035,189,193	955,453,193
Net income	1,174,238,228	1,035,069,070	955,950,548
Other comprehensive income	–	–	–
Total comprehensive income	1,174,238,228	1,035,069,070	955,950,548
Group's share in net income	469,695,291	414,027,628	382,380,219
Proportion of Group's ownership	40.00%	40.00%	40.00%
Group's share in equity of associate	1,675,035,354	1,557,233,738	1,550,988,723
Goodwill and other adjustments	1,747,003	1,853,328	(1,629,285)
Carrying amount of the investment	₱1,676,782,357	₱1,559,087,066	₱1,549,359,438
Dividends received from AHI	₱352,000,000	₱404,800,000	₱316,800,000

Individually Immaterial Associates

The carrying amounts of the Group's interest in all individually immaterial associates that are accounted for using the equity method as of and for the year ended December 31 follows:

	2024	2023*	2022*
Income/(loss) from continuing operations	(₱22,123,261)	₱106,236,005	₱49,906,797
Net income	(22,123,261)	106,236,005	49,906,797
Other comprehensive income	–	–	–
Total comprehensive income (loss)	(22,123,261)	106,236,005	49,906,798
Aggregate carrying amounts	588,655,599	625,081,965	966,079,541

*The amounts include the contributions from CIPC, Delta P and LPEC, which were accounted for as joint ventures prior to their acquisition in 2023.

The associates had no contingent liabilities or capital commitments as of December 31, 2024 and 2023.



11. Property, Plant and Equipment

	2024								
	Land	Plant Machineries and Equipment	Condominium Units, Building and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Tools and Other Assets	Leasehold and Land Improvements	Construction in Progress	Total
Cost									
At January 1	P688,780,421	P5,535,974,060	P222,330,442	P129,498,077	P118,530,200	P335,231,053	P94,714,880	P2,638,666,130	P9,763,725,263
Additions	121,350,380	162,639,267	363,728,136	56,857,819	37,178,203	38,936,152	16,333,691	413,180,910	1,210,204,558
Reclassification	-	-	-	-	-	14,807,877	-	(14,807,877)	-
Disposal of a subsidiary (see Note 1)	-	-	-	(2,289,805)	(3,113,926)	(12,723,917)	(516,638)	-	(18,644,286)
Disposal	-	-	-	(15,845,438)	-	-	-	-	(15,845,438)
At December 31	810,130,801	5,698,613,327	586,058,578	168,220,653	152,594,477	376,251,165	110,531,933	3,037,039,163	10,939,440,097
Accumulated Depreciation and Amortization									
At January 1	-	1,012,176,125	58,339,305	69,758,166	96,140,825	56,641,529	69,993,398	-	1,363,049,348
Depreciation and amortization	-	501,629,828	12,160,607	24,543,982	14,369,899	11,969,996	8,153,728	-	572,828,040
Disposal of a subsidiary	-	-	-	(2,406,408)	(2,538,038)	(1,604,149)	(514,265)	-	(7,062,860)
Disposal	-	-	-	(14,833,912)	-	-	-	-	(14,833,912)
At December 31	-	1,513,805,953	70,499,912	77,061,828	107,972,686	67,007,376	77,632,861	-	1,913,980,616
Net Book Value	P810,130,801	P4,184,807,374	P515,558,666	P91,158,825	P44,621,791	P309,243,789	P32,899,072	P3,037,039,163	P9,025,459,481
	2023 (As Restated - Note 13)								
	Land	Plant Machineries and Equipment	Condominium Units, Building and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Tools and Other Assets	Leasehold and Land Improvements	Construction in Progress	Total
Cost									
At January 1	P494,239,355	P3,924,340,981	P177,839,711	P98,667,326	P108,398,180	P184,912,042	P94,500,050	P1,678,110,000	P6,761,007,645
Business combinations (see Note 13)	37,908,966	1,110,448,987	10,573,899	1,881,633	722,502	4,113,553	58,667	1,449,839	1,167,158,046
Additions	156,632,100	455,376,039	32,636,904	33,087,711	9,449,071	54,750,087	156,163	1,097,649,643	1,839,737,718
Reclassification	-	45,808,053	1,279,928	-	-	91,455,371	-	(138,543,352)	-
Disposal	-	-	-	(4,138,593)	(39,553)	-	-	-	(4,178,146)
At December 31	688,780,421	5,535,974,060	222,330,442	129,498,077	118,530,200	335,231,053	94,714,880	2,638,666,130	9,763,725,263
Accumulated Depreciation and Amortization									
At January 1	-	610,754,536	39,182,672	55,571,602	84,287,340	36,435,663	57,220,911	-	883,452,724
Depreciation and amortization	-	401,421,589	19,156,633	18,325,157	11,893,038	20,205,866	12,772,487	-	483,774,770
Disposal	-	-	-	(4,138,593)	(39,553)	-	-	-	(4,178,146)
At December 31	-	1,012,176,125	58,339,305	69,758,166	96,140,825	56,641,529	69,993,398	-	1,363,049,348
Net Book Value	P688,780,421	P4,523,797,935	P163,991,137	P59,739,911	P22,389,375	P278,589,524	P24,721,482	P2,638,666,130	P8,400,675,915



In 2023, the Group purchased a 70.59 MW bunker-fired power plant located in Barangay Ermita, Cebu City for a total cash price of ₱282.3 million (see Note 16i and 16j).

The construction in progress account includes the costs for the on-going construction of a water desalination plant, solar panel installations, and mobilization fee and engineering detailed design fees paid to a third-party contractor for the construction of a subsidiary's run-of-river hydropower facility in Negros Occidental.

In 2022, a subsidiary donated a constructed drainage system costing to ₱8.5 million to the local government unit where it operates. This amount is presented as "Other operating expenses" in the 2022 consolidated statement of comprehensive income.

In 2024, a subsidiary entered into a lease agreement with a fuel supplier, granting the supplier the right to utilize the subsidiary's fuel tanks for storage and related operational purposes. Rental income in 2024 amounted to ₱79.8 million.

Property, plant and equipment with carrying amount as of December 31, 2024 and 2023 of ₱2,039.2 million and ₱2,116.9 million, respectively, have been pledged as security for the Group's long-term liabilities (see Note 15).

Depreciation and amortization are recognized in the consolidated statements of comprehensive income as follows:

	2024	2023	2022
Generation costs (see Note 17)	₱517,991,694	₱435,979,418	₱287,164,793
Operating expenses	54,836,346	47,795,352	37,772,383
	₱572,828,040	₱483,774,770	₱324,937,176

12. Investment Properties

	2024		
	Land	Condominium Units	Total
At January 1	₱1,018,548,067	₱26,921,733	₱1,045,469,800
Unrealized gain on fair value remeasurement	55,454,200	2,035,000	57,489,200
At December 31	₱1,074,002,267	₱28,956,733	₱1,102,959,000

	2023		
	Land	Condominium Units	Total
At January 1	₱898,590,867	₱25,445,733	₱924,036,600
Unrealized gain on fair value remeasurement	119,957,200	1,476,000	121,433,200
At December 31	₱1,018,548,067	₱26,921,733	₱1,045,469,800

Some of the Group's properties are leased out to outside parties to earn rental income, for a lease period of three years. Total rental income amounting to ₱3.2 million, ₱2.1 million, ₱2.5 million in 2024, 2023 and 2022, respectively, were recognized as part of "Other income (charges)" in the consolidated statements of comprehensive income.



In 2024 and 2023, an appraisal was performed on the Group's investment properties which resulted to an increase in the fair value amounting to ₱57.5 million and ₱121.4 million, respectively. Net unrealized gain on fair value remeasurement of investment properties, recognized under "Other income (charges)" in the consolidated statements of comprehensive income, amounted to ₱57.5 million, ₱121.4 million, and ₱60.4 million, in 2024, 2023, and 2022, respectively.

Direct costs pertain to real property taxes amounting to ₱2.0 million, ₱1.5 million and ₱1.1 million in 2024, 2023 and 2022, respectively, are included under "Taxes and licenses" account in the consolidated statements of comprehensive income. No other direct operating costs were incurred relating to investment properties in 2024, 2023, and 2022.

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

Fair value hierarchy disclosures and description of the valuation techniques used and key inputs to valuation for investment properties have been provided in Note 25.

13. Other Noncurrent Assets

	2024	2023
Advances to suppliers and other parties	₱1,317,474,678	₱1,226,593,466
Input VAT - noncurrent (see Note 9)	397,342,413	189,414,330
Creditable withholding taxes - noncurrent (see Note 9)	296,271,941	401,840,334
Customer contracts	187,562,431	215,374,033
Goodwill	47,462,510	129,843,626
Financial assets at FVOCI	8,000,000	426,600,000
Software costs – net	-	639,585
Pension asset (see Note 19)	-	376,533
Others - net of allowance for impairment loss of ₱46.01 million (see Note 23)	27,238,482	15,332,469
	₱2,281,352,455	₱2,606,014,376

Advances to Suppliers and Other Parties

Advances to suppliers pertain to cash advances given to contractors and project partners to finance the cost of project study, site development, plant rehabilitation, among others and to certain parties to comply with certain contractual obligations.

Business Combinations

Acquisition of Delta P and CIPC in 2023

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common shares preferred shares in Delta P and CIPC for a consideration of ₱272.9 million and ₱172.0 million, respectively, which resulted to an increase in the Group's ownership interest in the entities from 50% to 100%. The Group has assessed that the set of assets and activities that it has acquired in Delta P and CIPC constitutes a business and has accounted for the acquisition as a business combination.



The following is the final purchase price allocation for the business combinations:

	Delta P	CIPC	Total
Cash and cash equivalents	₱149,827,824	₱28,328,008	₱178,155,832
Trade and other receivables	521,901,718	250,461,149	772,362,867
Inventories	119,891,689	70,951,857	190,843,546
Prepayments and other current assets	57,884,060	12,288,114	70,172,174
Property, plant and equipment	860,330,399	306,827,647	1,167,158,046
Right-of-use assets	1,034,076	6,349,983	7,384,059
Other noncurrent assets	104,460,231	43,186,614	147,646,845
Total assets	1,815,329,997	718,393,372	2,533,723,369
Less: Trade and other payables	393,203,611	243,643,823	636,847,434
Long-term notes payable	851,597,731	22,385,832	873,983,563
Lease liabilities	1,258,457	8,741,844	10,000,301
Pension liability	1,325,806	–	1,325,806
Deferred income tax liabilities	19,132,308	29,958,926	49,091,234
Total net assets	₱548,812,084	₱413,662,947	₱962,475,031
Gain on bargain purchase	(1,526,188)	(34,799,109)	(36,325,297)
Purchase consideration transferred	₱547,285,896	₱378,863,838	₱926,149,734
Fair value of previously-held equity interest	₱274,406,042	₱206,831,472	₱481,237,514
Cash and cash equivalents	112,667,282	68,524,325	181,191,607
Unpaid portion of the consideration	160,212,572	103,508,041	263,720,613
Total consideration transferred	₱547,285,896	₱378,863,838	₱926,149,734
Cash flow on acquisition:			
Cash acquired with the subsidiary	₱149,827,824	₱28,328,008	₱178,155,832
Cash paid as part of purchase consideration	(112,667,282)	(68,524,325)	(181,191,607)
Net cash inflow (outflow)	₱37,160,542	(₱40,196,317)	(₱3,035,775)

By the date that the 2023 financial statements were approved for issue by the BOD, the valuation required by PFRS 3 had not yet been completed. Hence, the determination of the final amounts of the fair value of previously-held equity interest, trade and other receivables, inventories, property, plant and equipment, intangible assets from customer contracts, long-term notes payable, right-of-use assets and lease liabilities, and related deferred income tax adjustments and the resulting goodwill or gain on bargain purchase are subject to change within the one (1) year measurement period after the acquisition date, as allowed by PFRS 3.

As at acquisition date, Delta P and CIPC have signed contracts with customers for the sale of power which qualify for recognition as separate intangible assets. The amounts recognized for trade and other receivables represent the gross contractual amounts receivable from counterparties. As at the acquisition date, management does not expect that any contractual cash flows from these receivables will not be collected.

In 2024, the Parent Company has completed the valuation, and the final fair value of property, plant and equipment was determined to be ₱1,167.3 million, an increase of ₱142.2 million over the provisional value. In addition, the fair value of intangible assets from customer contracts was determined to be ₱53.5 million. As a result of the fair value adjustments, trade and other current payables increased by ₱100.0 million, deferred income tax liabilities increased by ₱41.3 million, goodwill decreased by ₱12.2 million and a gain on bargain purchase was determined for the acquisition of Delta P and CIPC amounting to ₱1.5 million and ₱34.8 million, respectively. The 2023 comparative financial information was restated to reflect the adjustment to the provisional amounts.



The gain on bargain purchase is presented as part of “Other income (charges)” in the 2023 consolidated statement of comprehensive income. The gain on this acquisition arose from changes to the fair value of the net identifiable assets during the period prior to the closing date.

For the year ended December 31, 2023, Delta P and CIPC contributed total revenues of ₱1.1 billion and ₱433.8 million, respectively, and net income of ₱15.8 million and ₱50.2 million, respectively, to the Group. Had the acquisitions been made at the beginning of the year, consolidated total revenues would have been ₱9.2 billion and consolidated net income would have been ₱2.5 billion.

Customer Contracts

BPC and NBPC have existing power supply agreements with its customers when these subsidiaries were acquired in 2021. In 2023, Delta P and CIPC have signed contracts with customers for the sale of power which qualify for recognition as intangible assets separate from goodwill. Intangible assets pertaining to these customer relationships were recognized by the Group as identifiable assets part of the business combination. These assets are being amortized over their expected useful lives of 5–12 years, based on the remaining terms of the agreements as of the acquisition date. The movement of the intangible assets are as follows:

	2024	2023
Cost		
At January 1	₱286,932,002	₱233,481,552
Additions during the year	–	53,450,450
At December 31	286,932,002	286,932,002
Accumulated Amortization		
At January 1	71,557,969	33,721,468
Amortization for the year	27,811,602	37,836,501
At December 31	99,369,571	71,557,969
Net Book Value	₱187,562,431	₱215,374,033

Goodwill

For impairment testing, goodwill acquired through business combinations are allocated to CGUs representing the operating units acquired. The following is the carrying amount of goodwill allocated to each of the CGUs.

	2024	2023
NBPC	₱47,462,510	₱47,462,510
WMP (Note 1)	–	82,381,116
	₱47,462,510	₱129,843,626

As of December 31, 2024 and 2023, the recoverable amounts of the cash generating units have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering at least a five-year period.



Revenue forecasts are based on existing contracts, anticipated increases in demand, anticipated new projects that will be serviced by existing assets, and other economic factors. Key assumptions to the forecasts and inputs to the value-in-use calculation are as follows:

	2024		2023
	NBPC	WMP	NBPC
Discount rate (WACC)	8.97%	9.31%	9.11%
Forecast gross margins	16–45%	21–22%	16–45%
Long-term growth rate	0%	n/a	0%
Terminal value	Remaining EUL of the plant	Not considered beyond the explicit forecast period	Remaining EUL of the plant

Based on the impairment testing, management believes there is no impairment on goodwill in 2024, 2023 and 2022. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

Financial Assets at FVOCI

Investments In Club Shares. These are irrevocably designated at FVOCI as the Group intends to hold these investments in the foreseeable future. As of December 31, 2024 and 2023, the carrying values of these financial assets are as follows:

Cost:	
Cebu Country Club, Inc.	₱3,400,000
Tower Club, Inc.	300,000
	<u>3,700,000</u>
Fair value remeasurement gain (loss):	
Cebu Country Club, Inc.	4,600,000
Tower Club, Inc.	(300,000)
	<u>4,300,000</u>
	<u>₱8,000,000</u>

- *Cebu Country Club, Inc.* In 2012, the Group acquired proprietary ownership shares in the Cebu Country Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares.
- *Tower Club, Inc.* In 2014, the Group acquired proprietary ownership shares in the Tower Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares. On September 25, 2020, the shareholders of Tower Club agreed to shorten its corporate life and permanently close by January 2022.

Investment in Buskowitz Finance, Inc. or BFI [now Buskowitz Energy, Inc. (BEI)]. In 2021, VREC made an investment amounting to ₱94.0 million, which represents initial subscription to 200,000 common shares of BFI at ₱20 per share or for a total of ₱4.0 million, representing 16.81% ownership in BFI, and advances for future stock subscription amounting to ₱90.0 million, pending approval by the SEC of BFI's application for the increase in authorized capital stock. In June 2022, VREC made an additional investment amounting to ₱270.0 million.



In 2024, the Group sold its investment in BFI for a total consideration equal to the carrying value of the investment amounting to ₱418.6 million. The previously recognized remeasurement gain on FVOCI was reclassified to unappropriated retained earnings amounting to ₱46.4 million. On November 12, 2024, the Group collected ₱355.8 million from the sale. As of December 31, 2024, a receivable of ₱62.8 million remains outstanding and was settled in full on January 24, 2025. The receivable is presented as part of “Others” under “Trade and other receivables” in the 2024 statement of financial position (see Note 7).

In 2023 and 2022, the Group recognized unrealized valuation gain on financial assets at FVOCI, net of deferred income tax, amounting to ₱24.5 million and ₱21.9 million, respectively.

Fair value hierarchy disclosures for the Group’s financial assets at FVOCI are provided in Note 25.

Software Costs

Software costs pertain to a subsidiary’s accounting software, Human Resources Information System, trading software and documents monitoring system. The movement of software costs is as follows:

	2024	2023
Cost		
At January 1	₱9,905,001	₱9,506,562
Additions during the year	–	398,439
Disposal (Note 1)	(9,905,001)	–
At December 31	–	9,905,001
Accumulated Amortization		
At January 1	9,265,416	8,663,509
Amortization for the year	639,585	601,907
Disposal	(8,625,831)	–
At December 31	–	9,265,416
Net Book Value	₱–	₱639,585

Others

Others include receivable amounting to ₱46.1 million from RFM Corporation, the Group’s previous owner, which has been fully provided with allowance for impairment losses as of December 31, 2024 and 2023. Also included in this account are deposits for future subscription in an entity that is yet to be incorporated, security deposits with various tenants and other parties in the conduct of the Group’s operations and cash restricted amounting to ₱27.2 million as of December 31, 2024, for an escrow account and implementing environmental and community projects pursuant to the agreement entered with the Department of Environment and Natural Resources and PGLU.



14. Trade and Other Payables

	2024	2023
Trade payables	₱1,472,344,720	₱2,069,461,903
Accrued expenses	423,940,459	185,243,231
Deferred output VAT	253,195,123	177,212,117
Output VAT	242,806,085	109,809,538
Unearned income	213,663,416	15,638,697
Accounts payable	100,675,439	155,478,265
Accrued interest (see Note 15)	31,690,574	36,892,360
Accrued taxes payable	31,394,465	5,736,872
Dividends payable	7,707,813	6,851,873
Others (see Note 23)	22,910,578	24,446,545
	2,800,328,672	2,786,771,401
Less noncurrent portion (see Note 23)	861,499,544	844,587,453
	₱1,938,829,128	₱1,942,183,948

Trade payables significantly consist of liabilities for a subsidiary's purchases of inventories from its suppliers and advances from a supplier. Trade payables for purchases of inventories are noninterest-bearing and are normally settled on a 30 to 45-day term.

Accrued expenses mainly consist of accruals for fuel, audit fees, contracted services, legal fees, securities and transfer fees, benefits, and other expenses.

Prior to effectivity of Republic Act No. 11976 or the Ease of Paying Taxes (EOPT) Act in April 2024, deferred output VAT is related to the recognition of the Group's revenue from bilateral contracts, and its corresponding receivable. The deferred output VAT is eventually closed to output VAT upon collection of the related receivable.

Unearned income consist of a refundable deposit received from a local government unit in relation to a land transaction and advance payments from customers.

Accounts payable consist mainly of liabilities for payroll, professional fees and other expenses.

Dividends payable consists of dividends to the non-controlling interests of the Group arising from dividend declaration made by the Parent Company. Dividends declared relating to non-controlling interests amounted to ₱224.0 million, ₱1.1 million and ₱8.6 million in 2024, 2023 and 2022, respectively (see Note 21).

15. Notes Payable

Short-term Notes Payable

- *1590 EC*. On August 2022, 1590 EC obtained a one year loan from various local banks amounting to ₱950.0 million which bears interest from 4.5%–5%. On the same date, 1590 EC secured a six-month loan from a local bank amounting to ₱176.0 million which bears an interest rate of 4.75%.

Upon maturity of the loans in 2023, 1590 EC made a partial payment of ₱10.0 million and further renewed the loans at interest rates ranging from 6.75%–7.15%. On February 5, 2024, ₱90.0 million of the loans were settled upon maturity and the rest were renewed.



- *INPC*. On various dates in 2022, Isla Norte obtained loans from a local bank totalling to ₱44.3 million. The loans bear interest rates of 5.5%–5.9% per annum and matured on various dates in 2023.
- *VEC*. On various dates in 2023, VEC secured short-term Notes Facility Agreement to issue ₱1.0 billion in Fixed Rate Corporate Notes (FRCN) bearing interest rates of 6.50—6.95% per annum to fund its working capital and future investments. The notes are unsecured. Short-term notes amounting to ₱170.0 million matured and were settled in November 2023. The short-term notes amounting to ₱848.0 million matured and settled in January 2024.
- *CIPC*. In 2024, CIPC obtained a loan from a local bank amounting to ₱75.0 million. A portion of the loan amounting to ₱25.0 million was also settled in 2024.
- *Core*. In 2023, Core obtained a loan from a local bank amounting to ₱50.0 million at an annual interest rate of 6.95% for additional working capital financing. The loan was also settled in 2023.

Interest expense recognized in the consolidated statements of comprehensive income on these loans in 2024, 2023 and 2022, amounted to ₱76.0 million, ₱122.3 million and ₱21.4 million, respectively. Accrued interest on these loans as of December 31, 2024 and 2023 amounted to nil (see Note 14).

Long-term Notes Payable

	Interest Rates	2024	2023
Parent Company – unsecured	4.1856%—4.7416%	₱1,850,000,000	₱1,900,000,000
VEC – unsecured	6.8114%—7.2204%	1,450,000,000	600,000,000
INPC – secured	6.0117%—8.3556%	1,211,294,117	1,283,764,706
Delta P – secured	6.2000%	755,066,002	817,615,846
NBPC – secured	5.5000%	169,600,000	186,560,000
BPC – secured	6.6400%	145,140,000	159,300,000
Core – secured	7.3921%—7.6921%	175,878,988	131,349,198
		5,756,979,107	5,078,589,750
Less unamortized debt issue costs		27,973,310	30,234,175
		5,729,005,797	5,048,355,575
Less current portion - net of unamortized debt issue costs of ₱6.2 million in 2024 and ₱5.8 million in 2023		229,522,887	210,300,979
		₱5,499,482,910	₱4,838,054,596

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

The first tranche is for a term of two years and payable on January 27, 2023 while the second tranche is for a term of five years and will mature on January 27, 2026 with principal payment of ₱50.0 million for the first four years and a balloon payment of ₱1.8 billion on maturity. On January 27, 2023, the first tranche of the loan matured and was settled. Loan amortizations in 2024 and 2023 amounting to ₱1.1 billion and ₱50 million, respectively, were settled upon maturity. On January 29, 2024, ₱50.0 million of the total principal amount was settled upon maturity.



INPC. In 2021, INPC entered into a loan agreement with Security Bank Corporation (SBC) whereby the latter agreed to provide INEC an aggregate principal amount of loan up to ₱1.32 billion to finance the construction of its 23.3 MW diesel power plant in Bantayan, Cebu. In 2022, INEC was merged into INPC, the surviving corporation.

The loan has a term of fifteen (15) years, inclusive of a two (2)-year grace period on principal repayment. Seventy percent (70%) of the loan is payable in fifty-one (51) quarterly installments commencing on the 9th quarter from the date of initial borrowing until the maturity date, while the remaining thirty percent (30%) shall be paid on the maturity date. The loan bears interest which is payable quarterly.

The loan is collateralized by the following: (a) debt service reserve account letter of credit, (b) first ranking mortgage on all present and future immovable properties, (c) assignment by way of security of the company's rights, titles and interest in project documents, insurance policies, performance bonds, receivables and other revenues from the Power Supply Agreement (see Note 23), and operating account; (d) pledge of shares; (e) personal property assignment on all present and movable assets.

Delta P. In 2016, Delta P entered into a loan agreement with a local bank whereby the latter agreed to provide Delta P an aggregate principal amount of loan up to ₱1.2 billion to finance the construction of its 30-MW oil-fired power plant in Puerto Princesa, Palawan.

The term of the loan is for fifteen (15) years, inclusive of a two (2)-year grace period on principal repayment. Seventy percent (70%) of the loan is payable in one hundred fifty-six (156) monthly installments commencing on the 25th month from the date of initial borrowing until the maturity date, while the thirty percent (30%) shall be paid on the maturity date. The loan bears annual interest of 6.20% which is payable monthly.

The loan is collateralized by a deed of assignment of the trade receivables, deed of chattel mortgage over the machinery and equipment, deed of real estate mortgage over the leasehold improvements and buildings, and deed of assignment over the lease contracts on land covering the plant site (see Notes 7 and 11).

VEC. In December 2023, VEC entered into long-term Notes Facility Agreement (Agreement) with two local banks to issue ₱6.25 billion in Fixed Rate Corporate Notes (FRCN or the Notes) as standby facility for future investments. Total drawdowns on the notes in 2023 amounted to ₱600.0 million. The notes are unsecured. These long-term notes will mature in December 2028.

On January 24, 2024, VEC made the second drawdown on the Agreements amounting to ₱850.0 million to fund future investments. These loans bear an average interest of 7.03% per annum and are subject to repricing in December 2026.

NBPC. On June 2017, NBPC availed of a 10-year loan payable in quarterly installments commencing on September 27, 2017 up to September 27, 2027. In May and June 2018, NBPC availed of additional loans payable in quarterly installments commencing on March 27, 2019 up to September 27, 2027.

The loans carry an interest rate based on 1-year benchmark rate plus spread, repriced annually, with a floor rate of 5%.



In June 2022, NBPC refinanced its existing loan with a new term of 9 years payable in quarterly equal installments commencing on June 22, 2022 up to June 20, 2031. The loan carries an interest rate based on 3-year benchmark rate plus spread, repriced every 3 years, with a floor rate of 5.5%. The loan is secured by real estate mortgage, pledge of shares and assignment of project accounts.

BPC. In September 2016, BPC availed of a 10-year loan payable in quarterly installments commencing on September 2, 2016 up to September 2, 2026. The long-term debt carries an interest rate based on 3-month benchmark rate plus spread, repriced quarterly, with a floor rate of 5%.

On August 31, 2022, BPC refinanced its existing loan with a new term of 9 years payable in quarterly installments commencing on August 31, 2022 up to August 29, 2031. The long-term loan carries an interest rate based on 3-year benchmark rate plus spread, repriced every 3 years, with a floor rate of 5%. The loan is secured by real estate mortgage, pledge of shares and assignment of project accounts.

Core. In 2023, Core entered into an agreement with a local bank for the latter to make available a term loan facility amounting to ₱350 million to partially fund Core's solar projects. The loan is secured by a guaranty executed by VEC.

The loan is subject to one-year grace period on principal amortization of payments, after which the amount shall be amortized based on an equal quarterly basis.

In 2023, Core has drawn ₱131.3 million from the facility at an interest rate of 7.6921% per annum. In 2024, Core drew an additional ₱44.5 million from the facility with an annual interest rate of 7.3921%.

Maturity Analysis

Repayments of outstanding principal amounts as at December 31 are scheduled as follows:

	2024	2023
Within one year	₱235,682,543	₱216,140,433
More than one year but not more than five years	4,060,004,102	3,260,004,102
More than five years	1,461,292,462	1,602,445,215
	₱5,756,979,107	₱5,078,589,750

Interest

Interest expense from long-term debt, including those that matured or were settled at yearend, recognized in the statements of comprehensive income amounted to ₱355.4 million, ₱241.4 million and ₱238.5 million in 2024, 2023 and 2022, respectively. The related accrued interest expense as of December 31, 2024 and December 31, 2023 amounted to ₱31.7 million and ₱36.9 million, respectively (see Note 14).

Covenants

The Parent Company and its subsidiaries are required to maintain certain liquidity and leverage ratios under the terms of their respective loan agreements. As of December 31, 2024 and 2023, the Group has complied with these required covenants and two subsidiaries have obtained waivers from their respective lenders prior to yearend tolerating any breach in the required ratios.



16. Related Party Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

In the normal course of business, the Group enters into transactions with related parties principally consisting of the following:

Category	Volume	2024 Outstanding Balance		Terms	Conditions
		Receivables	Payables		
Associates					
Sale of power:					
VECO (see Note 16g)	P-	P7,952,341	P-	30 days; noninterest-bearing	Unsecured; no impairment
Leases					
CPPC (see Note 16j)	1,200,000	-	-	August 18, 2023– January 29, 2024	Unsecured; no impairment
VECO (see Note 16n)	20,189,371	-	58,521,944	August 8, 2023– August 8, 2024	Unsecured
Technical service fees (see Note 16d)					
VECO	60,000,000	66,000,000	-	30 days; Noninterest-bearing	Unsecured; no impairment
CEDC	46,300,000	4,244,167	-	30 days; Noninterest-bearing	Unsecured; no impairment
PPWRLC	600,000	448,000	-	On-demand; Noninterest-bearing	Unsecured; no impairment
Engineering service fees (see Note 16d):					
VECO	20,000,000	22,000,000	-	30 days; Noninterest-bearing	Unsecured; no impairment
Interest income on advances (see Note 16a)					
CPPC	2,279,000	-	-	On demand	Unsecured; no impairment
Advances to (see Note 16a):					
PEI	-	-	50	Noninterest-bearing	Unsecured; no impairment
Advances to (see Note 16h):					
GLEDC	-	1,388,568	-	30-60 days; noninterest-bearing	Unsecured; no impairment
LPCI	-	102,708,539	-	30-60 days; noninterest-bearing	Unsecured; no impairment
Purchase of Power (see note 16k)					
TVI	233,167,200	-	21,003,720	Noninterest-bearing	Unsecured
Technical services fees (see Note 16j)					
CPPC	4,375,000	-	4,375,000	Noninterest-bearing	Unsecured
Distribution and wheeling charges (see Note 16m)					
VECO	128,472,081	-	43,453,563	Noninterest-bearing	Unsecured
Dividends (see Note 16f):					
VECO	995,922,474	-	-	noninterest-bearing	Unsecured; no impairment
AHI	352,000,000	-	-	noninterest-bearing	Unsecured; no impairment
MPC	120,000,000	-	-	noninterest-bearing	Unsecured; no impairment
TVI	200,000,055	-	-	noninterest-bearing	Unsecured; no impairment
CPPC	14,303,104	-	-	noninterest-bearing	Unsecured; no impairment

(Forward)



2024					
Category	Volume	Outstanding Balance		Terms	Conditions
		Receivables	Payables		
Stockholder with Significant Influence					
Revenue (see Note 16l)					
JDC One Acacia Corporation:	P398,190	P26,929	P-	On-demand; Noninterest-bearing	Unsecured; no impairment
Stockholder with No Significant Influence					
Advances to (see Note 16c):					
JGS	-	42,676	-	payable on demand; noninterest-bearing	Unsecured; no impairment
2023					
Category	Volume	Outstanding Balance		Terms	Conditions
		Receivables	Payables		
Associates					
Sale of power:					
VECO (see Note 16g)	P-	P7,957,282	P-	30 days; noninterest-bearing	Unsecured; no impairment
Lease (see Note 16j)					
CPPC	12,000,000	12,000,000	-	August 18, 2023– January 29, 2024	Unsecured; no impairment
Technical service fees (see Note 16d)					
CEDC	56,100,000	-	-	30 days; Noninterest-bearing	Unsecured; no impairment
FLWS	2,300,000	56,000	-	On-demand; Noninterest-bearing	Unsecured; no impairment
Interest income on advances (see Note 16a)					
FLWS	17,857,143	-	-	On demand	Unsecured; no impairment
CPPC	3,773,250	-	-	On demand	Unsecured; no impairment
Advances to (see Note 16a):					
PEI	-	-	50	Noninterest-bearing	Unsecured; no impairment
CPPC	50,000,000	50,000,000	-	7.74% interest per annum	Unsecured; no impairment
Advances to (see Note 16h):					
GLEDC	P431,979	P1,879,200	P-	30-60 days; noninterest-bearing	Unsecured; no impairment
LPCI	-	102,708,539	-	30-60 days; noninterest-bearing	Unsecured; no impairment
Purchase of power plant (see Note 16i)					
VECO	282,304,000	-	-	Noninterest-bearing	Unsecured
Purchase of Power (see note 16k)					
TVI	233,093,152	-	21,186,000	Noninterest-bearing	Unsecured
Technical services fees (see Note 16j)					
CPPC	4,375,000	-	4,375,000	Noninterest-bearing	Unsecured
Dividends (see Note 16f):					
VECO	763,687,641	-	-	noninterest-bearing	Unsecured; no impairment
AHI	404,800,000	-	-	noninterest-bearing	Unsecured; no impairment
MPC	200,000,016	-	-	noninterest-bearing	Unsecured; no impairment
TVI	180,000,000	-	-	noninterest-bearing	Unsecured; no impairment
CPPC	107,296,896	-	-	noninterest-bearing	Unsecured; no impairment

(Forward)



Category	Volume	2023 Outstanding Balance		Terms	Conditions
		Receivables	Payables		
Stockholders with Significant Influence					
Management fees expense (see Note 16e)					
MRC	10,827,329	–	–	30-60 days; noninterest-bearing	Unsecured
JDC	7,218,220	–	–	30-60 days; noninterest-bearing	Unsecured
Stockholders with Significant Influence					
Advances to/from (see Notes 16a and 16b)					
WMI	2,930,930	7,617,057	–	Noninterest-bearing	Unsecured; no impairment
APC	–	–	2,350,000	Interest bearing; 1-year term	Unsecured
Stockholder with No Significant Influence					
Advances to (see Note 16c):					
JGS	–	42,676	–	payable on demand; noninterest-bearing	Unsecured; no impairment

- a. Advances to related parties are generally noninterest-bearing cash advances to associates and stockholders. The outstanding advances, presented as “Advances to associates and stockholders” account in the consolidated statements of financial position, are noninterest-bearing and are due on demand. These advances are for project and working capital requirements.

On February 14, 2020, the Parent Company entered into an Interim Financing Agreement (IFA) with FLOWS for the development of a combined sewerage and septage facility serving the City of Puerto Princesa. The IFA was initially for a term of four months but were later extended. On January 13, 2023, the Parent Company collected the outstanding receivable of ₱150.0 million, and recognized interest income amounting to ₱17.9 million, presented as part of “Other income - net” in the statements of comprehensive income (see Note 17).

In 2023, VEC extended a 2-year interest-bearing promissory note to CPPC payable in lump-sum with a 7.74% interest rate per annum to cover for its working capital requirements. In 2024, CPPC settled in full its outstanding obligation to VEC.

- b. Advances from related parties are cash advances bearing 6% interest rate which are payable on demand from the Group’s stockholders.
- c. Advances to a “stockholder with no significant influence” pertains to the life insurance plan advanced by the Parent Company for a member of its BOD.
- d. Technical service fees represent the compensation for the services rendered by the Group to its associates. These are governed by service-level contracts executed by the Group and its associates. These are recognized as “Management and service fees” presented as part of the Group’s revenue in the consolidated statements of comprehensive income.

Outstanding receivables for management fees and service fees presented as part of “Trade receivables” under “Trade and other receivables” account in the consolidated statements of financial position as of December 31, 2024 and 2023 (see Note 7).



- e. In 2023, the Group also entered into consultancy and management service agreements with its stockholders to avail of management consultancy services. Expenses incurred related to the consultancy and management service agreements are recognized as part of “Professional fees” under “Generation costs” (see Note 17) and “Operating expenses” in the consolidated statements of comprehensive income.
- f. In 2024 and 2023, the Group’s associates declared dividends to the Group.
- g. The Group had an Energy Supply Agreement (ESA) with VECO executed in October 2014, whereby the Group supplied contract energy to VECO from the 17 MW of the contracted capacity of the Unified Leyte Geothermal Power Plant administered by the Group. The ESA was terminated in October 2019. Outstanding receivables for management fees and service fees presented as part of “Trade receivables” under “Trade and other receivables” account in the consolidated statements of financial position as of December 31, 2024 and 2023 (see Note 7).
- h. Working capital advances to LPCI and GLEDC are noninterest-bearing, collateral-free and are due on demand.
- i. On August 18, 2023, a subsidiary of the Group purchased power plant assets for a total cash consideration of ₱282.3 million (see Note 11).
- j. The Group generated income from the interim lease of the power plant to CPPC in 2024 and 2023, which are presented as part of “Rent income” in the consolidated statements of comprehensive income. In 2024 and 2023, the Group also incurred expenses from its interim technical services agreement with CPPC for its operation, management and maintenance (see Note 17).
- k. In 2022, a subsidiary entered into a PSA with Therma Visayas, Inc. to purchase power for a fixed fee per MW hour. The PSA is valid from December 26, 2022 to December 25, 2024 for a contracted capacity of 5 MW.
- l. The Group entered into a contract for solar services with JDC One Acacia Corporation, a subsidiary of JDC, an investor in Vivant with significant influence. Revenue from solar services presented as part of “Generation” under “Revenue” in the 2024 statement of comprehensive income.
- m. The Group entered into a Wheeling Services Agreement with VECO, on May 22, 2024. Under the agreement, which was effective starting June 1, 2024 until terminated, VECO permits the use of its sub-transmission system to wheel the electricity output of one of the Company’s generating facilities. Wheeling charges are presented as “Purchased power” under “Generation costs” in the 2024 statement of comprehensive income (see Note 17).
- n. In 2024, the Group entered into a five-year contract of lease as a lessee with VECO to lease a parcel of land (see Note 24).

The above transactions are generally settled through cash.



Compensation and Benefits of Key Management Personnel

The compensation of the Group's key management personnel by benefit type follows:

	2024	2023	2022
Short-term employee benefits	₱221,311,355	₱180,751,811	₱173,320,326
Post-employment pension benefits (see Note 19)	23,097,078	7,083,033	8,120,745
	₱244,408,433	₱187,834,844	₱181,441,071

17. Costs of Services and Other Operating Expenses

Generation costs

The Group's cost of services pertains to the costs incurred in the operation of the power plants, as follows:

	2024	2023	2022
Heavy fuel oil (see Notes 8 and 23)	₱3,971,661,278	₱2,242,942,536	₱2,142,610,532
Purchased power (see Notes 16m and 23)	1,763,565,909	1,089,061,079	616,814,812
Depreciation and amortization (see Notes 11, 13 and 24)	560,524,992	470,765,582	374,248,715
Light fuel oil (see Notes 8 and 23)	294,371,274	176,508,800	131,245,129
Materials and supplies (see Note 8)	144,497,863	49,673,410	56,129,783
Salaries, wages and employee benefits (see Note 18)	137,371,920	133,227,396	95,347,196
Contractual and outside services (see Note 16j)	89,711,694	98,510,858	76,689,877
Lube oil (see Notes 8 and 23)	77,227,533	49,413,286	51,265,092
Repairs and maintenance	66,546,137	58,236,538	38,086,273
Rent (see Note 24)	66,504,104	5,274,872	6,889,545
Insurance	40,669,870	62,863,885	48,149,903
Supply and metering charges	22,088,416	15,896,360	17,858,275
Light and power	11,249,445	278,351	1,673,563
Taxes and licenses	11,005,143	10,611,963	8,912,200
Market fees	7,279,480	376,899	884,993
Professional fees (see Note 16e)	6,426,750	-	2,653,140
Transportation	1,385,439	1,676,502	7,853,799
Others	21,977,027	12,860,028	6,710,159
	₱7,294,064,274	₱4,478,178,345	₱3,684,022,986

Amounts recognized related to the Group's participation in WESM trading, are presented as "Purchased power" and "Market fees" aggregating to ₱329.6 million, ₱68.2 million, and ₱39.0 million in 2024, 2023 and 2022, respectively.



Engineering service fees

The Group's cost of providing technical and engineering services in its retail electricity, and water treatment and desalination revenue generating activities are as follows:

	2024	2023	2022
Materials and supplies (see Note 8)	₱12,187,463	₱17,448,008	₱10,979,909
Contractual and outside services	9,122,761	7,209,090	4,604,410
Depreciation and amortization (see Notes 11 and 24)	3,944,232	3,421,833	2,463,126
Salaries, wages and employee benefits (see Note 18)	3,465,260	11,630,956	4,531,957
Transportation	566,985	5,603,021	624,090
Rent (see Note 24)	393,641	6,604,078	-
Insurance	20,849	70,438	-
Repairs and maintenance	4,548	20,400	-
Others	166,047	465,095	1,640,854
	₱29,871,786	₱52,472,919	₱24,844,346

Other Operating Expenses

	2024	2023	2022
Insurance expense	₱49,677,272	₱4,756,117	₱2,836,223
Dues and subscriptions	35,290,292	18,489,875	10,363,650
Directors' per diem (see Note 18)	23,844,444	26,883,333	20,729,167
Corporate social responsibility	19,602,891	22,346,535	27,043,457
Repairs and maintenance	8,244,843	5,970,244	4,000,042
Regulatory expenses	5,258,169	1,730,616	2,314,567
Office supplies	4,565,279	4,024,591	3,348,469
Stand-by letter of credit	2,295,351	4,214,971	4,219,226
Marketing expenses	2,217,720	6,573,917	3,290,056
Stockholders' meeting expenses	438,268	953,366	604,066
Others	15,618,039	6,088,389	10,734,489
	₱167,052,568	₱102,031,954	₱89,483,412

Regulatory expenses include payments of administrative fees charged by the PSE and SEC and other charges.

Others include sponsorships and contributions, brokerage fees, insurance expenses, medical and health expenses, outing expenses, and bank charges, among others.



Other Income - Net

	2024	2023	2022
Reversal of provision for fuel costs	₱98,503,087	₱-	₱-
Provision for doubtful accounts (see Note 7)	(40,617,655)	(410,049)	(5,721,988)
Gain on disposal of property, plant and equipment (see Note 11)	3,782,805	650,300	639,207
Receivables written off	-	(24,000,000)	-
Interest from a related party (see Note 16a)	-	17,857,143	-
Recovery of previously written-off receivables (see Note 7)	-	6,000,000	18,000,000
Other service income	-	-	1,870,000
Intercompany services	-	-	1,201,114
Others	(2,947,770)	(13,201,557)	15,242,391
	₱58,720,467	(₱13,104,163)	₱31,230,724

Provision for doubtful accounts mainly pertain to long-outstanding trade receivables from a customer.

Receivables written off pertains to the disputed receivables from a customer which were finally determined to be unrecoverable by virtue of the settlement of the court case with the customer in December 2023.

Interest income from a related party pertains to interest on the settlement of the IFA with FLOWS (see Note 16a).

Recovery of previously written-off receivables in 2023 and 2022 pertains to recovery by VEC and VREC of its receivables from the sale of one of the Group's joint ventures in 2017. The receivables were previously fully provided with an allowance (see Note 7).

Others include non-recurring incomes recognized by a subsidiary related to the reversal of a cost accrued in prior years and rebates on past years' fuel expenses, reimbursements from third parties for equipment station use, and billings to related parties for the shared expenses initially paid by the Group on behalf of related parties (see Note 16).

18. Personnel Expenses

	2024	2023	2022
Salaries, wages and employee benefits	₱732,732,545	₱537,405,717	₱469,334,852
Pension expense (see Note 19)	47,994,586	22,261,768	20,731,159
Directors' per diem (see Note 17)	23,844,444	26,883,333	20,729,167
	₱804,571,575	₱586,550,818	₱510,795,178

19. Retirement Plans

The Group has a funded, noncontributory, defined benefit pension plan covering all regular, permanent employees of the Parent Company, 1590 EC, CIPC, Delta P, VEC, INPC, Core and VIHI. The plans provide lump sum benefits upon a member's normal retirement. The benefits are based on the member's final monthly salary and length of service with the Group.



The Fund for the Group’s employees is administered by a trust and investment entity in the Philippines under the supervision of a trustee. The trustee is responsible for the investment strategy of the plan.

The following tables summarize the components of pension expense recognized in the consolidated statements of comprehensive income and the funded status and amounts recognized in the consolidated statements of financial position for the pension plan.

The components of the pension expense recognized under “Generation costs” and “Operating expenses” in the consolidated statements of comprehensive income follow:

	2024	2023	2022
Current service cost	₱37,724,433	₱18,369,797	₱17,717,173
Net interest cost	10,270,153	3,891,971	3,013,986
Pension expense	₱47,994,586	₱22,261,768	₱20,731,159

Remeasurement effects recognized in the consolidated statements of comprehensive income follow:

	2024	2023	2022
Remeasurement gain (loss) on defined benefit plan	(₱19,293,684)	(₱102,653,494)	₱16,205,942
Return on assets excluding amount included in net interest cost	(1,512,366)	(1,739,311)	(5,048,920)
	(₱20,806,050)	(₱104,392,805)	₱11,157,022

The pension liability pertaining to the Parent Company’s funded group retirement plan, and 1590 EC’s and Delta P’s funded retirement plans as of December 31, 2024 and 2023 follows:

	2024	2023
Present value of defined benefit obligation	₱336,369,535	₱260,370,314
Fair value of plan assets	(88,639,797)	(74,863,717)
Pension liability	₱247,729,738	₱185,506,597

The pension asset pertaining to CIPC’s funded retirement plan as of December 31, 2024 and 2023 follows:

	2024	2023
Fair value of plan assets	₱-	₱5,348,334
Present value of defined benefit obligation	-	(4,971,801)
Pension asset	₱-	₱376,533



Changes in the present value of the defined benefit obligation follow:

	2024	2023
At January 1	₱265,342,115	₱121,018,373
Current service cost	37,724,433	18,369,797
Business combinations (see Note 13)	–	14,833,696
Interest cost on defined benefit obligation	15,875,221	9,393,442
Remeasurement loss due to:		
Changes in financial assumptions	14,052,043	92,942,064
Experience adjustments	5,241,641	9,711,430
Benefits paid from retirement fund	(1,865,918)	(599,687)
Benefits paid from operating funds	–	(327,000)
At December 31	₱336,369,535	₱265,342,115

Changes in the fair value of plan assets representing the funded retirement plan of the Group follow:

	2024	2023
At January 1	₱80,212,051	₱56,822,901
Business combinations (see Note 13)	–	13,507,890
Contributions to the retirement fund	6,200,962	6,718,787
Interest income included in net interest cost	5,605,068	5,501,471
Return on assets excluding amount included in net interest cost	(1,512,366)	(1,739,311)
Benefits paid from retirement fund	(1,865,918)	(599,687)
At December 31	₱88,639,797	₱80,212,051

Changes in the amounts recognized in the consolidated statements of financial position for pension liability follows:

	2024	2023
At January 1	₱185,506,597	₱64,195,472
Business combinations (see Note 13)	–	2,163,275
Pension expense for the year	47,994,586	21,814,957
Contributions to retirement fund	(6,200,962)	(5,785,200)
Remeasurement loss recognized for the year	20,806,050	103,445,093
Reclassification from pension asset	(376,533)	–
Benefits paid from operating funds	–	(327,000)
At December 31	₱247,729,738	₱185,506,597

Changes in amounts recognized in the consolidated statements of financial position for pension asset of CIPC follows:

	2024	2023
At January 1	(₱376,533)	₱–
Business combinations (see Note 13)	–	(837,469)
Pension expense for the year	–	446,811
Contributions to retirement fund	–	(933,587)
Remeasurement loss recognized for the year	–	947,712
Reclassification to pension liability	376,533	–
At December 31	₱–	(₱376,533)



The major categories of the plan assets as a percentage of the fair value of the total plan assets are as follows:

	2024	2023
Investment in government securities	–	29.59%
Equity securities	9.95%	2.43%
Fixed income securities:		
Unitized investment trust funds	89.56%	67.45%
Accrued interest receivable	–	0.15%
Other receivable	0.49%	0.38%
Total plan assets	100.00%	100.00%

All equity instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

The control and administration of the fund vest on the trustee. The trustee shall have the full and complete power and authority to hold, manage, administer, convert, sell, assign, alter, divide, invest and reinvest the fund without distinction between principal and income, to the same extent and with the same effect as might be lawfully done by persons who own and control property and may thus exercise every power and right with respect to each item of property in this trust authority specified in the agreement and expressly conferred upon it by law.

The overall investment policy and strategy of the Group’s defined benefit plan is guided by the objective of providing the necessary funding for the benefits payable under the plan and achieving such liquidity as the trustee shall, in its discretion, deem appropriate in the circumstances. The Group’s current investment strategy consists substantially of fixed income securities.

The principal assumptions used in determining pension obligation for the Group’s pension plan as of December 31 follow:

	2024	2023
Discount rate	6.08%–6.20%	6.10%–6.17%
Future salary increase rate	10.00%	6.00%–10.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of the defined benefit obligation of the most recent actuarial valuation report, as of December 31, 2024 and 2023, assuming all other assumptions were held constant:

	Increase (Decrease)	Present Value Change of Defined Benefit Obligation	
		2024	2023
Discount rate	+100 basis points	(33,085,424)	(₹29,231,919)
	–100 basis points	39,137,665	34,680,027
Future salary increase rate	+100 basis points	38,408,353	34,776,063
	–100 basis points	(33,170,901)	(29,469,928)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the defined benefit obligation at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date), while all other assumptions remained unchanged.



The average duration of the defined benefit obligation is 14.73–20.00 years and 11.60–21.24 years as of December 31, 2024 and 2023, respectively.

The Group expects to contribute to the defined benefit plan in 2025.

The expected benefit payment assumes that all actuarial assumptions will materialize. Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2024 and 2023:

	2024	2023
Less than one year	₱5,185,372	₱12,483,318
More than one year to five years	36,476,513	39,835,980
More than five years to 10 years	158,882,752	151,133,893
More than 10 years to 15 years	518,270,045	420,881,380
More than 15 years to 20 years	435,954,385	364,091,213
More than 20 years	1,597,121,726	1,282,147,182
Total	₱2,751,890,793	₱2,270,572,966

20. Income Taxes

	2024	2023	2022
Current	₱378,943,981	₱155,180,434	₱97,784,862
Deferred	1,196,261	17,689,876	(8,223,383)
	₱380,140,242	₱172,870,310	₱89,561,479

The reconciliation of income tax expense computed at the applicable statutory rates to income tax expense follows:

	2024	2023	2022
Income before income tax	₱3,003,800,074	₱2,578,413,102	₱1,794,288,597
Tax calculated at statutory rate (25%)	₱750,950,019	₱644,603,276	₱448,572,149
Adjustments for the tax effects of:			
Equity in net earnings of associates	(576,414,014)	(511,085,470)	(485,339,345)
Unrecognized deferred income tax assets on NOLCO and MCIT	135,328,148	27,370,900	161,413,675
Non-deductible expenses	57,199,864	37,119,050	10,966,033
Interest income subject to final tax	(33,268,246)	(29,838,120)	(13,703,600)
Difference of OSD over deductible expenses	286,434	(3,176,938)	(4,667,825)
Non-taxable gain	(49,333)	(31,858,491)	(38,324,884)
Others	46,107,969	39,736,103	10,645,276
	₱380,140,242	₱172,870,310	₱89,561,479



The components of the Group's net deferred income tax assets as of December 31 are as follows:

	2024	2023
Deferred income tax assets on:		
Net pension liability	₱27,537,685	₱25,506,443
Allowance for impairment losses	11,602,774	11,602,774
Allowance for inventory losses	1,082,708	-
Unamortized past service costs	353,266	1,075,449
Unrealized foreign exchange loss	84,180	14,125
	40,660,613	38,198,791
Deferred income tax liabilities on:		
Right-of-use assets	14,655,154	4,824,010
Unrealized foreign exchange gain	11,435,632	11,900,669
Unamortized debt issue costs	1,809,923	2,545,404
	27,900,709	19,270,083
Deferred income tax asset (liabilities) recognized in other comprehensive income:		
Remeasurement loss (gain) on employee benefits	21,158,995	12,202,080
Unrealized valuation gain on FVOCI investments	(645,000)	(645,000)
	20,513,995	11,557,080
Net deferred income tax assets	₱33,273,899	₱30,485,788

The components of the Group's net deferred income tax liabilities are as follows:

	2024	2023
Deferred income tax liabilities on:		
Unrealized fair value gain on investment property	₱244,264,903	₱239,439,442
Fair value adjustments upon acquisition of subsidiaries (see Note 13)	83,206,465	97,838,056
Unamortized debt issue costs	964,796	-
Accrued rent	88,071	87,791
Unrealized foreign exchange gain	83,649	165,095
	328,607,884	337,530,384
Deferred income tax assets on:		
Pension liability	74,213	2,880,430
Unrealized foreign exchange loss	-	482,670
	74,213	3,363,100
Deferred income tax liability (asset) recognized in other comprehensive income:		
Unrealized valuation adjustments on FVOCI investments	-	8,190,000
Remeasurement loss on employee benefits	-	(4,694,359)
	-	3,495,641
Net deferred income tax liabilities	₱328,533,671	₱337,662,925



In 2024 and 2023, the Group has deductible temporary differences and tax credits for which deferred tax assets have not been recognized since management believes that no sufficient taxable income will be available in the year these are expected to be reversed, settled or realized. These unrecognized deductible temporary differences and tax credits follow:

	2024	2023
NOLCO	₱1,564,037,718	₱1,554,962,925
MCIT	4,960,283	8,524,728

On September 30, 2020, the BIR issued RR No. 25-2020 to implement Section 4(bbbb) of Republic Act No. 11494, otherwise known as the “Bayanihan to Recover as One Act”. This RR provides that net operating loss of the business enterprise for taxable years 2020 and 2021 to be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

NOLCO and MCIT as of December 31, 2024 and 2023, except for the NOLCO incurred in 2020 and 2021, can be claimed as a deduction against future taxable income and income tax due within three years from the year of incurrence from 2022–2024 and 2021–2023, respectively.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (CREATE)” Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Group recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

21. Equity

Capital Stock

There were no changes in the Parent Company’s authorized, issued and outstanding common shares as of December 31, 2024 and 2023.

Authorized capital stock - ₱1 par value	2,000,000,000
Issued and outstanding shares	1,023,456,698
Unissued shares	976,543,302

The Parent Company’s issued capital stock originally consists of 224,880,067 common shares and 600,000,000 preferred shares that were listed in the Philippine Stock Exchange (PSE) since 2003, and 198,576,631 preferred shares that were approved for listing by the PSE on June 29, 2004. In June 2005, the SEC approved the amendment to Article VII that relates to the conversion of the Parent Company’s preferred shares to common shares. As of December 31, 2024 and 2023, the Parent Company’s issued capital stock all consists of common shares.

The Parent Company has 1,404 stockholders as of December 31, 2024, 1,406 stockholders as of December 31, 2023, and 1,404 stockholders as of December 31, 2022, and has complied with the Minimum Public Ownership requirement of the PSE for listed entities as of the same dates.



Dividends

The BOD declared cash dividends to its stockholders as follows:

	2024	2023	2022
Date of declaration	May 24, 2024	May 18, 2023	May 13, 2022
Date of record	June 7, 2024	June 1, 2023	May 30, 2022
Date of payment	June 21, 2024	June 16, 2023	June 10, 2022
Dividends declared	₱571,088,839	₱398,841,075	₱444,282,550
Dividends per share	₱0.5580	₱0.3897	₱0.4341

Appropriation of Retained Earnings for Business Expansion

Out of the 2021 retained earnings appropriation amounting to ₱6.2 billion, the Parent Company made additional investments of ₱1.6 billion in 2022 on the power generation project in the Visayas, solar installation projects and infrastructure projects in Luzon and the Visayas, which amount was then reverted to unappropriated retained earnings in 2022.

In a BOD meeting held on November 11, 2022, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱4.6 billion to provide appropriations for the investment on the new power generation projects in Luzon, solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.3 billion to be used for the investment in the on-going and new infrastructure projects in the Visayas, and new power generation projects in Luzon and the Visayas starting in 2023.

Out of the 2022 retained earnings appropriation amounting to ₱6.8 billion, the Parent Company made additional investments of ₱1.9 billion in 2023 on the power generation project in Luzon, solar installation projects and infrastructure projects in Luzon and the Visayas, which amount was then reverted to unappropriated retained earnings in 2023.

Out of the 2022 retained earnings appropriation, the Parent Company made additional investments of ₱1.9 billion in 2023 on the new power generation project in Luzon, solar installation projects in Luzon and Visayas, and infrastructure projects in the Visayas, which amount was then reverted to unappropriated retained earnings in 2023.

In a BOD meeting held on November 24, 2023, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱4.9 billion to provide appropriations for the investment on the solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.4 billion to be used for the investment in the ongoing new infrastructure projects in the Visayas and new power generation projects in Luzon and the Visayas, and a new real estate project in the Visayas starting in 2024.

Out of the 2023 retained earnings appropriation, the Parent Company made additional investments of ₱1.4 billion in 2024 on the infrastructure projects in the Visayas, power generation projects in Luzon, the Visayas, and Mindanao, which amount was then reverted to unappropriated retained earnings in 2024.



In a BOD meeting held on December 23, 2024, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱6.0 billion to provide appropriations for the investment on the solar installation projects in Luzon and the Visayas, infrastructure projects in the Visayas and the real estate project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱1.8 billion to be used for the investment in the ongoing expansion of power generation project in Luzon, solar generation projects in Luzon and the Visayas, and the working capital requirements of a wholly owned subsidiary starting in 2025.

Unappropriated Retained Earnings

The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries and associates, including unrealized fair value adjustments on investment properties, amounting to ₱10.5 billion and ₱8.9 billion as of December 31, 2024 and 2023, respectively. Such amounts are not available for dividend distribution until such time that the Parent Company receives the dividends from the respective subsidiaries and associates.

Non-controlling Interests

On October 11, 2024, the Company entered into a Share Sale and Purchase Agreement with WMI resulting to the derecognition of the Company's total investment in WMP amounting to ₱63.9 million and non-controlling interest amounting to ₱58.4 million (see Note 1).

On June 1, 2023, VEC and VIDC acquired the remaining interest of GPI in INPC for a total consideration of ₱169.6 million, resulting in 100% ownership by the Group in INPC. The transaction has been accounted for as an equity transaction with non-controlling interests, resulting to a reduction in non-controlling interests by ₱164.5 million and a decrease in "Equity reserves" by ₱5.1 million.

In 2022, 1590 EC received cash amounting to ₱231.2 million from its non-controlling stockholder for the issuance of capital stock. INPC also received cash from GPI amounting to ₱16.9 million.

Material Partly-Owned Subsidiary - 1590 EC

The following are selected financial information of the material partly-owned subsidiary of the Group as of and for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
Total current assets	₱1,157,748,228	₱805,761,615	₱1,068,374,263
Total noncurrent assets	3,352,739,223	3,569,277,736	3,751,025,697
Total current liabilities	1,560,498,767	1,570,496,589	2,218,327,860
Total noncurrent liabilities	835,888,126	834,220,259	832,756,131
Total equity	2,114,100,558	1,970,322,503	1,768,315,969
Sale of power	2,891,515,765	1,907,736,709	2,820,807,541
Operating profit	864,244,823	341,215,108	299,626,276
Net income	642,818,607	204,139,608	246,304,789
Total comprehensive income	641,594,504	202,205,139	249,647,528
Net income attributable to non-controlling interests	287,982,736	91,454,544	110,344,545
Total comprehensive income attributable to non-controlling interests	287,434,338	90,587,902	111,842,093
Dividends paid to non-controlling interests	224,000,000	—	—
Accumulated non-controlling interest	944,242,977	880,808,639	790,220,737



22. Earnings Per Share (EPS)

The amounts of EPS are computed as follows:

	2024	2023	2022
Net income attributable to shareholders of the parent	₱2,355,018,369	₱2,295,804,486	₱1,595,263,961
Weighted average number of outstanding common shares	1,023,456,698	1,023,456,698	1,023,456,698
Basic and diluted EPS	₱2.301	₱2.243	₱1.559

There are no potential dilutive shares as of December 31, 2024, 2023 and 2022.

23. Contracts, Commitments and Contingencies

Sale of Power

Power Supply Agreements (PSAs)

- *INPC PSA.* On March 30, 2022, Bantayan Electric Cooperative (BANELCO) and INPC entered into a PSA. According to the terms of the PSA, INPC shall provide the entire energy requirements of BANELCO and its franchise area. The agreement is for a period of 15 years, reckoned from commercial operations date. On May 5, 2022, pending final resolution of INPC's application for approval of the PSA, the ERC granted provisional authority to INPC to implement the PSA, subject to certain conditions. Commercial operations in relation to the provisional authority commenced on May 6, 2022.

On August 8, 2023, the ERC granted an Interim Relief (IR) for the continued implementation of the PSA. This IR is subject to the same terms and conditions as provided in the Order dated May 5, 2022, until revoked or until the issuance of a decision.

- *CIPC PSA.* On August 8, 2011, CIPC entered into a 15-year PSA with Busuanga Island Electric Cooperative (BISELCO), an electric cooperative engaged in the distribution of electricity, light, heat and power. CIPC shall provide a portion of the energy requirements of BISELCO, for which CIPC is entitled to receive a payment equal to the total fee which is calculated using a specified formula.

The PSA also allows CIPC to collect from NPC a subsidy fee equivalent to the difference between the total fee and the subsidized/approved generation rate billed to BISELCO. The subsidized/approved generation rate charged shall be that approved by the Energy Regulatory Commission for Coron, Palawan expressed in Php/kWh.

Emergency PSA. On May 9, 2023, CIPC entered into a one-year Emergency PSA with BISELCO for a contracted capacity of 615,600 kWh/month at a tariff specified in the contract.

- *Delta P PSA.* On February 6, 2009, Delta P entered into a PSA with PALECO, an electric cooperative engaged in the distribution of electricity, light, heat and power for the phase I of the PSA which ended on April 3, 2021. On March 18, 2016, Delta P and PALECO entered into another PSA for the second phase of the energy supply agreement for 18 MW for 15 years. The agreement was terminated on October 3, 2023.



In November 2024, Delta P won the bidding for a 15-year PSA following the conduct of a successful Competitive Selection Process.

Emergency PSA. On October 3, 2023, Delta P entered into an Emergency Power Supply Agreement (“EPSA”) with PALECO for a maximum term of one (1) year from the commercial operations date (“COD”) for a minimum contracted energy of 11,896,560 kWh monthly at the total fee in the Emergency PSA.

Transitory PSA. Upon expiration of the EPSA on October 3, 2024, DPI entered into a Transitory PSA with contracted capacity of 26,650 kW for a period of (i) twelve (12) months, or (ii) until the delivery date is achieved under the PSA, or (iii) upon termination of this agreement, whichever occurs first.

- *Subsidy Agreements.* Due to the subsidized nature of the PSAs of INPC, Delta P and CIPC, the subsidiaries enter into Subsidy Agreements (SA) with NPC. The SAs allow the subsidiaries to collect the difference between the Subsidized/Approved Generation Rate (SAGR) charged to the off-taker and True Cost Generation Rate (TCGR).
- *NBPC PSA.* On January 17, 2017, NBPC entered into a PSA with Bukidnon Second Electric Cooperative (BUSECO) to supply a maximum of 5 MW from its 2 x 3.1 MW power plant located at Barangay Bugcaon, Lantapan, Bukidnon at a specific contract rate for a period of 15 years commencing from commercial operation date in the second quarter of 2018, under a Build Operate Maintain (BOMT) scheme. With the BOMT agreement, NBPC’s power plant will be transferred to BUSECO upon termination of the PSA.

ERC has granted a provisional approval on its rate application on August 31, 2017 effective for only twelve (12) months. Upon expiration of the provisional authority on August 31, 2018, ERC extended the provisional authority in an order dated September 21, 2019. NBPC and BUSECO filed a motion for reconsideration for rates adjustment from the provisionally approved amounts and was partially granted by ERC on October 8, 2019. As of December 31, 2024, no decision was received from ERC on the matter.

- *BPC PSA.* On October 16, 2014, BPC entered into a PSA with First Bukidnon Electric Cooperative (FIBECO) to supply a maximum of 4.4 MW from its 2 x 2.4 MW power plant located at Barangay Barandas, Bukidnon at a specific contract rate for a period of 15 years commencing from March 15, 2015. ERC has granted a provisional approval on its rate application on August 3, 2015. The second PSA was entered into with FIBECO on July 24, 2015 for a contracted capacity of 2 MW from its 2.5 MW fuel power plant located at Barangay Mabuhay, San Fernando, Bukidnon, for a period of 15 years starting from April 15, 2016. ERC’s final approval on its rate application was dated June 6, 2017.
- *1590 EC PSA.* On April 2023, 1590 EC entered into a PSA with a customer for a contracted capacity of 30 MWh at an agreed tariff specified in the PSA. The contract is effective from April 26, 2023 to December 25, 2023.

In January 2024, the company entered into another PSA with the customer for a contracted capacity of at 70MWh from January 26, 2024 to August 25, 2024. In August 2024, the parties agreed to the amendment of the existing PSA with the contract expiring on September 25, 2025.

Revenue from sale of power in relation to the above PSAs amounted to ₱4,333.3 million, ₱2,582.8 million and ₱922.4 million in 2024, 2023 and 2022, respectively.



Solar Solutions. Subsidiaries of the Group enter into power purchase agreements with various customers for the development, engineering, procurement, construction, operation and maintenance of solar generation facilities at the customers' premises. Revenue from these agreements amounted to ₱39.3 million, ₱35.0 million, and ₱23.1 million in 2024, 2023 and 2022, respectively.

Retail Electricity Supply. A subsidiary enters into various retail supply contracts with contestable customers for the supply of energy at an agreed price on a per kilowatt-hour basis. The contracts are for a period of 2 years and for a contracted capacity of 0.75–2.50 MW. Total retail electricity sales from these contracts amounted to ₱1,436.5 million, ₱1,112.7 million, and ₱633.5 million in 2024, 2023, and 2022, respectively.

In connection with the contracts, the subsidiary received refundable deposits from customers amounting to ₱23.7 million and ₱26.2 million as of December 31, 2024 and 2023. These are presented as part of "Other noncurrent liabilities" in the statements of financial position (see Note 14).

Ancillary Services. In January 2017, a subsidiary entered into an ASPA with NGCP to be its service provider, whereby the entity will provide dispatchable reserve to NGCP to maintain power quality, reliability, and security of the nationwide grid. The term of agreement is in force for five (5) years. Actual transactions such as nominations and scheduling started in November 2017 when the access and technical requirements were finally fulfilled. The contract expired in September 2022 subject to monthly renewal pending the result of the competitive selection process. The contract was renewed until February 25, 2023.

On August 18, 2023, CPPC executed a deed of assignment to a subsidiary of the Group with the effect that all obligations of CPPC under the ASPA for the generation facility shall be turned over to a subsidiary of the Group (see Note 16). The NGCP confirmed the assignment on October 25, 2023. The ASPA is effective for a period of five (5) years, commencing November 16, 2023 up to November 15, 2028.

Revenue from ASPA with NGCP amounted to ₱9.2 million, ₱467.5 million, and ₱952.9 million in 2024, 2023, and 2022, respectively.

Participation in WESM. To avail of the opportunities in the competitive electricity market, certain entities of the Group registered as direct participants of the wholesale electricity spot market (WESM). The revenue from sale of power on the WESM recognized by the Group amounting to ₱3,663.5 million, ₱1,336.3 million, and ₱1,867.8 million, in 2024, 2023, and 2022, respectively, were generated from its participation in the trading of electricity at the WESM.

On March 6, 2014, the ERC rendered an Order voiding the WESM prices for the supply months of November and December 2013 and in lieu thereof, substituting regulated prices. The Order came after the ERC formed an Investigating Unit to investigate the unusual increase in WESM prices and the seemingly simultaneous withholding of capacity by electric power generators during the supply months of November and December 2013.

On March 28, 2014, a subsidiary filed its Motion for Reconsideration (MR) to the Order. In an Order dated October 15, 2014, the ERC denied the MR.



On December 10, 2014, as a result of the denial of the MR by the ERC, the subsidiary filed a Petition for Review with Application for Injunction and Temporary Restraining Order with the CA requesting for the (a) issuance of a Temporary Restraining Order and Writ of Preliminary Injunction enjoining ERC and PEMC from implementing all orders, decisions, and resolutions in ERC Case No. 2014-021 MC and (b) reversal of the Order of the ERC in ERC Case No. 2014-021 MC and (c) reinstating the November and December 2013 WESM market prices.

On November 8, 2017 the CA in the consolidated Petitions for Review, rendered a decision declaring the Orders of the ERC dated March 3, 2014, March 27, 2014, May 9, 2014 and October 15, 2014 (the “ERC Orders”) for having been rendered without any factual and legal basis. Accordingly, the CA nullified the regulated prices imposed by the ERC in the ERC Orders that were to prevail in lieu of the WESM prices for the November and December 2013 supply months.

Thereafter, the ERC and Intervenor, filed their respective MRs to which the subsidiary duly filed its respective Oppositions thereto. Moreover, as of March 14, 2018, twelve (12) entities who are not original parties to the consolidated Petitions for Review but claim legal interest in the consolidated Petitions for Review filed their respective Motions for Leave to file intervention and admit the attached MRs. On September 7, 2020, the subsidiary received a Notice from the Supreme Court (Third Division) that required its Comments to a Petition for Review on Certiorari. The subsidiary was able to file its Comment and Opposition within the allowed extended period.

On August 3, 2021, the Supreme Court issued a decision declaring null and void the March 2014 Order of the ERC. The Order in the December 2013 Letter Order was affirmed. An Entry of Judgement was subsequently issued stating that on October 11, 2022, the decision has become final and executory.

Management and Service Fees

The Group renders consultancy, management and technical services to various parties, including related parties for technical service fees (see Note 16). These services are governed by service-level contracts executed by the Group and the counterparties. These are recognized as “Management and service fees” presented as part of the Group’s revenue in the consolidated statements of comprehensive income amounting to ₱202.9 million, ₱546.0 million and ₱86.8 million in 2024, 2023, and 2022, respectively.

Generation Costs

Fuel Supply Agreements

The Group, through its power generation subsidiaries, enters into supply agreements with various suppliers for the supply of the Group’s petroleum product requirements. The supply agreements are effective for various periods up to December 31, 2026.

- *Heavy Fuel Oil.* Heavy fuel oil expense recognized in the consolidated statements of comprehensive income amounted to ₱3,971.7 million, ₱2,242.9 billion, and ₱2,142.6 million in 2024, 2023, and 2022, respectively (see Note 17).
- *Light Fuel Oil.* Light fuel oil recognized in the consolidated statements of comprehensive income amounted to ₱294.4 million, ₱176.5 million, and ₱131.2 million in 2024, 2023, and 2022, respectively (see Note 17).



- *Lube Fuel Oil.* Lube fuel oil recognized under “Generation costs” in the statements of comprehensive income amounted to ₱77.2 million, ₱49.4 million, and ₱51.3 million in 2024, 2023, and 2022, respectively (see Note 17).

Purchased Power

- *Bilateral Agreements.* A subsidiary of the Group enters into PSAs with generation companies to purchase power for a fixed fee per MW per hour. The PSAs are for a period of one to two years with a contract capacity of up to 10MW.

The total cost of power purchased during the year from PSAs amounted to ₱1,013.7 million, ₱781.6 million, and ₱431.1 million in December 2024, 2023, and 2022, respectively (see Note 17).

Distribution Wheeling Services. A subsidiary of the Group enters into Distribution Wheeling Service Agreements (DWSA) with various distribution utilities to tap their distribution services for the conveyance of electricity, through its distribution system, to the subsidiary’s contestable customers.

Based on the DWSA, the subsidiary shall pass on all applicable distribution wheeling services charges namely distribution, transmission, system loss, metering, ancillary, universal and other charges, including applicable taxes, as billed by the distribution utility to the contestable customers. Total costs incurred for distribution wheeling services amounted to ₱427.6 million, ₱239.7 million, and ₱147.5 million in 2024, 2023, and 2022, respectively, which are presented as part of “Purchased power” under “Generation costs” (see Note 17).

A bill deposit equivalent to one month of the estimated billing is usually paid to the distribution utility prior to the commencement of wheeling services to the contestable customer. As at December 31, 2024 and 2023 security deposit under this agreement amounted to ₱35.1 million and ₱31.6 million, respectively, and is presented as “Others” under “Prepayments and other current assets” (see Note 9).

Open Access Transmission Service. Pursuant to the provision on Credit Support under Section A8.1 of the Open Access Transmission Service Rules as well as the condition set under Billing and Payments of the Transmission Service Agreement, 1590 EC provided additional credit support in the form of a security deposit presented as “Other noncurrent assets” in the consolidated statements of financial position amounting to ₱2.3 million as of December 31, 2024 and 2023 (see Note 13).

Contingencies

The Group is a party to certain proceedings and assessments in the normal course of business. The ultimate outcome of these proceedings cannot be presently determined. The Group’s position has been developed in consultation with outside counsel handling the Group’s defense in these matters and is based upon an analysis of potential results. As allowed by PAS 37, no further disclosures were provided as this might prejudice the Group’s position on this matter. Management believes, based on information currently available and professional legal advice, that the ultimate resolution of these proceedings would not likely have a material, adverse effect on the results of operations, financial position or liquidity of the Group. Existing circumstances and assumptions about future developments related to these proceedings may still change. Such changes are reflected in the assumptions when they occur.



24. Lease Agreements

- The Group has lease contracts for office space used in its operations, which generally have lease terms between 2–5 years. Leases of land from newly acquired subsidiaries in 2023 have a remaining lease term of 4–5 years. The Group’s obligations under its leases are secured by the lessor’s title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.
- On August 16, 2024, the Group leased a parcel of land and related lease improvements from a related party for a period of five years until August 18, 2028 (see Note 16). The leased assets are currently being used as the site for the operation of the Group’s 70 MW diesel-fired power plant in Brgy. Ermita, Cebu City (see Note 16).

Set out below, are the carrying amounts of the Group’s right-of-use assets and lease liabilities and the movements during the year ended December 31, 2024 and December 31, 2023:

	Right-of-use Assets				Lease Liabilities
	Office Space	Plant and Equipment	Land	Total	
As at January 1, 2024	₱14,716,903	₱2,809,601	₱7,012,564	₱24,539,068	₱29,840,959
Additions	48,065,050	–	74,084,200	122,149,250	122,583,101
Disposal of a subsidiary (see Note 1)	(594,739)	–	–	(594,739)	(1,677,985)
Depreciation expense	(17,862,435)	(636,849)	(18,818,219)	(37,317,503)	–
Interest expense	–	–	–	–	8,500,565
Payments	–	–	–	–	(42,287,351)
As at December 31, 2024	₱44,324,779	₱2,172,752	₱62,278,545	₱108,776,076	₱116,959,289

	Right-of-use Assets				Lease Liabilities
	Office Space	Plant and Equipment	Land	Total	
As at January 1, 2023	₱22,112,091	₱–	₱–	₱22,112,091	₱26,809,952
Acquisition of subsidiaries (see Note 13)	–	–	7,384,059	7,384,059	10,000,301
Additions	7,598,821	2,906,484	–	10,505,305	10,505,305
Depreciation expense	(14,994,009)	(96,883)	(371,495)	(15,462,387)	–
Interest expense	–	–	–	–	1,108,626
Payments	–	–	–	–	(18,583,225)
As at December 31, 2023	₱14,716,903	₱2,809,601	₱7,012,564	₱24,539,068	₱29,840,959

Set out below are the amounts recognized in the consolidated statements of comprehensive income for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
Rent expense - short-term leases and variable lease payments	₱79,464,343	₱17,165,440	₱13,354,625
Depreciation expense of right-of-use assets			
Costs of services (see Note 17)	18,665,927	371,495	68,249,278
Operating expenses	18,651,576	15,090,892	14,101,248
Interest expense on lease liabilities	8,500,565	1,108,626	10,826,959
	₱125,282,411	₱33,736,453	₱106,532,110



Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

	2024	2023
Within one year	₱29,497,231	₱18,342,849
After one year but not more than five years	103,572,884	9,131,689
More than five years	10,591,139	12,020,020
	₱143,661,254	₱39,494,558

25. Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash and cash equivalents, trade and other receivables, advances to associates and stockholders, financial assets at FVOCI, trade and other payables, notes payable and advances from related parties. The main purpose of these financial instruments is to raise funds for the Group's operations.

The main risks from the Group's financial instruments are credit risk, liquidity risk and foreign currency risk. The BOD reviews and agrees policies for managing each of these risks and these policies are summarized below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

With respect to cash investments, the risk is mitigated by the short-term and/or liquid nature of its investments mainly in bank deposits and placements, which are placed with financial institutions of high credit standing. Receivable balances are actively monitored on an ongoing basis and acted upon regularly to avoid significant concentrations of credit risk.

Except for the trade receivables of 1590 EC from an electric cooperative and other receivables which were provided with allowance (see Note 7), management evaluated that the Group's consolidated financial assets as summarized below are of high grade and of good credit quality.

The maximum exposure to credit risk, net of allowance for impairment losses, amounted to ₱6,779.3 million and ₱6,226.0 million as of December 31, 2024 and 2023, respectively.

There are no significant concentrations of credit risk within the Group.

The Group writes off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The Group writes off an account when all of the following conditions are met:

- the asset is in past due for over 90 days, or is already an item-for-forfeiture
- contract restructuring is no longer possible

The Group may also write off financial assets that are still subject to enforcement activity. The Group has not written off outstanding loans and receivables that are still subject to enforcement activity as of December 31, 2024 and 2023.



The following are the details of the Group's assessment of credit quality and the related ECLs as at December 31, 2024 and 2023:

- *General Approach*
 - *Cash and Cash Equivalents.* As of December 31, 2024 and 2023, the ECL relating to the cash and cash equivalents of the Group is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.
 - *Advances to Associates and Stockholders, Receivables from Related Parties and Other Receivables and Security Deposits.* No ECL is recognized for related party receivables since there were no history of default payments. As of December 31, 2024 and 2023, allowance for impairment losses pertain to individually impaired accounts of other receivables. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.
- *Simplified Approach*
 - *Trade and Accounts Receivable* – The Group applied the simplified approach under PFRS 9, using a 'provision matrix'. As of December 31, 2024 and 2023, the allowance for impairment losses as a result from performing collective impairment test amounted to ₱2.4 million. Management evaluated that the Group's trade receivables are of high grade and of good credit quality.

The tables below show the maximum exposure to credit risk based on the Group's year-end stage classification.

2024					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱4,979,999,774	₱–	₱120,679,818	₱1,801,755,608	₱6,902,435,200
Loss allowance	–	–	(120,679,818)	(2,419,972)	(123,099,790)
Carrying amount	₱4,979,999,774	₱–	₱–	₱1,799,335,636	₱6,779,335,410

2023					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱4,578,358,340	₱–	₱80,062,163	₱1,650,080,971	₱6,308,501,474
Loss allowance	–	–	(80,062,163)	(2,419,972)	(82,482,135)
Carrying amount	₱4,578,358,340	₱–	₱–	₱1,647,660,999	₱6,226,019,339



The following tables set out the aging analysis per class of financial assets as of December 31, 2024 and 2023:

2024							
	Not Past Due	Past Due				Impaired	Total
		Less than 30 Days	31-60 Days	61-90 Days	Over 90 days		
Financial Assets at Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	P4,789,029,921	P-	P-	P-	P-	P-	P4,789,029,921
Trade and other receivables	1,147,436,197	152,512,470	221,127,064	87,285,884	190,974,020	77,021,727	1,876,357,362
Advances to associates and stockholders	104,097,107	-	-	-	-	-	104,097,107
Due from RFM Corporation (under "Other noncurrent assets")	-	-	-	-	-	46,078,063	46,078,063
Restricted cash (under "Other current and noncurrent assets")	29,242,364	-	-	-	-	-	29,242,364
Security deposits (under "Prepayments and other current assets")	57,630,383	-	-	-	-	-	57,630,383
	P6,127,435,972	P152,512,470	P221,127,064	P87,285,884	P190,974,020	P123,099,790	P6,902,435,200
2023							
	Not Past Due	Past Due				Impaired	Total
		Less than 30 Days	31-60 Days	61-90 Days	Over 90 days		
Financial Assets at Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	P4,382,540,776	P-	P-	P-	P-	P-	P4,382,540,776
Trade and other receivables	1,019,246,157	64,724,865	92,003,989	151,063,379	320,622,609	36,404,072	1,684,065,071
Advances to associates and stockholders	154,587,739	-	-	-	7,617,057	-	162,204,796
Advances to suppliers and other parties (under "Other noncurrent assets")	1,226,593,466	-	-	-	-	-	1,226,593,466
Due from RFM Corporation (under "Other noncurrent assets")	-	-	-	-	-	46,078,063	46,078,063
Restricted cash (under "Other current assets")	2,003,880	-	-	-	-	-	2,003,880
Security deposits (under "Prepayments and other current assets")	31,608,888	-	-	-	-	-	31,608,888
	P5,589,987,440	P64,724,865	P92,003,989	P151,063,379	P328,239,666	P82,482,135	P6,308,501,474

Liquidity Risk

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

The Group maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements and the Group's trade receivables are maintained to meet maturing obligations. The Group, in general, matches the appropriate long-term funding instruments with the general nature of its equity instruments.



The following tables summarize the Group's financial assets that can be used to manage its liquidity risk and the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as of December 31:

	2024				
	Contractual Undiscounted Payments				
	Total	On Demand	Less than 1 Year	1 to 5 Years	More than 5 Years
Financial Assets					
At amortized cost:					
Cash and cash equivalents	P4,789,149,921	P4,789,149,921	P-	P-	P-
Trade and other receivables	1,799,335,635	27,395,124	1,771,940,511	-	-
Advances to associates and stockholders	104,097,107	104,097,107	-	-	-
Restricted cash (under "Other current assets" and "Other noncurrent assets")	29,242,364	2,003,880	-	27,238,484	-
Security deposits (under "Other current assets")	57,630,383	-	38,827,012	18,803,371	-
	6,779,455,410	4,922,646,032	1,810,767,523	46,041,855	-
Financial Liabilities					
Trade and other payables*	1,403,725,642	579,217,050	824,508,592	-	-
Short-term notes payable	1,076,000,000	-	1,076,000,000	-	-
Long-term notes payable**	5,756,979,107	-	235,682,543	4,060,004,102	1,461,292,462
Lease liabilities	143,661,254	-	29,497,231	103,572,884	10,591,139
Advances from related parties	50	50	-	-	-
	8,380,366,053	579,217,100	2,165,688,366	4,163,576,986	1,471,883,601
Net Financial Assets (Liabilities)	(P1,600,910,643)	P4,343,428,932	(P354,920,843)	(P4,117,535,131)	(P1,471,883,601)

*Excluding nonfinancial liabilities

**Includes contractual interest payments

	2023				
	Contractual Undiscounted Payments				
	Total	On Demand	Less than 1 Year	1 to 5 Years	More than 5 Years
Financial Assets					
At amortized cost:					
Cash and cash equivalents	P4,382,540,776	P4,286,305,576	P96,235,200	P-	P-
Trade and other receivables	1,647,660,999	114,659,308	1,533,001,691	-	-
Advances to associates and stockholders	162,204,796	162,204,796	-	-	-
Restricted cash (under "Other current assets")	2,003,880	2,003,880	-	-	-
Security deposits (under "Other current assets")	31,608,888	-	15,771,852	15,837,036	-
	6,226,019,339	4,565,173,560	1,645,008,743	15,837,036	-
Financial Liabilities					
Trade and other payables*	1,642,573,548	699,592,351	942,981,197	-	-
Short-term notes payable	1,963,546,959	-	1,963,546,959	-	-
Long-term notes payable**	6,269,443,163	-	456,090,054	3,839,810,913	1,973,542,196
Lease liabilities	39,494,558	-	18,342,849	9,131,689	12,020,020
Advances from related parties	2,350,050	-	2,350,050	-	-
	9,917,408,278	699,592,351	3,383,311,109	3,848,942,602	1,985,562,216
Net Financial Assets (Liabilities)	(P3,691,388,939)	P3,865,581,209	(P1,738,302,366)	(P3,833,105,566)	(P1,985,562,216)

*Excluding nonfinancial liabilities

**Includes contractual interest payments

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenue or expense is denominated in a different currency from the Group's functional currency.



The foreign-currency-denominated monetary assets and their Philippine Peso equivalents follow:

	2024		
	USD	EUR	Php Equivalent
Financial Asset			
Cash	US\$1,281,198	€581,315	P109,269,422
	2023		
	USD	EUR	Php Equivalent
Financial Asset			
Cash	US\$1,626,611	€638,428	P129,634,942

The December 31 exchange rates used follows:

	2024	2023
US Dollar	P57.85 to US\$1	P55.57 to US\$1
Euro Dollar	P60.47 to €1	P61.47 to €1

The Group recognized net foreign exchange gain of P2.9 million in 2024, net foreign exchange loss of P9.7 million in 2023, and net foreign exchange gain of P53.8 million in 2022.

The Group manages the timing of settlements or payments to ensure that the Group is not unfavourably exposed to fluctuations of foreign exchange rates. Likewise, the Group maintains adequate PHP, US, and EUR bank deposits to fund major expenditures or payments in foreign currencies.

The tables below demonstrate the sensitivity to a reasonably possible change in the Philippine Peso, with all other variables held constant, of the Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as of December 31, 2024 and 2023.

	Change in Philippine Peso to US Dollar	
	Appreciation	Depreciation
Effect in income before income tax:		
2024 (at 2.22% appreciation and 2.45% depreciation)	(P1,645,404)	P1,815,874
2023 (at 2.07% appreciation and 2.07% depreciation)	(P1,871,089)	P1,871,089
	Change in Philippine Peso to Euro	
	Appreciation	Depreciation
Effect in income before income tax:		
2024 (at 2.34% appreciation and 2.70% depreciation)	(P822,560)	P949,107
2023 (at 4.73% appreciation and 4.73% depreciation)	(P1,856,249)	P1,856,249

There is no other impact on the Group's equity other than those already affecting the consolidated income before income tax.



Interest Rate Risk

The Group is not exposed to interest rate risk since its loans are subject to fixed interest rates and are therefore not subject to interest rate risk. Accounts receivable and other significant liabilities are noninterest-bearing. The Group has achieved a balanced mix of cash balances with various deposit rates.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of assets and liabilities:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As of December 31, 2024 and 2023, the carrying values of the Group's financial instruments, except for the Group's long-term debt, approximate fair values due to their relatively short-term maturity.

The Group considers the long-term notes payable with fair value of ₱6.3 billion and ₱5.0 billion as of December 31, 2024 and 2023, respectively, as under Level 3 classification. The fair values were determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

The Group's financial assets at FVOCI and investment properties, which are classified under Level 2 and 3, respectively, are measured at fair value.

As of December 31, 2024 and 2023, there were no transfers into and out of Level 3 fair value measurements.

Changes in Valuation Techniques

There were no changes in the valuation techniques used by the Group in determining the fair value of its financial assets at FVOCI and investment properties during the year.

Highest and Best Use

As at December 31, 2024 and 2023, the current use of the Group's investment properties is considered its highest and best use.



Fair Value Hierarchy

The following tables show an analysis of the Group’s assets measured at fair value recognized in the consolidated statements of financial position by level of the fair value hierarchy as of December 31, 2024 and 2023:

2024				
	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value				
Financial assets at FVOCI (see Note 13)	P8,000,000	P-	P8,000,000	P-
Investment properties (see Note 12):				
Land	1,074,002,267	-	-	1,074,002,267
Condominium units	28,956,733	-	-	28,956,733

2023				
	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value				
Financial assets at FVOCI (see Note 13)	P426,600,000	P-	P426,600,000	P-
Investment properties (see Note 12):				
Land	1,018,548,067	-	-	1,018,548,067
Condominium units	26,921,733	-	-	26,921,733

Valuation Techniques Used to Derive Level 3 Fair Values

The following tables show an analysis of the Group’s long-term notes payable for which fair values are disclosed at Level 3 of the fair value hierarchy as at December 31:

Description	Carrying Value as of December 31, 2024	Fair Value as of December 31, 2024	Valuation Technique	Key Observable Inputs	Range (Weighted Average)
Long-term debt	P5,729,005,797	P6,254,936,255	Discounted Cash Flow Approach	Risk-free interest rate	5.25%-7.62% (5.87%-7.59%)

Description	Carrying Value as of December 31, 2023	Fair Value as of December 31, 2023	Valuation Technique	Key Observable Inputs	Range (Weighted Average)
Long-term debt	P5,048,355,575	P4,994,514,624	Discounted Cash Flow Approach	Risk-free interest rate	5.18%-7.68% (5.88%-7.58%)

The table below presents the following for each class of the Group’s investment properties as of December 31, 2024 and 2023:

2024				
Class of Property	Fair Value	Valuation Technique	Key Unobservable Inputs	Range
Investment properties (see Note 12):				
Land	P1,074,002,267	Sales Comparison Approach	Price per square meter	P100,000-P180,000
Condominium units	28,956,733	Sales Comparison Approach	Price per square meter	P180,000-P270,270



2023				
Class of Property	Fair Value	Valuation Technique	Key Unobservable Inputs	Range
Investment properties (see Note 12):				
Land	₱1,018,548,067	Sales Comparison Approach	Price per square meter	₱96,837-₱210,000
Condominium units	26,921,733	Sales Comparison Approach	Price per square meter	₱140,790-₱180,000

Unrealized gain on fair value remeasurement of investment properties, recognized in the consolidated statements of comprehensive income amounted to ₱57.5 million in 2024, ₱121.4 million in 2023, and ₱60.4 million in 2022 (see Note 12). All gains and losses recorded in the consolidated statements of comprehensive income for recurring fair value measurement categorized within Level 3 of the fair value hierarchy are attributable to changes in unrealized gain on fair value remeasurement of investment properties held at the end of the reporting period.

The fair values of financial assets at FVOCI is determined based on the available selling price in the market for identical assets under Level 2 as of December 31, 2024 and 2023. The Group recognized an unrealized gain on financial assets at FVOCI under “Other comprehensive income” in the consolidated statements of comprehensive income amounting to nil in 2024, ₱24.5 million in 2023, and ₱21.9 million in 2022 (see Note 13).

There were no transfers between Levels 1 and 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Descriptions and Definitions

The table above includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values:

Sales Comparison Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The appraiser gathers data on actual sales and/or listings, offers, and renewal options, and identifies the similarities and differences in the data, ranks the data according to their relevance, adjusts the sales prices of the comparable to account for the dissimilarities with the unit being appraised, and forms a conclusion as to the most reasonable and probable market value of the subject property.

The elements of comparison include location, physical characteristics, available utilities, zoning, and highest and best use. The most variable elements of comparison are the site’s physical characteristics, which include its size and shape, frontage, topography and location.

The fair value of the investment properties was based on valuations performed by an accredited independent appraiser, with a recognized and relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued, conducted on various dates in 2024 and 2023. The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied.

Significant increases (decreases) in price per square meter in isolation would result in a significantly higher (lower) fair value measurement.



Capital Management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 2024, 2023 and 2022.

The Parent Company and certain subsidiaries are required to maintain financial ratios, such as current ratio, debt-to-equity ratio and debt service coverage ratio, as part of the covenants on their notes payable (see Note 15).

The Parent Company is also subject to the Minimum Public Ownership requirement of the PSE. As of December 31, 2024 and 2023, this requirement has been complied with.

The Parent Company and other entities in the Group are not subject to other externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group determines net debt as the sum of short-term and long-term notes payable less cash and cash equivalents.

Gearing ratios of the Group as of December 31 are as follows:

	2024	2023
Notes payable	₱6,805,005,797	₱7,011,902,534
Less cash and cash equivalents	4,789,149,921	4,382,540,776
Net cash and cash equivalents (a)	2,015,855,876	2,629,361,758
Equity attributable to equity holders of the parent	20,060,208,657	18,292,285,621
Equity and net cash and cash equivalents (b)	₱22,076,064,533	₱20,921,647,379
Gearing ratio (a/b)	0.09:1.00	0.13:1.00



26. Notes to the Consolidated Statement of Cash Flows

Changes in Liabilities arising from Financing Activities (in thousands)

2024						
	Long-term Notes Payable	Advances from Related Parties	Lease Liabilities	Dividends Payable	Short-term Notes Payable	Total Liabilities from Financing Activities
January 1, 2024	P5,048,356	P2,350	P29,841	P6,852	P1,963,547	P7,050,946
Non-cash changes:						
Dividends declared	-	-	-	571,089	-	571,089
Share of non-controlling interest to dividends declared by subsidiary	-	-	-	224,000	-	224,000
Amortization of debt issue cost	8,652	-	-	-	453	9,105
Collections of advances to related parties	-	(50,932)	-	-	-	(50,932)
Additions and modifications	-	-	122,583	-	-	122,583
Disposal of a subsidiary (Note 1)	(16)	-	(1,678)	-	-	(1,694)
Net cash flows	672,014	48,582	(33,787)	(794,233)	(888,000)	(995,424)
December 31, 2024	P5,729,006	P-	P116,959	P7,708	P1,076,000	P6,929,673
2023						
	Long-term Notes Payable	Advances from Related Parties	Lease Liabilities	Dividends Payable	Short-term Notes Payable	Total Liabilities from Financing Activities
January 1, 2023	P4,623,624	P10,886	P26,810	P8,827	P1,170,300	P5,840,447
Non-cash changes:						
Dividends declared	-	-	-	399,901	-	399,901
Amortization of debt issue cost	8,871	-	-	-	453	9,324
Collections of advances to related parties	-	(82,003)	-	-	-	(82,003)
Additions and modifications	-	-	20,506	-	-	20,506
Acquired from business combination	873,799	-	-	-	-	873,799
Net cash flows	(457,938)	73,467	(17,475)	(401,876)	792,794	(11,028)
December 31, 2023	P5,048,356	P2,350	P29,841	P6,852	P1,963,547	P7,050,946
2022						
	Long-term Notes Payable	Advances from Related Parties	Lease Liabilities	Dividends Payable	Short-term Notes Payable	Total Liabilities from Financing Activities
January 1, 2022	P4,473,541	P5,689	P358,719	P7,424	P-	P4,845,373
Non-cash changes:						
Dividends declared	-	-	-	452,883	-	452,883
Amortization of debt issue cost	10,515	-	-	-	-	10,515
Additional advances to related parties	-	17,451	-	-	-	17,451
Pre-termination of lease	-	-	(259,025)	-	-	(259,025)
Remeasurement	-	-	3,349	-	-	3,349
Net cash flows	139,568	(12,254)	(76,233)	(451,480)	1,170,300	769,901
December 31, 2022	P4,623,624	P10,886	P26,810	P8,827	P1,170,300	P5,840,447

Non-cash Changes in Investing and Financing Activities

- Additions to property, plant and equipment include unpaid portion purchased on account amounting to nil in 2024, nil in 2023 and P140.0 million in 2022 (see Note 11). The amount also includes the carrying amount of the right-of-use asset net of the outstanding lease liability derecognized amounting to P82.2 million as a result of the termination in 2022 of the lease of the BDPP that was capitalized as part of the plant machinery and equipment acquired (see Notes 11 and 24).
- Of the total transaction price of P169.6 million to acquire the remaining interest in INPC in 2023, P105.1 million remains unpaid until post-closing conditions on the transfer are met (see Note 21). The unpaid transaction price is included as part of “Trade payables” in “Trade and other payables” (see Note 14).



27. Operating Segment Information

The Group is currently organized into three operating segments: (1) power generation and distribution operations, (2) infrastructure and water treatment and desalination and (3) investing in shares of stock. These operating segments are consistent with those reported to the BOD, the Group's Chief Operating Decision Maker (CODM).

The operating segments and their corresponding principal activities are as follows:

Power Generation and Distribution

1590 EC operates a diesel power plant wherein power generated is primarily traded at WESM. Core operates as a retail electricity supplier. INPC, Delta P and CIPC operate diesel-fired power plants in Bantayan Island, Mainland Palawan, and Coron and Busuanga Islands, respectively. BPC and NBPC are operating diesel-fired power plants in Bukidnon. MPI acquired in 2023 a diesel-fired power plant in Cebu City intended to generate power for ancillary services and WESM. CSSC and VSC are engaged in providing solar rooftop solutions to customers. VMHI is in its pre-operating stage of building a hydro power plant in Silay, Negros Occidental. LPEC is also in the pre-development stage of building a diesel-fired power plant in Pampanga. CREC, SIAEC and SPREC are entities in various stages of pre-development of solar generation facilities in various parts of Luzon. VII, VGPC, SGC, AEC, API, BEC, SCEC and SGEC are intended to undertake various power generation activities of the Group.

Infrastructure and Water Treatment and Desalination

WMP is a water treatment engineering company. IMCC is in its pre-operating stage of building a water desalination plant in Cordova, Cebu. NMCWC is also in its pre-operating stage of building a water treatment plant.

Investing in Shares of Stock

As disclosed in Note 1, except for the other entities mentioned above, the Parent Company and all other subsidiaries are operating as holding and investing companies. Revenue from this segment principally comes from equity in net earnings and management fees from investee companies.

VECO, an associate of the Group, is involved in the distribution and sale of electricity, while the other associates are engaged in the generation and supply of power to various entities and parties.



The segment results for the years ended December 31 follow:

2024					
	Power Generation and Distribution	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Eliminations	Consolidated
Revenues from external customers	P9,481,853,509	P-	P-	P-	P9,481,853,509
Equity in net earnings of associates	-	-	2,305,656,054	-	2,305,656,054
Revenue from inter-segment, associates and affiliates	464,402,849	96,663,160	183,081,316	(502,546,610)	241,600,715
Interest income	68,047,627	9,009,271	95,535,875	-	172,592,773
Inter-segment revenues	(234,558,875)	(85,506,419)	(182,481,316)	502,546,610	-
	9,779,745,110	20,166,012	2,401,791,929	-	12,201,703,051
Income from operations	2,713,546,704	(45,090,984)	608,914,872	-	3,277,370,592
Finance costs on loans	(345,184,666)	(1,665,290)	(84,546,619)	-	(431,396,575)
Finance costs on lease liabilities	(7,374,350)	(341,666)	(784,549)	-	(8,500,565)
Unrealized foreign exchange gains (losses)	(742,405)	3,032,689	565,103	-	2,855,387
Other income (charges)	191,049,748	582,981	(28,161,494)	-	163,471,235
Income before income tax	2,551,295,031	(43,482,270)	495,987,313	-	3,003,800,074
Income tax expense	(378,522,127)	58,799	(1,676,914)	-	(380,140,242)
Net income	P2,172,772,904	(P43,423,471)	P494,310,399	P-	P2,623,659,832

2023					
	Power Generation and Distribution	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Eliminations	Consolidated
Revenues from external customers	P5,544,141,487	P7,369,267	P472,693,599	P-	P6,024,204,353
Equity in net earnings of associates	-	-	2,044,341,881	-	2,044,341,881
Revenue from inter-segment, associates and affiliates	88,436,201	404,339,123	419,813,689	(839,305,682)	73,283,331
Interest income	24,847,896	12,693,418	85,446,276	-	122,987,590
Inter-segment revenues	(76,436,201)	(404,339,123)	(358,530,358)	839,305,682	-
	5,580,989,383	20,062,685	2,663,765,087	-	8,264,817,155
Income from operations	746,718,330	(51,988,790)	2,030,153,843	-	2,724,883,383
Finance costs on loans	(212,801,218)	(769,412)	(150,107,981)	-	(363,678,611)
Finance costs on lease liabilities	-	(539,748)	(568,878)	-	(1,108,626)
Unrealized foreign exchange gains (losses)	(787,652)	2,074,872	(10,961,071)	-	(9,673,851)
Other income (charges)	15,262,342	1,512,196	211,216,269	-	227,990,807
Income before income tax	548,391,802	(49,710,882)	2,079,732,182	-	2,578,413,102
Income tax expense	(104,182,136)	(61,705)	(68,626,469)	-	(172,870,310)
Net income	P444,209,666	(P49,772,587)	P2,011,105,713	P-	P2,405,542,792

2022					
	Power Generation and Distribution	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Eliminations	Consolidated
Revenues from external customers	P4,399,754,194	P-	P-	P-	P4,399,754,194
Equity in net earnings of associates	-	6,393,453	1,934,963,930	-	1,941,357,383
Revenue from inter-segment, associates and affiliates	40,893,853	563,854,198	3,341,746,027	(3,828,824,462)	117,669,616
Interest income	4,994,815	5,379,021	49,697,207	-	60,071,043
Inter-segment revenues	(10,766,286)	(563,093,963)	(3,254,964,213)	3,828,824,462	-
	4,434,876,576	12,532,709	2,071,442,951	-	6,518,852,236
Income from operations	47,795,891	(44,649,988)	1,913,929,025	-	1,917,074,928
Finance costs on loans	(114,270,732)	(2,609,024)	(143,000,915)	-	(259,880,671)
Finance costs on lease liabilities	(9,418,418)	(23,661)	(1,384,880)	-	(10,826,959)
Unrealized foreign exchange gains (losses)	1,902,164	20,758,025	31,182,099	-	53,842,288
Other income (charges)	1,140,312	3,450,456	89,488,243	-	94,079,011
Income before income tax	(72,850,783)	(23,074,192)	1,890,213,572	-	1,794,288,597
Income tax expense	(56,178,969)	(5,968,681)	(27,413,829)	-	(89,561,479)
Net income	(P129,029,752)	(P29,042,873)	P1,862,799,743	P-	P1,704,727,118



The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

In 2024, revenue from sale of power to a major customer amounted to ₱1,020.4 million, representing 11% of the total revenue from sale of power and 8% of total revenues. In 2023, revenue from sale of power to a major customer amounted to ₱988.8 million, representing 18% of the total revenue from sale of power and 16% of total revenues. In 2022, revenue from sale of power to a major customer amounted to ₱953.0 million, representing 22% of the total revenue from the sale of power and 21% of total revenues.

Geographical business information is not required since the Group has only one geographical segment as all of its assets is located in the Philippines, and it operates or derives all of its revenue from domestic operations.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'inter-segment revenues' row.

Other segment information included in the consolidated statements of financial position as of December 31 is as follows:

2024				
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Assets	₱25,584,833,342	₱2,077,050,287	₱4,304,761,774	₱31,966,645,403
Liabilities	5,431,222,243	1,515,460,839	3,499,813,942	10,446,497,024
Capital expenditures	481,608,116	287,813,778	440,782,664	1,210,204,558
2023				
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Assets	₱24,062,996,806	₱1,876,902,902	₱4,098,491,039	₱30,038,390,747
Liabilities	7,836,878,365	180,547,245	2,371,305,136	10,388,730,746
Capital expenditures	966,377,588	504,664,350	207,685,806	1,678,727,744
2022				
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Assets	₱16,619,216,673	₱1,591,835,939	₱8,228,950,856	₱26,440,003,468
Liabilities	5,517,267,798	1,084,942,675	1,929,097,207	8,531,307,680
Capital expenditures	1,720,656,727	472,054,507	417,694,179	2,610,405,413



Other segment information included in the consolidated statements of comprehensive income for the years ended December 31, 2024, 2023 and 2022 is as follows:

	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Depreciation and amortization:				
2024	₱578,094,666	₱6,205,829	₱54,296,235	₱638,596,730
2023	480,138,756	4,597,506	52,939,303	572,828,040
2022	397,598,335	1,814,587	30,818,042	430,230,964

The Management Committee monitors the operating results of each business unit separately for the purpose of determining resource allocation and assessing performance. Performance is evaluated based on (i) net income for the year, (ii) consolidated earnings before interest, taxes, and depreciation and amortization (“consolidated EBITDA”); and (iii) consolidated core net income (“CCNI”). Net income for the year is measured consistent with reported net income in the consolidated statement of comprehensive income.

Consolidated EBITDA is measured as total net income excluding interest, provision for income taxes, depreciation and amortization, finance costs, foreign exchange gains and losses, and other one-off gains and losses.

CCNI for the year is measured as consolidated net income attributable to equity holders of the parent adjusted for foreign exchange gain or loss and certain other non-recurring gain or loss, if any, net of tax effect of the foregoing adjustments.

The following table shows the reconciliation of the EBITDA to net income:

	2024	2023	2022
EBITDA	₱4,058,860,141	₱3,263,602,242	₱2,380,990,303
Add (deduct):			
Depreciation and amortization (see Notes 11 and 13)	(638,596,730)	(537,675,565)	(430,230,964)
Finance costs on loans (see Note 15)	(431,396,575)	(363,678,611)	(259,880,671)
Gain on fair value remeasurement of investment properties (see Note 12)	57,489,200	121,433,200	60,394,600
Loss on disposal of investments	(36,910,784)	–	–
Finance costs on lease liabilities (see Note 24)	(8,500,565)	(1,108,626)	(10,826,959)
Gain on bargain purchase	–	36,325,297	–
Foreign exchange gains (losses) - net	2,855,387	(9,673,851)	53,842,288
Gain on fair value remeasurement of investment in associates (Note 13)	–	69,189,016	–
Income before income tax	3,003,800,074	2,578,413,102	1,794,288,597
Provision for income tax (see Note 20)	(380,140,242)	(172,870,310)	(89,561,479)
Net income	₱2,623,659,832	₱2,405,542,792	₱1,704,727,118

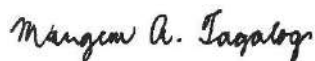


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City, Cebu, Philippines 6014

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 21, 2025. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Margem A. Tagalog

Partner

CPA Certificate No. 0098098

Tax Identification No. 206-544-506

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-156-2024, October 2, 2024, valid until October 1, 2027

PTR No. 10465387, January 2, 2025, Makati City

March 21, 2025



VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE A - FINANCIAL ASSETS

DECEMBER 31, 2024

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet/Notes	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial assets at amortized cost:				
Cash and cash equivalents	–	₱4,789,149,921	₱4,789,149,921	₱167,474,209
Trade and other receivables:				
Trade receivables	–	1,683,283,348	1,683,283,348	9,723,454,224
Accrued interest	–	12,882,015	12,882,015	–
Advances to officers and employees	–	14,412,359	14,412,359	–
Accounts receivable	–	100,750	100,750	–
Others	–	88,657,163	88,657,163	–
		1,799,335,635	1,799,335,635	9,723,454,224
Advances to associates, joint ventures and stockholders	–	104,097,107	104,097,107	–
Restricted cash	–	29,242,364	29,242,364	–
Security deposits	–	57,630,383	57,630,383	–
		190,969,854	190,969,854	–
		6,779,455,410	6,779,455,410	9,890,928,433
Financial assets at fair value through other comprehensive income:				
Cebu Country Club, Inc.	–	8,000,000	8,000,000	–
Total financial assets	–	₱6,787,455,410	₱6,787,455,410	₱9,890,928,433

See Notes 6, 7, 9, 13 and 16 of the Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES) DECEMBER 31, 2024

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Adjustments	Write Offs	Balance at End of Period		
						Current	Noncurrent	Total
Lunar Power Core Inc.	₱102,708,539	₱-	₱-	₱-	₱-	₱102,708,539	₱-	₱102,708,539
Visayan Electric Company, Inc.	7,957,282	1,083,922,474	(995,927,415)	-	-	95,952,341	-	95,952,341
Cebu Energy Development Corp.	-	46,300,000	(42,055,833)	-	-	4,244,167	-	4,244,167
Global Luzon Energy Development Corporation	1,879,200	490,632	(981,264)	-	-	1,388,568	-	1,388,568
Puerto Princesa Water Reclamation and Learning Center, Inc.	56,000	600,000	(208,000)	-	-	448,000	-	448,000
JDC One Acacia Corporation	63,884	398,190	(435,145)	-	-	26,929	-	26,929
Cebu Private Power Corp.	62,000,000	14,660,004	(76,660,004)	-	-	-	-	-
Abovant Holdings, Inc.	-	352,000,000	(352,000,000)	-	-	-	-	-
Minergy Power Corporation	-	120,000,000	(120,000,000)	-	-	-	-	-
Therma Visayas Inc.	-	200,000,055	(200,000,055)	-	-	-	-	-
Advances to stockholders	7,659,733	-	-	(7,617,057)	-	42,676	-	42,676
	₱182,324,638	₱1,818,371,355	(₱1,788,267,716)	(₱7,617,057)	₱-	₱204,811,220	₱-	₱204,811,220

VIVANT CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF
FINANCIAL STATEMENTS
DECEMBER 31, 2024

	Balance at Beginning of Period	Additions	Collections	Conversion to Equity	Write Offs	Balance at End of Period		
						Current	Noncurrent	Total
Isla Mactan Cordova Corporation	P1,069,789,474	P284,181,007	(P72,343,503)	P-	P-	P1,281,626,978	P-	P1,281,626,978
San Ildefonso Alternative Energy Corp	985,064,421	95,212,516	(51,351)	-	-	1,080,225,586	-	1,080,225,586
Vivant Infracore Holdings Inc.	203,401,943	89,919,780	(63,323,913)	-	-	229,997,810	-	229,997,810
Corenergy Solar Solutions Corp.	157,503,797	143,145	(20,622,117)	-	-	137,024,825	-	137,024,825
Corenergy Inc.	62,916,214	13,472,115	(5,385,903)	-	-	71,002,426	-	71,002,426
Bantayan Island Water Solutions Corporation	-	70,076,753	-	-	-	70,076,753	-	70,076,753
Vivant Renewable Energy Corporation	28,243,776	16,725,012	-	-	-	44,968,788	-	44,968,788
Delta P, Inc.	58,078,452	119,849,944	(133,505,852)	-	-	44,422,544	-	44,422,544
Vivant Energy Corporation	112,995,216	170,202,704	(240,529,116)	-	-	42,668,804	-	42,668,804
Vivant Integrated Diesel Corporation	28,021,348	30	(202,845)	-	-	27,818,533	-	27,818,533
Vivant Solar Corporation	23,385,285	14,305	-	-	-	23,399,590	-	23,399,590
Culna Renewable Energy Corp.	-	22,500,801	-	-	-	22,500,801	-	22,500,801
La Pampanga Energy Corporation	-	15,274,675	-	-	-	15,274,675	-	15,274,675
Meridian Power Inc.	-	13,925,030	-	-	-	13,925,030	-	13,925,030
Bohol Renewable Power Corp.	-	10,859,903	-	-	-	10,859,903	-	10,859,903
Southern Grove Properties and Development Corp.	9,939,255	59	(16,079)	-	-	9,923,235	-	9,923,235
Amberdust Holding Corp.	9,685,256	-	-	-	-	9,685,256	-	9,685,256
Calamian Island Power Corp	166,267,642	189,361	(157,770,792)	-	-	8,686,211	-	8,686,211
Bukidnon Power Corp.	2,341,714	2,987,448	(14,672)	-	-	5,314,490	-	5,314,490
North Bukidnon Power Corp.	1,780,558	1,210,898	(50,097)	-	-	2,941,359	-	2,941,359
Vivant Hydrocore Holdings Inc.	-	1,386,737	-	-	-	1,386,737	-	1,386,737
1590 Energy Corp.	855,686	369,067	(271,996)	-	-	952,757	-	952,757
Isla Norte Power Corp.	364,811	1,034,396	(579,431)	-	-	819,776	-	819,776
Hijos de F. Escaño, Inc.	2,900,151	238,636	(2,773,881)	-	-	364,906	-	364,906
Spark Grid Corporation	-	168,909	(110,719)	-	-	58,190	-	58,190
SolEnergy Generation Corporation	-	176,736	(162,987)	-	-	13,749	-	13,749
Adequate Power, Inc.	-	13,672	-	-	-	13,672	-	13,672
South Cebu Energy Corporation	-	22,301	(18,287)	-	-	4,014	-	4,014
Vivant Integrated Generation Corporation	221	4,656	(1,660)	-	-	3,217	-	3,217
Vivant Vienergy Antique Corp.	-	2,500	-	-	-	2,500	-	2,500
One Solar Energy Aglao Corporation	-	2,500	-	-	-	2,500	-	2,500
Western Cebu Water Services Corporation	-	2,500	-	-	-	2,500	-	2,500
Isla Busuanga Water Corporation	-	2,500	-	-	-	2,500	-	2,500
Southern Powercore Holdings	-	1,443	-	-	-	1,443	-	1,443
Avant Energy Corporation	-	1,443	-	-	-	1,443	-	1,443
Bai Energy Corporation	-	1,443	-	-	-	1,443	-	1,443
Vivant Corporate Center Inc.	-	1,288	-	-	-	1,288	-	1,288
San Pablo Renewable Energy Corp	43,860	-	(43,860)	-	-	-	-	-
Vivant -Malogo Hydropower, Inc.	15,499	-	(15,499)	-	-	-	-	-
Delta P Hybird, Inc. (formerly Vivant Isla Inc.)	357	-	(357)	-	-	-	-	-
Vivant Geo Power Corp.	178	-	(178)	-	-	-	-	-
	P2,923,595,114	P930,176,213	(P697,795,095)	P-	P-	P3,155,976,232	P-	P3,155,976,232

VIVANT CORPORATION AND SUBSIDIARIES**SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS****DECEMBER 31, 2024**

Description	Beginning Balance	Additions of Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes	Ending Balance
Customer Contracts	P215,374,033	P-	(P27,811,602)	P-	P-	P187,562,431
Goodwill	129,843,626	-	-	(82,381,116)	-	47,462,510
Software cost	639,585	-	(639,585)	-	-	-
	P345,857,244	P-	(28,451,187)	(P 82,381,116)	P-	P235,024,941

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE E - LONG-TERM DEBT

DECEMBER 31, 2024

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Current Portion of Long-term Debt	Long-term Debt
Fixed Rate Corporate Notes (FRCN) -Vivant Corp	₱1,850,000,000	₱50,000,000	₱1,800,000,000
FRCN – Vivant Energy Corp	1,450,000,000	–	1,450,000,000
15-Year Project Financing Facility-Isla Norte Power Corp	1,211,294,117	72,470,587	1,138,823,530
15-Year Project Financing Facility-Delta P., Inc.	755,066,002	62,549,846	692,516,156
10-Year Loan - Corenergy, Inc.	175,878,988	19,542,110	156,336,878
Loans Payable – North Bukidnon Power Corp	169,600,000	16,960,000	152,640,000
Loans Payable – Bukidnon Power Corp	145,140,000	14,160,000	130,980,000
Unamortized debt issue cost	(27,973,310)	(6,159,656)	(21,813,654)
	₱5,729,005,797	₱229,522,887	₱5,499,482,910

VIVANT CORPORATION AND SUBSIDIARIES

**SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM
LOANS FROM RELATED COMPANIES)**

DECEMBER 31, 2024

<u>Name of Related Party</u>	<u>Balance at Beginning of Period</u>	<u>Balance at End of Period</u>
<u>-Not applicable-</u>	<u>-Not applicable-</u>	

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2024

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
– Not applicable –		– Not applicable –		

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE H - CAPITAL STOCK

DECEMBER 31, 2024

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown under Related Consolidated Statement of Financial Position	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares held by Related Parties	Directors, Officers and Employees	Others
Capital stock	2,000,000,000	1,023,456,698	–	776,356,210	266,342	246,834,146

VIVANT CORPORATION AND SUBSIDIARIES**SCHEDULE I – EXTERNAL AUDITOR FEE- RELATED INFORMATION****DECEMBER 31, 2024**

	2024	2023
Total Audit Fees	2,698,795	2,487,880
Non-audit services fees:		
Other assurance services	–	–
Tax services	3,860,500	3,269,500
All other services	91,400	150,000
Total Non-audit Fees	3,951,900	3,419,500
Total Audit and Non-audit Fees	6,650,695	5,907,380

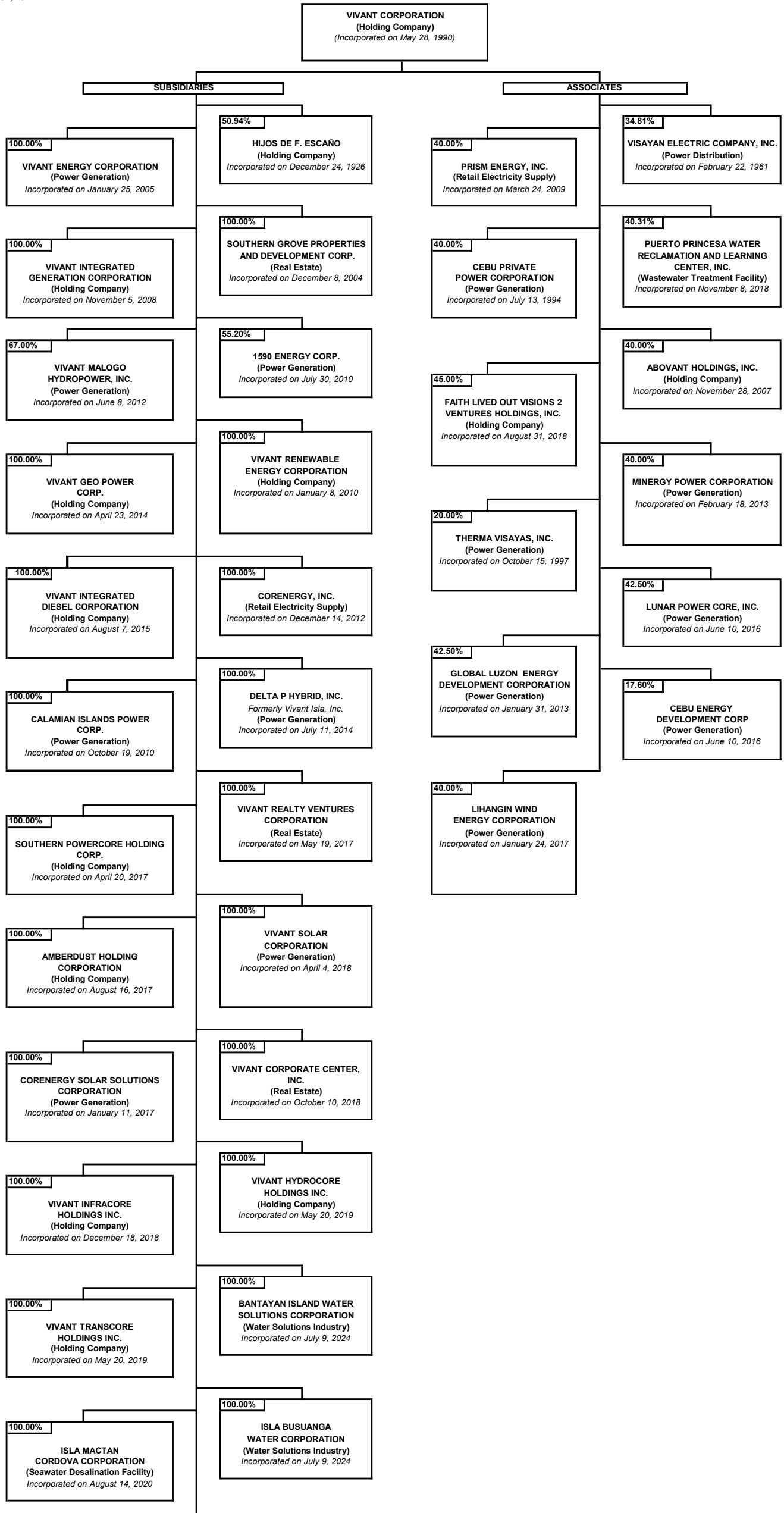
VIVANT CORPORATION
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2024

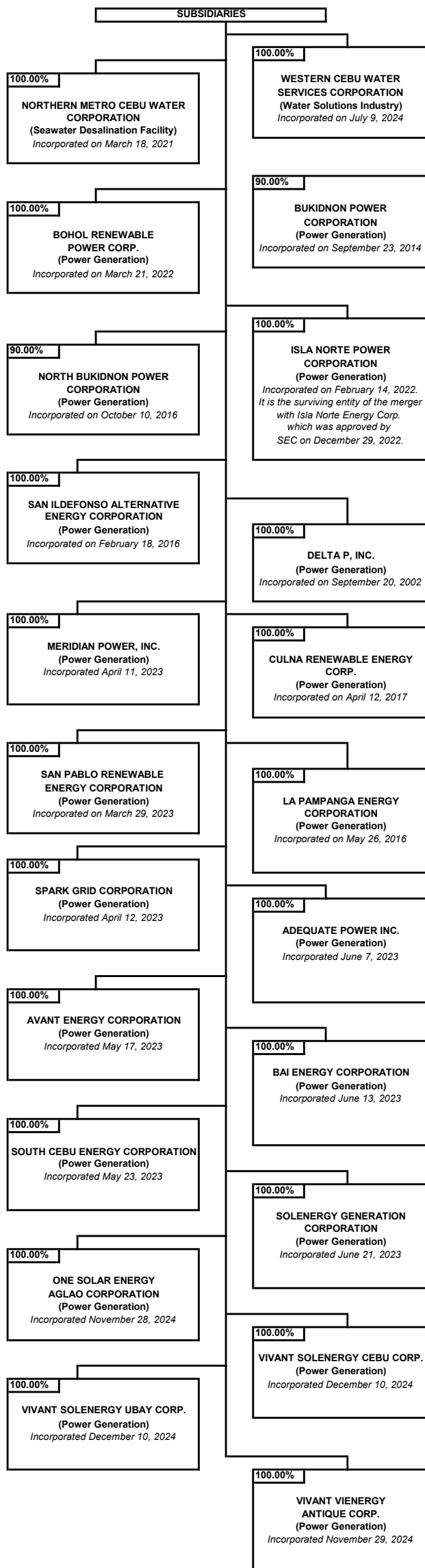
Items	Amount
Unappropriated Retained Earnings, Beginning	₱1,000,520,159
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	
Reversal of Retained Earnings Appropriation/s	1,387,548,080
Effect of restatements or prior-period adjustments	—
Others	—
	<u>1,387,548,080</u>
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	571,088,839
Retained Earnings appropriated during the reporting period	1,800,000,000
Effect of restatements or prior-period adjustments	—
Others	—
	<u>2,371,088,839</u>
Unappropriated Retained Earnings, as adjusted	16,979,400
Add/Less: Net Income for the current year	905,461,015
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	—
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Unrealized fair value gain of Investment Property	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	(27,219,365)
Subtotal	<u>(27,219,365)</u>
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	—
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Realized fair value gain of Investment Property	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
Subtotal	<u>—</u>

(Forward)

Items	Amount
Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	P—
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Realized fair value gain of Investment Property	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
Subtotal	—
Adjusted Net Income/Loss	—
Add: Category D: Non-actual loss recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	—
Subtotal	—
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP	
Amortization of the effect of reporting relief	—
Total amount of reporting relief granted during the year	—
Others	—
	—
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares (except for reacquisition of redeemable shares)	—
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(5,399,619)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	—
Adjustment due to deviation from PFRS/GAAP – gain(loss)	—
Others	—
Subtotal	(5,399,619)
TOTAL RETAINED EARNINGS, END OF THE YEAR FOR DIVIDEND DECLARATION	P889,821,431

VIVANT CORPORATION AND SUBSIDIARIES
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
DECEMBER 31, 2024





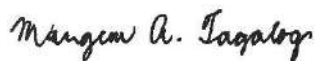
Note: Watermatic Philippines Corp. and Watermatic Philippines Southeast Asia Ltd. were subsidiaries of the Group until the divestment on October 11, 2024.

INDEPENDENT AUDITOR'S REPORT COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City
Cebu, Philippines 6014

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 21, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Margem A. Tagalog

Partner

CPA Certificate No. 0098098

Tax Identification No. 206-544-506

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-156-2024, October 2, 2024, valid until October 1, 2027

PTR No. 10465387, January 2, 2025, Makati City

March 21, 2025



VIVANT CORPORATION

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Ratio	Formula	2024	Restated 2023*
Current Ratio	Total Current Assets divided by Total Current Liabilities <div style="display: flex; justify-content: space-between;"> <div>Total Current Assets</div> <div>₱8,195,538,164</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Current Liabilities</div> <div>3,413,758,867</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Current Ratio</div> <div>2.40</div> </div>	2.40	1.76 ^a
Acid Test Ratio/Quick Ratio	Quick Assets (<i>Total Current Assets less Inventories and Prepayment and Other Current Assets</i>) divided by Total Current Liabilities <div style="display: flex; justify-content: space-between;"> <div>Total Current Assets</div> <div>₱8,195,538,164</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Less: Inventories</div> <div>595,840,474</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Prepayments and Other Current Assets</div> <div>907,115,027</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Quick Assets</div> <div>₱6,692,582,663</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Current Liabilities</div> <div>3,413,758,867</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Acid Test Ratio</div> <div>1.96</div> </div>	1.96	1.48 ^b
Solvency Ratio/Debt-to-Equity Ratio	Total Liabilities divided by Total Equity <div style="display: flex; justify-content: space-between;"> <div>Total Liabilities</div> <div>₱10,446,497,024</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Equity</div> <div>21,520,148,379</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Debt-to-Equity Ratio</div> <div>0.49</div> </div>	0.49	0.53 ^c
Net Debt-to-Equity Ratio	Net Debt (<i>Total Notes Payable less Cash and Cash Equivalents, Short-term investments and Financial Assets at FVTPL</i>) divided by Total Equity <div style="display: flex; justify-content: space-between;"> <div>Total Notes Payable</div> <div>₱6,805,005,797</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Less: Cash and Cash Equivalents</div> <div>744,554,772</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Short-term Investments</div> <div>4,044,595,149</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Financial Assets at FVTPL</div> <div>–</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Net Debt</div> <div>₱2,015,855,876</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Equity</div> <div>21,520,148,379</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Net Debt-to-Equity Ratio</div> <div>0.09</div> </div>	0.09	0.13
Asset-to-Equity Ratio	Total Assets divided by Total Equity <div style="display: flex; justify-content: space-between;"> <div>Total Assets</div> <div>₱31,966,645,403</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Equity</div> <div>21,520,148,379</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Asset-to-Equity Ratio</div> <div>1.49</div> </div>	1.49	1.53 ^d

Ratio	Formula	2024	Restated 2023*																										
Interest Rate Coverage Ratio	<p>Earnings before Income Tax, Depreciation and Amortization (<i>Net Income Less Non-recurring income plus Provision for Income Tax, Finance Cost on Loans and Lease Liabilities, Depreciation and Amortization</i>) divided by Finance Costs on Loans and Lease Liabilities</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net Income</td> <td style="text-align: right;">₱2,623,659,832</td> </tr> <tr> <td>Less: Non-recurring income*</td> <td style="text-align: right;">(60,344,587)</td> </tr> <tr> <td>Add: Provision for Income Tax</td> <td style="text-align: right;">380,140,242</td> </tr> <tr> <td>Finance costs on loans and on lease liabilities</td> <td style="text-align: right;">439,897,140</td> </tr> <tr> <td>Non-recurring loss**</td> <td style="text-align: right;">36,910,784</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>EBIT</td> <td style="text-align: right;">₱3,420,263,411</td> </tr> <tr> <td>Add: Depreciation and Amortization</td> <td style="text-align: right;">638,596,730</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>EBITDA</td> <td style="text-align: right;">₱4,058,860,141</td> </tr> <tr> <td>Finance costs on loans and on lease liabilities</td> <td style="text-align: right;">439,897,140</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Interest Expense Coverage Ratio</td> <td style="text-align: right;">9.23</td> </tr> </table> <p><i>*Non-recurring income includes Gain on fair value measurement of investment properties, Gain on fair value measurement of associates, Gain on bargain purchase and Gain on foreign exchange.</i></p> <p><i>**Non-recurring loss includes Loss on disposal of investments and Loss on foreign exchange.</i></p>	Net Income	₱2,623,659,832	Less: Non-recurring income*	(60,344,587)	Add: Provision for Income Tax	380,140,242	Finance costs on loans and on lease liabilities	439,897,140	Non-recurring loss**	36,910,784	<hr/>		EBIT	₱3,420,263,411	Add: Depreciation and Amortization	638,596,730	<hr/>		EBITDA	₱4,058,860,141	Finance costs on loans and on lease liabilities	439,897,140	<hr/>		Interest Expense Coverage Ratio	9.23	9.23	8.95 ^e
Net Income	₱2,623,659,832																												
Less: Non-recurring income*	(60,344,587)																												
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Interest Expense Coverage Ratio	9.23																												
Return on Equity	<p>Net Income attributable to Parent divided by Average Total Equity (<i>Equity attributable to Parent Prior Year (PY) + Equity attributable to Parent Current Year (CY) divided by 2</i>)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net Income attributable to Parent</td> <td style="text-align: right;">₱2,355,018,369</td> </tr> <tr> <td>Equity attributable to Parent CY</td> <td style="text-align: right;">₱20,060,208,657</td> </tr> <tr> <td>Equity attributable to Parent PY</td> <td style="text-align: right;">18,292,285,621</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Average Total Equity</td> <td style="text-align: right;">₱19,176,247,139</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Return on Equity</td> <td style="text-align: right;">12.28%</td> </tr> </table>	Net Income attributable to Parent	₱2,355,018,369	Equity attributable to Parent CY	₱20,060,208,657	Equity attributable to Parent PY	18,292,285,621	<hr/>		Average Total Equity	₱19,176,247,139	<hr/>		Return on Equity	12.28%	12.28%	13.20% ^f												
Net Income attributable to Parent	₱2,355,018,369																												
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<hr/>																													
Average Total Equity	₱19,176,247,139																												
<hr/>																													
Return on Equity	12.28%																												
Return on Assets	<p>Net Income attributable to Parent divided by Average Total Assets (<i>Total Assets PY + Total Assets CY divided by 2</i>)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net Income attributable to Parent</td> <td style="text-align: right;">₱2,355,018,369</td> </tr> <tr> <td>Total Assets CY</td> <td style="text-align: right;">₱31,966,645,403</td> </tr> <tr> <td>Total Assets PY</td> <td style="text-align: right;">30,038,390,747</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Average Total Assets</td> <td style="text-align: right;">₱31,002,518,075</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Return on Assets</td> <td style="text-align: right;">7.60%</td> </tr> </table>	Net Income attributable to Parent	₱2,355,018,369	Total Assets CY	₱31,966,645,403	Total Assets PY	30,038,390,747	<hr/>		Average Total Assets	₱31,002,518,075	<hr/>		Return on Assets	7.60%	7.60%	8.13% ^g												
Net Income attributable to Parent	₱2,355,018,369																												
Total Assets CY	₱31,966,645,403																												
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<hr/>																													
Average Total Assets	₱31,002,518,075																												
<hr/>																													
Return on Assets	7.60%																												

Ratio	Formula	2024	Restated 2023*
Net Income Margin	Net Income Attributable to Parent divided by Revenue	19.30%	27.78% ^h
	Net Income Attributable to Parent ₪2,355,018,369		
	Revenue 12,201,703,051		
	Net Income Margin 19.30%		

**The restatement of the 2023 financial ratios resulted from the finalization of the purchase price allocation for the acquisition of additional stake in DPI & CIPC in compliance to PFRS 3, Business Combination.*

^a Reported at 1.80x in the 2023 Schedule of Financial Soundness Indicators.

^b Reported at 1.52x in the 2023 Schedule of Financial Soundness Indicators.

^c Reported at 0.52x in the 2023 Schedule of Financial Soundness Indicators.

^d Reported at 1.52x in the 2023 Schedule of Financial Soundness Indicators.

^e Reported at 8.94x in the 2023 Schedule of Financial Soundness Indicators.

^f Reported at 13.14% in the 2023 Schedule of Financial Soundness Indicators.

^g Reported at 8.11% in the 2023 Schedule of Financial Soundness Indicators.

^h Reported at 27.60% in the 2023 Schedule of Financial Soundness Indicators.

**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES**

Schedule	Contents
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Intangible Assets – Other Assets
E	Long-Term Debt
F	Indebtedness to Related Parties (Long-term Loans from Related Companies)
G	Guarantees of Securities of Other Issuers
H	Capital Stock
I	External Auditor Fee – Related Information

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE A - FINANCIAL ASSETS

DECEMBER 31, 2024

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet/Notes	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial assets at amortized cost:				
Cash and cash equivalents	–	₱4,789,149,921	₱4,789,149,921	₱167,474,209
Trade and other receivables:				
Trade receivables	–	1,683,283,348	1,683,283,348	9,723,454,224
Accrued interest	–	12,882,015	12,882,015	–
Advances to officers and employees	–	14,412,359	14,412,359	–
Accounts receivable	–	100,750	100,750	–
Others	–	88,657,163	88,657,163	–
		1,799,335,635	1,799,335,635	9,723,454,224
Advances to associates, joint ventures and stockholders	–	104,097,107	104,097,107	–
Restricted cash	–	29,242,364	29,242,364	–
Security deposits	–	57,630,383	57,630,383	–
		190,969,854	190,969,854	–
		6,779,455,410	6,779,455,410	9,890,928,433
Financial assets at fair value through other comprehensive income:				
Cebu Country Club, Inc.	–	8,000,000	8,000,000	–
Total financial assets	–	₱6,787,455,410	₱6,787,455,410	₱9,890,928,433

See Notes 6, 7, 9, 13 and 16 of the Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES) DECEMBER 31, 2024

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Adjustments	Write Offs	Balance at End of Period		
						Current	Noncurrent	Total
Lunar Power Core Inc.	₱102,708,539	₱-	₱-	₱-	₱-	₱102,708,539	₱-	₱102,708,539
Visayan Electric Company, Inc.	7,957,282	1,083,922,474	(995,927,415)	-	-	95,952,341	-	95,952,341
Cebu Energy Development Corp.	-	46,300,000	(42,055,833)	-	-	4,244,167	-	4,244,167
Global Luzon Energy Development Corporation	1,879,200	490,632	(981,264)	-	-	1,388,568	-	1,388,568
Puerto Princesa Water Reclamation and Learning Center, Inc.	56,000	600,000	(208,000)	-	-	448,000	-	448,000
JDC One Acacia Corporation	63,884	398,190	(435,145)	-	-	26,929	-	26,929
Cebu Private Power Corp.	62,000,000	14,660,004	(76,660,004)	-	-	-	-	-
Abovant Holdings, Inc.	-	352,000,000	(352,000,000)	-	-	-	-	-
Minergy Power Corporation	-	120,000,000	(120,000,000)	-	-	-	-	-
Therma Visayas Inc.	-	200,000,055	(200,000,055)	-	-	-	-	-
Advances to stockholders	7,659,733	-	-	(7,617,057)	-	42,676	-	42,676
	₱182,324,638	₱1,818,371,355	(₱1,788,267,716)	(₱7,617,057)	₱-	₱204,811,220	₱-	₱204,811,220

VIVANT CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF
FINANCIAL STATEMENTS
DECEMBER 31, 2024

	Balance at Beginning of Period	Additions	Collections	Conversion to Equity	Write Offs	Balance at End of Period		
						Current	Noncurrent	Total
Isla Mactan Cordova Corporation	P1,069,789,474	P284,181,007	(P72,343,503)	P-	P-	P1,281,626,978	P-	P1,281,626,978
San Ildefonso Alternative Energy Corp	985,064,421	95,212,516	(51,351)	-	-	1,080,225,586	-	1,080,225,586
Vivant Infracore Holdings Inc.	203,401,943	89,919,780	(63,323,913)	-	-	229,997,810	-	229,997,810
Corenergy Solar Solutions Corp.	157,503,797	143,145	(20,622,117)	-	-	137,024,825	-	137,024,825
Corenergy Inc.	62,916,214	13,472,115	(5,385,903)	-	-	71,002,426	-	71,002,426
Bantayan Island Water Solutions Corporation	-	70,076,753	-	-	-	70,076,753	-	70,076,753
Vivant Renewable Energy Corporation	28,243,776	16,725,012	-	-	-	44,968,788	-	44,968,788
Delta P, Inc.	58,078,452	119,849,944	(133,505,852)	-	-	44,422,544	-	44,422,544
Vivant Energy Corporation	112,995,216	170,202,704	(240,529,116)	-	-	42,668,804	-	42,668,804
Vivant Integrated Diesel Corporation	28,021,348	30	(202,845)	-	-	27,818,533	-	27,818,533
Vivant Solar Corporation	23,385,285	14,305	-	-	-	23,399,590	-	23,399,590
Culna Renewable Energy Corp.	-	22,500,801	-	-	-	22,500,801	-	22,500,801
La Pampanga Energy Corporation	-	15,274,675	-	-	-	15,274,675	-	15,274,675
Meridian Power Inc.	-	13,925,030	-	-	-	13,925,030	-	13,925,030
Bohol Renewable Power Corp.	-	10,859,903	-	-	-	10,859,903	-	10,859,903
Southern Grove Properties and Development Corp.	9,939,255	59	(16,079)	-	-	9,923,235	-	9,923,235
Amberdust Holding Corp.	9,685,256	-	-	-	-	9,685,256	-	9,685,256
Calamian Island Power Corp	166,267,642	189,361	(157,770,792)	-	-	8,686,211	-	8,686,211
Bukidnon Power Corp.	2,341,714	2,987,448	(14,672)	-	-	5,314,490	-	5,314,490
North Bukidnon Power Corp.	1,780,558	1,210,898	(50,097)	-	-	2,941,359	-	2,941,359
Vivant Hydrocore Holdings Inc.	-	1,386,737	-	-	-	1,386,737	-	1,386,737
1590 Energy Corp.	855,686	369,067	(271,996)	-	-	952,757	-	952,757
Isla Norte Power Corp.	364,811	1,034,396	(579,431)	-	-	819,776	-	819,776
Hijos de F. Escaño, Inc.	2,900,151	238,636	(2,773,881)	-	-	364,906	-	364,906
Spark Grid Corporation	-	168,909	(110,719)	-	-	58,190	-	58,190
SolEnergy Generation Corporation	-	176,736	(162,987)	-	-	13,749	-	13,749
Adequate Power, Inc.	-	13,672	-	-	-	13,672	-	13,672
South Cebu Energy Corporation	-	22,301	(18,287)	-	-	4,014	-	4,014
Vivant Integrated Generation Corporation	221	4,656	(1,660)	-	-	3,217	-	3,217
Vivant Vienergy Antique Corp.	-	2,500	-	-	-	2,500	-	2,500
One Solar Energy Aglao Corporation	-	2,500	-	-	-	2,500	-	2,500
Western Cebu Water Services Corporation	-	2,500	-	-	-	2,500	-	2,500
Isla Busuanga Water Corporation	-	2,500	-	-	-	2,500	-	2,500
Southern Powercore Holdings	-	1,443	-	-	-	1,443	-	1,443
Avant Energy Corporation	-	1,443	-	-	-	1,443	-	1,443
Bai Energy Corporation	-	1,443	-	-	-	1,443	-	1,443
Vivant Corporate Center Inc.	-	1,288	-	-	-	1,288	-	1,288
San Pablo Renewable Energy Corp	43,860	-	(43,860)	-	-	-	-	-
Vivant -Malogo Hydropower, Inc.	15,499	-	(15,499)	-	-	-	-	-
Delta P Hybird, Inc. (formerly Vivant Isla Inc.)	357	-	(357)	-	-	-	-	-
Vivant Geo Power Corp.	178	-	(178)	-	-	-	-	-
	P2,923,595,114	P930,176,213	(P697,795,095)	P-	P-	P3,155,976,232	P-	P3,155,976,232

VIVANT CORPORATION AND SUBSIDIARIES**SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS****DECEMBER 31, 2024**

Description	Beginning Balance	Additions of Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes	Ending Balance
Customer Contracts	P215,374,033	P-	(P27,811,602)	P-	P-	P187,562,431
Goodwill	129,843,626	-	-	(82,381,116)	-	47,462,510
Software cost	639,585	-	(639,585)	-	-	-
	P345,857,244	P-	(28,451,187)	(P 82,381,116)	P-	P235,024,941

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE E - LONG-TERM DEBT

DECEMBER 31, 2024

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Current Portion of Long-term Debt	Long-term Debt
Fixed Rate Corporate Notes (FRCN) -Vivant Corp	₱1,850,000,000	₱50,000,000	₱1,800,000,000
FRCN – Vivant Energy Corp	1,450,000,000	–	1,450,000,000
15-Year Project Financing Facility-Isla Norte Power Corp	1,211,294,117	72,470,587	1,138,823,530
15-Year Project Financing Facility-Delta P., Inc.	755,066,002	62,549,846	692,516,156
10-Year Loan - Corenergy, Inc.	175,878,988	19,542,110	156,336,878
Loans Payable – North Bukidnon Power Corp	169,600,000	16,960,000	152,640,000
Loans Payable – Bukidnon Power Corp	145,140,000	14,160,000	130,980,000
Unamortized debt issue cost	(27,973,310)	(6,159,656)	(21,813,654)
	₱5,729,005,797	₱229,522,887	₱5,499,482,910

VIVANT CORPORATION AND SUBSIDIARIES

**SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM
LOANS FROM RELATED COMPANIES)**

DECEMBER 31, 2024

<u>Name of Related Party</u>	<u>Balance at Beginning of Period</u>	<u>Balance at End of Period</u>
<u>-Not applicable-</u>	<u>-Not applicable-</u>	

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2024

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
– Not applicable –		– Not applicable –		

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE H - CAPITAL STOCK

DECEMBER 31, 2024

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown under Related Consolidated Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares held by Related Parties	Directors, Officers and Employees	Others
Capital stock	2,000,000,000	1,023,456,698	–	776,356,210	266,342	246,834,146

VIVANT CORPORATION AND SUBSIDIARIES**SCHEDULE I – EXTERNAL AUDITOR FEE- RELATED INFORMATION
DECEMBER 31, 2024**

	2024	2023
Total Audit Fees	2,698,795	2,487,880
Non-audit services fees:		
Other assurance services	–	–
Tax services	3,860,500	3,269,500
All other services	91,400	150,000
Total Non-audit Fees	3,951,900	3,419,500
Total Audit and Non-audit Fees	6,650,695	5,907,380

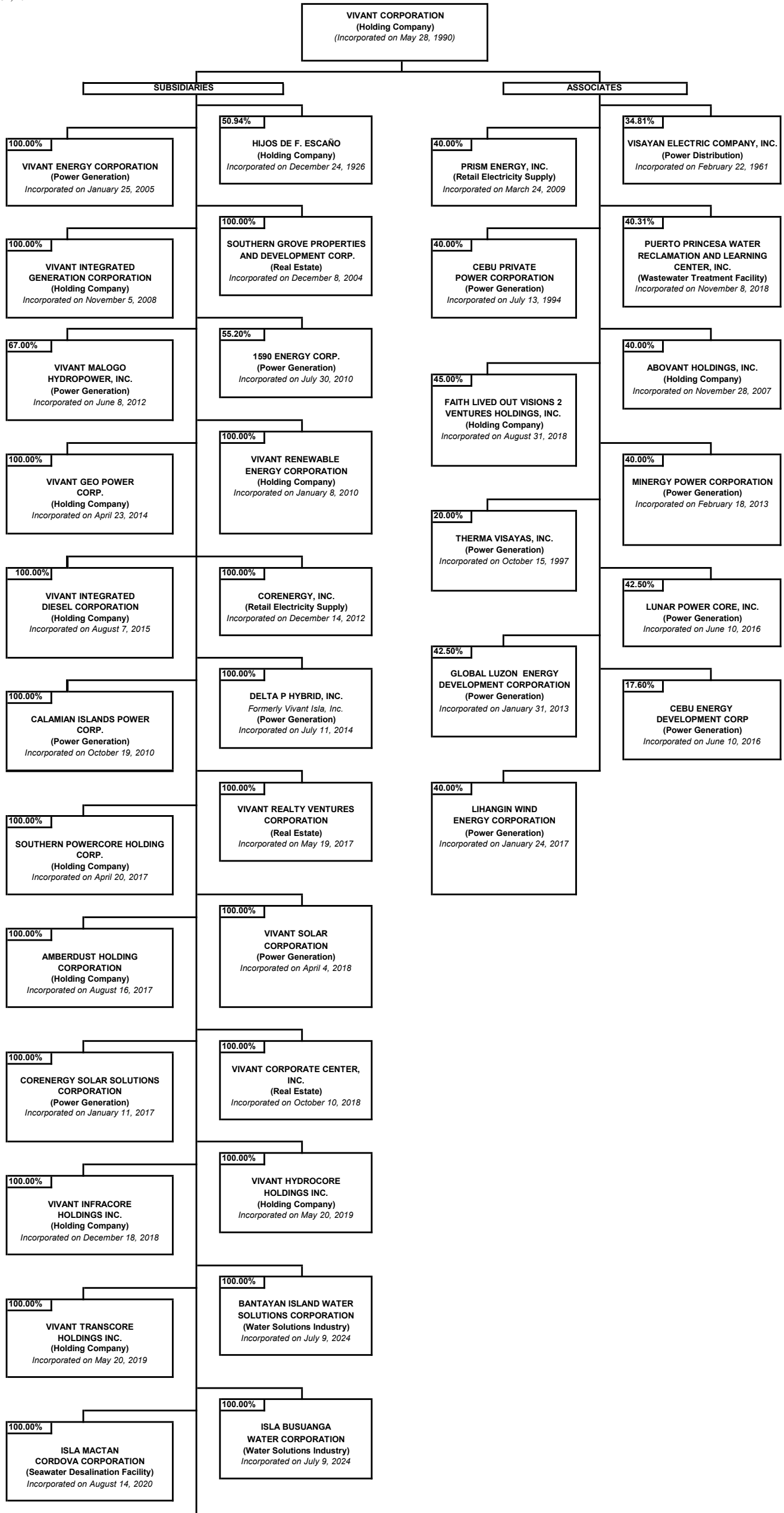
VIVANT CORPORATION
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2024

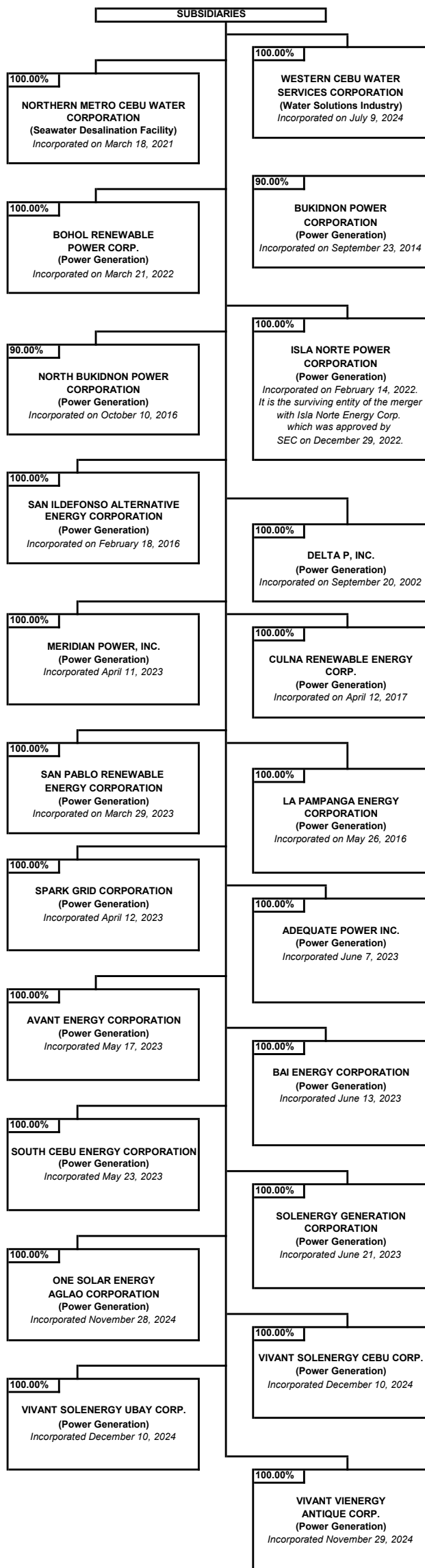
Items	Amount
Unappropriated Retained Earnings, Beginning	₱1,000,520,159
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	
Reversal of Retained Earnings Appropriation/s	1,387,548,080
Effect of restatements or prior-period adjustments	—
Others	—
	<u>1,387,548,080</u>
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	571,088,839
Retained Earnings appropriated during the reporting period	1,800,000,000
Effect of restatements or prior-period adjustments	—
Others	—
	<u>2,371,088,839</u>
Unappropriated Retained Earnings, as adjusted	16,979,400
Add/Less: Net Income for the current year	905,461,015
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	—
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Unrealized fair value gain of Investment Property	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	(27,219,365)
Subtotal	<u>(27,219,365)</u>
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	—
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Realized fair value gain of Investment Property	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
Subtotal	<u>—</u>

(Forward)

Items	Amount
Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	P—
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Realized fair value gain of Investment Property	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
Subtotal	<u>—</u>
Adjusted Net Income/Loss	<u>—</u>
Add: Category D: Non-actual loss recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	—
Subtotal	<u>—</u>
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP	
Amortization of the effect of reporting relief	—
Total amount of reporting relief granted during the year	—
Others	—
	<u>—</u>
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares (except for reacquisition of redeemable shares)	—
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(5,399,619)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	—
Adjustment due to deviation from PFRS/GAAP – gain(loss)	—
Others	—
Subtotal	<u>(5,399,619)</u>
TOTAL RETAINED EARNINGS, END OF THE YEAR FOR DIVIDEND DECLARATION	<u>P889,821,431</u>

VIVANT CORPORATION AND SUBSIDIARIES
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
DECEMBER 31, 2024





Note: Watermatic Philippines Corp. and Watermatic Philippines Southeast Asia Ltd. were subsidiaries of the Group until the divestment on October 11, 2024.

VIVANT CORPORATION

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Ratio	Formula	2024	Restated 2023*
Current Ratio	Total Current Assets divided by Total Current Liabilities <div style="display: flex; justify-content: space-between;"> <div>Total Current Assets</div> <div>₱8,195,538,164</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Current Liabilities</div> <div>3,413,758,867</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Current Ratio</div> <div>2.40</div> </div>	2.40	1.76 ^a
Acid Test Ratio/Quick Ratio	Quick Assets (<i>Total Current Assets less Inventories and Prepayment and Other Current Assets</i>) divided by Total Current Liabilities <div style="display: flex; justify-content: space-between;"> <div>Total Current Assets</div> <div>₱8,195,538,164</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Less: Inventories</div> <div>595,840,474</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Prepayments and Other Current Assets</div> <div>907,115,027</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Quick Assets</div> <div>₱6,692,582,663</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Current Liabilities</div> <div>3,413,758,867</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Acid Test Ratio</div> <div>1.96</div> </div>	1.96	1.48 ^b
Solvency Ratio/Debt-to-Equity Ratio	Total Liabilities divided by Total Equity <div style="display: flex; justify-content: space-between;"> <div>Total Liabilities</div> <div>₱10,446,497,024</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Equity</div> <div>21,520,148,379</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Debt-to-Equity Ratio</div> <div>0.49</div> </div>	0.49	0.53 ^c
Net Debt-to-Equity Ratio	Net Debt (<i>Total Notes Payable less Cash and Cash Equivalents, Short-term investments and Financial Assets at FVTPL</i>) divided by Total Equity <div style="display: flex; justify-content: space-between;"> <div>Total Notes Payable</div> <div>₱6,805,005,797</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Less: Cash and Cash Equivalents</div> <div>744,554,772</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Short-term Investments</div> <div>4,044,595,149</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Financial Assets at FVTPL</div> <div>–</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Net Debt</div> <div>₱2,015,855,876</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Equity</div> <div>21,520,148,379</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Net Debt-to-Equity Ratio</div> <div>0.09</div> </div>	0.09	0.13
Asset-to-Equity Ratio	Total Assets divided by Total Equity <div style="display: flex; justify-content: space-between;"> <div>Total Assets</div> <div>₱31,966,645,403</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Equity</div> <div>21,520,148,379</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Asset-to-Equity Ratio</div> <div>1.49</div> </div>	1.49	1.53 ^d

Ratio	Formula	2024	Restated 2023*																								
Interest Rate Coverage Ratio	<p>Earnings before Income Tax, Depreciation and Amortization (<i>Net Income Less Non-recurring income plus Provision for Income Tax, Finance Cost on Loans and Lease Liabilities, Depreciation and Amortization</i>) divided by Finance Costs on Loans and Lease Liabilities</p> <table> <tr> <td>Net Income</td> <td style="text-align: right;">₱2,623,659,832</td> </tr> <tr> <td>Less: Non-recurring income*</td> <td style="text-align: right;">(60,344,587)</td> </tr> <tr> <td>Add: Provision for Income Tax</td> <td style="text-align: right;">380,140,242</td> </tr> <tr> <td>Finance costs on loans and on lease liabilities</td> <td style="text-align: right;">439,897,140</td> </tr> <tr> <td>Non-recurring loss**</td> <td style="text-align: right;">36,910,784</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>EBIT</td> <td style="text-align: right;">₱3,420,263,411</td> </tr> <tr> <td>Add: Depreciation and Amortization</td> <td style="text-align: right;">638,596,730</td> </tr> <tr> <td>EBITDA</td> <td style="text-align: right;">₱4,058,860,141</td> </tr> <tr> <td>Finance costs on loans and on lease liabilities</td> <td style="text-align: right;">439,897,140</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Interest Expense Coverage Ratio</td> <td style="text-align: right;">9.23</td> </tr> </table> <p><i>*Non-recurring income includes Gain on fair value measurement of investment properties, Gain on fair value measurement of associates, Gain on bargain purchase and Gain on foreign exchange.</i></p> <p><i>**Non-recurring loss includes Loss on disposal of investments and Loss on foreign exchange.</i></p>	Net Income	₱2,623,659,832	Less: Non-recurring income*	(60,344,587)	Add: Provision for Income Tax	380,140,242	Finance costs on loans and on lease liabilities	439,897,140	Non-recurring loss**	36,910,784	<hr/>		EBIT	₱3,420,263,411	Add: Depreciation and Amortization	638,596,730	EBITDA	₱4,058,860,141	Finance costs on loans and on lease liabilities	439,897,140	<hr/>		Interest Expense Coverage Ratio	9.23	9.23	8.95 ^e
Net Income	₱2,623,659,832																										
Less: Non-recurring income*	(60,344,587)																										
Add: Provision for Income Tax	380,140,242																										
Finance costs on loans and on lease liabilities	439,897,140																										
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EBITDA	₱4,058,860,141																										
Finance costs on loans and on lease liabilities	439,897,140																										
<hr/>																											
Interest Expense Coverage Ratio	9.23																										
Return on Equity	<p>Net Income attributable to Parent divided by Average Total Equity (<i>Equity attributable to Parent Prior Year (PY) + Equity attributable to Parent Current Year (CY) divided by 2</i>)</p> <table> <tr> <td>Net Income attributable to Parent</td> <td style="text-align: right;">₱2,355,018,369</td> </tr> <tr> <td>Equity attributable to Parent CY</td> <td style="text-align: right;">₱20,060,208,657</td> </tr> <tr> <td>Equity attributable to Parent PY</td> <td style="text-align: right;">18,292,285,621</td> </tr> <tr> <td>Average Total Equity</td> <td style="text-align: right;">₱19,176,247,139</td> </tr> <tr> <td>Return on Equity</td> <td style="text-align: right;">12.28%</td> </tr> </table>	Net Income attributable to Parent	₱2,355,018,369	Equity attributable to Parent CY	₱20,060,208,657	Equity attributable to Parent PY	18,292,285,621	Average Total Equity	₱19,176,247,139	Return on Equity	12.28%	12.28%	13.20% ^f														
Net Income attributable to Parent	₱2,355,018,369																										
Equity attributable to Parent CY	₱20,060,208,657																										
Equity attributable to Parent PY	18,292,285,621																										
Average Total Equity	₱19,176,247,139																										
Return on Equity	12.28%																										
Return on Assets	<p>Net Income attributable to Parent divided by Average Total Assets (<i>Total Assets PY + Total Assets CY divided by 2</i>)</p> <table> <tr> <td>Net Income attributable to Parent</td> <td style="text-align: right;">₱2,355,018,369</td> </tr> <tr> <td>Total Assets CY</td> <td style="text-align: right;">₱31,966,645,403</td> </tr> <tr> <td>Total Assets PY</td> <td style="text-align: right;">30,038,390,747</td> </tr> <tr> <td>Average Total Assets</td> <td style="text-align: right;">₱31,002,518,075</td> </tr> <tr> <td>Return on Assets</td> <td style="text-align: right;">7.60%</td> </tr> </table>	Net Income attributable to Parent	₱2,355,018,369	Total Assets CY	₱31,966,645,403	Total Assets PY	30,038,390,747	Average Total Assets	₱31,002,518,075	Return on Assets	7.60%	7.60%	8.13% ^g														
Net Income attributable to Parent	₱2,355,018,369																										
Total Assets CY	₱31,966,645,403																										
Total Assets PY	30,038,390,747																										
Average Total Assets	₱31,002,518,075																										
Return on Assets	7.60%																										

Ratio	Formula	2024	Restated 2023*
Net Income Margin	Net Income Attributable to Parent divided by Revenue	19.30%	27.78% ^h
	Net Income Attributable to Parent ₪2,355,018,369		
	Revenue 12,201,703,051		
	Net Income Margin 19.30%		

**The restatement of the 2023 financial ratios resulted from the finalization of the purchase price allocation for the acquisition of additional stake in DPI & CIPC in compliance to PFRS 3, Business Combination.*

^a Reported at 1.80x in the 2023 Schedule of Financial Soundness Indicators.

^b Reported at 1.52x in the 2023 Schedule of Financial Soundness Indicators.

^c Reported at 0.52x in the 2023 Schedule of Financial Soundness Indicators.

^d Reported at 1.52x in the 2023 Schedule of Financial Soundness Indicators.

^e Reported at 8.94x in the 2023 Schedule of Financial Soundness Indicators.

^f Reported at 13.14% in the 2023 Schedule of Financial Soundness Indicators.

^g Reported at 8.11% in the 2023 Schedule of Financial Soundness Indicators.

^h Reported at 27.60% in the 2023 Schedule of Financial Soundness Indicators.



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/tmessage@sec.gov.ph



The following document has been received:

Receiving: Ryan Piramide

Receipt Date and Time: April 11, 2024 03:43:22 PM

Company Information

SEC Registration No.: 0000175222

Company Name: VIVANT CORPORATION

Industry Classification: J66940

Company Type: Stock Corporation

Document Information

Document ID: OST10411202482188498

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2023

Submission Type: Consolidated, Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

					1	7	5	2	2	2
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COMPANY NAME

V	I	V	A	N	T		C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U	B	S	I	D	I
A	R	I	E	S																									

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

9	t	h		F	l	o	o	r		O	a	k	r	i	d	g	e		I	T		C	e	n	t	e	r		3

Form Type

A	A	C	F	S
---	---	---	---	---

Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	/	A
---	---	---

COMPANY INFORMATION

Company's Email Address

vivant@vivant.com.ph

Company's Telephone Number

(032) 234-2256

Mobile Number

N/A

No. of Stockholders

1,406

Annual Meeting (Month / Day)

June 15

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

Atty. Joan A. Giduquio-Baron

Email Address

jbaron@jgarcialaw.com

Telephone Number/s

(032) 232-0253

Mobile Number

0917-5356692

CONTACT PERSON'S ADDRESS

9th Floor Oakridge IT Center 2, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines, 6014

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.
2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.





Headquarters Cebu Office
9th Floor, Oakridge IT Center 3
Oakridge Eusiness Park, A.S. Fortuna St.
Mandaue City, Cebu Philippines 6014
Tel. no.: +63 (32) 243 2256

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

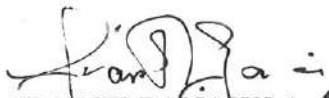
The Management of **VIVANT CORPORATION AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2023 and 2022, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


FRANCIS DAMASUS A. GARCIA
Chairman of the Board


ARLO ANGELO G. SARMIENTO
Chief Executive Officer


MINUEL CARMELA N. FRANCO
Chief Financial Officer

Signed this 5th day of April, 2024.

REPUBLIC OF THE PHILIPPINES)
MANDAUE CITY) S.S.

ACKNOWLEDGMENT

APR 08 2024 BEFORE ME, a Notary Public for and in Mandaue City appeared on the following:

Name	Competent Evidence of Identification	
	Type/Number	Date of Expiry/ Place of Issue
FRANCIS DAMASUS A. GARCIA	Passport No. P0768103C	01 JUL 2032 / PCG San Francisco
ARLO ANGELO G. SARMIENTO	Passport No. P6592337A	27 MAR 2028 / DFA CEBU
MINUEL CARMELA N. FRANCO	Passport No. P9523819B	05 APR 2032 / DFA Manila

known to me and to me known to be the same persons who executed the foregoing instrument, and who acknowledged to me that the same is their true and voluntary act and deed and that of the Corporation which they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and in the place above given.

Doc. No. 67 ;
Page No. 15 ;
Book No. I ;
Series of 2024.


ALTHEA A. VERGARA
Notary Public for and in the City of Mandaue and
Municipalities of Cordova, Consolacion,
Lilo-an, and Compostela, Cebu
Notarial Commission No. 2023-61 until December 31, 2024
Roll of Attorneys No. 72451
IBP OR No. 389076; 01/02/2024
PTR No. 1234473; 01/03/2024; Cebu
MCLE Compliance No. VII - 0010031
Valid until April 14, 2025
2nd Floor One Centre Building, C. Ouano Street,
Centro, Mandaue City, Cebu, Philippines

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City, Cebu, Philippines 6014

Opinion

We have audited the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Accounting for the Investment in Visayan Electric Company, Inc. (VECO)

As disclosed in Notes 1 and 10 to the consolidated financial statements, the Group owns 34.81% of VECO, an associate engaged in power distribution services, as at December 31, 2023 and accounts for the investment under the equity method. The application of the equity method of accounting to the Group's investment in VECO is significant to our audit because the carrying value of the investment accounted for 6% of the consolidated total assets and its equity in net earnings contributed 42% to the consolidated net income of the Group as at and for the year ended December 31, 2023, respectively. VECO's net income is significantly affected by the electricity revenue which depends on the electric consumption captured, the rates applied across different customer groups, and the systems involved in the billing process. The electric consumption captured is based on the meter readings taken on various dates for the different groups of customers (i.e., industrial, commercial, and residential customers) within the franchise area of operation.

The disclosures relating to the investment in VECO are included in Note 10 to the consolidated financial statements.

Audit Response

We obtained the relevant financial information of VECO and recomputed the Group's share in the net income of VECO for the year ended December 31, 2023. We evaluated the design and tested the controls over VECO's billing and revenue process. These include the capture and accumulation of meter data in the billing system as well as a calculation of the billed amounts, and uploading of the billed amounts from the billing system to the financial reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in the billing statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



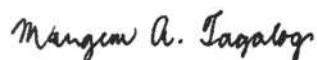
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. The engagement partner on the audit resulting in this independent auditor's report is Margem A. Tagalog.

SYCIP GORRES VELAYO & CO.



Margem A. Tagalog

Partner

CPA Certificate No. 0098098

Tax Identification No. 206-544-506

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-138-2021, November 10, 2021, valid until November 9, 2024

PTR No. 10082018, January 6, 2024, Makati City

April 5, 2024



VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	P4,382,540,776	P4,893,357,226
Trade and other receivables (Note 7)	1,647,660,999	1,362,706,195
Advances to associates, joint ventures and stockholders (Note 16)	162,204,796	294,016,208
Inventories - at cost (Note 8)	364,692,217	177,720,556
Prepayments and other current assets (Note 9)	778,251,105	446,283,559
Total Current Assets	7,335,349,893	7,174,083,744
Noncurrent Assets		
Investments in associates and joint ventures (Note 10)	10,595,855,907	10,578,321,124
Property, plant and equipment (Note 11)	8,272,544,865	5,877,554,921
Right-of-use assets (Note 24)	24,539,068	22,112,091
Investment properties (Note 12)	1,045,469,800	924,036,600
Deferred income tax assets - net (Note 20)	30,485,788	13,759,370
Other noncurrent assets (Note 13)	2,581,289,629	1,850,135,618
Total Noncurrent Assets	22,550,185,057	19,265,919,724
TOTAL ASSETS	P29,885,534,950	P26,440,003,468
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of trade and other payables (Note 14)	P1,842,183,949	P1,522,307,377
Current portion of long-term notes payable (Note 15)	210,300,979	1,115,158,717
Current portion of lease liabilities (Note 24)	17,928,869	13,340,222
Short term notes payable (Note 15)	1,963,546,959	1,170,300,000
Advances from related parties (Note 16)	2,350,050	10,886,165
Income tax payable	34,696,280	7,528,408
Total Current Liabilities	4,071,007,086	3,839,520,889
Noncurrent Liabilities		
Long-term notes payable - net of current portion (Note 15)	4,838,054,596	3,508,465,451
Lease liabilities - net of current portion (Note 24)	11,912,090	13,469,730
Pension liability (Note 19)	185,506,597	64,195,472
Deferred income tax liabilities - net (Note 20)	296,402,233	267,362,207
Other noncurrent liabilities - net of current portion (Notes 14 and 23)	844,587,453	838,293,931
Total Noncurrent Liabilities	6,176,462,969	4,691,786,791
Total Liabilities	10,247,470,055	8,531,307,680
Equity Attributable to Equity Holders of the Parent		
Capital stock - P1 par value (Note 21)		
Authorized - 2,000,000,000 shares		
Issued - 1,023,456,698 shares	1,023,456,698	1,023,456,698
Additional paid-in capital	8,339,452	8,339,452
Other components of equity:		
Share in remeasurement losses on employee		
benefits of associates and joint ventures (Note 10)	(125,169,500)	(94,016,067)

(Forward)



	December 31	
	2023	2022
Remeasurement gain (loss) on employee benefits (Note 19)	(P79,876,405)	P7,123,993
Unrealized valuation gain on financial assets at fair value through other comprehensive income (FVOCI)	51,053,039	26,517,514
Equity reserves (Note 21)	(30,252,298)	(25,128,554)
Retained earnings (Notes 10 and 21):		
Appropriated for business expansion	7,354,810,254	6,820,897,482
Unappropriated	10,078,329,275	8,727,306,176
Equity Attributable to Equity Holders of the Parent	18,280,690,515	16,494,496,694
Equity Attributable to Non-controlling Interests (Note 21)	1,357,374,380	1,414,199,094
Total Equity	19,638,064,895	17,908,695,788
TOTAL LIABILITIES AND EQUITY	P29,885,534,950	P26,440,003,468

See accompanying Notes to Consolidated Financial Statements.



VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE			
Revenue from contracts with customers:			
Sale of power (Note 23):			
Generation	P3,965,021,793	P2,813,298,456	P1,577,500,737
Retail electricity supply	1,112,675,663	633,488,002	301,048,099
Ancillary services	467,544,939	952,967,736	1,174,695,315
Management and service fees (Note 16)	545,976,930	86,781,813	102,589,626
Engineering service income	17,208,763	30,887,803	42,037,953
	6,108,428,088	4,517,423,810	3,197,871,730
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES (Note 10)	2,044,341,881	1,941,357,383	1,838,491,265
INTEREST INCOME (Notes 6 and 16)	122,987,590	60,071,043	22,961,585
	8,275,757,559	6,518,852,236	5,059,324,580
COSTS OF SERVICES			
Generation costs (Notes 17 and 23)	4,452,496,355	3,684,022,986	1,802,878,724
Engineering service fees (Note 17)	52,472,919	24,844,346	71,039,720
	4,504,969,274	3,708,867,332	1,873,918,444
OPERATING EXPENSES			
Salaries and employee benefits (Notes 18 and 19)	414,829,817	390,186,858	322,364,136
Outside services	101,952,495	19,760,683	36,535,466
Taxes and licenses (Note 12)	101,679,439	78,756,067	40,165,758
Professional fees (Note 16)	100,276,383	167,109,166	155,599,643
Depreciation and amortization (Notes 11, 13 and 24)	62,912,226	54,012,303	51,548,016
Travel	47,155,207	29,627,897	13,294,561
Management fees (Note 16)	43,843,882	29,219,324	25,270,413
Representation	15,419,307	14,883,489	9,529,837
Communication and utilities	13,100,708	13,405,697	9,523,925
Rent and association dues	5,232,490	6,465,080	8,564,767
Other operating expenses (Note 17)	103,241,530	89,483,412	81,773,381
	1,009,643,484	892,909,976	754,169,903
INCOME FROM OPERATIONS	2,761,144,801	1,917,074,928	2,431,236,233
OTHER INCOME (CHARGES)			
Finance costs on loans (Note 15)	(363,678,611)	(259,880,671)	(165,305,661)
Gain on fair value measurement of investment properties (Note 12)	121,433,200	60,394,600	106,361,400
Gain on bargain purchase (Note 13)	64,685,699	–	32,120,469
Foreign exchange gains (losses) - net	(9,616,307)	53,842,288	16,129,762
Finance costs on lease liabilities (Note 24)	(1,108,626)	(10,826,959)	(52,513,071)
Gain on disposal of an associate (Notes 1 and 10)	–	–	3,684,540
Gain on loss of control of a subsidiary (Note 1)	–	–	3,079,734
Other income - net (Notes 11, 12 and 17)	1,438,365	33,684,411	24,797,384
	(186,846,280)	(122,786,331)	(31,645,443)

(Forward)



	Years Ended December 31		
	2023	2022	2021
INCOME BEFORE INCOME TAX	₱2,574,298,521	₱1,794,288,597	₱2,399,590,790
PROVISION FOR INCOME TAX (Note 20)	180,350,835	89,561,479	167,101,028
NET INCOME	2,393,947,686	1,704,727,118	2,232,489,762
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in future periods:			
Remeasurement gain (loss) on employee benefits (Note 19)	(104,392,805)	11,157,022	17,451,342
Income tax effect	16,390,977	(2,511,242)	(3,453,874)
	(88,001,828)	8,645,780	13,997,468
Unrealized valuation gain on financial assets at FVOCI (Note 13)	28,865,324	25,734,676	2,550,000
Income tax effect	(4,329,799)	(3,860,201)	187,500
	24,535,525	21,874,475	2,737,500
Share in the remeasurement gains (losses) on employee benefits of associates and joint ventures, net of tax (Note 10)	(31,585,867)	-	2,165,047
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(95,052,170)	30,520,255	18,900,015
TOTAL COMPREHENSIVE INCOME	₱2,298,895,516	₱1,735,247,373	₱2,251,389,777
NET INCOME			
Attributable to:			
Equity holders of the parent	₱2,284,209,380	₱1,595,263,961	₱1,866,730,439
Non-controlling interests	109,738,306	109,463,157	365,759,323
	₱2,393,947,686	₱1,704,727,118	₱2,232,489,762
TOTAL COMPREHENSIVE INCOME			
Attributable to:			
Equity holders of the parent	₱2,190,158,640	₱1,624,319,369	₱1,883,654,471
Non-controlling interests	108,736,876	110,928,004	367,735,306
	₱2,298,895,516	₱1,735,247,373	₱2,251,389,777
EARNINGS PER SHARE			
Basic and diluted, for net income for the year attributable to equity holders of the parent (Note 22)			
	₱2.232	₱1.559	₱1.824

See accompanying Notes to Consolidated Financial Statements.



VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

Equity Attributable to Equity Holders of the Parent

	Share in										Total Equity	
	Remeasurement					Retained Earnings (Note 21)						Equity Attributable to Non-Controlling Interests
	Capital Stock (Note 21)	Additional Paid-in Capital	Employee Benefits, Associates and Joint Ventures	Remeasurement Gain (Loss) on Employee Benefits	Unrealized Valuation Gain (Loss) on Financial Assets at FVOCI	Equity Reserves	Appropriated	Unappropriated	Total			
Balances at January 1, 2023	P1,023,456,698	P8,339,452	(P94,016,067)	P7,123,993	P26,517,514	(P25,128,554)	P6,820,897,482	P8,727,306,176	P16,494,496,694	P1,414,199,094	P17,908,695,788	
Total comprehensive income (loss)	-	-	(31,585,867)	(87,000,398)	24,535,525	-	-	2,284,209,380	2,190,158,640	108,736,876	2,298,895,516	
Appropriation for business expansion	-	-	-	-	-	-	-	(2,400,000,000)	-	-	-	
Reversal of appropriation for business expansion	-	-	-	-	-	-	-	(1,866,087,228)	-	-	-	
Acquisition of noncontrolling interests	-	-	-	-	-	(5,123,744)	-	1,866,087,228	-	-	-	
Transfer of accumulated share in other comprehensive income of joint ventures upon step-acquisition (Note 10)	-	-	432,434	-	-	-	-	-	(5,123,744)	(164,501,590)	(169,625,334)	
Cash dividends	-	-	-	-	-	-	-	(432,434)	(398,841,075)	(1,060,000)	(399,901,075)	
Balances at December 31, 2023	P1,023,456,698	P8,339,452	(P125,169,500)	(P79,876,405)	P51,053,039	(P30,252,298)	P7,354,810,254	P10,078,529,275	P18,280,690,515	P1,357,374,380	P19,638,064,895	
Balances at January 1, 2022	-	-	(P94,016,067)	(P56,940)	P4,643,039	(P25,128,554)	P6,198,363,882	P8,198,858,365	P15,314,459,875	P1,063,833,603	P16,378,293,478	
Total comprehensive income	-	-	-	7,180,933	21,874,475	-	-	1,595,263,961	1,624,319,369	110,928,004	1,735,247,373	
Appropriation for business expansion	-	-	-	-	-	-	-	(2,250,000,000)	-	-	-	
Reversal of appropriation for business expansion	-	-	-	-	-	-	-	(1,627,466,400)	-	-	-	
Additional investments of non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	-	-	-	(444,282,550)	(444,282,550)	(8,600,000)	(452,882,550)	
Balances at December 31, 2022	P1,023,456,698	P8,339,452	(P94,016,067)	P7,123,993	P26,517,514	(P25,128,554)	P6,820,897,482	P8,727,306,176	P16,494,496,694	P1,414,199,094	P17,908,695,788	
Balances at January 1, 2021	-	-	(96,181,114)	(13,035,095)	2,862,209	(25,128,554)	5,213,900,230	7,674,801,422	13,789,015,248	867,869,497	14,656,884,745	
Total comprehensive income	-	-	2,165,047	12,978,155	1,780,830	-	-	1,866,730,439	1,883,654,471	367,735,306	2,251,389,777	
Appropriation for business expansion	-	-	-	-	-	-	-	(1,950,000,000)	-	-	-	
Reversal of appropriation for business expansion	-	-	-	-	-	-	-	(965,536,348)	-	-	-	
Acquisition of subsidiaries (Note 13)	-	-	-	-	-	-	-	-	-	48,945,373	48,945,373	
Additional investments of non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	55,847,573	55,847,573	
Loss of control of a subsidiary	-	-	-	-	-	-	-	-	-	(500,000)	(500,000)	
Cash dividends	-	-	-	-	-	-	-	(358,209,844)	(358,209,844)	(276,064,146)	(634,273,990)	
Balances at December 31, 2021	P1,023,456,698	P8,339,452	(P94,016,067)	(P56,940)	P4,643,039	(P25,128,554)	P6,198,363,882	P8,198,858,365	P15,314,459,875	P1,063,833,603	P16,378,293,478	

See accompanying Notes to Consolidated Financial Statements.



VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱2,574,298,521	₱1,794,288,597	₱2,399,590,790
Adjustments for:			
Equity in net earnings of associates and joint ventures (Note 10)	(2,044,341,881)	(1,941,357,383)	(1,838,491,265)
Depreciation and amortization (Notes 11, 13, and 24)	507,022,240	430,230,964	360,827,821
Finance costs on loans (Note 15)	363,678,611	259,880,671	165,305,661
Interest income (Note 6)	(122,987,590)	(60,071,043)	(22,961,585)
Gain on fair value remeasurement of investment properties (Note 12)	(121,433,200)	(60,394,600)	(106,361,400)
Gain on bargain purchase (Note 13)	(64,685,699)	–	(32,120,469)
Pension expense (Note 19)	22,261,768	20,731,159	22,223,302
Unrealized foreign exchange loss (gains)	9,616,307	(53,842,288)	(16,129,762)
Finance costs on lease liabilities (Note 24)	1,108,626	10,826,959	52,513,071
Gain on disposal of property and equipment (Note 17)	(650,300)	(639,207)	(3,101,818)
Non-cash donation expense (Note 11)	–	8,482,143	–
Gain on disposal of an associate (Notes 1 and 10)	–	–	(3,684,540)
Gain on loss of control of a subsidiary (Notes 1 and 10)	–	–	(3,079,734)
Operating income before working capital changes	1,123,887,403	408,135,972	974,530,072
Decrease (increase) in:			
Trade and other receivables	477,966,796	(510,762,517)	(235,835,774)
Inventories	26,802,524	(25,045,097)	73,650,755
Prepayments and other current assets	(238,018,513)	(121,272,673)	(44,969,824)
Increase (decrease) in trade and other payables	(786,196,878)	376,164,748	120,888,620
Net cash generated from operations	604,441,332	127,220,433	888,263,849
Interest paid	(262,129,493)	(281,763,405)	(199,430,760)
Income taxes paid	(133,301,800)	(94,273,379)	(180,075,218)
Contributions to the retirement fund (Note 19)	(6,718,787)	(6,755,102)	(30,853,258)
Benefits paid out of operating funds (Note 19)	(327,000)	(83,571)	–
Net cash flows from (used in) operating activities	201,964,252	(255,655,024)	477,904,613
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates and joint ventures (Note 10)	1,788,544,553	1,375,935,658	1,755,155,896
Additions to property, plant and equipment (Note 11)	(1,678,727,744)	(2,610,405,413)	(721,327,849)
Decrease (increase) in other noncurrent assets	(595,496,058)	(58,417,375)	10,738,517
Additional investments and advances to associates and joint ventures (Note 10)	(251,169,255)	(68,400,000)	(49,742,306)
Interest received	111,720,696	56,534,070	20,397,915
Net cash outflow from business combinations (Note 13)	(3,035,775)	–	(392,811,115)
Proceeds from:			
Disposal of property, plant and equipment (Note 11)	650,300	1,960,320	3,627,540

(Forward)



	Years Ended December 31		
	2023	2022	2021
Disposal of an equity interest in an associate (Note 10)	P-	P-	P33,225,513
Disposal of financial assets at FVOCI	-	-	2,620,000
Additions to financial assets at FVOCI (Note 13)	-	(270,000,000)	(94,000,000)
Cash in subsidiary whose control was lost (Notes 1 and 10)	-	-	(560,316)
Net cash flows used in investing activities	(627,513,283)	(1,572,792,740)	567,323,795
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans (Note 15)	1,785,384,762	1,663,345,070	4,506,974,410
Payments of:			
Loans (Note 15)	(1,450,528,534)	(353,477,270)	(3,945,898,260)
Cash dividends (Note 21)	(401,876,299)	(451,479,873)	(632,912,067)
Lease liabilities (Note 24)	(17,474,599)	(76,233,373)	(298,971,986)
Net proceeds (payments) of advances from related parties (Note 26)	73,466,973	(12,254,278)	31,295,643
Acquisition of noncontrolling interests (Note 21)	(64,623,415)	-	-
Additional investments and deposits for future stock subscriptions of non-controlling interests of a subsidiary (Note 21)	-	248,037,487	55,847,565
Net cash flows from (used in) financing activities	(75,651,112)	1,017,937,763	(283,664,695)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(501,200,143)	(810,510,001)	761,563,713
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(9,616,307)	53,842,288	16,129,762
TOTAL CASH AT BEGINNING OF YEAR			
Cash and cash equivalents (Note 6)	4,893,357,226	5,650,024,939	4,872,331,464
Restricted cash (Notes 9 and 13)	2,003,880	2,003,311	2,002,202
	4,895,361,106	5,652,028,250	4,874,333,666
TOTAL CASH AT END OF YEAR			
Cash and cash equivalents (Note 6)	4,382,540,776	4,893,357,226	5,650,024,939
Restricted cash (Notes 9 and 13)	2,003,880	2,003,880	2,003,311
	P4,384,544,656	P4,895,361,106	P5,652,028,250

See accompanying Notes to Consolidated Financial Statements.



VIVANT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Vivant Corporation (the “Parent Company” or “Vivant”) was incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on May 28, 1990. The Parent Company is listed in the Philippine Stock Exchange using the symbol VVT. Vivant is the ultimate parent of the Group.

The Parent Company’s primary purpose is to invest in and manage the general business of any other corporation or corporations except management of fund securities portfolios and other similar assets of a managed entity.

The Parent Company is owned by Mai-I Resources Corporation (MRC) and JEG Development Corporation (JDC) with a combined ownership of 75.84%. MRC and JDC are entities incorporated and domiciled in the Philippines.

The Parent Company and its Subsidiaries (collectively referred to as the Group) are engaged in various business activities, through its subsidiaries and affiliates, namely electric power generation (both renewable and non-renewable energy), electric power distribution, retail electricity supply, electrical engineering services, water infrastructure and real estate.

The principal office address of the Parent Company is currently located at 9th Floor Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Barangay Banilad, Mandaue City, Cebu.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries, associates and joint ventures, all incorporated in the Philippines, as at December 31, 2023 and 2022:

	2023		2022	
	Direct	Indirect	Direct	Indirect
Subsidiaries				
Hijos De F. Escaño (HDFE)	50.94	–	50.94	–
Southern Grove Properties and Development Corp. (SGPDC)	100.00 ⁽ⁿ⁾	–	100.00 ⁽ⁿ⁾	–
Vivant Realty Ventures Corporation (VRVC)	–	100.00 ^{(q) (r)}	–	100.00 ^{(q) (r)}
Vivant Corporate Center, Inc. (VCCI)	–	100.00 ^{(q) (w)}	–	100.00 ^{(q) (w)}
Vivant Infracore Holdings Inc. (VIHI)	100.00 ^(v)	–	100.00 ^(v)	–
Vivant Hydrocore Holdings Inc. (VHHI)	–	100.00 ^{(y) (bb)}	–	100.00 ^{(y) (bb)}
Vivant Transcore Holdings Inc. (VTHI)	–	100.00 ^{(y) (bb)}	–	100.00 ^{(y) (bb)}
Isla Mactan Cordova Corporation (IMCC)	–	100.00 ^{(p) (cc)}	–	100.00 ^{(p) (cc)}
Watermatic Philippines Corporation (WMP)	–	60.00 ^{(z) (cc)}	–	60.00 ^{(z) (cc)}
Watermatic Southeast Asia, Ltd. (WMP SEA)	–	60.00 ^{(ee) (ff)}	–	60.00 ^{(ee) (ff)}
Northern Metro Cebu Water Corporation (NMCWC)	–	100.00 ^{(cc) (jj)}	–	100.00 ^{(cc) (jj)}
Vivant Energy Corporation (VEC)	100.00	–	100.00	–
Vivant Integrated Generation Corporation (VIGC)	–	100.00 ^(a)	–	100.00 ^(a)
Vivant Geo Power Corp. (VGPC)	–	100.00 ^{(b) (g)}	–	100.00 ^{(b) (g)}
Delta P Hybrid, Inc. (DPHI; formerly Vivant Isla Inc.)	–	100.00 ^{(a) (h)}	–	100.00 ^{(a) (h)}
Vivant Renewable Energy Corporation (VREC)	–	100.00 ^{(a) (f)}	–	100.00 ^{(a) (f)}
Corenergy Inc. (Core)	–	100.00 ^(a)	–	100.00 ^(a)
Vivant Integrated Diesel Corporation (VIDC)	–	100.00 ^{(a) (i)}	–	100.00 ^{(a) (i)}
Isla Norte Power Corp. (INPC)	–	100.00 ^{(e) (mm)}	–	65.00 ^{(e) (mm)}

(Forward)



	2023		2022	
	Percentage of Ownership			
	Direct	Indirect	Direct	Indirect
Southern Powercore Holding Corp. (SPHC)	–	100.00 ^{(b) (s)}	–	100.00 ^{(b) (s)}
Amberdust Holding Corporation (AHC)	–	100.00 ^{(a) (t)}	–	100.00 ^{(a) (t)}
Vivant-Malogo Hydropower, Inc. (VMHI)	–	67.00 ^(a)	–	67.00 ^(a)
1590 Energy Corp. (1590 EC)	–	55.20 ^(a)	–	55.20 ^(a)
Vivant Solar Corporation (VSC)	–	100.00 ^{(a) (x)}	–	100.00 ^{(a) (x)}
Corenergy Solar Solutions Corporation (CSSC)	–	100.00 ^{(a) (d)}	–	100.00 ^{(a) (d)}
Bukidnon Power Corporation (BPC)	–	90.00 ^{(gg) (ii)}	–	90.00 ^{(gg) (ii)}
North Bukidnon Power Corporation (NBPC)	–	90.00 ^{(hh) (ii)}	–	90.00 ^{(hh) (ii)}
Culna Renewable Energy Corp. (CREC)	–	100.00 ^{(b) (u)}	–	35.00 ^{(b) (u)}
Calamian Islands Power Corp. (CIPC)	–	100.00 ^(a)	–	50.00 ^(a)
Delta P, Inc. (Delta P)	–	100.00 ^(a)	–	50.00 ^(a)
La Pampanga Energy Corp (LPEC)	–	100.00 ^{(a) (l)}	–	50.00 ^{(a) (l)}
San Ildefonso Alternative Energy Corp (SIAEC)	–	100.00 ^{(a) (nn)}	–	–
Meridian Power, Inc. (MPI)	–	100.00 ^{(a) (oo)}	–	–
San Pablo Renewable Energy Corp (SPREC)	–	100.00 ^{(a) (pp)}	–	–
Spark Grid Corp (SGC)	–	100.00 ^{(a) (qq)}	–	–
Avant Energy Corp (AEC)	–	100.00 ^{(a) (ss)}	–	–
Adequate Power, Inc. (API)	–	100.00 ^{(a) (rr)}	–	–
Bai Energy Corp (BEC)	–	100.00 ^{(a) (tt)}	–	–
South Cebu Energy Corp. (SCEC)	–	100.00 ^{(a) (j)}	–	–
SolEnergy Generation Corp (SEGC)	–	100.00 ^{(a) (m)}	–	–
Associates				
Visayan Electric Company, Inc. (VECO)	34.81	–	34.81	–
Prism Energy, Inc. (PEI)	–	40.00 ^(a)	–	40.00 ^(a)
Abovant Holdings, Inc. (AHI)	–	40.00 ^(c)	–	40.00 ^(c)
Cebu Private Power Corporation (CPPC)	–	40.00 ^(a)	–	40.00 ^(a)
Minergy Power Corporation (MPC)	–	40.00 ^(c)	–	40.00 ^(c)
Therma Visayas, Inc. (TVI)	–	20.00 ^(c)	–	20.00 ^(c)
Lunar Power Core Inc. (LPCI)	–	42.50 ^{(c) (k)}	–	42.50 ^{(c) (k)}
Global Luzon Energy Development Corporation (GLEDC)	–	42.50 ^{(c) (o)}	–	42.50 ^{(c) (o)}
Lihangin Wind Energy Corp (LWEC)	–	40.00 ^{(b) (aa)}	–	40.00 ^{(b) (aa)}
Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS)	–	45.00 ^{(cc) (dd)}	–	45.00 ^{(cc) (dd)}
Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC)	–	40.31 ^{(kk) (ll)}	–	40.31 ^{(kk) (ll)}

- a. Indirect ownership through VEC
- b. Indirect ownership through VREC
- c. Indirect ownership through VIGC
- d. Incorporated January 11, 2017. Ownership interest in ETEI is through VSC. Changed its corporate name from ET Energy Inc. (ETEI) to Corenergy Solar Solutions Corporation (CSSC) on August 26, 2021.
- e. Indirect ownership through VIDC.
- f. Incorporated on January 8, 2010. Changed its corporate name from Vics-Bakun Holdings Corporation (Vics-Bakun) to VREC on October 2, 2015.
- g. Incorporated on April 23, 2014
- h. Incorporated on July 11 2014. Changed its corporate name from Vivant Isla Inc. (VII) to Delta P Hybrid, Inc. on February 16, 2022.
- i. Incorporated on August 7, 2015
- j. Incorporated May 23, 2023
- k. Incorporated on June 10, 2016
- l. Incorporated on May 26, 2016. Changed its corporate name from Vivant Enercore Integrated, Inc. to La Pampanga Energy Corporation (LPEC) on January 13, 2021.
- m. Incorporated June 21, 2023
- n. Incorporated on December 8, 2004
- o. Incorporated on January 31, 2013. Ownership interest in GLEDC is through LPCI.
- p. Incorporated on August 14, 2020
- q. Indirect ownership through SGPDC
- r. Incorporated May 19, 2017
- s. Incorporated April 20, 2017
- t. Incorporated August 16, 2017
- u. Incorporated April 12, 2017
- v. Incorporated December 18, 2018
- w. Incorporated October 10, 2018.
- x. Incorporated April 4, 2018. Changed its corporate name from ET-Vivant Solar Corporation (EVC) to VSC on November 9, 2020.
- y. Incorporated May 20, 2019



	2023		2022	
	Percentage of Ownership			
	Direct	Indirect	Direct	Indirect
<i>z. Incorporated July 23, 2019</i>				
<i>aa. Incorporated January 24, 2017. Changed its corporate name from 6 Barracuda Energy Corp. (6 Barracuda) to LWEC on June 15, 2020</i>				
<i>bb. Indirect ownership through VIHI</i>				
<i>cc. Indirect ownership through VHHI</i>				
<i>dd. Incorporated August 31, 2018</i>				
<i>ee. Incorporated on July 1, 2021</i>				
<i>ff. Indirect ownership through WMP</i>				
<i>gg. Incorporated September 23, 2014</i>				
<i>hh. Incorporated October 10, 2016</i>				
<i>ii. Indirect ownership through AHC</i>				
<i>jj. Incorporated March 18, 2021</i>				
<i>kk. Incorporated November 8, 2018</i>				
<i>ll. Indirect ownership through FLOWS</i>				
<i>mm. Incorporated February 14, 2022</i>				
<i>nn. Incorporated February 18, 2016.</i>				
<i>oo. Incorporated April 11, 2023. Changed its Corporate name from Central Cebu Transitional Power Corporation.</i>				
<i>pp. Incorporated March 29, 2023</i>				
<i>qq. Incorporated April 12, 2023.</i>				
<i>rr. Incorporated June 7, 2023.</i>				
<i>ss. Incorporated May 17, 2023.</i>				
<i>tt. Incorporated June 13, 2023</i>				

Subsidiaries

Except for 1590 EC, INPC, VMHI, Core, VII, VGPC, VIDC, CSSC, BPC, NBPC, WMP, IMCC, NMCWC, Delta P, CIPC, CREC, LPEC, SIAEC and MPI, all subsidiaries are also operating as holding and investing companies, which are primarily engaged in power generation and distribution, and water infrastructure. 1590 EC is operating a diesel power plant, while VMHI is in its pre-operating stage of building a hydro power plant in Silay, Negros Occidental. INPC is operating a diesel power plant in Bantayan, Cebu. BPC and NBPC are operating diesel-fired power plants in Bukidnon. Core is operating as a retail electricity supplier and engineering services provider. Delta P is operating an oil-fired power generation plant in Puerto Princesa, Palawan. CIPC is operating diesel-fired power generation plants in Coron and Busuanga. SIAEC is in its development stage of solar plant facility in Bulacan. MPI is operating an oil-fired power plant in Cebu. LPEC is in its pre-operating stage of building an oil-fired plant in Pampanga. CREC is in its pre-operating stage of building hybrid facilities in Culion and Linapacan islands. WMP provides engineering services, mainly for water infrastructure projects. IMCC and NMCWC are in its pre-operating stage of building a seawater desalination facility.

The following sets out brief information of the Parent Company’s subsidiaries and associates:

HDFE

HDFE was incorporated on December 24, 1926, which registration was renewed for another 50 years effective November 26, 1974. The primary purpose of HDFE is to invest in, hold, own, purchase, acquire, lease, contract, operate, improve, develop, grant, sell, exchange, or otherwise dispose of real and personal properties of every kind and description including shares of stocks, bonds and other securities or evidence of indebtedness of any other corporation, association, firm, or entity, domestic or foreign, where necessary or appropriate, and to process and exercise in respect thereof of all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, without acting as, or engaging in the business of an investment company, or dealer or broker in securities.



SGPDC

SGPDC was incorporated on December 8, 2004 with a primary purpose to invest in, purchase, or otherwise acquire and own, hold, develop, use, sell, lease, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description for whatever purpose the same may have been organized. It has also direct equity shareholdings in VRVC and VCCI, both real estate companies.

On March 5, 2015, during the Special Stockholders' Meeting and Special Board Meeting, the stockholders and BOD approved that one of SGPDC's secondary purposes is to conduct and transact any and all lawful business, and to do or cause to be done any one or more of the acts and things set forth as its purposes, within or without the Philippines, and in any and all foreign countries, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers of the Company under the Corporation Code of the Philippines, or which shall at any time appear conducive to or expedient for its protection or benefit. These amendments made in SGPDC's Articles of Incorporation (AOI) were approved by the SEC on October 8, 2015.

On January 6, 2016, the SEC approved the amendment to its AOI changing its name from VC Ventures Net, Inc. to Southern Grove Properties and Development Corp. and its primary purpose is to engage in real estate business, to hold, construct, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of all kinds of real property or to act as real estate broker for such fees as may be legal and proper.

VRVC

VRVC was incorporated on May 19, 2017. Its primary purpose is to engage in the real estate business. On July 3, 2017, VRVC purchased from HDFE, a company under common control, a parcel of land located at M.J. Cuenco Ave., Tinago Central, Barangay San Roque, Cebu City amounting to ₱27.9 million, with the intention of holding the land for capital appreciation. As of December 31, 2023, VRVC is recognizing rental income from the purchased investment property (see Note 12).

VCCI

VCCI was incorporated on October 10, 2018 and its primary purpose is to engage in the real estate business. As of December 31, 2023, VCCI has not yet started its operations.

VIHI

VIHI was incorporated on December 18, 2018 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2023, VIHI is operating as a holding company for VTHI and VHHI.

VHHI

VHHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign,



without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2023, VHHI is operating as a holding company for WMP, IMCC, NMCWC, and FLOWS, a holding company.

VTHI

VTHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2023, VTHI has not yet started its operations.

IMCC

IMCC was incorporated on August 14, 2020 and its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, wastewater treatment facility and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.

As of December 31, 2023, IMCC is in its development stage.

WMP

WMP was incorporated on July 23, 2019 as a water treatment engineering company primarily engaged in the design, supply (which includes detailed design, procurement, and assembly), installation, commission, operation and maintenance of water treatment and wastewater treatment plant to be owned by WMP or for third parties. WMP also engages into bulk water supply agreements using water sourced from ground water, surface water, or desalinated water.

As of December 31, 2020, WMP has already started its operations.

WMP SEA

WMP SEA was incorporated on July 1, 2021 according to the Companies Law 5769-1999, as a limited liability company under the laws of the Republic of Israel. Its primary purpose is to buy and sell products for wastewater and wastewater treatment projects.

As of December 31, 2021, WMP SEA has already started operations.

NMCWC

NMCWC was incorporated and registered with the SEC on March 18, 2021. Its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, wastewater treatment facility, and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.

The registered office of the Company is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Philippines

As of December 31, 2023, NMCWC has not yet started operations.



VEC

VEC was incorporated on January 25, 2005 and its primary purpose is to establish, maintain and operate power plants of any kind and such other sources that may be a viable source of electric light, heat and power system and to sell to the general public, electricity as the corporation may determine.

VEC currently exists as a holding company with direct equity shareholdings in CPPC, Delta P, 1590 EC, CIPC, VMHI, TVI, DPHI, INEC, INPC, LPEC, and VIDC entities engaged in the power generation business and PEI and Core, entities engaged in the retail electricity supply. Core is also engaged in engineering services. VEC also has direct equity shareholdings on holding entities namely VIGC and VREC.

VIGC

VIGC was incorporated on November 5, 2008 with the primary purpose of holding investments in power generation companies. It has direct equity shareholdings in MPC, TVI and LPCI, entities engaged in the power generation business and AHI, a holding entity.

VGPC

VGPC was incorporated on April 23, 2014. Its primary purpose is to establish, maintain, own, and operate geothermal, thermal, hydroelectric, solar, wind, coal, diesel power plants and such other sources that may be viable source of electric light, heat and power system and to sell and/or trade electricity for light, heat and power purposes within cities, municipalities and provinces of the Philippines as the corporation may determine and enter into business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2023, VGPC is still in the pre-operating stage.

DPHI

DPHI, formerly VII, was incorporated on July 11, 2014. Its primary purpose is to engage in business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, constructing, holding, and selling power generation facilities and related facilities, or any other business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2022, DPHI is still in the pre-operating stage.

On February 16, 2022, the application the change the name of VII to Delta P Hybrid, Inc. was approved by the SEC.

VREC

VREC was incorporated on January 8, 2010 with the primary purpose of holding investments in power generation companies. On October 2, 2015, the SEC approved its application for change in corporate name from Vics Bakun Holdings Corporation to VREC. It also has direct equity shareholdings in VGPC, SPHC, AHC, VSC, CREC, and LWEC as of December 31, 2023.

Core

Core was incorporated on December 14, 2012. Its primary purpose is to buy, source and obtain electricity from generating companies or from the wholesale electricity spot market to sell, broker, market or aggregate electricity to the end-users, to provide services necessary in connection with the supply or delivery of electricity thereof, distribution utilities and other entities in the electric systems by a duly licensed electrical engineer, the conduct of energy examinations, inspections, assessments, maintenance, testing and commissioning, as amended dated May 31, 2019. As of December 31, 2023, Core has entered into retail supply contract and engineering service contracts with various customers.



VIDC

VIDC was incorporated on August 7, 2015. Its primary purpose is to establish, maintain, acquire, own, hold, and operate diesel powered generating facilities. As of December 31, 2023, VIDC is the holding company of INEC and INPC.

INEC

INEC was incorporated on June 13, 2016. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system.

As of December 31, 2021 and prior to the merger with Isla Norte Power Corporation (INPC) on December 29, 2022, INEC is effectively 65%-owned by VEC and 35%-owned by GPI through a consortium formed by VIDC.

INEC started its interim commercial operations on August 11, 2020, and the same ended on August 10, 2021. This stems from the signing of the Interim Power Supply Agreement (IPSA) with Bantayan Island Electric Cooperative Inc. (BANELCO) to supply a portion of its energy requirement. This operation, emergency in nature, is independent and different from the 15-year Power Supply Agreement (PSA) with BANELCO, which is yet to commence commercial operations as of December 31, 2022 (see Note 23).

Pending the approval of INEC's Power Supply Agreement (PSA) application, the Energy Regulatory Commission (ERC) issued a Notice of Resolution dated November 4, 2021 that contained a directive to Bantayan Electric Cooperative, Inc. (BANELCO) to source out power from any supplier which it deems fit, to ensure the continuous and unhampered supply of power within its franchise area. Thus, on November 7, 2021, INEC and BANELCO signed an IPSA for a period of 90 days, reckoned from the date of the issuance of the resolution, to supply the whole of BANELCO's energy requirement.

The registered office of INEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

INPC

Isla Norte Power Corporation (INPC) was incorporated on February 14, 2022. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power purposed within the cities, municipalities, and provinces of the Philippines.

On May 9, 2022, the members of the respective boards of directors of INEC and INPC, separately and unanimously approved a plan of merger with INPC as the surviving entity. The plan and articles of merger was approved by SEC on December 29, 2022.

The terms further provide that INPC shall become the owner of the rights, assets, privileges and other properties of INEC and shall assume all the debts and liabilities of the same as of the effective merger date in the manner as though the Company has itself incurred such liabilities and obligations.

On December 29, 2022, upon effective date of the merger, INEC ceased to exist, yet its operations continued under INPC.



In 2023, VEC and VIDC acquired the remaining interest of GPI in INPC for a total consideration of ₱169.6 million, resulting in 100% ownership by the Group in INPC (see Note 21).

The registered office of INPC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

SPHC

SPHC was incorporated on April 20, 2017. Its primary purpose is to engage in the business of holding investments in power generation companies. As of December 31, 2022, SPHC has not yet started its commercial operations.

The registered office of SPHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

AHC

AHC was incorporated on August 16, 2017. Its primary purpose is to engage in the business of a holding company. As of December 31, 2022, AHC is the holding company of BPC and NBPC.

In May 2021, AHC in partnership with VEC acquired 9% ownership in BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively. Further, AHC acquired 9% ownership in NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

On June 28, 2021, VREC assigned its 45,000 common shares in AHC with par value of ₱1.00 per share to VEC.

The registered office of AHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

VMHI

VMHI was incorporated on June 8, 2012. Its primary purpose is to engage in the business of owning, acquiring, operating, generating, collecting and distributing electricity.

VMHI is in its starting phase or pre-operational stage as a power generating entity that will implement a greenfield power plant project, involving the construction and operation of a series of run-of-river hydropower facility in Barangay Capitan Ramon in Silay City, Negros Occidental. VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a six (6) MW power plant facility along the Malogo river. The project has concluded its detailed engineering design. A tender process is underway for the construction to coincide with the project timetable, but subject to adjustments that may be brought about by regulations from the grid system operator.

On March 8, 2017, bidding for the award of the Engineering, Procurement, Construction and Commissioning (“EPCC”) contract was conducted. However, the National Grid Corporation of the Philippines (NGCP) issued a prohibition to the power plants from connecting to the Negros Island Grid. Such prohibition is expected to be in place until NGCP’s 230 kV backbone project is expected to be completed and ready to accommodate new capacity.

As of December 31, 2023, notwithstanding the successful bidding, the Company has withheld the awarding of the EPCC contract to implement the detailed engineering design since NGCP has not yet completed the construction of its 230 kV backbone project.



The registered office of VMHI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

1590 EC

1590 EC was incorporated and started operations on July 30, 2010. It is primarily engaged in power generation and operates a 225 MW diesel-fired power plant in Bauang, La Union. 1590 EC is also partly-owned by GPI, Eco Utilities Ventures Holdings Company, Inc. (EUVHCI) and ICS Renewables Holdings, Inc. (ICS), among others.

The registered office of 1590 EC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

On April 6, 2022, 1590 EC acquired the Buang Diesel Power Plant (BDPP) as the highest bidder during the public auction of the power plant following a post qualification evaluation. On April 19, 2022, 1590 EC and the PGLU signed the deed of transfer and conveyance (see Note 23).

VSC

VSC, formerly ET Vivant, was incorporated on April 4, 2018 primarily to engage in developing and constructing solar power generation and related facilities for lighting and power purposes and whole-selling the electric power to the wholesale electricity spot market, private distribution utilities, private electric cooperatives and other off-takers and selling and/or trading electricity for light, heat and power purposes. VSC has direct equity shareholding in CSSC, an entity engaged in the solar power generation business. In 2021, VSC has started its commercial operations.

On November 9, 2020, the application to change the name of ET Vivant to VSC was approved by the SEC.

CSSC

CSSC, formerly ET Energy Island Corporation (ETEI), was incorporated on January 11, 2017 with the primary purpose to explore, develop, build, construct, install, commission, rehabilitate, maintain, own, manage, operate and invest in, bid for or otherwise acquire power generating plants and related facilities and to engage in the business of generating, marketing, selling and supplying electricity generated from solar photovoltaic systems and components; planning and construction of photovoltaic power plants and to provide consulting services associated with photovoltaic power plants, provided that it shall not operate a public utility. In January 2019, CSSC has started its commercial operations.

On August 26, 2021, the application to change the name of ETEI to CSSC on August 26, 2021 was approved by the SEC.

BPC

BPC was incorporated to develop, construct, erect assemble, commission, own, operate, maintain, rehabilitate, and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. BPC has two (2) operating power plants in Bukidnon and have started commercial operations on February 26, 2016 for Plant 1 and February 26, 2017 for Plant 2.

On October 16, 2014, BPC entered into a PSA with First Bukidnon Electric Cooperative (FIBECO) to supply a maximum of 4.4 MW from its 2 x 2.4 MW power plant located at Barangay Barandias, Bukidnon at a specific contract rate for a period of 15 years commencing from March 15, 2015. ERC has granted a provisional approval on its rate application on August 3, 2015. The second power supply agreement was entered into with FIBECO on July 24, 2015 for a contracted capacity of 2 MW



from its 2.5 MW Fuel power plant located at Barangay Mabuhay, San Fernando, Bukidnon, for a period of 15 years starting from April 15, 2016. ERC's final approval on its rate application was dated June 6, 2017.

In May 2021, VEC and AHC acquired 81% and 9% ownership of BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively.

The registered office address of BPC is at National Highway Barandias, Pangantucan, Bukidnon.

NBPC

NBPC was incorporated to develop, construct, erect, assemble, commission, own, operate, maintain, rehabilitate and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. NBPC has started its commercial operations on September 26, 2018.

In May 2021, 2021, VEC and AHC acquired 81% and 9% ownership of NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

The registered office address of NBPC is at 2nd Floor Z-Gas Building, Purok 6A, South Poblacion, Maramag, Bukidnon.

CIPC

CIPC was incorporated on October 19, 2010 primarily to engage in the business of owning, acquiring, commissioning, operating and selling power generation facilities and related facilities, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. Currently, CIPC operates an 8 MW bunker and 0.75 MW diesel-fired power generation plants in the municipalities of Coron and Busuanga, respectively.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in CIPC for a consideration of ₱172.0 million, which resulted to a 100% ownership of the Group (see Note 13).

The registered principal office of CIPC is at Sitio Lilibutin, Barangay Guadalupe Coron, Palawan, Philippines 5316.

Delta P

Delta P was registered with SEC on September 20, 2002 primarily to operate and maintain a 16 MW heavy fuel oil-fired generating power station in Puerto Princesa, Palawan.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in Delta P for a consideration of ₱272.9 million, which resulted to an increase in the Group's ownership interest in Delta P to 100% (see Note 13).

The registered principal office of Delta P is at Km. 13 North National Highway, Sta. Lourdes, Puerto Princesa City, Palawan.

LPEC

La Pampanga Energy Corp (LPEC), formerly Vivant Enercore Integrated, Inc. (VEII), was incorporated on May 26, 2016. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel



plants and such other sources that may be a viable source of electric light, heat and power system. As of December 31, 2022, LPEC is still in the pre-operating stage.

On January 13, 2021, the application to change the name of VEII to LPEC was approved by the SEC. On June 1, 2023, the Group entered into a share purchase agreement with GPI to acquire its shares equivalent to 6,250,000 common shares and 51,750,000 preferred shares with par value of ₱1 per share for a consideration of ₱41.1 million, which resulted to 100% ownership of the Group.

In 2021, VEC entered into a joint venture with GPI which resulted to a 50% ownership in LPEC and reclassification of the investment from a subsidiary to a joint venture. As a result of the dilution, the Group recognized gain amounting to ₱3.7 million and presented as “Gain on loss of control of a subsidiary” in the statement of comprehensive income. ₱39.3 million of the net gain is attributable to the measurement of the retained interest in the former subsidiary at fair value when control was lost.

CREC

CREC, an associate through VREC, was registered on April 12, 2017 primarily to engage in the business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, and constructing conventional renewable energy and/or hybrid power generation, distribution and related facilities, and distributing and selling power, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in the furtherance of or otherwise relating to such purpose. As of December 31, 2023, CREC has not yet started its commercial operations.

On May 28, 2021, VREC and VEC entered into a share-swap agreement with a third party to sell its entire investment in SREC and acquire additional shares in CREC. The agreement resulted to VREC’s and VEC’s acquisition of 938 common stocks and 2,812 preferred stocks with par value of ₱1,000.00 per share in CREC, respectively.

On June 1, 2023, VEC entered into a share purchase agreement with Gigawatt Power, Inc. (GPI) to acquire its shares equivalent to 9,375 preferred shares with par value of ₱1,000 per share for a consideration of ₱6.5 million resulting to an increase of the Group’s ownership interest to 100%.

The registered principal office of CREC is at Sitio Lilibutin, Barangay Guadalupe, Coron, Palawan 5316.

SIAEC

SIAEC was incorporated on February 18, 2016 with the primary purpose to engage in the business of development, investment, acquisition, construction, operation and maintenance, and sale of renewable energy facilities including generation of heat and power, sales and distribution. As of December 31, 2023, SIAEC has not yet started its commercial operations.

On February 3, 2023, VEC acquired 100% ownership of SIAEC from Cleantech Global Renewables, Inc. representing 1,250,004 common shares for a consideration of ₱5.0 million and advanced ₱381.8 million to be applied against future issuance of common stock.

The registered office of SIAEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.



MPI

MPI, formerly Central Cebu Transitional Power Corporation, was incorporated on April 11, 2023 with the primary purpose to engage in the business of establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. MPI started its commercial operations in August 2023.

The registered office of MPI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SPREC

SPREC was incorporated on March 29, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2023, SPREC has not yet started its commercial operations.

The registered office of SPREC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SGC

SGC was incorporated on April 12, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2023, SGC has not yet started its commercial operations.

The registered office of SGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

API

API was incorporated on June 7, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2023, API has not yet started its commercial operations.

The registered office of API is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

AEC

AEC was incorporated on May 17, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2023, AEC has not yet started its commercial operations.

The registered office of AEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.



BEC

BEC was incorporated on June 13, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2023, BEC has not yet started its commercial operations.

The registered office of BEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SEGC

SEGC was incorporated on June 21, 2023 with the primary purpose to establish, maintain, own and operate geothermal, hydroelectric, solar, wind and other renewable electricity generating facilities and to sell to the general public electricity for light, heat and power. As of December 31, 2023, SEGC has not yet started its commercial operations.

The registered office of SEGC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

SCEC

SCEC was incorporated on May 23, 2023 with the primary purpose to engage in business of exploring, developing and utilizing renewable energy resources and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power. As of December 31, 2023, SCEC has not yet started its commercial operations.

The registered office of SCEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

Associates. VECO, PEI, AHI, CPPC, MPC, TVI, LPCI, GLEDC, LWEC, FLOWS, and PPWRLC qualify as associates of the Group.

VECO

VECO was incorporated on February 22, 1961 and whose corporate term was extended for another 50 years after the expiration on February 23, 2012. VECO is a power distribution entity, the primary activities of which are to establish, maintain and operate electric light, heat and power systems and to sell to the general public electricity for light, heat and power purposes.

VECO serves the electrical power needs of four cities (Cebu, Mandaue, Talisay and Naga) and four municipalities (Minglanilla, San Fernando, Consolacion and Lilo-an) of the greater part of Metro Cebu by virtue of legislative franchise grants.

The registered office address of VECO is at J. Panis Street, Banilad, Cebu City, Philippines.

PEI

PEI was incorporated on March 24, 2009 as a retail electricity supplier. On April 26, 2017, PEI began its operations providing qualified contestable customers the opportunity to select a contract structure that will meet their generation supply requirement.



PEI's registered principal office address is at Aboitiz Corporate Center, Gov. Manuel A. Cuenco Ave., Kasambagan, Cebu City, Philippines.

AHI

AHI was incorporated on November 28, 2007 primarily to manage entities and to provide management, investment and technical advice for enterprises engaged in electricity generation and/or distribution.

AHI and Global Formosa Power Holdings, Inc., a joint venture between Global Business Power Corp. (Global Power) and Formosa Heavy Industries (Global Formosa), signed a shareholders' agreement to develop, construct and own Cebu Energy Development Corporation (CEDC), a 246 MW coal-fired power plant in Toledo City, Cebu. AHI has a 44% direct ownership interest in CEDC.

Its principal place of business is located at Aboitiz Corporate Center, Gov. Manuel Cuenco Avenue, Kasambagan, Cebu City, Philippines.

CPPC

CPPC was incorporated on July 13, 1994 and its primary purpose is to build, construct or own power generation plants and related facilities. It operates a 70 MW bunker "C" diesel-fired power generating plant.

The registered office address of CPPC, which is also its principal place of business, is Old VECO Compound, Barangay Ermita, Carbon, Cebu City.

MPC

MPC (formerly Minergy Coal Corporation) was registered with SEC on February 18, 2013, primarily to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the generation and supply of power utilizing any fuel or energy source.

In the first quarter of 2014, MPC began construction of a 3x55 MW coal-fired power plant in Balingasag, Misamis Oriental. In September 2017, MPC started its operations.

The registered office of MPC is at Brgy. Mandangoa, Balingasag, Misamis Oriental.

TVI

TVI was registered with SEC on October 15, 1997, primarily to acquire by purchase, lease, contract, concession, or otherwise any and all real estate, land, land patents, opinions, grants, concessions, franchises, water and other rights, privileges, easements, estates, interests and mineral properties of every kind and description. The power plant started its operations in April 2019.

The registered principal office of TVI is at Barangay Bato, Toledo City, Cebu.

LPCI

LPCI was registered with SEC on June 10, 2016 and is primarily engaged in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources. As of December 31, 2023, LPCI has not started its commercial operations.

The registered office of LPCI is at 22F GT Tower International 6813 Ayala Avenue cor. H.V. dela Costa St, Makati City 1227.



GLEDC

GLEDC, a wholly owned subsidiary of LPCI, was registered with SEC on January 31, 2013. It is primarily engaged in the general business of generating power derived from coal, fossil fuel, geothermal, nuclear, natural gas, hydroelectric, and other viable sources of power, for lighting and power purposes and whole selling the electric power to electric cooperatives, distribution utilities, and industrial customers. As of December 31, 2023, GLEDC has not started its commercial operations.

The registered office of GLEDC is at 22nd Flr GT Tower International, Ayala Avenue Corner H.V. Dela Costa St. Bel-air, Makati City.

LWEC

LWEC, formerly 6 Barracuda, an associate through VREC, was incorporated and registered in the Philippine SEC on January 24, 2017. It is engaged in all aspects of exploration, assessment, development and utilization of renewable energy resources, including the procurements, acquisition, importation, construction, installation, erection, ownership, lease, operation and maintenance of edifices, structures, facilities, materials, machinery and equipment, for or related to generation and sale of power.

As of December 31, 2023, LWEC has not started commercial operations.

The registered office of LWEC is at 21/F Tower 6789 Ayala Ave., Bel-Air Makati, Metro Manila.

FLAWS

FLAWS, an associate of VHHI, was incorporated on August 31, 2018 primarily to engage in the activities of a holding company except as a stockbroker or dealer of securities, provided that, FLAWS shall not solicit, accept or take investments/placements from the public neither shall it issue investments contracts.

FLAWS has an 89.58% direct ownership interest in PPWRLC.

The registered principal office of FLAWS is at 37 Taft Street, Barangay Maligaya, Puerto Princesa City, Palawan.

PPWRLC

Puerto Princesa Water Reclamation and Learning Center, Inc. (the "Company") was incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on November 8, 2018. The Company's primary purpose is to engage in the activities of an operator, contractor and/or agent of the City of Puerto Princesa in providing septage, sewerage and sanitation services and to engage in the development, construction, operation, and maintenance of sewage and/or septage treatment plants which may also act as a tourist attraction and learning center for environmental protection. FLAWS has an 89.58% direct ownership interest in PPWRLC.

The Company already started its commercial operations on January 1, 2022. The Company's registered principal place of business is at Maligaya, Puerto Princesa City (Capital), Palawan, Region IV-B, Philippines, 5300.

Authorization to Issue the Consolidated Financial Statements. The consolidated financial statements of the Group as of and for the years ended December 31, 2023, 2022 and 2021 were approved and authorized for issuance by the Board of Directors (BOD) on April 5, 2024.



2. **Basis of Preparation, Statement of Compliance and Basis of Consolidation**

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at FVOCI and investment properties which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All amounts are rounded to the nearest Peso, except as otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. The Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The consolidated financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Accounting for Loss of Control

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the former subsidiary, including any non-controlling interests in the former subsidiary at the date control is lost, and components of other comprehensive income attributable to them. The Group also recognizes any investment retained in the former subsidiary at its fair value when control is lost. The Group subsequently accounts for any retained interests and for any amount owed by or to the former subsidiary in accordance with other relevant PFRSs. The fair value shall be regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of an investment in an associate or joint venture. The Group recognizes a gain or loss associated with the loss of control attributable to the former controlling interest.

The Group accounts for all amounts previously recognized in other comprehensive income in relation to former subsidiaries on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.



Transactions with Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the parent. Transactions with non-controlling interests are accounted for as equity transactions. On acquisitions of non-controlling interests, the difference between the consideration and the book value of the share of the net assets acquired is reflected as being a transaction between owners and recognized directly in equity. Gain or loss on disposals to non-controlling interest is also recognized directly in equity.

3. **Changes in Accounting Policies and Disclosures**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments, Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to the Practice Statement provide nonmandatory guidance.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Income Taxes, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.



The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the consolidated financial statements (and interest expense) or to the related asset component (and interest expense).

The adoption of the amendments did not result to material prior period adjustments; hence the financial statements of prior period have not been restated. The Group recognized a deferred income tax liability on gross right-of-use assets amounting to ₱4.8 million for new leases entered into during the year but did not recognize the corresponding deferred income tax assets on the lease liability because management believes that the Group will not have sufficient taxable income when the temporary deductible differences reverse (see Note 20).

▪ Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as “Pillar Two legislation” and “Pillar Two income taxes”, respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

▪ Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability’s classification as current or noncurrent;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.



- Amendments to PFRS 16, *Leases, Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the financial statements of the Group.

- Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures, Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the financial statements of the Group.

Effective beginning on or after January 1, 2025

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates, Lack of Exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the financial statements of the Group.

Deferred Effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.



On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Material Accounting Policy Information

Current and Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Group measures financial instruments, such as, cash on hand and in banks, short-term placements, trade and other receivables, trade and other payables, notes payable and non-financial assets such as investment properties and AFS investments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as cash on hand and in banks, short-term investments, trade and other receivables, advances to associates and stockholders, financial assets at FVOCI, trade and other payables, advances from related parties, notes payable and investment properties.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Valuers are normally rotated every 3–6 years. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

On an interim basis, the management and the Group's external valuers present the valuation results to the audit committee. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



Financial Assets and Financial Liabilities

Financial Instruments - Initial Recognition and Subsequent Measurement

- *Classification of Financial Assets.* Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:
 - Financial assets measured at amortized cost;
 - Financial assets measured at fair value through profit or loss (FVPL);
 - Financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss
 - Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

- *Contractual Cash Flows Characteristics.* If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

- *Business Model.* The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

- *Financial Assets at Amortized Cost.* A debt financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in “Interest income” in the consolidated statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in “Provision for bad debts” in the consolidated statement of comprehensive income.

As at December 31, 2023 and 2022, the Group has financial assets at amortized cost consisting of cash and cash equivalents, trade and other receivables, advances to associates, joint ventures and stockholders, and other receivables included under “Other noncurrent assets” such as advances to suppliers and other parties, due from RFM Corporation, and security deposits and restricted cash under “Other current assets” (see Notes 6, 7, 9, 13 and 16).

- *Financial Assets at FVPL.* Financial assets at FVPL are measured at FVPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. An embedded derivative is separated from the host financial liability or nonfinancial contract and accounted for as a derivative if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized as at FVPL.

For derivatives embedded in financial asset host contracts, the Group applies the financial asset classification and measurement requirements to the entire instrument. No embedded derivatives in financial asset host contracts are recognized separately in the financial statements.

Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.



Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL, and the gains or losses from disposal of financial investments.

As at December 31, 2023 and 2022, the Group has no financial assets at FVPL.

- *Financial Assets at FVOCI.* A financial asset is measured at FVOCI if (a) it is held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

Dividends are recognized in profit or loss only when:

- the Group's right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the Group; and,
- the amount of the dividend can be measured reliably.

As at December 31, 2023 and 2022, the Group has financial assets at FVOCI amounting to ₪426.6 million and ₪397.7 million, respectively, and is presented as part of "Other noncurrent assets" account in Group's consolidated statements of financial position (see Note 13).

- *Classification of Financial Liabilities.* Financial liabilities are measured at amortized cost, except for the following:
 - Financial liabilities measured at fair value through profit or loss;
 - Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
 - Financial guarantee contracts;
 - Commitments to provide a loan at a below-market interest rate; and,
 - Contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or,



- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVPL, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group's financial liabilities include trade and other payables, notes payable and advances from related parties.

- *Impairment of Financial Assets.* Upon adoption of PFRS 9, the standard introduces the single, forward-looking "expected loss" impairment model, replacing the "incurred loss" impairment model under PAS 39.

The Group recognizes ECL on debt instruments that are measured at amortized cost.

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and,
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

- *Stage 1: 12-month ECL.* For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.
- *Stage 2: Lifetime ECL - not credit-impaired.* For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.
- *Stage 3: Lifetime ECL - credit-impaired.* Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.



Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; or,
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

- *Determination of the Stage for Impairment.* At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

- *Simplified Approach.* The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to ‘Trade receivables’. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Offsetting Financial Instruments. Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derecognition of Financial Assets and Liabilities

- *Financial Assets.* A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:
 - the rights to receive cash flows from the asset have expired;
 - the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or



- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

- *Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Investments in Associates and Interests in Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and interests in joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.



The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing the inventory to its present location and condition is determined primarily on the basis of the weighted average method. NRV is the current replacement cost. An allowance for inventory obsolescence is provided for slow-moving, defective or damaged goods based on analyses and physical inspection.

Prepayments and Other Current Assets

Prepayments and other current assets are recognized and carried at cost, less any impairment in value. These are recognized as assets when it is probable that any future economic benefit associated with the item will flow to or from the entity and the item has a cost or value that can be measured with reliability. An asset is not recognized in the consolidated statement of financial position when expenditure has been incurred for which it is considered improbable that economic benefits will flow to the entity beyond the current accounting period. Instead, such a transaction results in the recognition of an expense in the consolidated statement of comprehensive income.

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost less accumulated depreciation and amortization, and impairment losses, if any.

Initially, an item of property, plant and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred. Land is measured at cost less any impairment losses. For land transferred from investment properties carried at fair value, the land's deemed cost is its fair value at the date of change in use.

Depreciation and amortization are computed using the straight-line method over the assets' estimated useful lives. Leasehold improvements are amortized using the straight-line method over the estimated useful life of the improvements or the term of the lease, whichever is shorter. The estimated useful lives are as follows:

	<u>Number of Years</u>
Plant machineries and equipment	5–10
Condominium units, building and improvements	5–40
Transportation equipment	5
Office furniture, fixtures and equipment	2–10
Tools and other assets	3–5
Leasehold and land improvements	3–10



The useful lives and depreciation and amortization method are reviewed at each reporting date to ensure that such useful lives and depreciation and amortization method are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect to those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and the related accumulated depreciation and amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period.

Investment Properties

Investment properties, which pertain to land and buildings, are properties held by the Group either to earn rentals or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are initially measured at cost. Subsequently, investment properties are measured at fair value with any change therein recognized in profit or loss following the fair value model.

The fair value of the Group's investment properties measured using the fair value model is based on the valuation carried out by independent appraisers. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices of similar properties.

Any gain or loss resulting from either a change in the fair value or the sale of investment properties is recognized in profit or loss in the year of change or derecognition.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or the start of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by start of owner-occupation or of development with a view to sell.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree pertaining to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets.

All other components of non-controlling interest are measured at fair value unless another measurement basis is required by PFRS. Acquisition costs incurred are expensed and included in general and administrative expenses.



When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PAS 39 either in the consolidated statement of comprehensive income or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the Group's interest in the fair values of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of Goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized.



Impairment of Nonfinancial Assets

As at December 31, 2023 and 2022, the Group has investments in associates and joint ventures, property, plant and equipment, intangible assets and right-of-use assets which are classified as nonfinancial assets subject to impairment.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, including impairment of inventories, are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital Stock. Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value for all issued shares.

Additional Paid-in Capital. Consideration received in excess of par value are recognized as additional paid-in capital, net of incremental costs that are directly attributable to the issuance of new shares.

Retained Earnings. Retained earnings consist of appropriated and unappropriated balances. Appropriated retained earnings are restricted for specific purposes and/or are not available for dividend declaration. Unappropriated retained earnings are not restricted and include the cumulative balance of net income or loss, any dividend distributions, prior period adjustments and effects of any change in accounting policy.



Equity Reserves. Equity reserves pertain to the difference between the consideration transferred and the book value of interest acquired from non-controlling interest without loss of control.

Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before these goods or services are transferred to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Contracts with Customers

- *Sale of Power.* For power generation and ancillary services where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity. The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer.

Revenue from power generation and ancillary services is recognized in the period actual capacity is delivered. Revenue is to be recognized over time since the customer simultaneously receives and consumes the benefits as the seller supplies power.

Power retail supply also qualify as a series of distinct goods or services that are substantially the same and have the same pattern of transfer accounted for as one performance obligation. Revenue should be recognized over time based on amounts billed.

- *Management and Service fees.* Revenue from management fees, arising from services involving consultancy, management, technical, and services covered by Service Level Agreements (SLAs), are recognized over time when the related services are rendered based on the terms of the management and service contracts.
- *Engineering Service Income.* Revenue from engineering services, arising from engagement with customers availing technical and engineering expertise and covered by service contracts, are recognized overtime when the services are rendered.

For the years ended December 31, 2023, 2022 and 2021, the Group has no variable consideration and the timing of revenue recognition currently does not result in any contract assets or liabilities and there are no unfulfilled performance obligations at any point in time.

Interest Income. Interest income is recognized as interest accrues taking into account the effective yield on the assets.



Other Income. Other income includes proceeds from insurance claims, rental income and gain on disposal of property and equipment. These are generally recognized when earned. Rental income is recognized on a straight-line basis over the term of the lease while gain on disposal of property, plant and equipment is recognized as the difference between the consideration and the book value of the property, plant and equipment disposed.

Cost and Expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized in the consolidated statements of comprehensive income when incurred.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Pension Benefits

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of comprehensive income.



Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statement of comprehensive income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Taxes

Current Income Tax. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax. Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.



The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the reporting date. Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group records uncertain tax positions on the basis of a two-step process whereby the Group determines whether it is more likely than not that the tax positions will be sustained based on technical merits of the position, and for those tax positions that meet the more likely than not criteria, the Group recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with related tax authority. The Group records interest and penalties on uncertain tax positions in "Income tax expense (benefit)" account in the consolidated statement of comprehensive income.

Value-Added Tax (VAT). Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.



Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follow.

	<u>Number of Years</u>
Office space	1-5
Plant and equipment	5
Land	4-5

Right-of-use assets are subject to impairment. Refer to the accounting policies in section on impairment of non-financial assets.

Lease Liabilities. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets. The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱0.25 million). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Foreign-currency-denominated Transactions

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at reporting date. Exchange gains and losses arising from foreign currency transactions and translations of foreign-currency-denominated monetary assets and liabilities are credited or charged to current operations.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.



Events After the Reporting Period

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed when material.

Earnings Per Share

Basic earnings per common share is calculated by dividing net income for the year attributable to the common stockholders of the Group by the weighted average number of common shares issued and outstanding during the year, after retroactive adjustments for any stock dividends declared.

Diluted earnings per share is calculated by dividing the net income for the year attributable to the common stockholders of the Group by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued for outstanding common stock equivalents.

As at December 31, 2023 and 2022, the Group does not have dilutive common stock equivalents.

5. Significant Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRSs requires the Group to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. In preparing these consolidated financial statements, the Group made its best estimates of certain amounts, giving due consideration to materiality. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Group believes that the following represent a summary of these significant accounting estimates and the related impact and associated risks in the consolidated financial statements.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining Fair Value of Customer Contracts as part of a Business Combination. The Group acquired two subsidiaries in 2021 and completed the valuation required by PFRS 3 in 2022 (see Note 13). The subsidiaries at the time of acquisition had existing power supply agreements with electric cooperatives. These signed customer agreements were assessed to qualify as intangible assets as at the acquisition date because they arose from an existing contractual relationship. Management determined the fair value of the customer contracts using the multi-period excess earnings method, using discounted future operating cash flows adjusted by imputed charges on contributory asset charges such as working capital, property, plant and equipment, and the assembled workforce. The discount rates used to discount these adjusted cash flows was based on the NBPC and BPC's WACC at the acquisition date of 9.65% and 9.51%, estimated using the entities' current cost of debt and an estimated cost of equity using the capital asset pricing model.

Management has assessed that no reasonably possible change in the forecasted cash flows, the contributory asset charges, or the components of the discount rate estimate would result in material changes to the fair value of customer contracts determined as of the acquisition date.



The acquisition-date fair value of customer contracts amounted to ₱233.5 million. The intangible assets were amortized over the expected remaining contractual term of the customer contracts as of the acquisition date of 10–12 years. The carrying amount of the intangible assets as of December 31, 2023 and 2022 amounted to ₱178.5 million and ₱199.8 million, respectively (see Note 13).

Determining Fair Value of Investment Properties. The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statements of comprehensive income. While the Group has opted to rely on independent appraisers to determine the fair value of its investment properties, such fair value was determined based on recent prices of similar properties with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Group made different judgments and estimates or utilized different basis in determining fair value.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 25.

Any gain or loss from a change in the fair value of each investment property is included in the consolidated statement of comprehensive income in the year in which the change arises.

As of December 31, 2023, and 2022, the carrying value of the Group's investment properties amounted to ₱1,045.5 million and ₱924.0 million, respectively (see Note 12).

Determining Non-Controlling Interest (NCI) that is Material to the Group. The Group assesses whether an NCI is material by considering factors such as the carrying amount of the NCI relative to the net equity of the Group, the profit or loss or OCI of the subsidiary attributable to the NCI, the assets and liabilities of the related subsidiary, or the amount of dividends paid by the subsidiary to the NCI, and the proportion that these amounts bear to the Group's financial position or results of operations. The Group also considers the nature of activities of the subsidiary and its relative importance or risk compared to other operations of the Group.

Based on management's assessment, it has determined that the NCI in 1590 EC is material to the Group. Information about this subsidiary with material NCI are disclosed in Notes 1 and 21.

Estimating Useful Lives of Property, Plant and Equipment and Intangible Assets. The Group reviews annually the estimated useful lives of property, plant and equipment and intangible assets and updates the estimates based on expected asset utilization, market demands and future technological developments consistent with the Group's pursuit of constant modernization of its machineries, equipment and software. However, it is possible that the factors mentioned above may change in the future which could change the estimated useful lives of the property, plant and equipment and intangible assets. The estimated useful lives are also updated if expectations differ from previous estimates due to physical wear and tear, technical obsolescence and legal or other limits on the use of the assets. A reduction in the estimated useful lives could result in a significant increase in depreciation and amortization of property, plant and equipment and intangible assets.

The carrying value of the property, plant and equipment amounted to ₱8,272.5 million and ₱5,877.6 million as of December 31, 2023 and 2022, respectively (see Note 11). The carrying value of intangible assets (relating to software costs and customer contracts under "Other noncurrent assets") amounted ₱179.1 million and ₱200.6 million as of December 31, 2023 and 2022, respectively (see Note 13).



Estimating Impairment of Nonfinancial Assets. Internal and external sources of information are reviewed at each reporting date to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may be decreased:

- Investments in associates and joint ventures
- Property, plant and equipment
- Right-of-use assets

PFRSs requires that an impairment review be performed when certain impairment indicators are present. Determining the recoverable amount, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect its consolidated financial statements. Future events could cause the Group to conclude that the investments in associates and joint ventures and property, plant and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

Assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators) are as follows:

	2023	2022
Investments in associates and joint ventures (see Note 10)	₱10,595,855,907	₱10,578,321,124
Property, plant and equipment (see Note 11)	8,272,544,865	5,877,554,921
Right-of-use assets (see Note 24)	24,539,068	22,112,091

In 2023, there were no impairment indicators on the Group's nonfinancial assets, except for certain property, plant and equipment of a subsidiary (see Note 11). No impairment loss was recognized as a result of the impairment test. In 2022, there were no impairment indicators on the Group's nonfinancial assets.

Estimating Impairment of Goodwill. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. In estimating the value in use, the Group estimated revenue based on existing customer contracts, anticipated projects and projected demand, and assumed, for one CGU, a consistent gross margin during the five-year horizon based on the mix of business model arrangements with current and expected customers, and for two other CGUs, a gross margin that varies depending on anticipated demand. The interest rate used to discount the net free cash flows from operations is the weighted average cost of capital (WACC) of 8.94%–9.31% as of December 31, 2023 and 8.74%–10.05% as of December 31, 2022.

As at December 31, 2023 and 2022, the carrying amount of goodwill amounted to ₱142.0 million and ₱129.8 million, respectively (see Note 13).



Estimating Realizability of Deferred Income Tax Assets. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of such deferred income tax assets to be utilized. The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Group.

Gross deferred income tax assets amounted to ₱58.5 million and ₱35.1 million as of December 31, 2023 and 2022, respectively (see Note 20).

Deferred income tax assets have not been recognized on net operating loss carry-over (NOLCO) of ₱1,555.0 million and ₱1,589.6 million as of December 31, 2023 and 2022, respectively, and minimum corporate income tax (MCIT) of ₱8.5 million and ₱0.8 million as of December 31, 2023 and 2022, respectively (see Note 20).

Estimating Legal Contingencies. The estimate of probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. Management, in consultation with its legal counsel, believes that the likely outcome of these proceedings will not have a material adverse effect on the Group's financial position and operating results.

Management also believes that the current provisions in the accounts are adequate to cover the possible claims that may arise under the current circumstances. Existing circumstances and assumptions about future developments related to these proceedings may still change. Such changes are reflected in the assumptions when they occur.

6. Cash and Cash Equivalents

	2023	2022
Cash on hand and in banks	₱898,772,610	₱1,901,784,675
Short-term investments	3,483,768,166	2,991,572,551
	₱4,382,540,776	₱4,893,357,226

Cash in banks earn interest at the respective bank deposit rates.

Short-term investments are cash equivalents and are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates.

Interest income earned from cash in banks and short-term investments amounted to ₱119.2 million, ₱60.1 million and ₱23.0 million in 2023, 2022 and 2021, respectively. Accrued interest receivable amounted to ₱20.9 million and ₱10.3 million as of December 31, 2023 and 2022, respectively (see Note 7).



7. Trade and Other Receivables

	2023	2022
Trade receivables:		
Third parties	₱1,555,955,827	₱1,216,187,506
Related parties (see Notes 16 and 23)	20,013,282	54,540,062
Accrued interest (see Note 6)	20,945,817	10,279,936
Advances to officers and employees	5,694,516	6,364,939
Accounts receivable (see Note 16)	182,598	11,161,303
Dividends receivable (see Notes 10 and 16)	-	7,760,000
Others	81,273,031	98,406,472
	1,684,065,071	1,404,700,218
Less allowance for impairment losses	36,404,072	41,994,023
	₱1,647,660,999	₱1,362,706,195

Trade receivables represent receivables from Independent Electricity Market Operator of the Philippines (IEMOP) for sales to the Wholesale Electricity Spot Market (WESM), Ancillary Services Procurement Agreement (ASPA) with NGCP and bilateral sales contracts with other parties, Power Supply Agreement (PSA), Distribution Wheeling Service (DWS), and Retail Supply Contracts (see Note 23). Trade receivables are noninterest-bearing and generally have credit terms of 30 days (see Note 23). Trade receivables with carrying amount of ₱454.7 million as of December 31, 2023 are held as collateral for Delta P's long-term debt (see Note 15).

Other receivables are mainly composed of project costs and receivables from former related parties.

The following table shows the movement in the allowance for impairment losses of receivables:

	2023	2022
At January 1	₱41,994,023	₱54,272,035
Provision	410,049	5,721,988
Recovery (see Note 17)	(6,000,000)	(18,000,000)
At December 31	₱36,404,072	₱41,994,023

Significant portion of the impairment losses pertains to individually impaired accounts.

8. Inventories - at Cost

	2023	2022
Heavy fuel oil	₱143,151,140	₱104,549,735
Light fuel oil	19,635,006	14,406,899
Lube oil	14,833,331	8,680,422
Spare parts	187,072,740	50,083,500
	₱364,692,217	₱177,720,556

The total cost of inventories recognized under "Generation costs" in the consolidated statements of comprehensive income amounted to ₱2,536.0 million, ₱2,392.2 million and ₱938.5 million in 2023, 2022 and 2021, respectively (see Note 17).



9. Prepayments and Other Current Assets

	2023	2022
Input VAT - current	₱431,774,396	₱167,475,443
Prepaid expenses	205,891,052	74,809,857
Creditable withholding taxes - current	47,380,505	63,489,165
Advances to suppliers and other parties	43,910,119	107,751,455
Others (see Note 23)	49,295,033	32,757,639
	₱778,251,105	₱446,283,559

Input VAT represents the VAT imposed by the Group’s suppliers of goods and services as required by Philippine taxation laws and regulations. The non-current portion of these input VAT are presented as part of “Other noncurrent assets” (see Note 13).

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

Creditable withholding taxes pertain to taxes withheld by the customers on income payments to the companies in the Group from sales of services that can be applied against the companies’ income tax liabilities. The non-current portion of these creditable withholding taxes are presented as part of “Other noncurrent assets” (see Note 13).

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

“Others” include cash restricted amounting to ₱2.0 million as of December 31, 2023 and 2022 for implementing environmental and community projects pursuant to the agreement entered with the Department of Environment and Natural Resources and PGLU and security deposits paid to distribution utilities in connection with distribution wheeling services agreements (see Note 23).

10. Investments in Associates and Joint Ventures

The Group’s associates and joint ventures, which are all incorporated in the Philippines, and the corresponding equity ownership as of December 31 follow:

	Nature of Business	Percentage of Ownership		
		2023	2022	2021
Associates:				
VECO	Power distribution	34.81	34.81	34.81
LPCI	Power generation	42.50	42.50	42.50
GLEDC	Power generation	42.50	42.50	42.50
CPPC	Power generation	40.00	40.00	40.00
PEI	Power generation	40.00	40.00	40.00
AHI	Holding company	40.00	40.00	40.00
MPC	Power generation	40.00	40.00	40.00
TVI	Power generation	20.00	20.00	20.00
SREC	Power generation	-	-	30.00
CREC*	Power generation	100.00	35.00	35.00
LWEC	Power generation	40.00	40.00	40.00
FLAWS	Holding company	45.00	45.00	45.00
PPWRLC	Water treatment	40.31	40.31	40.31

(Forward)



	Nature of Business	Percentage of Ownership		
		2023	2022	2021
Joint ventures:				
CIPC*	Power generation	100.00	50.00	50.00
Delta P*	Power generation	100.00	50.00	50.00
LPEC*	Power generation	100.00	50.00	–

*Became subsidiaries on June 1, 2023 (see Note 1)

	2023	2022
Acquisition cost:		
At January 1	₱7,743,358,223	₱7,674,958,223
Additions	251,169,255	68,400,000
Step acquisitions	(395,444,376)	–
At December 31	7,599,083,102	7,743,358,223
Accumulated share in net earnings:		
At January 1	2,928,978,968	2,331,917,245
Equity in net earnings of associates and joint ventures	2,044,341,881	1,941,357,383
Cash dividends received and receivable	(1,780,784,552)	(1,344,295,660)
Step acquisitions	(70,593,992)	–
At December 31	3,121,942,305	2,928,978,968
Share in remeasurement gains (losses) on employee benefits of associates and joint ventures:		
At January 1	(94,016,067)	(94,016,067)
Share in the remeasurement losses on employee benefits	(31,585,867)	–
Step acquisitions	432,434	–
At December 31	(125,169,500)	(94,016,067)
	₱10,595,855,907	₱10,578,321,124

As of December 31, 2023 and 2022, the undistributed earnings of the associates and joint ventures included in the Group's retained earnings amounting to ₱3,121.9 million and ₱2,929.0 million, respectively, are not available for distribution to the stockholders unless declared as dividends by the associates and joint ventures.

LWEC

VEC made additional investments to LWEC amounting to ₱251.1 million and ₱68.4 million in 2023 and 2022, respectively. The additional infusions did not result in a change in ownership interest in LWEC.

SREC

On May 28, 2021, VREC and VEC entered into a share-swap agreement with a third party to sell their entire investment in SREC and acquire additional shares in CREC held by the said party. The agreement resulted to the sale of VEC's 29,925 preferred shares with par value of ₱1,000.00 per share and VREC's 11,250 common shares with a par value of ₱1,000.00 per share to the buyer for a consideration of ₱33.2 million. A gain on the sale of investment amounting to ₱3.7 million was recognized.



CREC

On March 24, 2021, an existing shareholder of CREC assigned its 938 common shares of CREC to VREC for a consideration of ₱1.1 million and subscription price payable to CREC amounting to ₱0.6 million.

On May 28, 2021, VREC and VEC entered into a share-swap agreement with a third party to sell its entire investment in SREC and acquire additional shares in CREC held by the said party. The agreement resulted to the VEC's acquisition of 2,812 preferred stocks with par value of ₱1,000.00 per share for a total consideration of ₱5.2 million. The transaction did not result in a change in ownership interest in CREC.

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its shares equivalent to 9,375 preferred shares with par value of ₱1,000 per share for a consideration of ₱6.5 million resulting to an increase of the Group's ownership interest to 100%. The Group has assessed that the group of assets it has acquired in CREC does not constitute a business and has accounted for the acquired net assets at cost.

CIPC

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in CIPC for a consideration of ₱172.0 million, which resulted to an increase in the Group's ownership interest in CIPC to 100%. The Group has assessed that the set of assets and activities that it has acquired in CIPC constitutes a business and has accounted for the acquisition as a business combination (see Note 13).

Delta P

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common and preferred shares in Delta P for a consideration of ₱272.9 million, which resulted to an increase in the Group's ownership interest in Delta P to 100%. The Group has assessed that the set of assets and activities that it has acquired in Delta P constitutes a business and has accounted for the acquisition as a business combination (see Note 13).

LPEC

In 2021, VEC entered into a joint venture agreement with GPI which resulted to a 50% ownership in LPEC and reclassification of the investment from a subsidiary to a joint venture (see Note 1). In the same year, VEC infused advances for future stock subscription amounting to ₱40.6 million in LPEC.

On June 1, 2023, the Group entered into a share purchase agreement with GPI to acquire its shares in LPEC consisting of 6,250,000 common shares and 51,750,000 preferred shares, both with a par value of ₱1 per share for total consideration of ₱41.1 million, which resulted to which resulted to an increase in the Group's ownership interest in LPEC to 100%. The Group has assessed that the set of assets it has acquired in LPEC does not constitute a business and has accounted for the acquired net assets at cost.



The following are selected financial information of the material associates of the Group as of and for the years ended December 31, 2023, 2022 and 2021:

VECO

	2023	2022	2021
Total current assets	₱4,920,551,073	₱5,519,111,633	₱4,385,888,164
Total noncurrent assets	18,884,862,791	17,915,203,930	17,635,874,580
Total current liabilities	9,561,717,515	9,722,486,379	7,846,069,125
Total noncurrent liabilities	4,709,554,881	4,599,705,333	4,631,031,218
Total equity	9,534,141,468	9,112,123,851	9,544,662,401
Gross revenue	26,357,988,539	26,977,125,092	21,689,021,868
Operating profit	3,333,551,909	2,269,847,546	2,747,237,218
Net income	2,883,498,348	2,169,835,188	2,338,687,791
Other comprehensive loss	(86,106,592)	-	(857,499)
Total comprehensive income	2,797,391,756	2,169,835,188	2,337,830,292
Group's share in net income	1,003,745,775	755,319,629	814,097,220
Proportion of Group's ownership	34.81%	34.81%	34.81%
Group's share in equity of associate	3,318,834,645	3,171,930,313	3,322,496,982
Share in revaluation increment and other adjustments	(1,599,039,464)	(1,662,219,570)	(1,740,610,202)
Carrying amount of the investment	₱1,719,795,181	₱1,509,710,743	₱1,581,886,780
Dividends received from VECO	₱763,687,641	₱827,495,660	₱729,955,901

MPC

	2023	2022	2021
Total current assets	₱3,435,863,836	₱4,201,022,933	₱3,700,951,701
Total noncurrent assets	15,377,943,371	16,909,376,253	17,063,969,413
Total current liabilities	1,992,286,194	3,242,063,666	2,247,453,130
Total noncurrent liabilities	7,894,261,494	9,050,373,824	10,131,695,716
Total equity	8,927,259,519	8,817,961,696	8,385,772,268
Gross revenue	6,695,432,008	7,447,497,810	5,652,572,661
Operating profit	1,409,635,000	1,657,295,454	1,577,894,717
Net income	607,440,019	933,519,225	550,526,078
Total comprehensive income	607,440,019	933,519,225	550,526,078
Group's share in net income	242,976,008	373,407,690	220,210,431
Proportion of Group's ownership	40.00%	40.00%	40.00%
Group's share in equity of associate	3,570,903,808	3,527,184,678	3,354,308,907
Goodwill and other adjustments	20,075,548	20,818,687	20,286,763
Carrying amount of investment	₱3,590,979,356	₱3,548,003,365	₱3,374,595,670
Dividends received from MPC	₱200,000,016	₱200,000,000	₱239,999,995



TVI

	2023	2022	2021
Total current assets	₱10,478,856,901	₱10,324,952,761	₱8,287,903,253
Total noncurrent assets	31,745,707,936	31,889,847,789	33,649,468,128
Total current liabilities	4,572,615,329	4,597,094,963	4,077,133,207
Total noncurrent liabilities	22,285,635,538	22,258,113,570	24,657,863,758
Total equity	15,366,313,970	15,359,592,017	13,202,374,416
Gross revenue	15,294,820,389	15,048,870,946	10,685,992,170
Operating income	3,256,629,869	3,022,186,775	2,717,701,465
Net income	1,386,782,325	1,901,715,238	903,188,516
Other comprehensive income (loss)	(8,060,814)	–	–
Total comprehensive income	1,378,721,511	1,901,715,238	903,188,516
Group's share in net income	277,356,465	380,343,048	180,637,703
Proportion of Group's ownership	20.00%	20.00%	20.00%
Group's share in equity of associate	3,073,262,794	3,071,918,403	2,640,474,883
Goodwill and other adjustments	27,649,545	(66,750,366)	(15,649,894)
Carrying amount of the investment	₱3,100,912,339	₱3,005,168,037	₱2,624,824,989
Dividends received from TVI	₱180,000,000	₱–	₱–

AHI

	2023	2022	2021
Total current assets	₱884,440,906	₱796,056,687	₱795,803,858
Total noncurrent assets	3,008,643,439	3,081,430,007	2,900,509,469
Total current liabilities	–	14,886	6,305
Total equity	3,893,084,345	3,877,471,808	3,696,307,022
Gross revenue	1,035,267,658	955,728,891	845,817,147
Operating profit	1,035,189,193	955,453,193	845,714,475
Net income	1,035,069,070	955,950,548	845,601,590
Other comprehensive income	–	–	–
Total comprehensive income	1,035,069,070	955,950,548	845,601,590
Group's share in net income	414,027,628	382,380,219	338,240,636
Proportion of Group's ownership	40.00%	40.00%	40.00%
Group's share in equity of associate	1,557,233,738	1,550,988,723	1,478,522,809
Goodwill and other adjustments	1,853,328	(1,629,285)	5,756,410
Carrying amount of the investment	₱1,559,087,066	₱1,549,359,438	₱1,484,279,219
Dividends received from AHI	₱404,800,000	₱316,800,000	₱510,400,000

Individually Immaterial Associates and Joint Ventures

The carrying amounts of the Group's interest in all individually immaterial associates and joint ventures that are accounted for using the equity method as of and for the year ended December 31 follows:

	2023	2022	2021
Income from continuing operations	₱106,236,005	₱49,906,797	₱300,600,267
Net income	106,236,005	49,906,797	285,305,275
Other comprehensive income	–	–	152,992
Total comprehensive income	106,236,005	49,906,798	285,458,266
Aggregate carrying amounts	625,081,965	966,079,541	847,272,743

The associates and joint ventures had no contingent liabilities or capital commitments as of December 31, 2023 and 2022.



11. Property, Plant and Equipment

2023

Cost	Plant and Machinery		Condominium Units, Building and Improvements		Transportation Equipment		Office Furniture, Fixtures and Equipment		Tools and Other Assets		Leasehold and Land Improvements		Construction in Progress		Total
	Land	Equipment	Equipment	Improvements	Equipment	Equipment	Equipment	Equipment	Other Assets	Improvements	Improvements	in Progress	in Progress		
At January 1	₱494,239,355	₱3,924,340,981	₱177,839,711	₱108,398,180	₱98,667,326	₱184,912,042	₱94,500,050	₱1,678,110,000	₱6,761,007,645						
Business combinations (see Note 13)	37,908,966	968,203,343	10,573,899	722,502	1,881,633	4,113,553	58,667	1,449,839	1,024,912,402						
Additions	156,632,100	455,376,039	32,636,904	9,449,071	33,087,711	54,750,087	156,163	1,097,649,643	1,839,737,718						
Reclassification	-	45,808,053	1,279,928	-	-	91,455,371	-	(138,543,352)	-						
Disposal (see Note 17)	-	-	(4,138,593)	(39,553)	(4,138,593)	-	-	-	(4,178,146)						
At December 31	688,780,421	5,393,728,416	222,330,442	118,530,200	129,498,077	335,231,053	94,714,880	2,638,666,130	9,621,479,619						
Accumulated Depreciation and Amortization															
At January 1	-	610,754,536	39,182,672	84,287,340	55,571,602	36,435,663	57,220,911	-	883,452,724						
Depreciation and amortization	-	387,306,995	19,156,633	11,893,038	18,325,157	20,205,866	12,772,487	-	469,660,176						
Disposal	-	-	(4,138,593)	(39,553)	(4,138,593)	-	-	-	(4,178,146)						
At December 31	-	998,061,531	58,339,305	96,140,825	69,758,166	56,641,529	69,993,398	-	1,348,934,754						
Net Book Value	₱688,780,421	₱4,395,666,885	₱163,991,137	₱22,389,375	₱59,739,911	₱278,589,524	₱24,721,482	₱2,638,666,130	₱8,272,544,865						

2022

Cost	Plant and Machinery		Condominium Units, Building and Improvements		Transportation Equipment		Office Furniture, Fixtures and Equipment		Tools and Other Assets		Leasehold and Land Improvements		Construction in Progress		Total
	Land	Equipment	Equipment	Improvements	Equipment	Equipment	Equipment	Equipment	Other Assets	Improvements	Improvements	in Progress	in Progress		
At January 1	₱54,373,755	₱862,964,932	₱177,839,711	₱95,928,795	₱86,101,718	₱125,320,911	₱94,485,818	₱2,444,944,422	₱3,941,960,062						
Additions	439,865,600	1,718,906,610	-	13,042,459	17,089,554	4,470,209	14,232	639,238,082	2,832,626,746						
Reclassification	-	1,342,469,439	-	-	-	55,120,922	8,482,143	(1,406,072,504)	-						
Disposal (see Note 17)	-	-	(4,523,946)	(573,074)	(4,523,946)	-	(8,482,143)	-	(13,379,163)						
At December 31	494,239,355	3,924,340,981	177,839,711	108,398,180	98,667,326	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	72,049,933	46,203,515	26,564,826	43,861,135	-	562,291,455						
Depreciation and amortization	-	266,736,195	9,588,967	12,810,462	12,570,939	9,870,837	13,359,776	-	324,937,176						
Disposal	-	-	(3,202,852)	(573,055)	(3,202,852)	-	-	-	(3,775,907)						
At December 31	-	610,754,536	39,182,672	84,287,340	55,571,602	36,435,663	57,220,911	-	883,452,724						
Net Book Value	₱494,239,355	₱3,313,586,445	₱138,657,039	₱24,110,840	₱43,095,724	₱148,476,379	₱37,279,139	₱1,678,110,000	₱5,877,554,921						



On April 6, 2022, the Group through its subsidiary, 1590 EC, acquired the BDPP after it was announced as the highest bidder during the public auction for the sale of the power plant (see Note 24). Total purchase price, including all directly attributable costs amounted to ₱2.1 billion and presented as part of land and plant machineries and equipment.

The construction of a 23 MW bunker-fired power plant in Bantayan, Cebu was completed in early 2022. Thus, total costs of construction amounting to ₱1.3 billion were subsequently reclassified from construction in progress account to plant machineries and equipment and leasehold and land improvements.

In 2023, the Group purchased a 70.59 MW bunker-fired power plant located in Barangay Ermita, Cebu City for a total cash price of ₱282.3 million (see Note 16i and 16j).

The construction in progress account includes the costs for the on-going construction of a water desalination plant, solar panel installations, and mobilization fee and engineering detailed design fees paid to a third-party contractor for the construction of a subsidiary's run-of-river hydropower facility in Negros Occidental. The latter project's implementation is intended to approximately coincide with the government's 230 kV backbone project but the government has not yet completed the construction as of April 5, 2024.

In 2022, a subsidiary donated a constructed drainage system costing to ₱8.5 million to the local government unit where it operates. This amount is presented as "Other operating expenses" in the 2022 consolidated statement of comprehensive income.

Property, plant and equipment with carrying amount as of December 31, 2023 and 2022 of ₱2,116.9 million and ₱1,387.0 million, respectively, have been pledged as security for the Group's long-term liabilities (see Note 15).

In 2023, the Group determined that an impairment test has to be performed on certain property, plant and equipment of a subsidiary amounting to ₱746.8 million. In performing an impairment test calculation, the Group determined the recoverable amount of the relevant property, plant and equipment through the fair value less costs to sell of the property. The fair value less costs to sell was based on recent independent appraisals of the property. The impairment test did not result to a recognition of an impairment loss in 2023.

The fair value less costs to sell was determined based on an estimate of the reproduction cost of the property, plant and equipment. Reproduction cost is the current cost of constructing a replica of the existing structures, employing the same design and similar building materials, essentially estimating the current cost of an identical new item. The fair value was determined to be classified under Level 3 of the fair value hierarchy.

Depreciation and amortization are recognized in the consolidated statements of comprehensive income as follows:

	2023	2022	2021
Generation costs (see Note 17)	₱422,440,749	₱287,164,793	₱84,661,999
Operating expenses	47,219,427	37,772,383	37,891,528
	₱469,660,176	₱324,937,176	₱122,553,527



12. Investment Properties

	2023		
	Land	Condominium Units	Total
At January 1	₱898,590,867	₱25,445,733	₱924,036,600
Unrealized gain on fair value remeasurement	119,957,200	1,476,000	121,433,200
At December 31	₱1,018,548,067	₱26,921,733	₱1,045,469,800

	2022		
	Land	Condominium Units	Total
At January 1	₱838,460,268	₱25,181,733	₱863,642,001
Unrealized gain on fair value remeasurement	60,130,599	264,000	60,394,599
At December 31	₱898,590,867	₱25,445,733	₱924,036,600

Some of the Group's properties are leased out to outside parties to earn rental income, for a lease period of three years. Total rental income amounting to ₱2.1 million, ₱2.5 million, ₱1.1 million in 2023, 2022 and 2021, respectively, were recorded as part of "Other income" in the consolidated statements of comprehensive income.

In 2023 and 2022, an appraisal was performed on the Group's investment properties which resulted to an increase in the fair value amounting to ₱121.4 million and ₱60.4 million, respectively. Net unrealized gain on fair value remeasurement of investment properties, recognized under "Other income (charges)" in the consolidated statements of comprehensive income, amounted to ₱121.4 million, ₱60.4 million, and ₱106.4 million, in 2023, 2022, and 2021, respectively.

Direct costs pertain to real property taxes amounting to ₱1.5 million, ₱1.1 million and ₱ 0.3 million in 2023, 2022 and 2021, respectively, are included under "Taxes and licenses" account in the consolidated statements of comprehensive income. No other direct operating costs were incurred relating to investment properties in 2023, 2022, and 2021.

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

Fair value hierarchy disclosures and description of the valuation techniques used and key inputs to valuation for investment properties have been provided in Note 25.



13. Other Noncurrent Assets

	2023	2022
Advances to suppliers and other parties	₱1,226,593,466	₱698,308,703
Financial assets at FVOCI	426,600,000	397,734,676
Creditable withholding taxes - noncurrent (see Note 9)	401,840,334	241,934,712
Input VAT - noncurrent (see Note 9)	189,414,330	162,048,494
Customer contracts	178,462,314	199,760,084
Goodwill	142,030,596	129,843,626
Software costs - net	639,585	843,053
Pension asset (see Note 19)	376,533	-
Others - net of allowance for impairment loss of ₱46.01 million (see Note 23)	15,332,471	19,662,270
	₱2,581,289,629	₱1,850,135,618

Advances to Suppliers and Other Parties

Advances to suppliers pertain to cash advances given to contractors and project partners to finance the cost of project study, site development, plant rehabilitation, among others and to certain parties to comply with certain contractual obligations.

Financial Assets at FVOCI

Investments In Club Shares. These are irrevocably designated at FVOCI as the Group intends to hold these investments in the foreseeable future. As of December 31, 2023 and 2022, the carrying values of these financial assets are as follows:

Cost:	
Cebu Country Club, Inc.	₱3,400,000
Tower Club, Inc.	300,000
	<u>3,700,000</u>
Fair value remeasurement gain (loss):	
Cebu Country Club, Inc.	4,600,000
Tower Club, Inc.	(300,000)
	<u>4,300,000</u>
	<u>₱8,000,000</u>

- *Cebu Country Club, Inc.* In 2012, the Group acquired proprietary ownership shares in the Cebu Country Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares.
- *Tower Club, Inc.* In 2014, the Group acquired proprietary ownership shares in the Tower Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares. On September 25, 2020, the shareholders of Tower Club agreed to shorten its corporate life and permanently close by January 2022.

Investment in Buskowitz Finance, Inc. or BFI [now Buskowitz Energy, Inc. (BEI)]. In 2021, VREC made an investment amounting to ₱94.0 million, which represents initial subscription to 200,000 common shares of BFI at ₱20 per share or for a total of ₱4.0 million, representing 16.81% ownership in BFI, and advances for future stock subscription amounting to ₱90.0 million, pending approval by the SEC of BFI's application for the increase in authorized capital stock.



In June 2022, VREC made an additional investment amounting to ₱270.0 million. As of December 31, 2023 and 2022, the carrying value of the investment amounted to ₱418.6 million and ₱389.7 million. In 2023 and 2022, the Group recognized unrealized valuation gain on financial assets at FVOCI, net of deferred income tax, amounting to ₱25.7 million and ₱28.9 million, respectively.

Fair value hierarchy disclosures for the Group's financial assets at FVOCI are provided in Note 25.

Business Combinations

Acquisition of Delta P and CIPC in 2023

On June 1, 2023, VEC entered into a share purchase agreement with GPI to acquire its common shares preferred shares in Delta P and CIPC for a consideration of ₱272.9 million and ₱172.0 million, respectively, which resulted to an increase in the Group's ownership interest in the entities from 50% to 100%. The Group has assessed that the set of assets and activities that it has acquired in Delta P constitutes a business and has accounted for the acquisition as a business combination.

	Delta P	CIPC	Total
Cash and cash equivalents	₱149,827,824	₱28,328,008	₱178,155,832
Trade and other receivables	513,194,675	246,148,569	759,343,244
Inventories	143,168,592	70,605,593	213,774,185
Prepayments and other current assets	58,519,734	22,834,066	81,353,800
Property, plant and equipment	796,540,163	228,372,239	1,024,912,402
Right-of-use assets	1,034,077	6,349,982	7,384,059
Deferred income tax assets	1,145,632	–	1,145,632
Other noncurrent assets	91,662,905	2,489,138	94,152,043
Total assets	1,755,093,602	605,127,595	2,360,221,197
Less: Trade and other payables	310,774,228	253,857,655	564,631,883
Long-term notes payable	851,413,248	22,385,832	873,799,080
Lease liabilities	1,352,083	8,648,218	10,000,301
Pension liability	2,163,276	–	2,163,276
Deferred income tax liabilities	–	167,211	167,211
Total net assets	₱589,390,767	₱320,068,679	₱909,459,446
Goodwill arising on acquisition	₱–	₱12,186,970	₱12,186,970
Gain on bargain purchase	(64,685,699)	–	(64,685,699)
Purchase consideration transferred	₱524,705,068	₱332,255,649	₱856,960,717
Fair value of previously-held equity interest	₱251,825,214	₱160,223,283	₱412,048,497
Cash and cash equivalents	112,667,282	68,524,325	181,191,607
Unpaid portion of the consideration	160,212,572	103,508,041	263,720,613
Total consideration transferred	₱524,705,068	₱332,255,649	₱856,960,717
Cash flow on acquisition:			
Cash acquired with the subsidiary	₱149,827,824	₱28,328,008	₱178,155,832
Cash paid as part of purchase consideration	(112,667,282)	(68,524,325)	(181,191,607)
Net cash inflow (outflow)	₱37,160,542	(₱40,196,317)	(₱3,035,775)

As allowed by PFRS 3, the assets recognized and liabilities assumed were based on provisional assessment of fair value. The amounts recognized for trade and other receivables represent the gross contractual amounts receivable from counterparties.



By the date that the financial statements were approved for issue by the BOD, the valuation required by PFRS 3 had not yet been completed. Hence, the determination of the final amounts of the fair value of previously-held equity interest, trade and other receivables, property, plant and equipment, intangible assets from customer contracts, long-term notes payable, right-of-use assets and lease liabilities, and related deferred income tax adjustments and the resulting goodwill or gain on bargain purchase are subject to change within the one (1) year measurement period after the acquisition date.

As at acquisition date, Delta P and CIPC have signed contracts with customers for the sale of power which qualify for recognition as intangible assets separate from goodwill. The ₱12.2 million goodwill comprises the value of the knowhow of the business and its existing customer base. The gain on bargain purchase is presented as part of “Other income (charges)” in the 2023 consolidated statement of comprehensive income. The gain on this acquisition arose from changes to the fair value of the net identifiable assets during the period prior to the closing date.

For the year ended December 31, 2023, Delta P and CIPC contributed total revenues of ₱1.1 billion and ₱437.6 million, respectively, and net income of ₱17.9 million and ₱54.4 million, respectively, to the Group. Had the acquisitions been made at the beginning of the year, consolidated total revenues would have been ₱7.0 billion and consolidated net income would have been ₱2.4 billion.

Acquisition of North Bukidnon Power Corporation (NBPC) and Bukidnon Power Corporation (BPC) in 2021. In May 2021, VEC and AHC acquired a combined ownership of 90% in NBPC and BPC.

The following is the final purchase price allocation for the business combinations:

	NBPC	BPC	Total
Cash and cash equivalents	₱15,049,632	₱25,960,878	₱41,010,510
Trade and other receivables	6,538,783	39,538,846	46,077,629
Inventories	1,983,566	3,843,890	5,827,456
Prepayments and other current assets	2,316,113	1,286,383	3,602,496
Property, plant and equipment	294,377,722	281,679,677	576,057,399
Intangible assets – customer contracts	123,023,207	110,458,345	233,481,552
Total assets	443,289,023	462,768,019	906,057,042
Less: Trade and other payables	5,244,872	5,002,325	10,247,197
Long-term notes payable	193,339,318	139,729,730	333,069,048
Deferred tax liabilities	32,673,141	41,868,777	74,541,918
Total net assets	₱212,031,692	₱276,167,187	₱488,198,879
Non-controlling interest	(₱21,326,311)	(₱27,619,062)	(₱48,945,373)
Goodwill arising on acquisition	47,462,510	–	47,462,510
Gain on bargain purchase	–	(32,120,469)	(32,120,469)
Purchase consideration transferred	₱238,167,891	₱216,427,656	₱454,595,547
Cash and cash equivalents	₱228,282,142	₱205,539,483	₱433,821,625
Liability for additional transaction price	9,885,749	10,888,173	20,773,922
Purchase consideration transferred	₱238,167,891	₱216,427,656	₱454,595,547
Cash flow on acquisition:			
Cash acquired with the subsidiary	₱15,049,632	₱25,960,878	₱41,010,510
Cash paid as part of purchase consideration	(228,282,142)	(205,539,483)	(433,821,625)
Net cash outflow	(₱213,232,510)	(₱179,578,605)	(₱392,811,115)



The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets. The goodwill of ₱47.5 million comprises the value of knowhow of the business and its existing customer base.

The gain on bargain purchase is presented as part of "Other income (charges)" in the 2021 consolidated statement of comprehensive income. The gain on this acquisition arose from changes to the fair value of the net identifiable assets during the period prior to the closing date.

The amounts recognized for trade and other receivables represent the gross contractual amounts receivable from counterparties. As at the acquisition date, management does not expect that any contractual cash flows from these receivables will not be collected.

For the period ended December 31, 2021, revenue from sale of power by NBPC and BPC amounting to ₱41.5 million and ₱48.6 million, respectively, and net income amounting to ₱11.6 million and ₱12.7 million, respectively, are recognized in the 2021 consolidated statements of comprehensive income. Had the acquisitions been made at the beginning of the year, consolidated total revenues and consolidated net income would have been ₱3,262.4 million and ₱2,236.2 million, respectively.

Goodwill

For impairment testing, goodwill acquired through business combinations are allocated to CGUs representing the operating units acquired. The following is the carrying amount of goodwill allocated to each of the CGUs.

	2023	2022
WMP	₱82,381,116	₱82,381,116
NBPC	47,462,510	47,462,510
CIPC	12,186,970	-
	₱142,030,596	₱129,843,626

As of December 31, 2023 and 2022, the recoverable amounts of the cash generating units have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering at least a five-year period.

Revenue forecasts are based on existing contracts, anticipated increases in demand, anticipated new projects that will be serviced by existing assets, and other economic factors. Key assumptions to the forecasts and inputs to the value-in-use calculation are as follows:

	2023		
	WMP	NBPC	CIPC
Discount rate (WACC)	9.31%	9.11%	8.94%
Forecast gross margins	21-22%	16-45%	(1%)-17%
Long-term growth rate	n/a	0%	0%
Terminal value	Not considered beyond the explicit forecast period	Remaining EUL of the plant	Remaining EUL of the plant
	2022		
	WMP	NBPC	
Discount rate (WACC)	8.74%	10.05%	
Forecast gross margins	21-22%	25-40%	
Long-term growth rate	n/a	0%	
Terminal value	Not considered beyond the explicit forecast period	Remaining EUL of the plant	



Based on the impairment testing, management believes there is no impairment on goodwill in 2023 and 2022. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

Software Costs

Software costs pertain to a subsidiary's accounting software, Human Resources Information System, trading software and documents monitoring system. The movement of software costs is as follows:

	2023	2022
Cost		
At January 1	₱9,506,562	₱9,109,606
Additions during the year	398,439	396,956
At December 31	9,905,001	9,506,562
Accumulated Amortization		
At January 1	8,663,509	8,062,653
Amortization for the year	601,907	600,856
At December 31	9,265,416	8,663,509
Net Book Value	₱639,585	₱843,053

Customer Contracts

BPC and NBPC have existing power supply agreements with its customers when these subsidiaries were acquired in 2021. Intangible assets pertaining to these customer relationships were recognized by the Group as identifiable assets part of the business combination. These assets are being amortized over their expected useful lives of 10–12 years, based on the remaining terms of the agreements as of the acquisition date. The movement of the intangible assets are as follows:

	2023	2022
Cost		
At January 1 and December 31	₱233,481,552	₱233,481,552
Accumulated Amortization		
At January 1	33,721,468	12,423,698
Amortization for the year	21,297,770	21,297,770
At December 31	55,019,238	33,721,468
Net Book Value	₱178,462,314	₱199,760,084

Others

Others include receivable from RFM Corporation, the Group's previous owner, which has been fully provided with allowance for impairment losses as of December 31, 2023 and 2022. Also included in this account are deposits for future subscription in an entity that is yet to be incorporated and security deposits with various tenants and other parties in the conduct of the Group's operations.



14. Trade and Other Payables

	2023	2022
Trade payables	₱1,969,461,903	₱1,506,776,281
Accrued expenses	185,243,231	212,324,048
Deferred output VAT	177,212,117	391,475,604
Accounts payable	155,478,265	141,112,460
Output VAT	109,809,538	7,727,879
Accrued interest (see Note 15)	36,892,360	37,720,667
Unearned income	15,638,697	1,822,216
Dividends payable	6,851,873	8,827,097
Accrued taxes payable	5,736,872	4,366,556
Others (see Note 23)	24,446,546	48,448,500
	2,686,771,402	2,360,601,308
Less noncurrent portion (see Note 23)	844,587,453	838,293,931
	₱1,842,183,949	₱1,522,307,377

Trade payables significantly consist of liabilities for a subsidiary's purchases of inventories from its suppliers and advances from a supplier. Trade payables for purchases of inventories are noninterest-bearing and are normally settled on a 30 to 45-day term.

Accrued expenses mainly consist of accruals for fuel, audit fees, contracted services, legal fees, securities and transfer fees, benefits, and other expenses.

Deferred output VAT is related to the recognition of the Group's revenue from bilateral contracts, and its corresponding receivable. The deferred output VAT is eventually closed to output VAT upon collection of the related receivable.

Accounts payable consist mainly of liabilities for payroll, professional fees and other expenses.

Unearned income are advance payments from customers.

Dividends payable consists of dividends to the non-controlling interests of the Group arising from dividend declaration made by the Parent Company. Dividends declared relating to non-controlling interests amounted to ₱1.1 million, ₱8.6 million and ₱276.1 million in 2023, 2022 and 2021, respectively (see Note 21).

15. Notes Payable

Short-term Notes Payable

- *1590 EC*. On May 28, 2020 and June 29, 2020, 1590 EC obtained 90-day and 91-day loans from a local bank amounting to ₱95.0 million and ₱40.0 million which bear interest rates of 5.1% and 4.95% per annum, respectively. On October 26, 2020, 1590 EC made a partial payment in the amount of ₱30.0 million. Both loans totalling ₱105.0 million were extended to January 8, 2021. In February 2021, 1590 EC made another partial payment in the amount of ₱14.0 million. The balance of the two loans were extended up to April 12, 2021. 1590 EC settled the loans on April 12, 2021.



On August 2022, 1590 EC obtained a one year loan from various local banks amounting to ₱950.0 million which bears interest from 4.5%–5%. On the same date, 1590 EC secured a six-month loan from a local bank amounting to ₱176.0 million which bears an interest rate of 4.75%.

Upon maturity of the loans in 2023, 1590 EC made a partial payment of ₱10.0 million and further renewed the loans at interest rates ranging from 6.75%–7.15%. On February 5, 2024, ₱90.0 million of the loans were settled upon maturity and the rest were renewed.

- *INPC*. On various dates in 2020, Isla Norte (formerly INEC) obtained loans from a local bank totalling to ₱644.3 million. The loans bear interest rates of 4.5% and 5% per annum. All loans matured on December 3, 2020 and were subjected to monthly extensions until their settlement on April 26, 2021.

On various dates in 2021, Isla Norte obtained loans from a local bank totalling ₱338.5 million to finance the construction of its power plant. The loans bear interest rates of 4.25% per annum. All loans matured on April 26, 2021.

On various dates in 2022, Isla Norte obtained loans from a local bank totalling to ₱44.3 million. The loans bear interest rates of 5.5%–5.9% per annum and matured on various dates in 2023.

- *VEC*. On various dates in 2023, VEC secured short-term Notes Facility Agreement to issue ₱1.0 billion in Fixed Rate Corporate Notes (FRCN) bearing interest rates of 6.50–6.95% per annum to fund its working capital and future investments. The notes are unsecured. Short-term notes amounting to ₱170.0 million matured and were settled in November 2023. The short-term notes amounting to ₱848.0 million matured in January 2024.
- *Core*. In 2023, Core obtained a loan from a local bank amounting to ₱50.0 million at an annual interest rate of 6.95% for additional working capital financing. The loan was also settled in 2023.

Interest expense recognized in the consolidated statements of comprehensive income on these loans in 2023, 2022 and 2021, amounted to ₱122.3 million, ₱21.4 million and ₱1.8 million, respectively. Accrued interest on these loans as of December 31, 2023 and 2022 amounted to nil and ₱0.9 million, respectively (see Note 14).

Long-term Notes Payable

	Interest Rates	2023	2022
Parent Company – unsecured	4.1856%—4.7416%	₱1,900,000,000	₱2,950,000,000
INPC – secured	6.0117%—8.3556%	1,283,764,706	1,320,000,000
Delta P – secured	6.2000%	817,615,846	–
VEC – unsecured	7.5696%	600,000,000	–
NBPC – secured	5.5000%	186,560,000	203,520,000
BPC – secured	6.6400%	159,300,000	173,460,000
Core – secured	7.6921%	131,349,198	–
		5,078,589,750	4,646,980,000
Less unamortized debt issue costs		30,234,175	23,355,832
		5,048,355,575	4,623,624,168
Less current portion – net of unamortized debt issue costs of ₱5.8 million in 2023 and ₱2.2 million in 2022		210,300,979	1,115,158,717
		₱4,838,054,596	₱3,508,465,451



Parent Company. The Parent Company entered into a Notes Facility Agreement (Agreement) to issue ₱3.0 billion in Fixed Rate Corporate Notes (FRCN or the Notes) on January 29, 2014 to fund its equity investments in power generation projects, to include, but not limited to MPC and TVI. The FRCN was fully subscribed by a consortium of local banks and was issued in two tranches and has a maturity of seven (7) years from the drawdown date. The Notes are unsecured.

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

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

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

The first tranche is for a term of two years and payable on January 27, 2023 while the second tranche is for a term of five years and will mature on January 27, 2026 with principal payment of ₱50.0 million for the first four years and a balloon payment of ₱1.8 billion on maturity. On January 27, 2023, the first tranche on the loan matured and was settled. On January 29, 2024, ₱50.0 million of the total principal amount was settled upon maturity.

Repayments of outstanding principal amounts are scheduled as follows:

	2023	2022
Within one year	50,000,000	₱1,050,000,000
More than one year but not more than five years	1,850,000,000	1,900,000,000
	₱1,900,000,000	₱2,950,000,000

The Agreement requires that the Parent Company shall not permit its debt-to-equity ratio to exceed 2.5:1. The debt-to-equity ratio is based on the parent company debt and consolidated equity. In addition, the Agreement requires the current ratio to not fall below 1.25:1 and is based on the consolidated current assets and current liabilities. The Parent Company has complied with these ratio requirements as of December 31, 2023 and 2022.

Interest expense recognized in the consolidated statements of comprehensive income related to these notes payable amounted to ₱93.8 million, ₱133.5 million and ₱138.2 million in 2023, 2022 and 2021, respectively, and the related accrued interest expense as of December 31, 2023 and 2022 amounted to ₱12.9 million and ₱17.8 million, respectively (see Note 14).

INPC. In 2021, INPC (formerly INEC) entered into a loan agreement with Security Bank Corporation (SBC) whereby the latter agreed to provide INEC an aggregate principal amount of loan up to ₱1.32 billion to finance the construction of its 23.3 MW diesel power plant in Bantayan, Cebu. In 2022, INEC was merged into Isla Norte, the surviving corporation.



The loan has a term of fifteen (15) years, inclusive of a two (2)-year grace period on principal repayment. Seventy percent (70%) of the loan is payable in fifty-one (51) quarterly installments commencing on the 9th quarter from the date of initial borrowing until the maturity date, while the remaining thirty percent (30%) shall be paid on the maturity date. The loan bears interest which is payable quarterly.

The loan is collateralized by the following: (a) debt service reserve account letter of credit, (b) first ranking mortgage on all present and future immovable properties, (c) assignment by way of security of the company's rights, titles and interest in project documents, insurance policies, performance bonds, receivables and other revenues from the Power Supply Agreement (see Note 23), and operating account; (d) pledge of shares; (e) personal property assignment on all present and movable assets.

As of December 31, 2023 and 2022, repayments of outstanding principal amounts are scheduled as follows:

	2023	2022
Within one year	₱72,470,587	₱36,235,294
More than one year but not more than five years	362,352,940	289,882,353
More than five years	848,941,179	993,882,353
	₱1,283,764,706	₱1,320,000,000

The loan agreement requires INPC to maintain a debt-to-equity ratio of not greater than 3:1 and a minimum debt service coverage ratio of 1.05, computed annually beginning one year after the commercial operations date of its Power Supply Agreement on May 6, 2022 (see Note 23). As of December 31, 2023, INPC has not complied with the required debt-to-equity ratio ceiling. However, INPC has obtained in November 2023 a waiver from the lender tolerating the breach. Thus, the loan balance continued to be presented into the appropriate current and noncurrent classification.

Interest expense recognized in the consolidated statements of comprehensive income related to this loan amounted to ₱88.5 million, ₱84.3 million and ₱14.4 million in 2023, 2022 and 2021, respectively, and the related accrued interest expense amounted to ₱16.5 million and ₱16.7 million as of December 31, 2023 and 2022, respectively (see Note 14). Borrowing costs amounting to ₱60.7 million were capitalized to property, plant and equipment in 2021.

Delta P. In 2016, Delta P entered into a loan agreement with a local bank whereby the latter agreed to provide Delta P an aggregate principal amount of loan up to ₱1.2 billion to finance the construction of its 30-MW oil-fired power plant in Puerto Princesa, Palawan.

The term of the loan is for fifteen (15) years, inclusive of a two (2)-year grace period on principal repayment. Seventy percent (70%) of the loan is payable in one hundred fifty-six (156) monthly installments commencing on the 25th month from the date of initial borrowing until the maturity date, while the thirty percent (30%) shall be paid on the maturity date. The loan bears annual interest of 6.20% which is payable monthly.

The loan is collateralized by a deed of assignment of the trade receivables, deed of chattel mortgage over the machinery and equipment, deed of real estate mortgage over the leasehold improvements and buildings, and deed of assignment over the lease contracts on land covering the plant site (see Notes 7 and 11).



Repayments of outstanding principal amounts as at December 31, 2023 are scheduled as follows:

Within one year	₱62,549,846
More than one year but not more than five years	250,199,385
More than five years	504,866,615
	<hr/>
	₱817,615,846

The loan agreement also requires Delta P to maintain a current ratio of at least 1:1 and a debt-to-equity (DE) ratio of not greater than 3:1. As at December 31, 2023, Delta P has complied with the required financial ratios.

Interest expense from long-term debt recognized in the statements of comprehensive income amounted to ₱30.5 million, and interest payable as at December 31, 2023 amounted to ₱0.5 million (see Note 14).

CIPC. On August 15, 2013, CIPC entered into a loan agreement with a local bank whereby the latter agreed to provide CIPC an aggregate principal amount of loan amounting to ₱430.0 million to finance the construction of its 8.8 MW bunker powered power plant in Coron Island, Palawan. The term of the loan is for ten (10) years, inclusive of a two-year grace period on principal repayment. The principal loan is to be paid in 96 equal consecutive monthly installments commencing on the 25th month from the initial drawdown date. The loan bears annual interest of 4.81% which is payable monthly.

The loan is collateralized by a deed of chattel mortgage over the equipment and power generators, deed of assignment over the lease contracts on land covering the Coron project site and improvements thereon and deed of assignment of the trade receivables (see Notes 7, 11 and 24).

The loan matured and was settled in 2023. Interest expense recognized in the statements of comprehensive income amounted to ₱0.3 million in 2023.

VEC. In December 2023, VEC entered into long-term Notes Facility Agreement (Agreement) with two local banks to issue ₱6.25 billion in Fixed Rate Corporate Notes (FRCN or the Notes) as standby facility for future investments. Total drawdowns on the notes amounted to ₱600.0 million. The notes are unsecured. These long-term notes will mature in December 2028.

Outstanding principal amounts as of December 31, 2023 are scheduled to be repaid beyond one year but not more than five years.

The Agreement requires that VEC shall not permit its debt-to-equity ratio to exceed 2.5:1, current ratio to not fall below 1.25:1, and debt-service coverage ratio to not fall below 1.05:1. VEC has complied with these ratio requirements as of December 31, 2023.

Interest expense recognized in the statements of comprehensive income related to these notes payable amounted to ₱0.5 million in 2023, and the related accrued interest expense as of December 31, 2023 amounted to ₱5.7 million (see Note 14).

NBPC. On June 2017, NBPC availed of a 10-year loan payable in quarterly installments commencing on September 27, 2017 up to September 27, 2027. In May and June 2018, NBPC availed of additional loans payable in quarterly installments commencing on March 27, 2019 up to September 27, 2027.

The loans carry an interest rate based on 1-year benchmark rate plus spread, repriced annually, with a floor rate of 5%.



In June 2022, NBPC refinanced its existing loan with a new term of 9 years payable in quarterly equal installments commencing on June 22, 2022 up to June 20, 2031. The loan carries an interest rate based on 3-year benchmark rate plus spread, repriced every 3 years, with a floor rate of 5.5%. The loan is secured by real estate mortgage, pledge of shares and assignment of project accounts.

NBPC is required to maintain a debt-to-equity ratio of not more than 2.50x and debt service coverage ratio of at least 1.15x. As of December 31, 2023 and 2022, NBPC has complied with the loan covenants.

Repayments of outstanding principal amounts are scheduled as follows:

	2023	2022
Within one year	₱16,960,000	₱16,960,000
More than one year but not more than five years	67,840,000	67,840,000
More than five years	101,760,000	118,720,000
	₱186,560,000	₱203,520,000

Interest expense recognized in the 2023, 2022 and 2021 consolidated statements of comprehensive income related to this loan amounted to ₱13.3 million, ₱12.6 million and ₱5.6 million, respectively, and the related accrued interest expense as of December 31, 2023 and December 31, 2022 amounted to ₱0.4 million and ₱1.2 million, respectively (see Note 14).

BPC. In September 2016, BPC availed of a 10-year loan payable in quarterly installments commencing on September 2, 2016 up to September 2, 2026. The long-term debt carries an interest rate based on 3-month benchmark rate plus spread, repriced quarterly, with a floor rate of 5%.

On August 31, 2022, BPC refinanced its existing loan with a new term of 9 years payable in quarterly installments commencing on August 31, 2022 up to August 29, 2031. The long-term loan carries an interest rate based on 3-year benchmark rate plus spread, repriced every 3 years, with a floor rate of 5%. The loan is secured by real estate mortgage, pledge of shares and assignment of project accounts.

BPC is required to maintain a debt-to-equity ratio of not more than 2.50x and debt service coverage ratio of at least 1.15x. As of December 31, 2023 and 2022, BPC has complied with the loan covenants.

Repayments of outstanding principal amounts are scheduled as follows:

	2023	2022
Within one year	₱14,160,000	₱14,160,000
More than one year but not more than five years	56,640,000	56,640,000
More than five years	88,500,000	102,660,000
	₱159,300,000	₱173,460,000

Interest expense recognized in the 2023, 2022 and 2021 consolidated statements of comprehensive income related to this loan amounted to ₱12.4 million, ₱8.1 million and ₱5.3 million, respectively, and the related accrued interest expense as of December 31, 2023 and December 31, 2022 amounted to ₱0.9 million and ₱1.1 million, respectively (see Note 14).



Core. In 2023, Core entered into an agreement with a local bank for the latter to make available a term loan facility amounting to ₱350 million to partially fund Core’s solar projects. The loan is secured by a guaranty executed by VEC.

Under the agreement, Core is required to maintain a minimum debt-service coverage ratio (DSCR) of 1.15x and a maximum debt-to-equity ratio of 2.33x. The loan is subject to one-year grace period on principal amortization of payments, after which the amount shall be amortized based on an equal quarterly basis.

In 2023, Core has drawn ₱131.3 million from the facility at an interest rate of 7.6921% per annum.

Repayments of outstanding principal amounts as at December 31, 2023 are scheduled as follows:

Within one year	₱–
More than one year but not more than five years	72,971,777
More than five years	58,377,421
	₱131,349,198

Interest expense from this long-term debt recognized in the statements of comprehensive income and interest payable amounted to ₱2.1 million as at December 31, 2023 (see Note 14).

16. Related Party Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

In the normal course of business, the Group enters into transactions with related parties principally consisting of the following:

Category	Volume	2023 Outstanding Balance		Terms	Conditions
		Receivables	Payables		
Associates					
Sale of power:					
VECO (see Note 16g)	₱–	₱7,957,282	₱–	30 days; noninterest-bearing	Unsecured; no impairment
Lease (see Note 16j)					
CPPC	12,000,000	12,000,000	–	August 18, 2023– January 29, 2024	Unsecured; no impairment
Technical service fees (see Note 16d)					
CEDC	56,100,000	–	–	30 days; Noninterest-bearing	Unsecured; no impairment
FLAWS	2,300,000	56,000	–	On-demand; Noninterest-bearing	Unsecured; no impairment
Interest income on advances (see Note 16a)					
FLAWS	17,857,143	–	–	On demand	Unsecured; no impairment
CPPC	3,773,250	–	–	On demand	Unsecured; no impairment
Advances to (see Note 16a):					
PEI	–	–	50	Noninterest-bearing	Unsecured; no impairment
CPPC	50,000,000	50,000,000	–	7.74% interest per annum	Unsecured; no impairment

(Forward)



2023					
Category	Volume	Outstanding Balance		Terms	Conditions
		Receivables	Payables		
Advances to (see Note 16h):					
GLEDC	P431,979	P1,879,200	P-	30-60 days; noninterest-bearing	Unsecured; no impairment
LPCI	-	102,708,539	-	30-60 days; noninterest-bearing	Unsecured; no impairment
Purchase of power plant (see Note 16i)					
VECO	282,304,000	-	-	Noninterest-bearing	Unsecured
Purchase of power (see note 16k)					
TVI	233,093,152	-	21,186,000	Noninterest-bearing	Unsecured
Technical services fees (see Note 16j)					
CPPC	4,375,000	-	4,375,000	Noninterest-bearing	Unsecured
Dividends (see Note 16f):					
VECO	763,687,641	-	-	noninterest-bearing	Unsecured; no impairment
AHI	404,800,000	-	-	noninterest-bearing	Unsecured; no impairment
MPC	200,000,016	-	-	noninterest-bearing	Unsecured; no impairment
TVI	180,000,000	-	-	noninterest-bearing	Unsecured; no impairment
CPPC	107,296,896	-	-	noninterest-bearing	Unsecured; no impairment
Stockholders with Significant Influence					
Management fees expense (see Note 16e)					
MRC	10,827,329	-	-	30-60 days; noninterest-bearing	Unsecured
JDC	7,218,220	-	-	30-60 days; noninterest-bearing	Unsecured
Stockholders with Significant Influence					
Advances to/from (see Notes 16a and 16b)					
WMI	2,930,930	7,617,057	-	Noninterest-bearing	Unsecured; no impairment
APC	-	-	2,350,000	Interest bearing; 1-year term	Unsecured
Stockholder with No Significant Influence					
Advances to (see Note 16c):					
JGS	-	42,676	-	payable on demand; noninterest-bearing	Unsecured; no impairment

2022					
Category	Volume	Outstanding Balance		Terms	Conditions
		Receivables	Payables		
Associates					
Sale of power:					
VECO (see Note 16g)	P-	P7,957,282	P-	30 days; noninterest-bearing	Unsecured; no impairment
Technical service fees (see Note 16d)					
CEDC	52,600,000	4,821,667	-	30 days; Noninterest-bearing	Unsecured; no impairment
GLEDC	-	6,000,000	-	On-demand; Noninterest-bearing	Unsecured; no impairment
Advances to (see Note 16a):					
FLWS	-	150,000,000	-	Interest-bearing; Payable on demand	Unsecured; no impairment
CREC	-	17,500,258	-	Payable on demand	Unsecured; no impairment
PEI	-	-	50	noninterest-bearing	Unsecured; no impairment

(Forward)



2022					
Category	Volume	Outstanding Balance		Terms	Conditions
		Receivables	Payables		
Advances to (see Note 16h):					
GLEDC	1,475	1,879,200	–	30-60 days; noninterest-bearing	Unsecured; no impairment
LPCI	8,928,192	102,708,539	–	30-60 days; noninterest-bearing	Unsecured; no impairment
Dividends (see Note 16f):					
VECO	827,495,658	–	–	noninterest-bearing	Unsecured; no impairment
MPC	200,000,000	–	–	noninterest-bearing	Unsecured; no impairment
AHI	316,800,000	–	–	noninterest-bearing	Unsecured; no impairment
Joint Ventures					
Technical service fees (see Note 16d):					
Delta P	24,151,552	26,566,707	–	30-60 days; noninterest-bearing	Unsecured; no impairment
CIPC	10,030,261	9,194,406	–	30-60 days; noninterest-bearing	Unsecured
Advances to (see Note 16a):					
Delta P	350,559	2,007,576	326	noninterest-bearing	Unsecured; no impairment
CIPC	21,022	422,222	–	noninterest-bearing	Unsecured; no impairment
LPEC	3,583,525	14,812,286	–	noninterest-bearing	Unsecured; no impairment
Dividends (see Note 16f):					
CIPC	–	7,760,000	–	noninterest-bearing	Unsecured; no impairment
Stockholder with Significant Influence					
Management fees expense (see Note 16e)					
MRC	4,050,094	–	–	30-60 days; noninterest-bearing	Unsecured
JDC	2,700,063	–	–	30-60 days; noninterest-bearing	Unsecured
Stockholders with Significant Influence					
Advances to/from (see Notes 16a and 16b)					
GPI	2,167,713	–	8,168,668	30-60 days; noninterest-bearing	Unsecured
WMI	4,686,127	4,686,127	–	noninterest-bearing	Unsecured; no impairment
APC	2,350,000	–	2,717,121	Interest bearing; 1-year term	Unsecured
Stockholder with No Significant Influence					
Advances to (see Note 16c):					
JGS	–	42,676	–	payable on demand; noninterest-bearing	Unsecured; no impairment

- a. Advances to related parties are generally noninterest-bearing cash advances to associates, joint ventures and stockholders. The outstanding advances, presented as “Advances to associates, joint ventures and stockholders” account in the consolidated statements of financial position, are noninterest-bearing and are due on demand. These advances are for project and working capital requirements.

On February 14, 2020, the Parent Company entered into an Interim Financing Agreement (IFA) with FLOWS for the development of a combined sewerage and septage facility serving the City of Puerto Princesa. The IFA was initially for a term of four months but were later extended. On January 13, 2023, the Parent Company collected the outstanding receivable of ₱150.0 million, and recognized interest income amounting to ₱17.9 million, presented as part of “Other income – net” in the statements of comprehensive income (see Note 17).



In 2023, VEC extended a 2-year interest-bearing promissory note to CPPC payable in lump-sum with a 7.74% interest rate per annum to cover for its working capital requirements. Interest income recognized in the statements of comprehensive income amounted to ₱3.8 million in 2023.

- b. Advances from related parties are noninterest-bearing cash advances payable on demand, from the Group's joint ventures and stockholders.
- c. Advances to a "stockholder with no significant influence" pertains to the life insurance plan advanced by the Parent Company for a member of its BOD.
- d. Technical service fees represent the compensation for the services rendered by the Group to the associates and joint ventures. These are governed by service-level contracts executed by the Group and its associates and joint ventures. These are recognized as "Management and service fees" presented as part of the Group's revenue in the consolidated statements of comprehensive income amounting to ₱58.4 million, ₱86.8 million and ₱102.6 million in 2023, 2022, and 2021, respectively.

Outstanding receivables for management fees and service fees presented as part of "Accounts receivable" under "Trade and other receivables" account in the consolidated statements of financial position as of December 31, 2023 and 2022 amounted to ₱0.1 million and ₱46.6 million, respectively (see Note 7).

- e. The Group also entered into consultancy and management service agreements with its stockholders to avail of management consultancy services. Expenses incurred related to the consultancy and management service agreements are recognized as part of "Professional fees" under "Generation costs" (see Note 17) and "Operating expenses" in the consolidated statements of comprehensive income.
- f. In 2023, VECO, AHI, MPC, TVI, and CPPC declared dividends amounting to ₱763.7 million, ₱404.8 million, ₱200.0 million, ₱180.0 million and ₱107.3 million, respectively. In 2022, VECO, MPC, and AHI declared dividends amounting to ₱827.5 million, ₱200.0 million, and ₱316.8 million, respectively. The outstanding amounts from these dividend declarations are currently lodged under "Dividends receivable" (see Note 7).
- g. The Group had an Energy Supply Agreement (ESA) with VECO (see Note 23), whereby the Group supplied contract energy to VECO from the 17 MW of the contracted capacity of the Unified Leyte Geothermal Power Plant administered by the Group. The ESA was terminated in October 2019. As of December 31, 2023 and 2022, the Group's trade receivables from VECO for the sale of power amounted to ₱8.0 million (see Note 7).
- h. Working capital advances to LPCI and GLEDC are noninterest-bearing, collateral-free and are due on demand. As of December 31, 2023 and 2022, the Group's receivable from transactions with LPCI amounted to ₱102.7 million and ₱1.9 million with GLEDC.
- i. On August 18, 2023, a subsidiary of the Group purchased power plant assets for a total cash consideration of ₱282.3 million (see Note 11).
- j. The Group generated income from the interim lease of the power plant to CPPC amounting to ₱12.0 million in 2023 (see Note 17). The Group also incurred expenses amounting to ₱4.4 million from its interim technical services agreement with CPPC for its operation, management and maintenance (see Note 17).



- k. In 2022, a subsidiary entered into a PSA with Therma Visayas, Inc. to purchase power for a fixed fee per MW hour. The PSA is valid from December 26, 2022 to December 25, 2024 for a contracted capacity of 5 MW.

The above transactions are generally settled through cash.

Compensation and Benefits of Key Management Personnel

The compensation of the Group's key management personnel by benefit type follows:

	2023	2022	2021
Short-term employee benefits	₱180,751,811	₱173,320,326	₱153,391,047
Post-employment pension benefits (see Note 19)	7,083,033	8,120,745	7,267,643
	₱187,834,844	₱181,441,071	₱160,658,690

17. Costs of Services and Other Operating Expenses

Generation costs

The Group's cost of services pertains to the costs incurred in the operation of the BDPP and the power plants in Bantayan Island and Bukidnon, are as follows:

	2023	2022	2021
Heavy fuel oil (see Notes 8 and 23)	₱2,242,942,536	₱2,142,610,532	₱783,844,384
Purchased power (see Note 23)	1,089,061,079	616,814,812	225,034,543
Depreciation and amortization (see Notes 11 and 24)	440,688,181	374,248,715	307,115,132
Light fuel oil (see Notes 8 and 23)	176,508,800	131,245,129	73,809,557
Salaries, wages and employee benefits (see Note 18)	133,227,396	95,347,196	85,512,567
Contractual and outside services (see Note 16j)	98,510,858	76,689,877	101,318,296
Insurance	62,863,885	48,149,903	38,401,046
Repairs and maintenance	58,236,538	38,086,273	2,355,746
Materials and supplies (see Note 8)	49,673,410	56,129,783	27,269,610
Lube oil (see Notes 8 and 23)	49,413,286	51,265,092	23,942,491
Supply and metering charges	15,896,360	17,858,275	16,267,814
Taxes and licenses	10,611,963	8,912,200	2,903,725
Rent (see Note 24)	5,274,872	2,102,963	17,440,475
Transportation	1,676,502	7,853,799	4,405,374
Market fees	376,899	884,993	781,797
Light and power	278,351	1,673,563	1,210,909
Royalty fees (see Note 24)	-	4,786,582	26,044,774
Professional fees (see Note 16e)	-	2,653,140	49,278,808
Others	17,255,439	6,710,159	15,941,676
	₱4,452,496,355	₱3,684,022,896	₱1,802,878,724

Amounts recognized related to the Group's participation in WESM trading, are presented as "Purchased power" and "Market fees" aggregating to ₱68.2 million, ₱39.0 million, and ₱46.6 million in 2023, 2022 and 2021, respectively.



Engineering service fees

The Group's cost of providing technical and engineering services in its retail electricity, and water treatment and desalination revenue generating activities are as follows:

	2023	2022	2021
Materials and supplies (see Note 8)	₱17,448,008	₱10,979,909	₱29,629,859
Salaries, wages and employee benefits (see Note 18)	11,630,956	4,531,957	14,207,545
Contractual and outside services	7,209,090	4,604,410	25,988,351
Rent (see Note 24)	6,604,078	-	-
Transportation	5,603,021	624,090	453,629
Depreciation and amortization (see Notes 11 and 24)	3,421,833	2,463,126	690,076
Insurance	70,438	-	-
Repairs and maintenance	20,400	-	-
Others	465,095	1,640,854	70,260
	₱52,472,919	₱24,844,346	₱71,039,720

Other Operating Expenses

	2023	2022	2021
Directors' per diem (see Note 18)	₱26,883,333	₱20,729,167	₱11,460,000
Corporate social responsibility	22,346,535	27,043,457	32,764,293
Dues and subscriptions	18,489,875	10,363,650	7,567,361
Marketing expenses	6,573,917	3,290,056	2,327,909
Repairs and maintenance	5,970,244	4,000,042	5,653,240
Insurance expense	4,756,117	2,836,223	2,585,963
Stand-by letter of credit	4,214,971	4,219,226	5,294,523
Office supplies	4,024,591	3,348,469	6,385,302
Regulatory expenses	1,730,616	2,314,567	2,013,037
Stockholders' meeting expenses	953,366	604,066	293,119
Others	7,297,965	10,734,489	5,428,634
	₱103,241,530	₱89,483,412	₱81,773,381

Regulatory expenses include payments of administrative fees charged by the PSE and SEC and other charges.

Others include sponsorships and contributions, brokerage fees, insurance expenses, medical and health expenses, outing expenses, and bank charges, among others.



Other Income - Net

	2023	2022	2021
Receivables written off	(P24,000,000)	P-	P-
Interest from a related party	17,857,143	-	-
Rent income (see Notes 12 and 16)	14,147,457	2,453,687	1,102,620
Recovery of previously written-off receivables (see Note 7)	6,000,000	18,000,000	-
Gain on disposal of property, plant and equipment (see Note 11)	650,300	639,207	3,101,818
Other service income	-	1,870,000	2,237,464
Intercompany services	-	1,201,114	2,880,462
Others	(13,216,535)	9,520,403	15,475,020
	P1,438,365	P33,684,411	P24,797,384

Receivables written off pertains to the disputed receivables from a customer which were finally determined to be unrecoverable by virtue of the settlement of the court case with the customer in December 2023.

Interest income from a related party pertains to interest on the settlement of the IFA with FLOWS (see Note 16a).

Recovery of previously written-off receivables in 2023 and 2022 pertains to recovery by VEC and VREC of its receivables from the sale of one of the Group's joint ventures in 2017. The receivables were previously fully provided with an allowance (see Note 7).

Others include reimbursements from third parties for equipment station use, and billings to related parties for the shared expenses initially paid by the Group on behalf of related parties (see Note 16).

18. Personnel Expenses

	2023	2022	2021
Salaries, wages and employee benefits	P537,426,401	P469,334,852	P399,860,946
Directors' per diem (see Note 17)	26,883,333	20,729,167	11,460,000
Pension expense (see Note 19)	22,261,768	20,731,159	22,223,302
	P586,571,502	P510,795,178	P433,544,248

19. Retirement Plans

The Group has a funded, noncontributory, defined benefit pension plan covering all regular, permanent employees of the Parent Company, 1590 EC, CIPC, Delta P, VEC, INPC, Core and VIHI. The plans provide lump sum benefits upon a member's normal retirement. The benefits are based on the member's final monthly salary and length of service with the Group.

The Fund for the Group's employees is administered by a trust and investment entity in the Philippines under the supervision of a trustee. The trustee is responsible for the investment strategy of the plan.



The following tables summarize the components of pension expense recognized in the consolidated statements of comprehensive income and the funded status and amounts recognized in the consolidated statements of financial position for the pension plan.

The components of the pension expense recognized under “Generation costs” and “Operating expenses” in the consolidated statements of comprehensive income follow:

	2023	2022	2021
Current service cost	₱18,369,797	₱17,717,173	₱18,902,166
Net interest cost	3,891,971	3,013,986	3,321,136
Pension expense	₱22,261,768	₱20,731,159	₱22,223,302

Remeasurement effects recognized in the consolidated statements of comprehensive income follow:

	2023	2022	2021
Remeasurement gain (loss) on defined benefit plan	(₱102,653,494)	₱16,205,942	₱18,982,444
Return on assets excluding amount included in net interest cost	(1,739,311)	(5,048,920)	(1,531,102)
	(₱104,392,805)	₱11,157,022	₱17,451,342

The pension liability pertaining to the Parent Company’s funded group retirement plan, and 1590 EC’s and Delta P’s funded retirement plans as of December 31, 2023 and 2022 follows:

	2023	2022
Present value of defined benefit obligation	₱260,370,314	₱121,018,373
Fair value of plan assets	(74,863,717)	(56,822,901)
Pension liability	₱185,506,597	₱64,195,472

The pension asset pertaining to CIPC’s funded retirement plan as of December 31, 2023 follows:

	2023	2022
Fair value of plan assets	₱5,348,334	₱-
Present value of defined benefit obligation	(4,971,801)	-
Pension asset	₱376,533	₱-

Changes in the present value of the defined benefit obligation follow:

	2023	2022
At January 1	₱121,018,373	₱134,859,953
Current service cost	18,369,797	17,717,173
Business combinations (see Note 13)	14,833,696	-
Interest cost on defined benefit obligation	9,393,442	5,932,672
Remeasurement loss (gain) due to:		
Changes in financial assumptions	92,942,064	(10,865,631)
Experience adjustments	9,711,430	2,227,458
Changes in demographic assumptions	-	(7,567,769)
Benefits paid from retirement fund	(599,687)	(21,201,912)
Benefits paid from operating funds	(327,000)	(83,571)
At December 31	₱265,342,115	₱121,018,373



Changes in the fair value of plan assets representing the funded retirement plan of the Group follow:

	2023	2022
At January 1	₱56,822,901	₱73,399,945
Business combinations (see Note 13)	13,507,889	-
Contributions to the retirement fund	6,718,788	6,755,102
Interest income included in net interest cost	5,501,471	2,918,686
Return on assets excluding amount included in net interest cost	(1,739,311)	(5,048,920)
Benefits paid from retirement fund	(599,687)	(21,201,912)
At December 31	₱80,212,051	₱56,822,901

Changes in the amounts recognized in the consolidated statements of financial position for pension liability follows:

	2023	2022
At January 1	₱64,195,472	₱61,460,008
Business combinations (see Note 13)	2,163,276	-
Pension expense for the year	21,814,957	20,731,159
Contributions to retirement fund	(5,785,201)	(6,755,102)
Remeasurement loss (gain) recognized for the year	103,445,093	(11,157,022)
Benefits paid from operating funds	(327,000)	(83,571)
At December 31	₱185,506,597	₱64,195,472

Changes in the amounts recognized in the consolidated statements of financial position for pension asset of CIPC as of December 31, 2023 follows:

At January 1	₱-
Business combinations (see Note 13)	(837,469)
Pension expense for the year	446,811
Contributions to retirement fund	(933,587)
Remeasurement loss recognized for the year	947,712
At December 31	(₱376,533)

The major categories of the plan assets as a percentage of the fair value of the total plan assets are as follows:

	2023	2022
Investment in government securities	29.59%	46.16%
Equity securities	2.43%	-
Fixed income securities:		
Unitized investment trust funds	67.45%	39.88%
Time certificate of deposit	-	13.64%
Savings deposit	-	0.02%
Accrued interest receivable	0.15%	0.30%
Other receivable	0.38%	-
Total plan assets	100.00%	100.00%

All equity instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.



The control and administration of the fund vest on the trustee. The trustee shall have the full and complete power and authority to hold, manage, administer, convert, sell, assign, alter, divide, invest and reinvest the fund without distinction between principal and income, to the same extent and with the same effect as might be lawfully done by persons who own and control property and may thus exercise every power and right with respect to each item of property in this trust authority specified in the agreement and expressly conferred upon it by law.

The overall investment policy and strategy of the Group's defined benefit plan is guided by the objective of providing the necessary funding for the benefits payable under the plan and achieving such liquidity as the trustee shall, in its discretion, deem appropriate in the circumstances. The Group's current investment strategy consists substantially of fixed income securities.

The principal assumptions used in determining pension obligation for the Group's pension plan as of December 31 follow:

	2023	2022
Discount rate	6.10%-6.17%	6.24%–8.41%
Future salary increase rate	6.00%-10.00%	5.00%–7.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of the defined benefit obligation of the most recent actuarial valuation report, as of December 31, 2023 and 2022, assuming all other assumptions were held constant:

	Increase (Decrease)	Present Value Change of Defined Benefit Obligation	
		2023	2022
Discount rate	+100 basis points	(P29,231,919)	(P9,175,528)
	–100 basis points	34,680,027	10,620,743
Future salary increase rate	+100 basis points	34,776,063	11,003,656
	–100 basis points	(29,469,928)	(9,650,744)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the defined benefit obligation at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date), while all other assumptions remained unchanged.

The average duration of the defined benefit obligation is 11.60–21.24 years and 11.37–25.20 years as of December 31, 2023 and 2022, respectively.

The Group expects to contribute to the defined benefit plan in 2024.



The expected benefit payment assumes that all actuarial assumptions will materialize. Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2023 and 2022:

	2023	2022
Less than one year	₱12,483,318	₱10,152,386
More than one year to five years	39,835,980	21,665,748
More than five years to 10 years	151,133,893	95,578,896
More than 10 years to 15 years	420,881,380	231,451,685
More than 15 years to 20 years	364,091,213	157,140,442
More than 20 years	1,282,147,182	400,440,788
Total	₱2,270,572,966	₱916,429,945

20. Income Taxes

	2023	2022	2021
Current	₱154,997,628	₱97,784,862	₱146,282,516
Deferred	25,353,207	(8,223,383)	20,818,512
	₱180,350,835	₱89,561,479	₱167,101,028

The reconciliation of income tax expense computed at the applicable statutory rates to income tax expense follows:

	2023	2022	2021
Income before income tax	₱2,574,298,521	₱1,794,288,597	₱2,399,590,790
Tax calculated at statutory rate (25%)	₱643,574,630	₱448,572,149	₱599,897,698
Adjustments for the tax effects of:			
Equity in net earnings of associates and joint ventures	(511,085,470)	(485,339,345)	(459,622,816)
Non-deductible expenses	37,119,050	10,966,033	7,164,849
Non-taxable gain	(31,858,491)	(38,324,884)	(34,620,467)
Interest income subject to final tax	(29,838,120)	(13,703,600)	(4,784,876)
Unrecognized deferred income tax assets on NOLCO and MCIT	27,370,900	161,413,675	189,915,551
Difference of OSD over deductible expenses	(3,176,938)	(4,667,825)	(67,560,411)
Impact of CREATE Law	-	-	(13,481,090)
Others	48,245,274	10,645,276	(49,807,410)
	₱180,350,835	₱89,561,479	167,101,028



The components of the Group's net deferred income tax assets as of December 31 are as follows:

	2023	2022
Deferred income tax assets on:		
Net pension liability	₱25,506,443	₱21,803,906
Allowance for impairment losses	11,602,774	11,602,774
Unamortized past service costs	1,075,449	525,694
Unrealized foreign exchange loss	14,125	60,697
	38,198,791	33,993,071
Deferred income tax liabilities on:		
Unrealized foreign exchange gain	11,900,669	11,270,706
Right-of-use assets/ Unamortized debt issue costs	4,824,010	-
	2,545,404	7,709,211
	19,270,083	18,979,917
Deferred income tax asset (liabilities) recognized in other comprehensive income:		
Remeasurement loss (gain) on employee benefits	12,202,080	(608,784)
Unrealized valuation gain on FVOCI investments	(645,000)	(645,000)
	11,557,080	(1,253,784)
Net deferred income tax assets	₱30,485,788	₱13,759,370

The components of the Group's net deferred income tax liabilities are as follows:

	2023	2022
Deferred income tax liabilities on:		
Unrealized fair value gain on investment property	₱239,439,442	₱187,151,741
Fair value adjustments upon acquisition of subsidiaries (see Note 13)	56,577,364	63,531,385
Unrealized foreign exchange gain	165,095	13,766,780
Accrued rent	87,791	166,346
	296,269,692	264,616,252
Deferred income tax assets on:		
Pension liability	2,880,430	-
Unrealized foreign exchange loss	482,670	-
	3,363,100	-
Deferred income tax liability (asset) recognized in other comprehensive income:		
Unrealized valuation adjustments on FVOCI investments	8,190,000	3,860,201
Remeasurement loss on employee benefits	(4,694,359)	(1,114,246)
	3,495,641	2,745,955
	₱296,402,233	₱267,362,207



In 2023 and 2022, the Group has deductible temporary differences and tax credits for which deferred tax assets have not been recognized since management believes that no sufficient taxable income will be available in the year these are expected to be reversed, settled or realized. These unrecognized deductible temporary differences and tax credits follow:

	<u>2023</u>	<u>2022</u>
NOLCO	₱1,554,962,925	₱1,589,563,997
MCIT	8,524,728	792,373

On September 30, 2020, BIR issued the RR No. 25-2020 to implement Section 4(bbbb) of Republic Act No. 11494, otherwise known as “Bayanihan to Recover as One Act”. This RR provides that net operating loss of the business or enterprise for taxable years 2020 and 2021 to be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

NOLCO and MCIT as of December 31, 2022 and 2021, except for the NOLCO incurred in 2020 and 2021, can be claimed as a deduction against future taxable income and income tax due within three years from the year of incurrence from 2020–2022 and 2019–2021, respectively.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law

The 2021 statement of comprehensive income includes the effect of the reduction in income taxes under the CREATE Law.

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (CREATE)” Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Group recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

21. Equity

Capital Stock

There were no changes in the Parent Company’s authorized, issued and outstanding common shares as of December 31, 2023 and 2022.

Authorized capital stock – ₱1 par value	2,000,000,000
<u>Issued and outstanding shares</u>	<u>1,023,456,698</u>
<u>Unissued shares</u>	<u>976,543,302</u>

The Parent Company’s issued capital stock originally consists of 224,880,067 common shares and 600,000,000 preferred shares that were listed in the Philippine Stock Exchange (PSE) since 2003, and 198,576,631 preferred shares that were approved for listing by the PSE on June 29, 2004. In June 2005, the SEC approved the amendment to Article VII that relates to the conversion of the Parent Company’s preferred shares to common shares. As of December 31, 2023 and 2022, the Parent Company’s issued capital stock all consists of common shares.



The Parent Company has 1,406 stockholders as of December 31, 2023, 1,413 stockholders as of December 31, 2022, and 1,415 stockholders as of December 31, 2021, and has complied with the Minimum Public Ownership requirement of the PSE for listed entities as of the same dates.

Dividends

The BOD declared cash dividends to its stockholders as follows:

	2023	2022	2021
Date of declaration	May 18, 2023	May 13, 2022	May 19, 2021
Date of record	June 1, 2023	May 30, 2022	June 4, 2021
Date of payment	June 16, 2023	June 10, 2022	June 23, 2021
Dividends declared	₱398,841,075	₱444,282,550	₱358,209,844
Dividends per share	₱0.3897	₱0.4341	₱0.3500

Appropriation of Retained Earnings for Business Expansion

Out of the 2016 retained earnings appropriation, the Parent Company made additional investment of ₱606.0 million in 2017 in two power plant projects in the Visayas and Mindanao, which amount was then reverted to unappropriated retained earnings in 2017.

In a BOD meeting held on December 21, 2017, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱2.2 billion for the investment on the two ongoing power plants in Visayas and Mindanao and a rooftop solar installation project starting 2018. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to an additional ₱1.3 billion to be used for future investments in these projects which are expected to be completed starting 2018.

Out of the 2017 retained earnings appropriation, the Parent Company made additional investment of ₱1.2 billion in 2018 on the power plant projects in the Visayas and in the rooftop solar installation project, which amount was then reverted to unappropriated retained earnings in 2018.

In a BOD meeting held on December 12, 2018, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱2.3 billion for the investments in the two on-going power plant projects in the Visayas, one on-going power plant project in Mindanao and a rooftop solar installation project. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱1.7 billion to be used for the investment in one on-going power plant project in the Visayas estimated to start commercial operations in 2021, new power generation projects in Luzon and the Visayas, and for infrastructure projects in the Visayas starting 2019.

Out of the 2018 retained earnings appropriation, the Parent Company reverted its prior appropriations amounting to ₱2.1 billion on the power plant projects in the Visayas and Mindanao due to its completion in 2019 and made additional investment amounting ₱31.6 million in 2019 on the new power generation project in Luzon, rooftop solar installation project, and infrastructure projects in Visayas.

In a BOD meeting held on November 13, 2019, the BOD has determined that the Parent Company's operations require to continue the existing appropriations amounting to ₱1.8 billion to provide appropriations for the investment in the new power generation project in the Visayas, and the on-going solar installations projects and infrastructure projects in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.6 billion to be used for the investment in the new power generation project in the



Visayas estimated to start commercial operations in 2021, solar rooftop installations projects, on-going power plant project in Luzon, and on-going infrastructure projects in Visayas.

Out of the 2019 retained earnings appropriation, the Parent Company made additional investments of ₱1.5 billion in 2020 on the new power generation project in the Visayas, on-going solar installations projects, and infrastructure projects in the Visayas, which amount was then reverted to unappropriated retained earnings in 2020.

In a BOD meeting held on November 13, 2020, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱3.0 billion to provide appropriations for the investment on the on-going power generation projects in the Visayas, solar installation projects, and infrastructure projects in Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.3 billion to be used for the investment in the new power generation projects in Luzon and Mindanao, and on-going projects on power generation, solar rooftop installations, and infrastructure projects in Visayas.

Out of the 2020 retained earnings appropriation, the Parent Company made additional investments of ₱1.0 billion in 2021 on the new power generation project in Mindanao, and on-going power generation projects, solar installation projects and infrastructure projects in the Visayas, which amount was then reverted to unappropriated retained earnings in 2021.

In a BOD meeting held on November 12, 2021, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱4.2 billion to provide appropriations for the investment on the new power generation projects in Luzon, on-going power generation projects in the Visayas, and solar installation projects and infrastructure projects in Luzon and the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.0 billion to be used for the investment in the on-going and new infrastructure projects in Luzon and the Visayas starting in 2022.

Out of the 2021 retained earnings appropriation, the Parent Company made additional investments of ₱1.6 billion in 2022 on the power generation project in the Visayas, solar installation projects and infrastructure projects in Luzon and the Visayas, which amount was then reverted to unappropriated retained earnings in 2022.

In a BOD meeting held on November 11, 2022, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱4.6 billion to provide appropriations for the investment on the new power generation projects in Luzon, solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.25 billion to be used for the investment in the on-going and new infrastructure projects in the Visayas, and new power generation projects in Luzon and the Visayas starting in 2023.

Out of the 2022 retained earnings appropriation, the Parent Company made additional investments of ₱1.9 billion in 2023 on the power generation project in Luzon, solar installation projects and infrastructure projects in Luzon and the Visayas, which amount was then reverted to unappropriated retained earnings in 2023.

Out of the 2022 retained earnings appropriation, the Parent Company made additional investments of ₱1.9 billion in 2023 on the new power generation project in Luzon, solar installation projects in Luzon and Visayas, and infrastructure projects in the Visayas, which amount was then reverted to unappropriated retained earnings in 2023.



In a BOD meeting held on November 24, 2023, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱5.0 billion to provide appropriations for the investment on the solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.4 billion to be used for the investment in the ongoing new infrastructure projects in the Visayas and new power generation projects in Luzon and the Visayas, and a new real estate project in the Visayas starting in 2024.

Unappropriated Retained Earnings

The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint ventures, including unrealized fair value adjustments on investment properties, amounting to ₱8.9 billion and ₱7.7 billion as of December 31, 2023 and 2022, respectively. Such amounts are not available for dividend distribution until such time that the Parent Company receives the dividends from the respective subsidiaries, associates and joint ventures.

Non-controlling Interests

On June 1, 2023, VEC and VIDC acquired the remaining interest of GPI in INPC for a total consideration of ₱169.6 million, resulting in 100% ownership by the Group in INPC. The transaction has been accounted for as an equity transaction with non-controlling interests, resulting to a reduction in non-controlling interests by ₱164.5 million and a decrease in "Equity reserves" by ₱5.1 million.

In 2022, 1590EC received cash amounting to ₱231.2 million from its non-controlling stockholder for the issuance of capital stock. INPC also received cash from GPI amounting to ₱16.9 million.

In 2021, INEC received cash amounting to ₱55.3 million from its non-controlling stockholder for the issuance of capital stock. LPEC also received cash from GPI amounting to ₱0.5 million.

Material Partly-Owned Subsidiary - 1590 EC

The following are selected financial information of the material partly-owned subsidiary of the Group as of and for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
Total current assets	₱805,761,615	₱1,068,374,263	₱993,023,145
Total noncurrent assets	3,569,277,736	3,751,025,697	2,154,054,662
Total current liabilities	1,570,496,589	2,218,327,860	933,323,365
Total noncurrent liabilities	834,220,259	832,756,131	995,414,558
Total equity	1,970,322,503	1,768,315,969	1,218,339,884
Sale of power	1,907,736,709	2,820,807,541	2,559,268,393
Operating profit	341,215,108	299,626,276	929,267,184
Net income	204,139,608	246,304,789	741,063,348
Total comprehensive income	202,205,139	249,647,528	743,338,604
Net income attributable to non-controlling interests	91,454,544	110,344,545	331,996,380
Total comprehensive income attributable to non-controlling interests	90,587,902	111,842,093	333,015,695
Dividends paid to non-controlling interests	—	—	250,880,000
Accumulated non-controlling interest	880,808,639	790,220,737	545,770,644



22. Earnings Per Share (EPS)

The amounts of EPS are computed as follows:

	2023	2022	2021
Net income attributable to shareholders of the parent	₱2,284,209,380	₱1,595,263,961	₱1,866,730,439
Weighted average number of outstanding common shares	1,023,456,698	1,023,456,698	1,023,456,698
Basic and diluted EPS	₱2.232	₱1.559	₱1.824

There are no potential dilutive shares as of December 31, 2023, 2022 and 2021.

23. Contracts, Commitments and Contingencies

Sale of Power

Power Supply Agreements (PSAs)

- *INEC Interim PSA.* On April 22, 2020, INEC, a subsidiary, and Bantayan Electric Cooperative, Inc. (BANELCO), an electric cooperative engaged in the distribution of electricity, light, heat and power, entered into an Interim PSA. INEC shall provide a portion of the electricity requirements of BANELCO. The Interim PSA commenced on August 11, 2020 and ended on August 10, 2021.

On July 3, 2020, INEC and BANELCO filed a joint application to the Energy Regulatory Commission, docketed under ERC Case No. 2020-013 RC, entitled “In the Matter of the Application for Approval of the Interim Power Supply Agreement between Bantayan Island Electric Cooperative, Inc. (BANELCO) and Isla Norte Energy Corporation (INEC), with Motion for Provisional Authority”, dated April 29, 2020. The ERC issued a letter to INEC and BANELCO on July 19, 2021, informing that it has granted interim relief to the parties by virtue of an order issued on July 14, 2021, subject to the rates and conditions set forth in the letter.

In 2020, INEC received from BANELCO an advance deposit amounting to ₱15.0 million in relation to the subsidy agreement with NPC for the Interim PSA. In 2021, INEC received from the National Electrification Administration ₱20.0 million as addition to BANELCO’s advance deposit in relation to the subsidy agreement. The amount is refundable to BANELCO upon approval of the application by the ERC, and collection of the subsidy from the National Power Corporation. These deposits were presented under “Others” as part of “Trade and other payables in the 2022 consolidated statements of financial position and were returned by INPC to BANELCO in 2023 (see Note 14).

- *INEC PSA.* On February 10, 2020, INEC and BANELCO entered into a PSA. Under the PSA, INEC shall provide the entire energy requirements of BANELCO and its franchise area. The agreement is for a period of 15 years, reckoned from commercial operations date. On March 27, 2022, INEC and BANELCO rescinded the PSA.

On March 30, 2022, INEC and BANELCO filed the Joint Motion to Withdraw the Joint Application for Approval of their PSA (the Motion to Withdraw) dated March 29, 2022 before the ERC. The ERC, in an order dated May 5, 2022, denied the Joint Application for non-compliance with certain rules, procedures, and other considerations.



- *INPC PSA.* On March 30, 2022, BANELCO and INPC entered into a PSA. According to the terms of the PSA, INPC shall provide the entire energy requirements of BANELCO and its franchise area. The agreement is for a period of 15 years, reckoned from commercial operations date. On May 5, 2022, pending final resolution of INPC's application for approval of the PSA, the ERC granted provisional authority to INPC to implement the PSA, subject to certain conditions. Commercial operations in relation to the provisional authority commenced on May 6, 2022.

On August 8, 2023, the ERC granted an Interim Relief (IR) for the continued implementation of the PSA. This IR is subject to the same terms and conditions as provided in the Order dated May 5, 2022, until revoked or until the issuance of a decision.

- *INEC 90-Day PSA.* The ERC issued a Notice of Resolution dated November 4, 2021 that contained a directive to BANELCO "to source out power from any supplier which it deems fit, to ensure the continuous and unhampered supply of power within its franchise area." BANELCO entered into a PSA with the INEC for a period of 90 days, reckoned from the date of the issuance of the resolution, to supply the whole of its energy requirement.
- *CIPC PSA.* On August 8, 2011, CIPC entered into a 15-year PSA with BISELCO, an electric cooperative engaged in the distribution of electricity, light, heat and power. CIPC shall provide a portion of the energy requirements of BISELCO, for which CIPC is entitled to receive a payment equal to the total fee which is calculated using a specified formula.

The PSA also allows CIPC to collect from NPC a subsidy fee equivalent to the difference between the total fee and the subsidized/approved generation rate billed to BISELCO. The subsidized/approved generation rate charged shall be that approved by the Energy Regulatory Commission for Coron, Palawan expressed in Php/kWh.

Emergency PSA. On May 9, 2023, CIPC entered into a one-year Emergency PSA with BISELCO for a contracted capacity of 615,600 kWh/month at a tariff specified in the contract.

- *Delta P PSA.* On February 6, 2009, Delta P entered into a PSA with PALECO, an electric cooperative engaged in the distribution of electricity, light, heat and power for the phase I of the PSA which ended on April 3, 2021. On March 18, 2016, Delta P and PALECO entered into another PSA for the second phase of the energy supply agreement for 18 MW for 15 years. The agreement was terminated on October 3, 2023.

Emergency PSA. On October 3, 2023, Delta P entered into an Emergency Power Supply Agreement ("EPSA") with PALECO for a maximum term of one (1) year from the commercial operations date ("COD") for a minimum contracted energy of 11,896,560 kWh monthly at the total fee in the Emergency PSA.

- *Subsidy Agreements.* Due to the subsidized nature of the PSAs of INPC, Delta P and CIPC, the subsidiaries enter into Subsidy Agreements (SA) with NPC. The SAs allow the subsidiaries to collect the difference between the Subsidized/Approved Generation Rate (SAGR) charged to the off-taker and True Cost Generation Rate (TCGR).



- *NBPC PSA.* On January 17, 2017, NBPC entered into a Power Supply Agreement (PSA) with Bukidnon Second Electric Cooperative (BUSECO) to supply a maximum of 5 MW from its 2 x 3.1 MW power plant located at Barangay Bugcaon, Lantapan, Bukidnon at a specific contract rate for a period of 15 years commencing from commercial operation date in the second quarter of 2018, under a Build Operate Maintain (BOMT) scheme. With the BOMT agreement, NBPC's power plant will be transferred to BUSECO upon termination of the PSA.

ERC has granted a provisional approval on its rate application on August 31, 2017 effective for only twelve (12) months. Upon expiration of the provisional authority on August 31, 2018, ERC extended the provisional authority in an order dated September 21, 2019. NBPC and BUSECO filed a motion for reconsideration for rates adjustment from the provisionally approved amounts and was partially granted by ERC on October 8, 2019. As of December 31, 2023, no decision was received from ERC on the matter.

- *BPC PSA.* On October 16, 2014, BPC entered into a Power Supply Agreement (PSA) with First Bukidnon Electric Cooperative (FIBECO) to supply a maximum of 4.4 MW from its 2 x 2.4 MW power plant located at Barangay Barandas, Bukidnon at a specific contract rate for a period of 15 years commencing from March 15, 2015. ERC has granted a provisional approval on its rate application on August 3, 2015. The second power supply agreement was entered into with FIBECO on July 24, 2015 for a contracted capacity of 2 MW from its 2.5 MW Fuel power plant located at Barangay Mabuhay, San Fernando, Bukidnon, for a period of 15 years starting from April 15, 2016. ERC's final approval on its rate application was dated June 6, 2017.
- *1590 EC PSA.* On April 2023, 1590 EC entered into a PSA with a customer for a contracted capacity of 30 MWh at an agreed tariff specified in the PSA. The contract is effective from April 26, 2023 to December 25, 2023.

Revenue from sale of power in relation to the above PSAs amounted to ₱2,593.7 million, ₱922.4 million and ₱183.6 million in 2023, 2022 and 2021, respectively.

Solar Solutions. Subsidiaries of the Group enter into power purchase agreements with various customers for the development, engineering, procurement, construction, operation and maintenance of solar generation facilities at the customers' premises. Revenue from these agreements amounted to ₱35.0 million, ₱23.1 million, and ₱9.0 million in 2023, 2022 and 2021, respectively.

Retail Electricity Supply. A subsidiary enters into various retail supply contracts with contestable customers for the supply of energy at an agreed price on a per kilowatt-hour basis. The contracts are for a period of 2 years and for a contracted capacity of 0.75–2.50 MW. Total retail electricity sales from these contracts amounted to ₱1,112.7 million, ₱633.5 million, and ₱301.0 million in 2023, 2022, and 2021, respectively.

In connection with the contracts, the subsidiary received refundable deposits from customers amounting to ₱26.2 million and ₱6.7 million as of December 31, 2023 and 2022. These are presented as part of "Other noncurrent liabilities" in the statements of financial position (see Note 14).



Ancillary Services. In January 2017, a subsidiary entered into an ASPA with NGCP to be its service provider, whereby the entity will provide dispatchable reserve to NGCP to maintain power quality, reliability, and security of the nationwide grid. The term of agreement is in force for five (5) years. Actual transactions such as nominations and scheduling started in November 2017 when the access and technical requirements were finally fulfilled. The contract expired in September 2022 subject to monthly renewal pending the result of the competitive selection process. The contract was renewed until February 25, 2023.

On August 18, 2023, CPPC executed a deed of assignment to a subsidiary of the Group with the effect that all obligations of CPPC under the ASPA for the generation facility shall be turned over to a Group's subsidiary (see Note 16). The NGCP confirmed the assignment on October 25, 2023. The ASPA is effective for a period of five (5) years, commencing November 16, 2023 up to November 15, 2028.

Revenue from ASPA with NGCP amounted to ₱467.5 million , ₱952.9 million, and ₱1,174.7 million in 2023, 2022, and 2021, respectively.

Participation in WESM. To avail of the opportunities in the competitive electricity market, certain entities of the Group registered as direct participants of the wholesale electricity spot market (WESM). The revenue from sale of power on the WESM recognized by the Group amounting to ₱1,336.3 million, ₱1,867.8 million, and ₱1,384.6 million, in 2023, 2022, and 2021, respectively, were generated from its participation in the trading of electricity at the WESM.

On March 6, 2014, the ERC rendered an Order voiding the WESM prices for the supply months of November and December 2013 and in lieu thereof, substituting regulated prices. The Order came after the ERC formed an Investigating Unit to investigate the unusual increase in WESM prices and the seemingly simultaneous withholding of capacity by electric power generators during the supply months of November and December 2013.

On March 28, 2014, a subsidiary filed its Motion for Reconsideration (MR) to the Order. In an Order dated October 15, 2014, the ERC denied the MR.

On December 10, 2014, as a result of the denial of the MR by the ERC, the subsidiary filed a Petition for Review with Application for Injunction and Temporary Restraining Order with the CA requesting for the (a) issuance of a Temporary Restraining Order and Writ of Preliminary Injunction enjoining ERC and PEMC from implementing all orders, decisions, and resolutions in ERC Case No. 2014-021 MC and (b) reversal of the Order of the ERC in ERC Case No. 2014-021 MC and (c) reinstating the November and December 2013 WESM market prices.

On November 8, 2017 the CA in the consolidated Petitions for Review, rendered a decision declaring the Orders of the ERC dated March 3, 2014, March 27, 2014, May 9, 2014 and October 15, 2014 (the "ERC Orders") for having been rendered without any factual and legal basis. Accordingly, the CA nullified the regulated prices imposed by the ERC in the ERC Orders that were to prevail in lieu of the WESM prices for the November and December 2013 supply months.



Thereafter, the ERC and Intervenor, filed their respective MRs to which the subsidiary duly filed its respective Oppositions thereto. Moreover, as of March 14, 2018, twelve (12) entities who are not original parties to the consolidated Petitions for Review but claim legal interest in the consolidated Petitions for Review filed their respective Motions for Leave to file intervention and admit the attached MRs. On September 7, 2020, the subsidiary received a Notice from the Supreme Court (Third Division) that required its Comments to a Petition for Review on Certiorari. The subsidiary was able to file its Comment and Opposition within the allowed extended period. The Supreme Court has not decided on the matter as of April 5, 2023.

Management and Service Fees

In 2023, the Group entered into service level agreements with two third-party power generation companies to provide electrical-technical services associated with the total operation and maintenance of their power plants and corporate services effective from January 1, 2023 to December 31, 2023. Total revenue from these contracts amounted to ₱472.7 million in 2023.

Generation Costs

Purchased Power

- *Bilateral Agreements.* A subsidiary of the Group enters into PSAs with generation companies to purchase power for a fixed fee per MW per hour. The PSAs are for a period of one to two years with a contract capacity of up to 5MW.

The total cost of power purchased during the year from PSAs amounted to ₱781.6 million, ₱431.1 million, and ₱179.2 million in December 2023, 2022, and 2021, respectively (see Note 17).

In 2023, the subsidiary also entered into PSAs with two generation companies for a contract capacity of 50–52 MW with terms of over 25 years beginning in 2025.

Fuel Supply Agreements

- *Supply Agreement for Heavy Fuel.* The Group, through its power generation subsidiaries, entered into a Supply Agreement (Consignment) with Pilipinas Shell Petroleum Corporation (PSPC) for the supply of the Group's petroleum product requirements. Under the agreement, PSPC shall sell and deliver, or procure to be delivered, and the Group shall purchase the petroleum products exclusively from PSPC. The supply agreements are in force up to December 2023 and March 31, 2024. As of April 5, 2024, the Group is in the process of renewing its supply agreement.

On December 27, 2023, another subsidiary entered into a three (3)-year supply agreement with Northern Star Energy Corporation for the supply of the subsidiary's petroleum product requirements. The agreement is effective starting January 1, 2024 and will be in force until December 31, 2026.

Heavy fuel oil expense recognized in the consolidated statements of comprehensive income amounted to ₱2,242.9 million, ₱2,142.6 billion, and ₱783.8 million in 2023, 2022, and 2021, respectively (see Note 17).



- *Supply Agreement for Light Fuel Oil.* On June 10, 2020, the Group entered into a three-year supply agreement with Pilipinas Shell Petroleum Corporation for the supply of the Group's petroleum product requirements. The agreement is effective until March 31, 2024.

Light fuel oil recognized in the consolidated statements of comprehensive income amounted to ₱176.5 million, ₱131.2 million, and ₱73.8 million in 2023, 2022, and 2021, respectively (see Note 17).

- *Supply Agreement for Lube Fuel Oil.* On October 1, 2021, the Group entered into a Supply Agreement with Pilipinas Shell Petroleum Corporation (PSPC) for the supply of the Group's fuel requirements. Under the agreement, PSPC shall sell and deliver and the Group shall purchase the fuel products from October 2, 2021 to September 30, 2022. This is effective until March 31, 2024.

Lube fuel oil recognized under "Generation costs" in the statements of comprehensive income amounted to ₱49.4 million, ₱51.3 million, and ₱23.9 million in 2023, 2022, and 2021, respectively (see Note 17).

Distribution Wheeling Services. A subsidiary of the Group enters into Distribution Wheeling Service Agreements (DWSA) with various distribution utilities to tap their distribution services for the conveyance of electricity, through its distribution system, to the subsidiary's contestable customers.

Based on the DWSA, the subsidiary shall pass on all applicable distribution wheeling services charges namely distribution, transmission, system loss, metering, ancillary, universal and other charges, including applicable taxes, as billed by the distribution utility to the contestable customers. Total costs incurred for distribution wheeling services amounted to ₱239.7 million, ₱147.5 million, and ₱107.2 million in 2023, 2022, and 2021, respectively (see Note 17).

A bill deposit equivalent to one month of the estimated billing is usually paid to the distribution utility prior to the commencement of wheeling services to the contestable customer. As at December 31, 2023, 2022 and 2021, security deposit under this agreement amounted to ₱31.6 million, ₱15.8 million and ₱11.7 million, respectively, and is presented as "Others" under "Prepayments and other current assets" (see Note 9).

Open Access Transmission Service. Pursuant to the provision on Credit Support under Section A8.1 of the Open Access Transmission Service Rules as well as the condition set under Billing and Payments of the Transmission Service Agreement, 1590 EC provided additional credit support in the form of a security deposit presented as "Other noncurrent assets" in the consolidated statements of financial position amounting to ₱2.3 million as of December 31, 2023 and 2022 (see Note 13).

Contingencies

The Group is a party to certain proceedings and assessments in the normal course of business. The ultimate outcome of these proceedings cannot be presently determined. The Group's position has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. As allowed by PAS 37, no further disclosures were provided as this might prejudice the Group's position on this matter. Management believes, based on information currently available and professional legal advice, that the ultimate resolution of these proceedings would not likely have a material, adverse effect on the results of operations, financial position or liquidity of the Group. Existing circumstances and assumptions about future developments related to these proceedings may still change. Such changes are reflected in the assumptions when they occur.



24. Lease Agreements

- The Group has lease contracts for office space used in its operations, which generally have lease terms between 2–5 years. Leases of land from newly acquired subsidiaries have a remaining lease term of 4–5 years. The Group’s obligations under its leases are secured by the lessor’s title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.
- On January 19, 2018, the Group entered into a lease contract with the PGLU over the BDPP after emerging as the winning Proponent during the bidding for the lease thereof. Under the lease contract, the Group can use, possess, man, operate, and maintain the BDPP for its sole account and expense, for a term of five (5) years commencing on January 1, 2019. The lease is in consideration for a monthly rental of ₱14.1 million, royalty payment at 1.5% of monthly net profit, and the infusion of total capital investment of at least ₱600.0 million over the five-year term.

On April 6, 2022, 1590 EC was issued a Notice of Award from PGLU as the highest bidder of the BDPP during the public auction following a post qualification evaluation. The two parties executed the deed of transfer and conveyance on April 19, 2022. As a consequence of the public auction and formal transfer of ownership, the parties mutually agreed to terminate the lease agreement wherein the PGLU waives all other obligations of PGLU under the contract of lease, whether monetary or otherwise.

Set out below, are the carrying amounts of the Group’s right-of-use assets and lease liabilities and the movements during the year ended December 31, 2023 and December 31, 2022:

	Right-of-use Assets				Lease Liabilities
	Office Space	Plant and Equipment	Land	Total	
As at January 1, 2023	₱22,112,091	₱–	₱–	₱22,112,091	₱26,809,952
Acquisition of subsidiaries (see Note 13)	–	–	7,384,059	7,384,059	10,000,301
Additions	7,598,821	2,906,484	–	10,505,305	10,505,305
Depreciation expense	(14,994,009)	(96,883)	(371,495)	(15,462,387)	–
Interest expense	–	–	–	–	1,108,626
Payments	–	–	–	–	(18,583,225)
As at December 31, 2023	₱14,716,903	₱2,809,601	₱7,012,564	₱24,539,068	₱29,840,959

	Right-of-use Assets				Lease Liabilities
	Office Space	Plant and Equipment	Land	Total	
As at January 1, 2022	₱32,864,741	₱409,495,665	₱–	₱442,360,406	₱358,719,808
Remeasurement of lease liabilities	3,348,598	–	–	3,348,598	3,348,598
Pre-termination of lease	–	(341,246,387)	–	(341,246,387)	(259,025,081)
Depreciation expense	(14,101,248)	(68,249,278)	–	(82,350,526)	–
Interest expense	–	–	–	–	10,826,959
Payments	–	–	–	–	(87,060,332)
As at December 31, 2022	₱22,112,091	₱–	₱–	₱22,112,091	₱26,809,952

In 2022, there were modifications to the Parent Company’s leases which increased the lease term. The remeasurement resulted to a net increase in right-of-use assets and lease liabilities by ₱3.3 million in 2022.



Set out below are the amounts recognized in the consolidated statements of comprehensive income for the years ended December 31, 2023 and 2022:

	2023	2022	2021
Depreciation expense of right-of-use assets			
Operating expenses	₱15,090,892	₱14,101,248	₱209,625,519
Costs of services (see Note 17)	371,495	68,249,278	14,750,479
Rent expense - short-term leases	17,111,440	8,568,043	26,005,242
Interest expense on lease liabilities	1,108,626	10,826,959	52,513,071
Variable lease payments (see Note 17)	-	4,786,582	26,044,774
	₱33,682,453	₱106,532,110	₱328,939,085

Variable lease payments are presented as royalty fees under “Costs of Services” in the consolidated statements of comprehensive income. Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

	2023	2022
Within one year	₱18,342,849	₱16,712,054
After one year but not more than five years	9,131,689	13,498,899
More than five years	12,020,020	-
	₱39,494,558	₱30,210,953

25. Financial Risk Management Objectives and Policies

The Group’s principal financial instruments consist of cash and cash equivalents, trade and other receivables, advances to associates and stockholders, financial assets at FVOCI, trade and other payables, notes payable and advances from related parties. The main purpose of these financial instruments is to raise funds for the Group’s operations.

The main risks from the Group’s financial instruments are credit risk, liquidity risk and foreign currency risk. The BOD reviews and agrees policies for managing each of these risks and these policies are summarized below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

With respect to cash investments, the risk is mitigated by the short-term and/or liquid nature of its investments mainly in bank deposits and placements, which are placed with financial institutions of high credit standing. Receivable balances are actively monitored on an ongoing basis and acted upon regularly to avoid significant concentrations of credit risk.

Except for the trade receivables of 1590 EC from an electric cooperative and other receivables which were provided with allowance (see Note 7), management evaluated that the Group’s consolidated financial assets as summarized below are of high grade and of good credit quality.



The maximum exposure to credit risk, net of allowance for impairment losses, amounted to ₱7,452.6 million and ₱7,266.2 million as of December 31, 2023 and 2022, respectively.

There are no significant concentrations of credit risk within the Group.

The Group writes off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The Group writes off an account when all of the following conditions are met:

- the asset is in past due for over 90 days, or is already an item-for-forfeiture
- contract restructuring is no longer possible

The Group may also write off financial assets that are still subject to enforcement activity. The Group has not written off outstanding loans and receivables that are still subject to enforcement activity as of December 31, 2023 and 2022.

The following are the details of the Group's assessment of credit quality and the related ECLs as at December 31, 2023 and 2022:

- *General Approach*
 - *Cash and Cash Equivalents.* As of December 31, 2023 and 2022, the ECL relating to the cash and cash equivalents of the Group is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.
 - *Advances to Associates, Joint Ventures, and Stockholders, Receivables from Related Parties and Other Receivables and Security Deposits.* No ECL is recognized for related party receivables since there were no history of default payments. As of December 31, 2023 and 2022, allowance for impairment losses pertain to individually impaired accounts of other receivables. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.
- *Simplified Approach*
 - *Trade and Accounts Receivable* - The Group applied the simplified approach under PFRS 9, using a 'provision matrix'. As of December 31, 2023 and 2022, the allowance for impairment losses as a result from performing collective impairment test amounted to ₱2.4 million and ₱2.0 million, respectively. Management evaluated that the Group's trade receivables are of high grade and of good credit quality.

The tables below show the maximum exposure to credit risk based on the Group's year-end stage classification.

	2023				Lifetime ECL Simplified Approach	Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL			
Gross carrying amount	₱5,804,951,806	₱-	80,062,163		1,650,080,971	₱7,535,094,940
Loss allowance	-	-	(80,062,163)		(2,419,972)	(82,482,135)
Carrying amount	₱5,804,951,806	₱-	₱-		₱1,647,660,999	₱7,452,612,805



2022					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	P5,903,523,053	P-	P86,062,163	P1,364,716,118	P7,354,301,334
Loss allowance	-	-	(86,062,163)	(2,009,923)	(88,072,086)
Carrying amount	P5,903,523,053	P-	P-	P1,362,706,195	P7,266,229,248

The following tables set out the aging analysis per class of financial assets as of December 31, 2023 and 2022:

2023						
	Not Past Due	Past Due			Impaired	Total
		Less than 30 Days	31-60 Days	61-90 Days		
Financial Assets at Amortized Cost						
Cash and cash equivalents (excluding cash on hand)	P4,382,540,776	P-	P-	P-	P-	P4,382,540,776
Trade and other receivables	1,019,246,157	64,724,865	92,003,989	151,063,379	320,622,609	1,684,065,071
Advances to associates, joint ventures and stockholders	154,587,739	-	-	-	7,617,057	162,204,796
Advances to suppliers and other parties (under "Other noncurrent assets")	1,226,593,466	-	-	-	-	1,226,593,466
Due from RFM Corporation (under "Other noncurrent assets")	-	-	-	-	46,078,063	46,078,063
Restricted cash (under "Other current assets")	2,003,880	-	-	-	-	2,003,880
Security deposits (under "Prepayments and other current assets")	31,608,888	-	-	-	-	31,608,888
	P6,816,580,906	P64,724,865	P92,003,989	P151,063,379	P328,239,666	P7,535,094,940

2022						
	Not Past Due	Past Due			Impaired	Total
		Less than 30 Days	31-60 Days	61-90 Days		
Financial Assets at Amortized Cost						
Cash and cash equivalents (excluding cash on hand)	P4,169,079,325	P724,277,901	P-	P-	P-	P4,893,357,226
Trade and other receivables	359,060,700	585,547,976	18,724,303	23,469,764	375,903,452	1,404,700,218
Advances to associates, joint ventures and stockholders	290,664,713	631,115	350,502	207,670	2,162,208	294,016,208
Advances to suppliers and other parties (under "Other noncurrent assets")	698,308,703	-	-	-	-	698,308,703
Due from RFM Corporation (under "Other noncurrent assets")	-	-	-	-	46,078,063	46,078,063
Restricted cash (under "Other current assets")	2,003,880	-	-	-	-	2,003,880
Security deposits (under "Prepayments and other current assets")	15,837,036	-	-	-	-	15,837,036
	P5,534,954,357	P1,310,456,992	P19,074,805	P23,677,434	P378,065,660	P7,354,301,334

Liquidity Risk

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

The Group maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements and the Group's trade receivables are maintained to meet maturing obligations. The Group, in general, matches the appropriate long-term funding instruments with the general nature of its equity instruments.



The following tables summarize the Group's financial assets that can be used to manage its liquidity risk and the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as of December 31:

2023					
Contractual Undiscounted Payments					
	Total	On Demand	Less than 1 Year	1 to 5 Years	More than 5 Years
Financial Assets					
At amortized cost:					
Cash and cash equivalents	P4,382,540,776	P4,286,305,576	P96,235,200	P-	P-
Trade and other receivables	1,647,660,999	114,659,308	1,175,975,011	357,026,680	-
Advances to associates, joint ventures, and stockholders	162,204,796	162,204,796	-	-	-
Advances to suppliers and other parties (under "Other noncurrent assets")	1,226,593,466	1,226,593,466	-	-	-
Restricted cash (under "Other current assets")	2,003,880	2,003,880	-	-	-
Security deposits (under "Other current assets")	31,608,888	-	15,771,852	15,837,036	-
	7,452,612,805	5,791,767,026	1,287,982,063	372,863,716	-
Financial Liabilities					
Trade and other payables*	1,542,573,549	599,592,352	942,981,197	-	-
Short-term notes payable	1,963,546,959	-	1,963,546,959	-	-
Long-term notes payable**	6,269,443,163	-	456,090,054	3,839,810,913	1,973,542,196
Lease liabilities	39,494,558	-	18,342,849	9,131,689	12,020,020
Advances from related parties	2,350,050	-	2,350,050	-	-
	9,817,408,279	599,592,352	3,383,311,109	3,848,942,602	1,985,562,216
Net Financial Assets (Liabilities)	(P2,364,795,474)	P5,192,174,674	(P2,095,329,046)	(P3,476,078,886)	(P1,985,562,216)

*Excluding nonfinancial liabilities

**Includes contractual interest payments

2022					
Contractual Undiscounted Payments					
	Total	On Demand	Less than 1 Year	1 to 5 Years	More than 5 Years
Financial Assets					
At amortized cost:					
Cash and cash equivalents	P4,893,357,226	P4,169,079,325	P724,277,901	P-	P-
Trade and other receivables	1,362,706,195	359,060,700	627,742,043	375,903,452	-
Advances to associates, joint ventures, and stockholders	294,016,208	294,016,208	-	-	-
Advances to a supplier (under "Other noncurrent assets")	698,308,703	-	-	698,308,703	-
Restricted cash (under "Other current assets")	2,003,880	-	569	2,003,311	-
Security deposits (under "Other current assets")	15,837,036	-	4,102,061	11,734,975	-
	7,266,229,248	4,822,156,233	1,356,122,574	1,087,950,441	-
Financial Liabilities					
Trade and other payables*	1,109,910,241	334,299,343	740,610,898	35,000,000	-
Short-term notes payable	1,170,300,000	-	1,170,300,000	-	-
Long-term notes payable**	5,626,709,943	-	1,311,199,216	3,072,653,172	1,242,857,555
Lease liabilities	30,210,953	-	16,712,054	13,498,899	-
Advances from related parties	10,886,165	5,197,053	5,689,112	-	-
	7,948,017,302	339,496,396	3,244,511,280	3,121,152,071	1,242,857,555
Net Financial Assets (Liabilities)	(P681,788,054)	P4,482,659,837	(P1,888,388,706)	(P2,033,201,630)	(P1,242,857,555)

*Excluding nonfinancial liabilities

**Includes contractual interest payments

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenue or expense is denominated in a different currency from the Group's functional currency.



The foreign-currency-denominated monetary assets and their Philippine Peso equivalents follow:

	2023		
	USD	EUR	Php Equivalent
Financial Asset			
Cash	US\$1,626,611	€638,428	₱129,634,942

	2022		
	USD	EUR	Php Equivalent
Financial Asset			
Cash	US\$9,863,581	€1,131,571	₱620,929,219

The December 31 exchange rates used follows:

	2023	2022
US Dollar	₱55.57 to US\$1	₱56.12 to US\$1
Euro Dollar	₱61.47 to €1	₱59.55 to €1

The Group recognized net foreign exchange loss of ₱9.6 million in 2023, net foreign exchange gain of ₱53.8 million, ₱16.1 million in 2022, and 2021.

The Group manages the timing of settlements or payments to ensure that the Group is not unfavourably exposed to fluctuations of foreign exchange rates. Likewise, the Group maintains adequate PHP, US, and EUR bank deposits to fund major expenditures or payments in foreign currencies.

The tables below demonstrate the sensitivity to a reasonably possible change in the Philippine Peso, with all other variables held constant, of the Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as of December 31, 2023 and 2022.

	Change in Philippine Peso to US Dollar	
	Appreciation	Depreciation
Effect in income before income tax:		
2023 (at 2.07% appreciation and 2.07% depreciation)	₱1,871,089	(₱1,871,089)
2022 (at 8.40% appreciation and 7.13% depreciation)	₱46,497,710	(₱39,467,699)

	Change in Philippine Peso to Euro	
	Appreciation	Depreciation
Effect in income before income tax:		
2023 (at 4.73% appreciation and 4.73% depreciation)	₱1,856,249	(₱1,856,249)
2022 (at 3.77% appreciation and 4.40% depreciation)	₱2,540,416	(₱2,964,942)

There is no other impact on the Group's equity other than those already affecting the consolidated income before income tax.



Interest Rate Risk

The Group is not exposed to interest rate risk since its loans are subject to fixed interest rates and are therefore not subject to interest rate risk. Accounts receivable and other significant liabilities are noninterest-bearing. The Group has achieved a balanced mix of cash balances with various deposit rates.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of assets and liabilities:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As of December 31, 2023 and 2022, the carrying values of the Group's financial instruments, except for the Group's long-term debt, approximate fair values due to their relatively short-term maturity.

The Group considers the long-term notes payable with fair value of ₱5.0 billion and ₱4.5 billion as of December 31, 2023 and 2022, respectively, as under Level 3 classification. The fair values were determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

The Group's financial assets at FVOCI and investment properties, which are classified under Level 2 and 3, respectively, are measured at fair value.

As of December 31, 2023 and 2022, there were no transfers into and out of Level 3 fair value measurements.

Changes in Valuation Techniques

There were no changes in the valuation techniques used by the Group in determining the fair value of its financial assets at FVOCI and investment properties during the year.

Highest and Best Use

As at December 31, 2023 and 2022, the current use of the Group's investment properties is considered its highest and best use.



Fair Value Hierarchy

The following tables show an analysis of the Group's assets measured at fair value recognized in the consolidated statements of financial position by level of the fair value hierarchy as of December 31, 2023 and 2022:

2023					
Fair Value Measurement Using					
Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets Measured at Fair Value					
Financial assets at FVOCI (see Note 13)	P426,600,000	P-	P426,600,000	P-	
Investment properties (see Note 12):					
Land	1,018,548,067	-	-	1,018,548,067	
Condominium units	26,921,733	-	-	26,921,733	
2022					
Fair Value Measurement Using					
Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets Measured at Fair Value					
Financial assets at FVOCI (see Note 13)	P397,734,676	P-	P397,734,676	P-	
Investment properties (see Note 12):					
Land	898,590,867	-	-	898,590,867	
Condominium units	25,445,733	-	-	25,445,733	

Valuation Techniques Used to Derive Level 3 Fair Values

The following tables show an analysis of the Group's long-term notes payable for which fair values are disclosed at Level 3 of the fair value hierarchy as at December 31:

Description	Carrying Value as of December 31, 2023	Fair Value as of December 31, 2023	Valuation Technique	Key Observable Inputs	Range (Weighted Average)
Long-term debt	P5,048,355,575	P4,994,514,624	Discounted Cash Flow Approach	Risk-free interest rate	5.18%-7.68% (5.88%-7.58%)
Description	Carrying Value as of December 31, 2022	Fair Value as of December 31, 2022	Valuation Technique	Key Observable Inputs	Range (Weighted Average)
Long-term debt	P4,623,624,168	P4,482,343,552	Discounted Cash Flow Approach	Risk-free interest rate	4.58%-7.92% (6.39%-7.26%)

The table below presents the following for each class of the Group's investment properties as of December 31, 2023 and 2022:

2023				
Class of Property	Fair Value	Valuation Technique	Key Unobservable Inputs	Range
Investment properties (see Note 12):				
Land	P1,018,548,067	Sales Comparison Approach	Price per square meter	P96,837-P210,000
Condominium units	26,921,733	Sales Comparison Approach	Price per square meter	P140,790-P180,000



2022				
Class of Property	Fair Value	Valuation Technique	Key Unobservable Inputs	Range
Investment properties (see Note 12):				
Land	₱898,590,867	Sales Comparison Approach	Price per square meter	₱4,500–₱80,000
Condominium units	25,445,733	Sales Comparison Approach	Price per square meter	₱150,063–₱168,586

Unrealized gain on fair value remeasurement of investment properties, recognized in the consolidated statements of comprehensive income amounted to ₱121.4 million in 2023, ₱60.4 million in 2022, and ₱106.4 million in 2021 (see Note 12). All gains and losses recorded in the consolidated statements of comprehensive income for recurring fair value measurement categorized within Level 3 of the fair value hierarchy are attributable to changes in unrealized gain on fair value remeasurement of investment properties held at the end of the reporting period.

The fair values of financial assets at FVOCI is determined based on the available selling price in the market for identical assets under Level 2 as of December 31, 2023 and 2022. The Group recognized an unrealized gain on financial assets at FVOCI under “Other comprehensive income” in the consolidated statements of comprehensive income amounting to ₱24.5 million in 2023, ₱21.9 million in 2022, and ₱2.7 million in 2021 (see Note 13).

There were no transfers between Levels 1 and 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Descriptions and Definitions

The table above includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values:

Sales Comparison Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The appraiser gathers data on actual sales and/or listings, offers, and renewal options, and identifies the similarities and differences in the data, ranks the data according to their relevance, adjusts the sales prices of the comparable to account for the dissimilarities with the unit being appraised, and forms a conclusion as to the most reasonable and probable market value of the subject property.

The elements of comparison include location, physical characteristics, available utilities, zoning, and highest and best use. The most variable elements of comparison are the site’s physical characteristics, which include its size and shape, frontage, topography and location.

The fair value of the investment properties was based on valuations performed by an accredited independent appraiser, with a recognized and relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued, conducted on various dates in 2023 and 2022. The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied.

Significant increases (decreases) in price per square meter in isolation would result in a significantly higher (lower) fair value measurement.



Capital Management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 2023, 2022 and 2021.

The Parent Company and certain subsidiaries are required to maintain financial ratios, such as current ratio, debt-to-equity ratio and debt service coverage ratio, as part of the covenants on their notes payable (see Note 15). As of December 31, 2023 and 2022, the Parent Company and these subsidiaries, except for INPC, have complied with the requirements. As of December 31, 2023, INPC has not complied with the required debt-to-equity ratio ceiling under its loan agreement. However, INPC has obtained in November 2023 a waiver from the lender tolerating the breach (see Note 15).

The Parent Company is also subject to the Minimum Public Ownership requirement of the PSE. As of December 31, 2023 and 2022, this requirement has been complied with.

The Parent Company and other entities in the Group are not subject to other externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group determines net debt as the sum of short-term and long-term notes payable less cash and cash equivalents.

Gearing ratios of the Group as of December 31 are as follows:

	2023	2022
Notes payable	₱7,011,902,534	₱5,793,924,168
Less cash and cash equivalents	4,382,540,776	4,893,357,226
Net cash and cash equivalents (a)	2,629,361,758	900,566,942
Equity attributable to equity holders of the parent	18,280,690,515	16,494,496,694
Equity and net cash and cash equivalents (b)	₱20,910,052,273	₱17,395,063,636
Gearing ratio (a/b)	0.13:1.00	(0.05):1.00



26. Notes to the Consolidated Statement of Cash Flows

Changes in Liabilities arising from Financing Activities (in thousands)

2023						
	Long-term Notes Payable	Advances from Related Parties	Lease Liabilities	Dividends Payable	Short-term Notes Payable	Total Liabilities from Financing Activities
January 1, 2023	P4,623,624	P10,886	P26,810	P8,827	P1,170,300	P5,840,447
Non-cash changes:						
Dividends declared	-	-	-	399,901	-	399,901
Amortization of debt issue cost	8,871	-	-	-	453	9,324
Collections of advances to related parties	-	(82,003)	-	-	-	(82,003)
Additions and modifications	-	-	20,506	-	-	20,506
Acquired from business combination	873,799	-	-	-	-	873,799
Net cash flows	(457,938)	73,467	(17,475)	(401,876)	792,794	(11,028)
December 31, 2023	P5,048,356	P2,350	P29,841	P6,852	P1,963,547	P7,050,946

2022						
	Long-term Notes Payable	Advances from Related Parties	Lease Liabilities	Dividends Payable	Short-term Notes Payable	Total Liabilities from Financing Activities
January 1, 2022	P4,473,541	P5,689	P358,719	P7,424	P-	P4,845,373
Non-cash changes:						
Dividends declared	-	-	-	452,883	-	452,883
Amortization of debt issue cost	10,515	-	-	-	-	10,515
Additional advances to related parties	-	17,451	-	-	-	17,451
Pre-termination of lease	-	-	(259,025)	-	-	(259,025)
Remeasurement	-	-	3,349	-	-	3,349
Net cash flows	139,568	(12,254)	(76,233)	(451,480)	1,170,300	769,901
December 31, 2022	P4,623,624	P10,886	P26,810	P8,827	P1,170,300	P5,840,447

2021						
	Long-term Notes Payable	Advances from Related Parties	Lease Liabilities	Dividends Payable	Short-term Notes Payable	Total Liabilities from Financing Activities
January 1, 2021	P2,819,508	P5,689	P663,178	P6,062	P749,300	P4,243,737
Non-cash changes:						
Dividends declared	-	-	-	634,274	-	634,274
Acquired notes payables from business combination	333,069	-	-	-	-	333,069
Amortization of debt issue cost	10,587	-	-	-	-	10,587
Additional advances to related parties	-	23,504	-	-	-	23,504
Additions and modifications	-	(54,800)	-	-	-	(54,800)
Remeasurement	-	-	(5,487)	-	-	(5,487)
Net cash flows	1,310,377	31,296	(298,972)	(632,912)	(749,300)	(339,511)
December 31, 2021	P4,473,541	P5,689	P358,719	P7,424	P-	P4,845,373

Non-cash Changes in Investing and Financing Activities

- Additions to property, plant and equipment include unpaid portion purchased on account amounting to nil in 2023, P140.0 million in 2022 and nil in 2020 (see Note 11). The amount also includes the carrying amount of the right-of-use asset net of the outstanding lease liability derecognized amounting to P82.2 million as a result of the termination in 2022 of the lease of the BDPP that was capitalized as part of the plant machinery and equipment acquired (see Notes 11 and 24).



- Of the total transaction price of ₱169.6 million to acquire the remaining interest in INPC in 2023, ₱105.1 million remains unpaid until post-closing conditions on the transfer are met (see Note 21). The unpaid transaction price is included as part of “Trade payables” in “Trade and other payables” (see Note 14).

27. Operating Segment Information

The Group is currently organized into three operating segments: (1) power generation and distribution operations, (2) infrastructure and water treatment and desalination and (3) investing in shares of stock. These operating segments are consistent with those reported to the BOD, the Group’s Chief Operating Decision Maker (CODM).

The operating segments and their corresponding principal activities are as follows:

Power Generation and Distribution

1590 EC operates a diesel power plant wherein power generated is primarily traded at WESM. Core operates as a retail electricity supplier. INPC, Delta P and CIPC operate diesel-fired power plants in Bantayan Island, Mainland Palawan, and Coron and Busuanga Islands, respectively. BPC and NBPC are operating diesel-fired power plants in Bukidnon. MPI acquired in 2023 a diesel-fired power plant in Cebu City intended to generate power for ancillary services and WESM. CSSC and VSC are engaged in providing solar rooftop solutions to customers. VMHI is in its pre-operating stage of building a hydro power plant in Silay, Negros Occidental. LPEC is also in the pre-development stage of building a diesel-fired power plant in Pampanga. CREC, SIAEC and SPREC are entities in various stages of pre-development of solar generation facilities in various parts of Luzon. VII, VGPC, SGC, AEC, API, BEC, SCEC and SGEC are intended to undertake various power generation activities of the Group.

Infrastructure and Water Treatment and Desalination

WMP is a water treatment engineering company. IMCC is in its pre-operating stage of building a water desalination plant in Cordova, Cebu. NMCWC is also in its pre-operating stage of building a water treatment plant.

Investing in Shares of Stock

As disclosed in Note 1, except for the other entities mentioned above, the Parent Company and all other subsidiaries are operating as holding and investing companies. Revenue from this segment principally comes from equity in net earnings and management fees from investee companies.

VECO, an associate of the Group, is involved in the distribution and sale of electricity, while the other associates and joint ventures are engaged in the generation and supply of power to various entities and parties.



The segment results for the years ended December 31 follow:

2023					
	Power Generation and Distribution	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Eliminations	Consolidated
Revenues from external customers	P5,555,081,891	P7,369,267	P472,693,599	P-	P6,035,144,757
Equity in net earnings of associates and joint ventures			2,044,341,881	-	2,044,341,881
Revenue from inter-segment, associates and affiliates	88,436,201	404,339,123	419,813,689	(839,305,682)	73,283,331
Interest income	24,847,896	12,693,418	85,446,276	-	122,987,590
Inter-segment revenues	(76,436,201)	(404,339,123)	(358,530,358)	839,305,682	-
	5,591,929,787	20,062,685	2,663,765,087	-	8,275,757,559
Income from operations	782,979,748	(51,988,790)	2,030,153,843	-	2,761,144,801
Finance costs on loans	(212,801,218)	(769,412)	(150,107,981)	-	(363,678,611)
Finance costs on lease liabilities		(539,748)	(568,878)	-	(1,108,626)
Foreign exchange gains	(730,108)	2,074,872	(10,961,071)	-	(9,616,307)
Other income (charges)	(25,171,201)	1,512,196	211,216,269	-	187,557,264
Income before income tax	544,277,221	(49,710,882)	2,079,732,182	-	2,574,298,521
Income tax expense	(111,662,661)	(61,705)	(68,626,469)	-	(180,350,835)
Net income	P432,614,560	(P49,772,587)	P2,011,105,713	P-	P2,393,947,686
2022					
	Power Generation and Distribution	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Eliminations	Consolidated
Revenues from external customers	P4,399,754,194	P-	P-	P-	P4,399,754,194
Equity in net earnings of associates and joint ventures	-	6,393,453	1,934,963,930	-	1,941,357,383
Revenue from inter-segment, associates and affiliates	40,893,853	563,854,198	3,341,746,027	(3,828,824,462)	117,669,616
Interest income	4,994,815	5,379,021	49,697,207	-	60,071,043
Inter-segment revenues	(10,766,286)	(563,093,963)	(3,254,964,213)	3,828,824,462	-
	4,434,876,576	12,532,709	2,071,442,951	-	6,518,852,236
Income from operations	47,795,891	(44,649,988)	1,913,929,025	-	1,917,074,928
Finance costs on loans	(114,270,732)	(2,609,024)	(143,000,915)	-	(259,880,671)
Finance costs on lease liabilities	(9,418,418)	(23,661)	(1,384,880)	-	(10,826,959)
Foreign exchange gains	1,902,164	20,758,025	31,182,099	-	53,842,288
Other income (charges)	1,140,312	3,450,456	89,488,243	-	94,079,011
Income before income tax	(72,850,783)	(23,074,192)	1,890,213,572	-	1,794,288,597
Income tax expense	(56,178,969)	(5,968,681)	(27,413,829)	-	(89,561,479)
Net income	(P129,029,752)	(P29,042,873)	P1,862,799,743	P-	P1,704,727,118
2021					
	Power Generation and Distribution	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Eliminations	Consolidated
Revenues from external customers	P3,053,244,151	P42,037,953	P-	P-	P3,095,282,104
Equity in net earnings of associates and joint ventures	-	-	1,838,491,265	-	1,838,491,265
Revenue from inter-segment, associates and affiliates	54,680,531	132,921,602	3,938,731,566	(4,023,744,073)	102,589,626
Interest income	1,513,500	121,818	21,326,267	-	22,961,585
Inter-segment revenues	(54,680,531)	(132,921,602)	(3,836,141,940)	4,023,744,073	-
	3,054,757,651	42,159,771	1,962,407,158	-	5,059,324,580
Income from operations	755,311,359	13,386,380	1,662,538,494	-	2,431,236,233
Finance costs on loans	(34,431,129)	(1,242,751)	(129,631,781)	-	(165,305,661)
Finance costs on lease liabilities	(50,304,024)	(110,160)	(2,098,887)	-	(52,513,071)
Foreign exchange gains	2,516,541	5,108	13,608,113	-	16,129,762
Other income (charges)	(2,343,054)	542,607	171,843,974	-	170,043,527
Income before income tax	670,749,693	12,581,184	1,716,259,913	-	2,399,590,790
Income tax expense	(157,812,810)	(6,671,197)	(2,617,021)	-	(167,101,028)
Net income	P512,936,883	P5,909,987	P1,713,642,892	P-	P2,232,489,762



The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

In 2023, revenue from sale of power to a major customer amounted to ₱988.8 million, representing 18% of the total revenue from sale of power and 16% of total revenues. In 2022, revenue from sale of power to a major customer amounted to ₱953.0 million, representing 22% of the total revenue from the sale of power and 21% of total revenues. In 2021, revenue from sale of power to two major customers amounted to ₱2.5 billion representing 82% of the total revenue from the sale of power and 78% of total revenues.

Geographical business information is not required since the Group has only one geographical segment as all of its assets is located in the Philippines, and it operates or derives all of its revenue from domestic operations.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'inter-segment revenues' row.

Other segment information included in the consolidated statements of financial position as of December 31 is as follows:

2023				
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Assets	₱23,910,141,009	₱1,876,902,902	₱4,098,491,039	₱29,885,534,950
Liabilities	7,695,617,674	180,547,245	2,371,305,136	10,247,470,055
Capital expenditures	966,377,588	504,664,350	207,685,806	1,678,727,744
2022				
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Assets	₱16,619,216,673	₱1,591,835,939	₱8,228,950,856	₱26,440,003,468
Liabilities	5,517,267,798	1,084,942,675	1,929,097,207	8,531,307,680
Capital expenditures	1,720,656,727	472,054,507	417,694,179	2,610,405,413
2021				
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Assets	₱14,061,931,482	₱629,595,810	₱8,736,229,022	₱23,427,756,314
Liabilities	3,609,142,478	373,998,751	3,066,321,607	7,049,462,836
Capital expenditures	620,235,607	74,834,098	26,258,144	721,327,849

Other segment information included in the consolidated statements of comprehensive income for the years ended December 31, 2022, 2021 and 2020 is as follows:

	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Depreciation and amortization:				
2023	₱449,485,431	₱4,597,506	₱52,939,303	₱507,022,240
2022	397,598,335	1,814,587	30,818,042	430,230,964
2021	314,923,418	3,895,412	42,008,991	360,827,821



The Management Committee monitors the operating results of each business unit separately for the purpose of determining resource allocation and assessing performance. Performance is evaluated based on (i) net income for the year, (ii) consolidated earnings before interest, taxes, and depreciation and amortization (“consolidated EBITDA”); and (iii) consolidated core net income (“CCNI”). Net income for the year is measured consistent with reported net income in the consolidated statement of comprehensive income.

Consolidated EBITDA is measured as total net income excluding interest, provision for income taxes, depreciation and amortization, finance costs, foreign exchange gains and losses, and other one-off gains and losses.

CCNI for the year is measured as consolidated net income attributable to equity holders of the parent adjusted for foreign exchange gain or loss, impairment or reversal of impairment of noncurrent assets and certain other non-recurring gain or loss, if any, net of tax effect of the foregoing adjustments.

The following table shows the reconciliation of the EBITDA to net income:

	2023	2022	2021
EBITDA	₱3,269,605,406	₱2,380,990,303	₱2,816,861,438
Add (deduct):			
Depreciation and amortization (see Notes 11 and 13)	(507,022,240)	(430,230,964)	(360,827,821)
Finance costs on loans (see Note 15)	(363,678,611)	(259,880,671)	(165,305,661)
Gain on fair value remeasurement of investment properties (see Note 12)	121,433,200	60,394,600	106,361,400
Finance costs on lease liabilities (see Note 24)	(1,108,626)	(10,826,959)	(52,513,071)
Gain on bargain purchase	64,685,699	–	32,120,469
Gain on disposal of investments	–	–	6,764,274
Foreign exchange gains (losses) - net	(9,616,307)	53,842,288	16,129,762
Income before income tax	2,574,298,521	1,794,288,597	2,399,590,790
Provision for income tax (see Note 20)	(180,350,835)	(89,561,479)	(167,101,028)
Net income	₱2,393,947,686	₱1,704,727,118	₱2,232,489,762

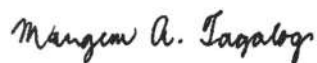


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City, Cebu, Philippines 6014

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 5, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Margem A. Tagalog

Partner

CPA Certificate No. 0098098

Tax Identification No. 206-544-506

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-138-2021, November 10, 2021, valid until November 9, 2024

PTR No. 10082018, January 6, 2024, Makati City

April 5, 2024



VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE A - FINANCIAL ASSETS

DECEMBER 31, 2023

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet/Notes	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial assets at amortized cost:				
Cash and cash equivalents	–	₱4,382,540,776	₱4,382,540,776	₱119,214,340
Trade and other receivables:				
Trade receivables	–	1,575,969,109	1,575,969,109	6,108,428,088
Accrued interest	–	20,945,817	20,945,817	–
Advances to officers and employees	–	5,694,516	5,694,516	–
Accounts receivable	–	182,598	182,598	–
Dividends receivable	–	–	–	–
Others	–	44,868,959	44,868,959	–
		1,647,660,999	1,647,660,999	6,108,428,088
Advances to associates, joint ventures and stockholders	–	162,204,796	162,204,796	–
Advances to supplier and other parties	–	1,226,593,466	1,226,593,466	–
Restricted cash	–	2,003,880	2,003,880	–
Security deposits	–	31,608,888	31,608,888	–
		1,422,411,030	1,422,411,030	–
		7,452,612,805	7,452,612,805	6,227,642,428
Financial assets at fair value through other comprehensive income:				
Buskowitz Energy, Inc.	–	418,600,000	418,600,000	–
Cebu Country Club, Inc.	–	8,000,000	8,000,000	–
		426,600,000	426,600,000	–
Total financial assets	–	₱7,879,212,805	₱7,879,212,805	₱6,227,642,428

See Notes 6, 7, 9, 13 and 16 of the Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES) DECEMBER 31, 2023

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Reversals	Write Offs	Balance at End of Period		
						Current	Noncurrent	Total
Lunar Power Core Inc.	₱102,708,539	₱-	₱-	₱-	₱-	₱102,708,539	₱-	₱102,708,539
Cebu Private Power Corp.	-	177,445,146	(115,445,146)	-	-	62,000,000	-	62,000,000
Visayan Electric Company, Inc.	7,957,282	763,687,641	(773,687,641)	-	-	7,957,282	-	7,957,282
Global Luzon Energy Development Corporation	7,879,200	431,979	(6,431,979)	-	-	1,879,200	-	1,879,200
Faith Lived Out Visions 2 Ventures Holdings, Inc.	150,000,000	-	(150,000,000)	-	-	-	-	-
Cebu Energy Development Corp.	4,821,667	56,100,000	(81,649,677)	-	-	-	-	-
Abovant Holdings, Inc.	-	404,800,000	(404,800,000)	-	-	-	-	-
Minergy Power Corporation	-	200,000,016	(200,000,016)	-	-	-	-	-
Therma Visayas Inc.	-	180,000,000	(180,000,000)	-	-	-	-	-
Advances to stockholders	4,728,803	20,976,479	(18,045,549)	-	-	7,659,733	-	7,659,733
	₱278,095,491	₱1,783,293,011	(₱1,621,911,758)	₱-	₱-	₱170,204,754	₱-	₱170,204,754

VIVANT CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF
FINANCIAL STATEMENTS
DECEMBER 31, 2023

	Balance at Beginning of Period	Additions	Collections	Conversion to Equity	Write Offs	Balance at End of Period		
						Current	Noncurrent	Total
Isla Mactan Cordova Corporation	₱769,308,039	₱300,481,435	₱-	₱-	₱-	₱1,069,789,474	₱-	₱1,069,789,474
San Ildefonso Alternative Energy Corp	-	1,052,774,074	(67,709,653)	-	-	985,064,421	-	985,064,421
Vivant Infracore Holdings Inc.	206,635,434	93,716,775	(96,950,266)	-	-	203,401,943	-	203,401,943
Calamian Island Power Corp	-	174,735,845	(8,468,203)	-	-	166,267,642	-	166,267,642
Corenergy Solar Solutions Corp.	160,430,313	540,961	(3,467,477)	-	-	157,503,797	-	157,503,797
Vivant Energy Corporation	733,760,518	345,422,160	(966,187,462)	-	-	112,995,216	-	112,995,216
Corenergy Inc.	88,581,014	72,384,290	(98,049,090)	-	-	62,916,214	-	62,916,214
Delta P, Inc.	-	89,992,208	(31,913,756)	-	-	58,078,452	-	58,078,452
Vivant Renewable Energy Corporation	24,776,112	8,632,568	(5,164,904)	-	-	28,243,776	-	28,243,776
Vivant Integrated Diesel Corporation	2,109	28,021,348	(2,109)	-	-	28,021,348	-	28,021,348
Vivant Solar Corporation	23,425,921	11,665	(52,301)	-	-	23,385,285	-	23,385,285
Southern Grove Properties and Development Corp.	10,040,418	16,020	(117,183)	-	-	9,939,255	-	9,939,255
Amberdust Holding Corp.	9,685,256	-	-	-	-	9,685,256	-	9,685,256
Hijos de F. Escaño, Inc.	550,114	3,598,660	(1,248,623)	-	-	2,900,151	-	2,900,151
Bukidnon Power Corp.	24,137,554	11,544,636	(33,340,476)	-	-	2,341,714	-	2,341,714
Watermatic Philippines	96,255	2,803,555	(1,092,620)	-	-	1,807,190	-	1,807,190
North Bukidnon Power Corp.	1,489,231	10,593,661	(10,302,334)	-	-	1,780,558	-	1,780,558
1590 Energy Corp.	106,381,121	60,411,514	(165,936,949)	-	-	855,686	-	855,686
Isla Norte Power Corp.	21,093,699	1,126,882	(21,855,770)	-	-	364,811	-	364,811
San Pablo Renewable Energy Corp	-	8,673,197	(8,629,337)	-	-	43,860	-	43,860
Vivant -Malogo Hydropower, Inc.	155,511	18,127	(158,139)	-	-	15,499	-	15,499
Vivant Integrated Generation Corporation	7,466	495,180,618	(495,187,863)	-	-	221	-	221
Delta P Hybird, Inc. (formerly Vivant Isla Inc.)	357	-	-	-	-	357	-	357
Vivant Geo Power Corp.	178	-	-	-	-	178	-	178
Vivant Hydrocore Holdings Inc.	1,170,956	2,612,488	(3,783,444)	-	-	-	-	-
Northern Metro Cebu Water Corp.	271,742	-	(271,742)	-	-	-	-	-
Vivant Realty Ventures Corp.	109,844	-	(109,844)	-	-	-	-	-
Vivant Transcore Holdings Inc.	1,836	-	(1,836)	-	-	-	-	-
Vivant Corporate Center Inc.	1,076	-	(1,076)	-	-	-	-	-
	₱2,182,112,074	₱3,466,895,590	(₱1,941,309,334)	₱-	₱-	₱2,182,112,074	₱-	₱2,182,112,074

VIVANT CORPORATION AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2023

Description	Beginning Balance	Additions of Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes	Ending Balance
Customer Contracts	₱199,760,084	₱-	(₱21,297,770)	₱-	₱-	₱178,462,314
Goodwill	129,843,626	12,186,970	-	-	-	142,030,596
Software cost	843,053	398,439	(601,907)	-	-	639,585
	₱330,446,763	₱12,585,409	(₱21,899,677)	₱-	₱-	₱321,132,495

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE E - LONG-TERM DEBT

DECEMBER 31, 2023

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Current Portion of Long-term Debt	Long-term Debt
Fixed Rate Corporate Notes (FRCN) -Vivant Corp	₱1,900,000,000	₱50,000,000	₱1,850,000,000
15-Year Project Financing Facility-Isla Norte Power Corp	1,283,764,706	72,470,588	1,211,294,118
15-Year Project Financing Facility-Delta P., Inc.	817,615,846	62,549,846	755,066,000
FRCN – Vivant Energy Corp	600,000,000	–	600,000,000
Loans Payable – North Bukidnon Power Corp	186,560,000	16,960,000	169,600,000
Loans Payable – Bukidnon Power Corp	159,300,000	14,160,000	145,140,000
10-Year Loan - Corenergy, Inc.	131,349,198	–	131,349,198
Unamortized debt issue cost	(30,234,175)	(5,839,455)	(24,394,720)
	₱5,048,355,575	₱210,300,979	₱4,838,054,596

VIVANT CORPORATION AND SUBSIDIARIES

**SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM
LOANS FROM RELATED COMPANIES)**

DECEMBER 31, 2023

<u>Name of Related Party</u>	<u>Balance at Beginning of Period</u>	<u>Balance at End of Period</u>
<u>-Not applicable-</u>	<u>-Not applicable-</u>	

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2023

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
– Not applicable –		– Not applicable –		

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE H - CAPITAL STOCK

DECEMBER 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown under Related Consolidated Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares held by Related Parties	Directors, Officers and Employees	Others
Capital stock	2,000,000,000	1,023,456,698	–	766,356,210	240,335	246,860,153

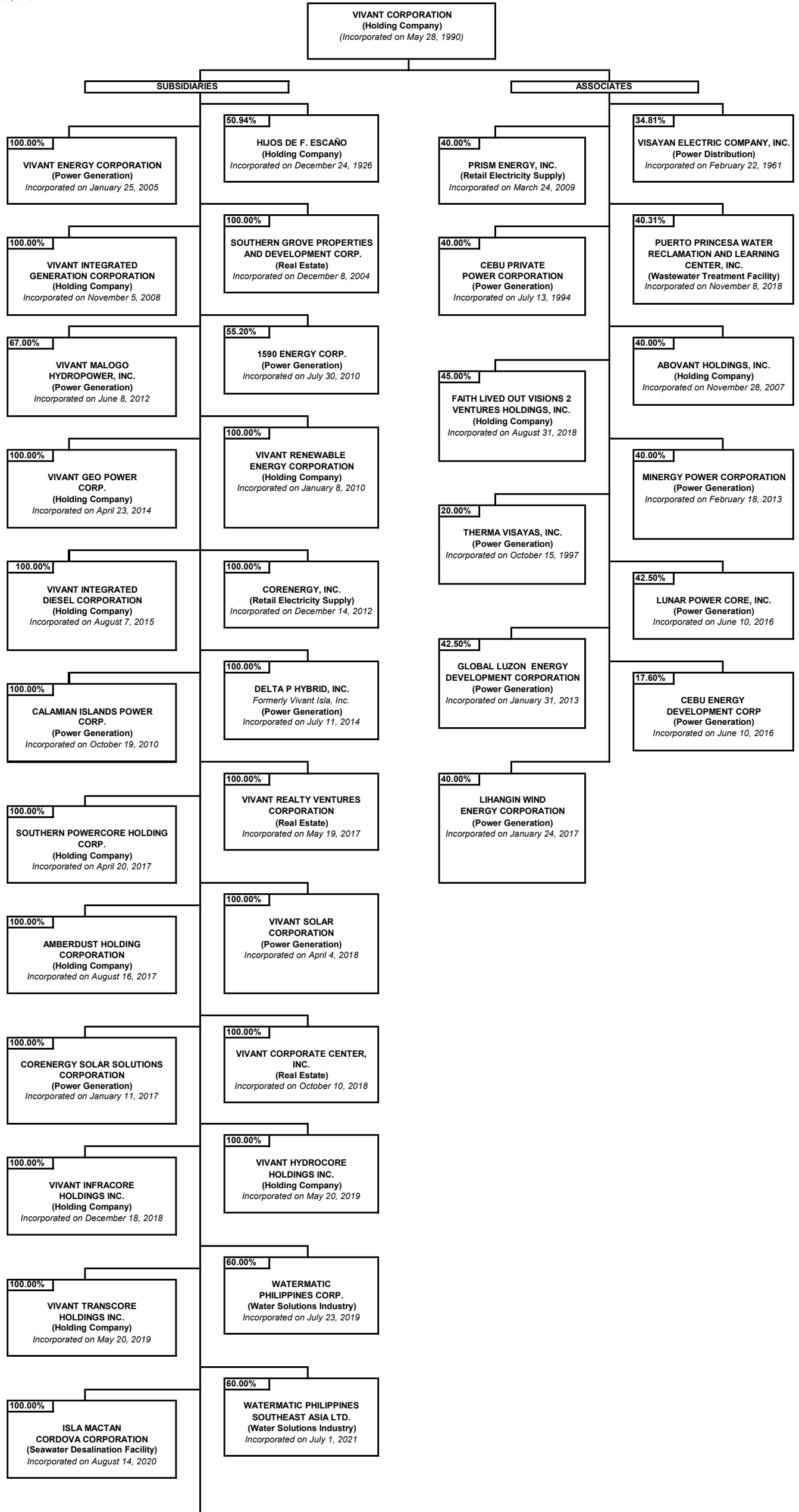
VIVANT CORPORATION
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2023

Items	Amount
Unappropriated Retained Earnings, Beginning	₱985,537,304
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	
Reversal of Retained Earnings Appropriation/s	1,866,087,228
Effect of restatements or prior-period adjustments	—
Others	—
	<u>1,866,087,228</u>
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	398,841,075
Retained Earnings appropriated during the reporting period	2,400,000,000
Effect of restatements or prior-period adjustments	—
Others	—
	<u>2,798,841,075</u>
Unappropriated Retained Earnings, as adjusted	52,783,457
Add/Less: Net Income for the current year	995,003,934
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	—
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Unrealized fair value gain of Investment Property	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	(45,741,149)
Subtotal	<u>(45,741,149)</u>
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	—
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Realized fair value gain of Investment Property	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
Subtotal	<u>—</u>

(Forward)

Items	Amount
Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	P—
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Realized fair value gain of Investment Property	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
Subtotal	<u>—</u>
Adjusted Net Income/Loss	<u>—</u>
Add: Category D: Non-actual loss recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	—
Subtotal	<u>—</u>
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP	
Amortization of the effect of reporting relief	—
Total amount of reporting relief granted during the year	—
Others	—
	<u>—</u>
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares (except for reacquisition of redeemable shares)	—
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(1,526,083)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	—
Adjustment due to deviation from PFRS/GAAP – gain(loss)	—
Others	—
Subtotal	<u>(1,526,083)</u>
TOTAL RETAINED EARNINGS, END OF THE YEAR FOR DIVIDEND DECLARATION	<u>P1,000,520,159</u>

VIVANT CORPORATION AND SUBSIDIARIES
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
 DECEMBER 31, 2023



100.00%
NORTHERN METRO CEBU WATER CORPORATION
(Seawater Desalination Facility)
Incorporated on March 18, 2021

90.00%
BUKIDNON POWER CORPORATION
(Power Generation)
Incorporated on September 23, 2014

90.00%
NORTH BUKIDNON POWER CORPORATION
(Power Generation)
Incorporated on October 10, 2016

100.00%
ISLA NORTE POWER CORPORATION
(Power Generation)
Incorporated on February 14, 2022.
It is the surviving entity of the merger with Isla Norte Energy Corp. which was approved by SEC on December 29, 2022.

100.00%
SAN ILDEFONSO ALTERNATIVE ENERGY CORPORATION
(Power Generation)
Incorporated on February 18, 2016

100.00%
DELTA P, INC.
(Power Generation)
Incorporated on September 20, 2002

100.00%
MERIDIAN POWER, INC.
(Power Generation)
Incorporated April 11, 2023

100.00%
CULNA RENEWABLE ENERGY CORP.
(Power Generation)
Incorporated on April 12, 2017

100.00%
SAN PABLO RENEWABLE ENERGY CORPORATION
(Power Generation)
Incorporated on March 29, 2023

100.00%
LA PAMPANGA ENERGY CORPORATION
(Power Generation)
Incorporated on August 31, 2018

100.00%
SPARK GRID CORPORATION
(Power Generation)
Incorporated April 12, 2023

100.00%
ADEQUATE POWER INC.
(Power Generation)
Incorporated June 7, 2023

100.00%
AVANT ENERGY CORPORATION
(Power Generation)
Incorporated May 17, 2023

100.00%
BAI ENERGY CORPORATION
(Power Generation)
Incorporated June 13, 2023

100.00%
SOUTH CEBU ENERGY CORPORATION
(Power Generation)
Incorporated May 23, 2023

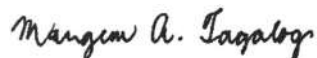
100.00%
SOLENERGY GENERATION CORPORATION
(Power Generation)
Incorporated June 21, 2023

INDEPENDENT AUDITOR'S REPORT COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City
Cebu, Philippines 6014

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 5, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Margem A. Tagalog

Partner

CPA Certificate No. 0098098

Tax Identification No. 206-544-506

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-138-2021, November 10, 2021, valid until November 9, 2024

PTR No. 10082018, January 6, 2024, Makati City

April 5, 2024



VIVANT CORPORATION

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Ratio	Formula	2023	2022
Current Ratio	Total Current Assets divided by Total Current Liabilities <div style="display: flex; justify-content: space-between;"> <div>Total Current Assets</div> <div>₱7,335,349,893</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Current Liabilities</div> <div>4,071,007,086</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Current Ratio</div> <div>1.80</div> </div>	1.80	1.87
Acid Test Ratio/Quick Ratio	Quick Assets (<i>Total Current Assets less Inventories and Prepayment and Other Current Assets</i>) divided by Total Current Liabilities <div style="display: flex; justify-content: space-between;"> <div>Total Current Assets</div> <div>₱7,335,349,893</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Less: Inventories</div> <div>364,692,217</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Prepayments and Other</div> <div></div> </div> <div style="display: flex; justify-content: space-between;"> <div>Current Assets</div> <div>778,251,105</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Quick Assets</div> <div>₱6,192,406,571</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Current Liabilities</div> <div>4,071,007,086</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Acid Test Ratio</div> <div>1.52</div> </div>	1.52	1.71
Solvency Ratio/Debt-to-Equity Ratio	Total Liabilities divided by Total Equity <div style="display: flex; justify-content: space-between;"> <div>Total Liabilities</div> <div>₱10,247,470,055</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Equity</div> <div>19,638,064,895</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Debt-to-Equity Ratio</div> <div>0.52</div> </div>	0.52	0.48
Net Debt-to-Equity Ratio	Net Debt (<i>Total Notes Payable less Cash and Cash Equivalents, Short-term investments and Financial Assets at FVTPL</i>) divided by Total Equity <div style="display: flex; justify-content: space-between;"> <div>Total Notes Payable</div> <div>₱7,011,902,534</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Less: Cash and Cash Equivalents</div> <div>898,772,610</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Short-term Investments</div> <div>3,483,768,166</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Financial Assets at FVTPL</div> <div>–</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Net Debt</div> <div>₱2,629,361,758</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Equity</div> <div>19,638,064,895</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Net Debt-to-Equity Ratio</div> <div>0.13</div> </div>	0.13	0.05
Asset-to-Equity Ratio	Total Assets divided by Total Equity <div style="display: flex; justify-content: space-between;"> <div>Total Assets</div> <div>₱29,885,534,950</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Equity</div> <div>19,638,064,895</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Asset-to-Equity Ratio</div> <div>1.52</div> </div>	1.52	1.48

Ratio	Formula	2023	2022																		
Interest Rate Coverage Ratio	<p>Earnings before Income Tax, Depreciation and Amortization (<i>Net Income Less Non-recurring income plus Provision for Income Tax, Finance Cost on Loans and Lease Liabilities, Depreciation and Amortization</i>) divided by Finance Costs on Loans and Lease Liabilities</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net Income</td> <td style="text-align: right;">₱2,393,947,686</td> </tr> <tr> <td>Less: Non-recurring income*</td> <td style="text-align: right;">(186,118,899)</td> </tr> <tr> <td>Add: Provision for Income Tax</td> <td style="text-align: right;">180,350,835</td> </tr> <tr> <td style="border-top: 1px solid black;">Finance costs on loans and on lease liabilities</td> <td style="text-align: right; border-top: 1px solid black;">364,787,237</td> </tr> <tr> <td>EBIT</td> <td style="text-align: right;">₱2,752,966,859</td> </tr> <tr> <td>Add: Depreciation and Amortization</td> <td style="text-align: right;">507,022,240</td> </tr> <tr> <td style="border-top: 1px solid black;">EBITDA</td> <td style="text-align: right; border-top: 1px solid black;">₱3,259,989,099</td> </tr> <tr> <td>Finance costs on loans and on lease liabilities</td> <td style="text-align: right;">364,787,237</td> </tr> <tr> <td style="border-top: 1px solid black;">Interest Expense Coverage Ratio</td> <td style="text-align: right; border-top: 1px solid black;">8.94</td> </tr> </table> <p><i>*Non-recurring income includes Gain on fair value measurement of investment properties and Gain on bargain purchase.</i></p>	Net Income	₱2,393,947,686	Less: Non-recurring income*	(186,118,899)	Add: Provision for Income Tax	180,350,835	Finance costs on loans and on lease liabilities	364,787,237	EBIT	₱2,752,966,859	Add: Depreciation and Amortization	507,022,240	EBITDA	₱3,259,989,099	Finance costs on loans and on lease liabilities	364,787,237	Interest Expense Coverage Ratio	8.94	8.94	8.80
Net Income	₱2,393,947,686																				
Less: Non-recurring income*	(186,118,899)																				
Add: Provision for Income Tax	180,350,835																				
Finance costs on loans and on lease liabilities	364,787,237																				
EBIT	₱2,752,966,859																				
Add: Depreciation and Amortization	507,022,240																				
EBITDA	₱3,259,989,099																				
Finance costs on loans and on lease liabilities	364,787,237																				
Interest Expense Coverage Ratio	8.94																				
Return on Equity	<p>Net Income attributable to Parent divided by Average Total Equity (<i>Equity attributable to Parent Prior Year(PY) + Equity attributable to Parent Current Year (CY) divided by 2</i>)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net Income attributable to Parent</td> <td style="text-align: right;">₱2,284,209,380</td> </tr> <tr> <td>Equity attributable to Parent CY</td> <td style="text-align: right;">₱18,280,690,515</td> </tr> <tr> <td>Equity attributable to Parent PY</td> <td style="text-align: right;">16,494,496,694</td> </tr> <tr> <td style="border-top: 1px solid black;">Average Total Equity</td> <td style="text-align: right; border-top: 1px solid black;">₱17,387,593,605</td> </tr> <tr> <td style="border-top: 1px solid black;">Return on Equity</td> <td style="text-align: right; border-top: 1px solid black;">13.14%</td> </tr> </table>	Net Income attributable to Parent	₱2,284,209,380	Equity attributable to Parent CY	₱18,280,690,515	Equity attributable to Parent PY	16,494,496,694	Average Total Equity	₱17,387,593,605	Return on Equity	13.14%	13.14%	10.03%								
Net Income attributable to Parent	₱2,284,209,380																				
Equity attributable to Parent CY	₱18,280,690,515																				
Equity attributable to Parent PY	16,494,496,694																				
Average Total Equity	₱17,387,593,605																				
Return on Equity	13.14%																				
Return on Assets	<p>Net Income attributable to Parent divided by Average Total Assets (<i>Total Assets PY + Total Assets CY divided by 2</i>)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net Income attributable to Parent</td> <td style="text-align: right;">₱2,284,209,380</td> </tr> <tr> <td>Total Assets CY</td> <td style="text-align: right;">₱29,885,534,950</td> </tr> <tr> <td>Total Assets PY</td> <td style="text-align: right;">26,440,003,468</td> </tr> <tr> <td style="border-top: 1px solid black;">Average Total Assets</td> <td style="text-align: right; border-top: 1px solid black;">₱28,162,769,209</td> </tr> <tr> <td style="border-top: 1px solid black;">Return on Assets</td> <td style="text-align: right; border-top: 1px solid black;">8.11%</td> </tr> </table>	Net Income attributable to Parent	₱2,284,209,380	Total Assets CY	₱29,885,534,950	Total Assets PY	26,440,003,468	Average Total Assets	₱28,162,769,209	Return on Assets	8.11%	8.11%	6.40%								
Net Income attributable to Parent	₱2,284,209,380																				
Total Assets CY	₱29,885,534,950																				
Total Assets PY	26,440,003,468																				
Average Total Assets	₱28,162,769,209																				
Return on Assets	8.11%																				
Net Income Margin	<p>Net Income Attributable to Parent divided by Revenue</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net Income Attributable to Parent</td> <td style="text-align: right;">₱2,284,209,380</td> </tr> <tr> <td>Revenue</td> <td style="text-align: right;">8,275,757,559</td> </tr> <tr> <td style="border-top: 1px solid black;">Net Income Margin</td> <td style="text-align: right; border-top: 1px solid black;">27.60%</td> </tr> </table>	Net Income Attributable to Parent	₱2,284,209,380	Revenue	8,275,757,559	Net Income Margin	27.60%	27.60%	24.47%												
Net Income Attributable to Parent	₱2,284,209,380																				
Revenue	8,275,757,559																				
Net Income Margin	27.60%																				



SECURITIES AND EXCHANGE COMMISSION

SEC Headquarters, 7907 Makati Avenue, Salcedo Village, Barangay Bel-Air, Makati City, 1209, Metro Manila Philippines
Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph



The following document has been received:

Receiving: Buen Jose Mose

Receipt Date and Time: April 11, 2023 10:00:47 AM

Company Information

SEC Registration No.: 0000175222

Company Name: VIVANT CORPORATION

Industry Classification: J66940

Company Type: Stock Corporation

Document Information

Document ID: OST1041120238999100

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2022

Submission Type: Consolidated

Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

					1	7	5	2	2	2
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COMPANY NAME

V	I	V	A	N	T	C	O	R	P	O	R	A	T	I	O	N	A	N	D	S	U	B	S	I	D	I
A	R	I	E	S																						

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

9	t	h	F	l	o	o	r	O	a	k	r	i	d	g	e	I	T	C	e	n	t	e	r	3						
,			O	a	k	r	i	d	g	e	B	u	s	i	n	e	s	s	P	a	r	k	,		A	.	S	.		
			F	o	r	t	u	n	a	S	t	r	e	e	t	,		B	r	g	y	.		B	a	n	i	l	a	d
,			M	a	n	d	a	u	e	C	i	t	y	,		C	e	b	u	,		P	h	i	l	i	p	p	i	
n	e	s	6	0	1	4																								

Form Type

A	A	C	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
vivant@vivant.com.ph	(032) 234-2256	N/A
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,413	June 16	December 31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Joan A. Giduquio-Baron	jbaron@jpgarcialaw.com	(032) 232-0253	0917-5356692

CONTACT PERSON'S ADDRESS

9th Floor Oakridge IT Center 2, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu, Philippines, 6014

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.





**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of **VIVANT CORPORATION AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2022 and 2021, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


CHARLES SYLVESTRE A. GARCIA
Chairman of the Board


ARLO ANGELO G. SARMIENTO
Chief Executive Officer


MINUEL CARMELA N. FRANCO
Chief Financial Officer

Signed this 16th day of March, 2023.

REPUBLIC OF THE PHILIPPINES)
MANDAUE CITY) S.S.

ACKNOWLEDGMENT

MAR 21 2023
BEFORE ME, a Notary Public for and in Mandaue City appeared on _____, 2023 the following:

Name	Competent Evidence of Identification	
	Type/Number	Date of Expiry
Vivant Corporation Represented by: CHARLES SYLVESTRE A. GARCIA	Passport No. P5743501A	23 JAN 2028 / DFA CEBU
ARLO ANGELO G. SARMIENTO	Passport No. P6592337A	27 MAR 2028 / DFA CEBU
MINUEL CARMELA N. FRANCO	Passport No. P9523819B	05 APR 2032 / DFA MANILA

known to me and to me known to be the same person who executed the foregoing Statement of Management's Responsibility for Financial Statements and who acknowledged to me that the same is their true and voluntary act and deed and that of the Corporation/s which they represent.

WITNESS MY HAND AND NOTARIAL SEAL on the date and in the place above given.

NOTARY PUBLIC

Doc. No. 255 ;
Page No. 52 ;
Book No. 11 ;
Series of 2023.




ATTY. KRISBEN ZILNER P. BUOT
Notarial Commission No. 2022-22 until 12/31/2023
City of Mandaue and the Municipalities under its Jurisdiction
Unit 2-902, 9 th Floor, OITC-2 Bldg., Oakridge Business Park,
A.S Fortuna St., Banilad, Mandaue City, 6014
Roll of Attorneys No. 63880
PTR No. 1506802/01-04-2023/Mandaue City
IBP No. 285319/01-11-2023/Cebu Chapter
MCLE Compliance No. VII-0009175; 02/12/2022

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City
Cebu, Philippines 6014

Opinion

We have audited the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounting for the Investment in Visayan Electric Company, Inc. (VECO)

The Group owns 34.81% of VECO, an associate engaged in power distribution services, as at December 31, 2022 and accounts for the investment under the equity method. The application of the equity method of accounting to the Group's investment in VECO is significant to our audit because the carrying value of the investment accounted for 6% of the consolidated total assets and it contributed 43% to the consolidated net income of the Group as at and for the year ended December 31, 2022, respectively. VECO's net income is significantly affected by the electricity revenue which depends on the electric consumption captured, the rates applied across different customer groups, and the systems involved in the billing process. The electric consumption captured is based on the meter readings taken on various dates for the different groups of customers (i.e., industrial, commercial, and residential customers) within the franchise area of operation.

In 2022, the Group elected to change its policy in applying the equity method with respect to the associate's power distribution utility assets, i.e., from the revaluation model to the cost model. Previously, in applying the equity method to account for its investment in VECO, the Group carries the distribution utility assets of VECO at revalued amount. Thus, the Group's share of the results of operations of the associate and change in the other comprehensive income recognized in the consolidated financial statements reflect the changes in the fair value of VECO's distribution utility assets.

Management believes that the change from the revaluation model to cost model for the power distribution utility assets in accounting for its share in the earnings of VECO would be a more appropriate method because it would present a more reliable and relevant information of the cost of its investment and how much return it has earned on the investment. Moreover, the change will allow the Group to align its policy with the other major players in the power distribution industry and present a more relevant comparative financial information to the primary users of its consolidated financial statements.

The disclosures relating to the investment in VECO are included in Notes 3, 10, and 13 to the consolidated financial statements.

Audit Response

We obtained the relevant financial information of VECO and recomputed the Group's share in the net income of VECO for the year ended December 31, 2022. We evaluated the design and tested the controls over VECO's billing and revenue process. These include the capture and accumulation of meter data in the billing system as well as a calculation of the billed amounts, and uploading of the billed amounts from the billing system to the financial reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in the billing statements.

We obtained and evaluated management's assessment as to whether the change in accounting policy results in the consolidated financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows, in accordance with Philippine Accounting Standards (PAS) 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, and the criteria provided under Philippine Interpretations Committee Q&A 2018-01.

We reviewed the accounting made by management of the change of accounting policy in the consolidated financial statements, including the adjustments to the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied. We traced the adjustments determined by management to the prior years' financial information of the Group and of the associate as obtained by management and recalculated the adjustments considering the Group's ownership interest percentage.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

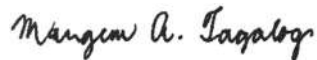
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Margem A. Tagalog.

SYCIP GORRES VELAYO & CO.



Margem A. Tagalog

Partner

CPA Certificate No. 0098098

Tax Identification No. 206-544-506

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 98098-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-138-2021, November 10, 2021, valid until November 9, 2024

PTR No. 8854370, January 3, 2022, Makati City

March 16, 2023

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	January 1	
	2022	2021 (As Restated - Notes 3 and 13)	2021 (As Restated - Note 3)
ASSETS			
Current Assets			
Cash and cash equivalents (Note 6)	P4,893,357,226	P5,650,024,939	P4,872,331,464
Trade and other receivables (Note 7)	1,362,706,195	880,046,705	814,103,832
Advances to associates, joint ventures and stockholders (Note 16)	294,016,208	276,564,877	253,060,382
Inventories - at cost (Note 8)	177,720,556	152,675,459	220,498,758
Prepayments and other current assets (Note 9)	446,283,559	330,572,837	281,892,670
Total Current Assets	7,174,083,744	7,289,884,817	6,441,887,106
Noncurrent Assets			
Investments in associates and joint ventures (Note 10)	10,578,321,124	9,912,859,401	9,589,007,650
Property, plant and equipment (Note 11)	5,877,554,921	3,379,668,607	2,260,461,407
Right-of-use assets (Note 24)	22,112,091	442,360,406	672,222,914
Investment properties (Note 12)	924,036,600	863,642,001	757,280,601
Deferred income tax assets (Note 20)	13,759,370	20,414,257	34,013,474
Other noncurrent assets (Note 13)	1,850,135,618	1,518,926,825	1,167,489,781
Total Noncurrent Assets	19,265,919,724	16,137,871,497	14,480,475,827
TOTAL ASSETS	P26,440,003,468	P23,427,756,314	P20,922,362,933
LIABILITIES AND EQUITY			
Current Liabilities			
Current portion of trade and other payables (Note 14)	P1,522,307,377	P1,032,237,239	P875,837,380
Current portion of long-term notes payable (Note 15)	1,115,158,717	92,076,898	2,819,508,120
Current portion of lease liabilities (Note 24)	13,340,222	200,707,787	360,063,325
Short term notes payable (Note 15)	1,170,300,000	-	749,300,741
Advances from related parties (Note 16)	10,886,165	5,689,112	5,689,112
Income tax payable	7,528,408	4,016,925	36,955,619
Total Current Liabilities	3,839,520,889	1,334,727,961	4,847,354,297
Noncurrent Liabilities			
Long-term notes payable - net of current portion (Note 15)	3,508,465,451	4,381,463,942	-
Lease liabilities - net of current portion (Note 24)	13,469,730	158,012,021	303,114,979
Pension liability (Note 19)	64,195,472	61,460,008	87,541,306
Deferred income tax liabilities (Note 20)	267,362,207	275,504,973	189,832,424
Other noncurrent liabilities - net of current portion (Notes 14 and 23)	838,293,931	838,293,931	837,635,182
Total Noncurrent Liabilities	4,691,786,791	5,714,734,875	1,418,123,891
Total Liabilities	8,531,307,680	7,049,462,836	6,265,478,188
Equity Attributable to Equity Holders of the Parent			
Capital stock - P1 par value (Note 21)			
Authorized - 2,000,000,000 shares			
Issued - 1,023,456,698 shares	1,023,456,698	1,023,456,698	1,023,456,698
Additional paid-in capital	8,339,452	8,339,452	8,339,452
Other components of equity:			
Share in remeasurement losses on employee			
benefits of associates and joint ventures (Note 10)	(94,016,067)	(94,016,067)	(96,181,114)

(Forward)



	December 31		January 1
	2022	2021 (As Restated - Notes 3 and 13)	2021 (As Restated - Note 3)
Remeasurement gain (loss) on employee benefits (Note 19)	₱7,123,993	(₱56,940)	(₱13,035,095)
Unrealized valuation gain on financial assets at fair value through other comprehensive income (FVOCI)	26,517,514	4,643,039	2,862,209
Equity reserves (Note 21)	(25,128,554)	(25,128,554)	(25,128,554)
Retained earnings (Notes 10 and 21):			
Appropriated for business expansion	6,820,897,482	6,198,363,882	5,213,900,230
Unappropriated	8,727,306,176	8,198,858,365	7,674,801,422
Equity Attributable to Equity Holders of the Parent	16,494,496,694	15,314,459,875	13,789,015,248
Equity Attributable to Non-controlling Interests (Note 21)	1,414,199,094	1,063,833,603	867,869,497
Total Equity	17,908,695,788	16,378,293,478	14,656,884,745
TOTAL LIABILITIES AND EQUITY	₱26,440,003,468	₱23,427,756,314	₱20,922,362,933

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021 (As Restated - Notes 3 and 13)	2020 (As Restated - Note 3)
REVENUE			
Revenue from contracts with customers:			
Sale of power (Note 23):			
Generation	₱2,813,298,456	₱1,577,500,737	₱328,907,875
Ancillary services	952,967,736	1,174,695,315	1,407,752,125
Retail electricity supply	633,488,002	301,048,099	120,232,272
Management and service fees (Note 16)	86,781,813	102,589,626	210,189,238
Engineering service income	30,887,803	42,037,953	111,068,559
	4,517,423,810	3,197,871,730	2,178,150,069
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES (Note 10)	1,941,357,383	1,838,491,265	1,602,986,086
INTEREST INCOME (Note 6)	60,071,043	22,961,585	62,242,191
	6,518,852,236	5,059,324,580	3,843,378,346
COSTS OF SERVICES			
Generation costs (Notes 17 and 23)	3,684,022,986	1,802,878,724	896,158,327
Engineering service fees (Note 17)	24,844,346	71,039,720	117,711,267
	3,708,867,332	1,873,918,444	1,013,869,594
OPERATING EXPENSES			
Salaries and employee benefits (Notes 18 and 19)	390,186,858	322,364,136	284,005,583
Professional fees (Note 16)	167,109,166	155,599,643	157,302,439
Taxes and licenses (Note 12)	78,756,067	40,165,758	58,940,183
Depreciation and amortization (Notes 11, 13 and 24)	54,012,303	51,548,016	48,356,782
Travel	29,627,897	13,294,561	10,788,470
Management fees (Note 16)	29,219,324	25,270,413	26,002,274
Outside services	19,760,683	36,535,466	25,698,856
Representation	14,883,489	9,529,837	5,998,099
Communication and utilities	13,405,697	9,523,925	7,276,738
Rent and association dues	6,465,080	8,564,767	5,949,841
Other operating expenses (Note 17)	89,483,412	81,773,381	78,333,134
	892,909,976	754,169,903	708,652,399
INCOME FROM OPERATIONS	1,917,074,928	2,431,236,233	2,120,856,353
OTHER INCOME (CHARGES)			
Finance costs on loans (Note 15)	(259,880,671)	(165,305,661)	(172,911,936)
Gain on fair value measurement of investment properties (Note 12)	60,394,600	106,361,400	-
Foreign exchange gains (losses) - net	53,842,288	16,129,762	4,313,061
Finance costs on lease liabilities (Note 24)	(10,826,959)	(52,513,071)	(75,342,137)
Gain on disposal of an associate (Notes 1 and 10)	-	3,684,540	-
Gain on loss of control of a subsidiary (Note 1)	-	3,079,734	-
Gain on bargain purchase (Note 13)	-	32,120,469	-
Other income - net (Notes 11, 12 and 17)	33,684,411	24,797,384	56,411,994
	(122,786,331)	(31,645,443)	(187,529,018)

(Forward)



	Years Ended December 31		
	2022	2021 (As Restated - Notes 3 and 13)	2020 (As Restated - Note 3)
INCOME BEFORE INCOME TAX	₱1,794,288,597	₱2,399,590,790	₱1,933,327,335
PROVISION FOR INCOME TAX (Note 20)	89,561,479	167,101,028	154,412,620
NET INCOME	1,704,727,118	2,232,489,762	1,778,914,715
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss:			
Remeasurement gain (loss) on employee benefits (Note 19)	11,157,022	17,451,341	(7,457,347)
Income tax effect	(2,511,242)	(3,453,873)	2,237,205
	8,645,780	13,997,468	(5,220,142)
Unrealized valuation gain on financial assets at FVOCI (Note 13)	25,734,676	2,550,000	30,000
Income tax effect	(3,860,201)	187,500	(4,500)
	21,874,475	2,737,500	25,500
Share in the remeasurement gains (losses) on employee benefits of associates and joint ventures, net of tax (Note 10)	-	2,165,047	(15,767,833)
Share in revaluation increment of an associate, net of tax (Notes 3 and 10)	-	-	-
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	30,520,255	18,900,015	(20,962,475)
TOTAL COMPREHENSIVE INCOME	₱1,735,247,373	₱2,251,389,777	₱1,757,952,240
NET INCOME			
Attributable to:			
Equity holders of the parent	₱1,595,263,961	₱1,866,730,439	₱1,514,226,057
Non-controlling interests	109,463,157	365,759,323	264,688,658
	₱1,704,727,118	₱2,232,489,762	₱1,778,914,715
TOTAL COMPREHENSIVE INCOME			
Attributable to:			
Equity holders of the parent	₱1,624,319,369	₱1,883,654,471	₱1,495,719,384
Non-controlling interests	110,928,004	367,735,306	262,232,856
	₱1,735,247,373	₱2,251,389,777	₱1,757,952,240
EARNINGS PER SHARE			
Basic and diluted, for net income for the year attributable to equity holders of the parent (Note 22)	₱1.559	₱1.824	₱1.480

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Equity Attributable to Equity Holders of the Parent										Total Equity	
	Capital Stock (Note 21)	Additional Paid-in Capital	Share in Revaluation Increment of an Associate (As Restated - Note 3)	Share in Remeasurement Losses on Employee Benefits of Joint Ventures (P94,016,067)	Remeasurement Gain (Loss) on Employee Benefits (P56,940)	Unrealized Valuation Gain (Loss) on Financial Assets at FVOCI	Equity Reserves (P25,128,554)	Retained Earnings (Note 21)		Equity Attributable to Non-Controlling Interests (As Restated - Note 13)		
								Appropriated	Unappropriated (As Restated - Notes 3 and 13)			Total
Balances at January 1, 2022, as previously reported	P1,023,456,698	P8,339,452	P1,702,071,167	(P94,016,067)	(P56,940)	P4,643,039	(P25,128,554)	P6,198,363,882	P8,177,690,481	P16,995,363,158	P1,042,687,980	P18,038,051,138
Finalization of accounting for business combination (Note 13)	-	-	-	-	-	-	-	-	21,167,884	21,167,884	21,145,623	42,313,507
Change in accounting for investment in an associate (Note 3)	-	(1,702,071,167)	(1,702,071,167)	-	-	-	-	-	(1,702,071,167)	(1,702,071,167)	-	(1,702,071,167)
Balances at January 1, 2021, as restated	P1,023,456,698	P8,339,452	P-	(P94,016,067)	(P56,940)	P4,643,039	(P25,128,554)	P6,198,363,882	P8,198,858,365	P15,314,459,875	P1,063,833,603	P16,378,293,478
Total comprehensive income	-	-	-	-	7,180,933	21,874,475	-	-	1,595,263,961	1,624,319,369	110,928,004	1,735,247,373
Appropriation for business expansion	-	-	-	-	-	-	-	2,250,000,000	(2,250,000,000)	-	-	-
Reversal of appropriation for business expansion	-	-	-	-	-	-	-	(1,627,466,400)	1,627,466,400	-	-	-
Additional investments of non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(444,282,550)	(444,282,550)	248,037,487	248,037,487
Balances at December 31, 2022	P1,023,456,698	P8,339,452	P-	(P94,016,067)	P7,123,993	P26,517,514	(P25,128,554)	P6,820,897,482	P8,727,306,176	P16,494,496,694	P1,414,199,094	P17,908,695,788
Balances at January 1, 2021, as previously reported	P1,023,456,698	P8,339,452	P1,658,598,674	(P96,181,114)	(P13,035,095)	P2,862,209	(P25,128,554)	P5,213,900,230	P7,674,801,422	P15,447,613,922	P867,869,497	P16,315,483,419
Change in accounting for investment in an associate (Note 3)	-	-	(1,658,598,674)	-	-	-	-	-	-	(1,658,598,674)	-	(1,658,598,674)
Balances at January 1, 2021, as restated	1,023,456,698	8,339,452	-	(96,181,114)	(13,035,095)	2,862,209	(25,128,554)	5,213,900,230	7,674,801,422	13,789,015,248	867,869,497	14,656,884,745
Total comprehensive income (loss), as previously reported	-	-	112,003,656	2,165,047	12,978,155	1,780,830	-	-	1,777,031,392	1,905,959,080	368,952,258	2,274,911,338
Finalization of accounting for business combination (Note 13)	-	-	-	-	-	-	-	-	21,167,884	21,167,884	(1,216,952)	19,950,932
Change in accounting for investment in an associate (Note 3)	-	-	(112,003,656)	-	-	-	-	-	68,531,163	(43,472,493)	367,735,306	(43,472,493)
Total comprehensive income (loss), as restated	-	-	-	2,165,047	12,978,155	1,780,830	-	-	1,866,730,439	1,883,654,471	367,735,306	2,251,389,777
Appropriation for business expansion	-	-	-	-	-	-	-	1,950,000,000	(1,950,000,000)	-	-	-
Reversal of appropriation for business expansion	-	-	-	-	-	-	-	(965,536,348)	965,536,348	-	-	-
Acquisition of subsidiaries (Note 13), as previously reported	-	-	-	-	-	-	-	-	-	-	26,582,798	26,582,798
Finalization of accounting for business acquisition (note 13)	-	-	-	-	-	-	-	-	-	-	22,362,575	22,362,575
Acquisition of subsidiaries (Note 13), as restated	-	-	-	-	-	-	-	-	-	-	48,945,373	48,945,373
Additional investments of non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	55,847,573	55,847,573
Loss of control of a subsidiary	-	-	-	-	-	-	-	-	-	-	(500,000)	(500,000)
Share in the amount transferred to retained earnings representing depreciation on the revaluation increment of an associate (Note 10), as previously reported	-	-	(68,531,163)	-	-	-	-	-	68,531,163	-	-	-
Change in accounting for investment in an associate (Note 3)	-	-	-	-	-	-	-	-	(68,531,163)	-	-	-
Share in the amount transferred to retained earnings representing depreciation on the revaluation increment of an associate (Note 10), as restated	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(358,209,844)	(358,209,844)	(276,064,146)	(634,273,990)
Balances at December 31, 2021	P1,023,456,698	P8,339,452	P-	(P94,016,067)	(P56,940)	P4,643,039	(P25,128,554)	P6,198,363,882	P8,198,858,365	P15,314,459,875	P1,063,833,603	P16,378,293,478



Equity Attributable to Equity Holders of the Parent

	Capital Stock (Note 21)	Additional Paid-in Capital	Share in Revaluation Increment of an Associate (As Restated - Note 3)	Share in Remeasurement Losses on Employee Benefits of Associates and Joint Ventures	Remeasurement Gain (Loss) on Employee Benefits	Unrealized Valuation Gain (Loss) on Financial Assets at FVOCI	Retained Earnings (Note 21)		Equity Reserves	Unappropriated (As Restated - Notes 3 and 13)	Total	Equity Attributable to Non-Controlling Interests (As Restated - Note 13)	Total Equity
							Appropriated	Unappropriated					
Balances at January 1, 2020, as previously reported	P1,023,456,698	P8,339,452	P1,323,680,397	(P80,413,281)	(P10,270,755)	P2,836,709	P4,449,483,361	P7,392,814,294	(P25,128,554)	P7,392,814,294	P14,084,798,321	P713,299,149	P14,798,097,470
Change in accounting for investment in an associate (Note 3)	-	8,339,452	(1,323,680,397)	-	(10,270,755)	2,836,709	4,449,483,361	7,392,814,294	(25,128,554)	7,392,814,294	(1,323,680,397)	-	(1,323,680,397)
Total comprehensive income (loss), as previously reported	-	-	407,012,356	(80,413,281)	(10,270,755)	2,836,709	4,449,483,361	7,392,814,294	(25,128,554)	7,392,814,294	12,761,117,924	713,299,149	13,474,417,073
Change in accounting for investment in an associate (Note 3)	-	-	(407,012,356)	(15,767,833)	(2,764,340)	25,500	-	-	-	1,442,131,978	1,830,637,661	262,232,856	2,092,870,517
Total comprehensive income (loss), as restated	-	-	-	(15,767,833)	(2,764,340)	25,500	-	-	-	72,094,079	(334,918,277)	-	(334,918,277)
Appropriation for business expansion	-	-	-	-	-	-	2,286,000,000	1,514,226,057	-	(2,286,000,000)	1,495,719,384	262,232,856	1,757,952,240
Reversal of appropriation for business expansion	-	-	-	-	-	-	(1,521,583,131)	1,521,583,131	-	-	-	-	-
Additional investments of non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of deposit for future stock subscription to equity	-	-	-	-	-	-	-	-	-	-	-	16,000,907	16,000,907
Share in the amount transferred to retained earnings representing depreciation on the revaluation increment of an associate (Note 10), as previously reported	-	-	(72,094,079)	-	-	-	-	-	-	72,094,079	-	-	-
Change in accounting for investment in an associate (Note 3)	-	-	72,094,079	-	-	-	-	-	-	(72,094,079)	-	-	-
Share in the amount transferred to retained earnings representing depreciation on the revaluation increment of an associate (Note 10), as restated	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at December 31, 2020	P1,023,456,698	P8,339,452	P-	(P96,181,114)	(P13,035,095)	P2,862,209	P5,213,900,230	P7,674,801,422	(P25,128,554)	P7,674,801,422	P13,789,015,248	P867,869,497	P14,656,884,745

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021 (As Restated - Notes 3 and 13)	2020 (As Restated - Note 3)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱1,794,288,597	₱2,399,590,790	₱1,933,327,335
Adjustments for:			
Equity in net earnings of associates and joint ventures (Note 10)	(1,941,357,383)	(1,838,491,265)	(1,602,986,086)
Depreciation and amortization (Notes 11, 13, and 24)	430,230,964	360,827,821	306,122,597
Finance costs on loans (Note 15)	259,880,671	165,305,661	172,911,936
Gain on fair value remeasurement of investment properties (Note 12)	(60,394,600)	(106,361,400)	–
Interest income (Note 6)	(60,071,043)	(22,961,585)	(62,242,191)
Pension expense (Note 19)	20,731,159	22,223,302	15,961,646
Finance costs on lease liabilities (Note 24)	10,826,959	52,513,071	75,342,137
Non-cash donation expense (Note 11)	8,482,143	–	–
Gain on disposal of property and equipment (Note 17)	(639,207)	(3,101,818)	(330,357)
Gain on disposal of an associate (Notes 1 and 10)	–	(3,684,540)	–
Gain on bargain purchase (Note 13)	–	(32,120,469)	–
Gain on loss of control of a subsidiary (Notes 1 and 10)	–	(3,079,734)	–
Unrealized foreign exchange gains	(53,842,288)	(16,129,762)	(4,313,061)
Operating income before working capital changes	408,135,972	974,530,072	833,793,956
Decrease (increase) in:			
Trade and other receivables	(510,762,517)	(235,835,774)	60,810,583
Inventories	(25,045,097)	73,650,755	(17,654,034)
Prepayments and other current assets	(121,272,673)	(44,969,824)	(119,190,857)
Increase (decrease) in trade and other payables	376,164,748	120,888,620	(261,872,673)
Net cash generated from operations	127,220,433	888,263,849	495,886,975
Interest paid	(281,763,405)	(199,430,760)	(241,567,931)
Income taxes paid	(94,273,379)	(180,075,218)	(147,936,527)
Contributions to the retirement fund (Note 19)	(6,755,102)	(30,853,258)	(3,122,623)
Benefits paid out of operating funds (Note 19)	(83,571)	–	–
Net cash flows from (used in) operating activities	(255,655,024)	477,904,613	103,259,894
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment (Note 11)	(2,610,405,413)	(721,327,849)	(1,010,719,915)
Dividends received from associates and joint ventures (Note 10)	1,375,935,658	1,755,155,896	1,884,511,195
Additions to financial assets at FVOCI (Note 13)	(270,000,000)	(94,000,000)	–
Additional investments and advances to associates and joint ventures (Note 10)	(68,400,000)	(49,742,306)	(102,381,502)
Decrease (increase) in other noncurrent assets	(58,417,375)	10,738,517	(123,180,917)
Interest received	56,534,070	20,397,915	66,969,905
Proceeds from:			
Disposal of property, plant and equipment (Note 11)	1,960,320	3,627,540	330,357
Disposal of an equity interest in an associate (Note 10)	–	33,225,513	–

(Forward)



	Years Ended December 31		
	2022	2021 (As Restated - Notes 3 and 13)	2020 (As Restated - Note 3)
Disposal of financial assets at FVOCI	P-	P2,620,000	P-
Redemption of preferred shares (Note 10)	-	-	40,000,000
Net cash outflow from acquisition of subsidiaries (Note 13)	-	(392,811,115)	-
Cash in subsidiary whose control was lost (Notes 1 and 10)	-	(560,316)	
Advances to suppliers on purchase of fixed assets	-	-	(104,303,524)
Net cash flows from (used in) investing activities	(1,572,792,740)	567,323,795	651,225,599
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans (Note 15)	1,663,345,070	4,506,974,410	779,300,741
Payments of:			
Cash dividends (Note 21)	(451,479,873)	(632,912,067)	(745,895,948)
Loans (Note 15)	(353,477,270)	(3,945,898,260)	(60,000,000)
Lease liabilities (Note 24)	(76,233,373)	(298,971,986)	(193,715,915)
Additional investments and deposits for future stock subscriptions of non-controlling interests of a subsidiary (Note 21)	248,037,487	55,847,565	89,009,492
Net proceeds (payments) of advances from related parties (Note 26)	(12,254,278)	31,295,643	(160,410,109)
Net cash flows from (used in) financing activities	1,017,937,763	(283,664,695)	(291,711,739)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(810,510,001)	761,563,713	462,773,754
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	53,842,288	16,129,762	4,313,061
TOTAL CASH AT BEGINNING OF YEAR			
Cash and cash equivalents (Note 6)	5,650,024,939	4,872,331,464	4,405,244,649
Restricted cash (Notes 9 and 13)	2,003,311	2,002,202	650,000
	5,652,028,250	4,874,333,666	4,405,894,649
TOTAL CASH AT END OF YEAR			
Cash and cash equivalents (Note 6)	4,893,357,226	5,650,024,939	4,872,331,464
Restricted cash (Notes 9 and 13)	2,003,880	2,003,311	2,002,202
	P4,895,361,106	P5,652,028,250	P4,874,333,666

See accompanying Notes to Consolidated Financial Statements.



VIVANT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Vivant Corporation (the “Parent Company” or “Vivant”) was incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on May 28, 1990. The Parent Company is listed in the Philippine Stock Exchange using the symbol VVT. Vivant is the ultimate parent of the Group.

The Parent Company’s primary purpose is to invest in and manage the general business of any other corporation or corporations except management of fund securities portfolios and other similar assets of a managed entity.

The Parent Company is owned by Mai-I Resources Corporation (MRC) and JEG Development Corporation (JDC) with a combined ownership of 75.84%. MRC and JDC are entities incorporated and domiciled in the Philippines.

The Parent Company and its Subsidiaries (collectively referred to as the Group) are engaged in various business activities, through its subsidiaries and affiliates, namely electric power generation (both renewable and non-renewable energy), electric power distribution, retail electricity supply, electrical engineering services, water infrastructure and real estate.

The principal office address of the Parent Company is currently located at 9th Floor Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Barangay Banilad, Mandaue City, Cebu.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries, associates and joint ventures, all incorporated in the Philippines, as at December 31, 2022 and 2021:

	2022		2021	
	Percentage of Ownership			
	Direct	Indirect	Direct	Indirect
Subsidiaries				
Hijos De F. Escaño (HDFE)	50.94	–	50.94	–
Southern Grove Properties and Development Corp. (SGPDC)	100.00 ⁽ⁿ⁾	–	100.00 ⁽ⁿ⁾	–
Vivant Realty Ventures Corporation (VRVC)	–	100.00 ^{(q) (r)}	–	100.00 ^{(q) (r)}
Vivant Corporate Center, Inc. (VCCI)	–	100.00 ^{(q) (w)}	–	100.00 ^{(q) (w)}
Vivant Infracore Holdings Inc. (VIHI)	100.00 ^(v)	–	100.00 ^(v)	–
Vivant Hydrocore Holdings Inc. (VHHI)	–	100.00 ^{(y) (bb)}	–	100.00 ^{(y) (bb)}
Vivant Transcore Holdings Inc. (VTHI)	–	100.00 ^{(y) (bb)}	–	100.00 ^{(y) (bb)}
Isla Mactan Cordova Corporation (IMCC)	–	100.00 ^{(p) (cc)}	–	100.00 ^{(p) (cc)}
Watermatic Philippines Corporation (WMP)	–	60.00 ^{(z) (cc)}	–	60.00 ^{(z) (cc)}
Watermatic Southeast Asia, Ltd. (WMP SEA)	–	60.00 ^{(ee) (ff)}	–	60.00 ^{(ee) (ff)}
Northern Metro Cebu Water Corporation (NMCWC)	–	100.00 ^{(cc) (jj)}	–	100.00 ^{(cc) (jj)}
Vivant Energy Corporation (VEC)	100.00	–	100.00	–
Vivant Integrated Generation Corporation (VIGC)	–	100.00 ^(a)	–	100.00 ^(a)
Vivant Geo Power Corp. (VGPC)	–	100.00 ^{(b) (g)}	–	100.00 ^{(b) (g)}
Delta P Hybrid, Inc. (DPHI; formerly Vivant Isla Inc.)	–	100.00 ^{(a) (h)}	–	100.00 ^{(a) (h)}
Vivant Renewable Energy Corporation (VREC)	–	100.00 ^{(a) (f)}	–	100.00 ^{(a) (f)}
Corenergy Inc. (Core)	–	100.00 ^(a)	–	100.00 ^(a)
Vivant Integrated Diesel Corporation (VIDC)	–	100.00 ^{(a) (i)}	–	100.00 ^{(a) (i)}
Isla Norte Energy Corp. (INEC)	–	65.00 ^{(e) (m)}	–	65.00 ^{(e) (m)}
Isla Norte Power Corp. (INPC)	–	65.00 ^{(e) (mm)}	–	–

(Forward)



	2022		2021	
	Percentage of Ownership			
	Direct	Indirect	Direct	Indirect
Southern Powercore Holding Corp. (SPHC)	–	100.00 ^{(b) (s)}	–	100.00 ^{(b) (s)}
Amberdust Holding Corporation (AHC)	–	100.00 ^{(a) (t)}	–	100.00 ^{(a) (t)}
Vivant-Malogo Hydropower, Inc. (VMHI)	–	67.00 ^(a)	–	67.00 ^(a)
1590 Energy Corp. (1590 EC)	–	55.20 ^(a)	–	55.20 ^(a)
Vivant Solar Corporation (VSC)	–	100.00 ^{(a) (x)}	–	100.00 ^{(a) (x)}
Corenergy Solar Solutions Corporation (CSSC)	–	100.00 ^{(a) (d)}	–	100.00 ^{(a) (d)}
Bukidnon Power Corporation (BPC)	–	90.00 ^{(gg) (ii)}	–	90.00 ^{(gg) (ii)}
North Bukidnon Power Corporation (NBPC)	–	90.00 ^{(hh) (ii)}	–	90.00 ^{(hh) (ii)}
Associates				
Visayan Electric Company, Inc. (VECO)	34.81	–	34.81	–
Prism Energy, Inc. (PEI)	–	40.00 ^(a)	–	40.00 ^(a)
Abovant Holdings, Inc. (AHI)	–	40.00 ^(c)	–	40.00 ^(c)
Cebu Private Power Corporation (CPPC)	–	40.00 ^(a)	–	40.00 ^(a)
Minergy Power Corporation (MPC)	–	40.00 ^(c)	–	40.00 ^(c)
Therma Visayas, Inc. (TVI)	–	20.00 ^(c)	–	20.00 ^(c)
Lunar Power Core Inc. (LPCI)	–	42.50 ^{(c) (k)}	–	42.50 ^{(c) (k)}
Global Luzon Energy Development Corporation (GLEDC)	–	42.50 ^{(c) (o)}	–	42.50 ^{(c) (o)}
Culna Renewable Energy Corp. (CREC)	–	35.00 ^{(b) (u)}	–	35.00 ^{(b) (u)}
Lihangin Wind Energy Corp (LWEC)	–	40.00 ^{(b) (aa)}	–	40.00 ^{(b) (aa)}
Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS)	–	45.00 ^{(cc) (dd)}	–	45.00 ^{(cc) (dd)}
Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC)	–	40.31 ^{(kk) (ll)}	–	40.31 ^{(kk) (ll)}
Joint Ventures				
Calamian Islands Power Corp. (CIPC)	–	50.00 ^(a)	–	50.00 ^(a)
Delta P, Inc. (Delta P)	–	50.00 ^{(a) (j)}	–	50.00 ^{(a) (j)}
La Pampanga Energy Corp (LPEC)	–	50.00 ^{(a) (l)}	–	50.00 ^{(a) (l)}

a. Indirect ownership through VEC

b. Indirect ownership through VREC

c. Indirect ownership through VIGC

d. Incorporated January 11, 2017. Ownership interest in ETEI is through VSC. Changed its corporate name from ET Energy Inc. (ETEI) to Corenergy Solar Solutions Corporation (CSSC) on August 26, 2021.

e. Indirect ownership through VIDC.

f. Incorporated on January 8, 2010. Changed its corporate name from Vics-Bakun Holdings Corporation (Vics-Bakun) to VREC on October 2, 2015.

g. Incorporated on April 23, 2014

h. Incorporated on July 11 2014. Changed its corporate name from Vivant Isla Inc. (VII) to Delta P Hybrid, Inc. on February 16, 2022.

i. Incorporated on August 7, 2015

j. Increased to 50% effective May 28, 2015

k. Incorporated on June 10, 2016

l. Incorporated on May 26, 2016. Changed its corporate name from Vivant Enercore Integrated, Inc. to La Pampanga Energy Corporation (LPEC) on January 13, 2021. Ownership interest was diluted to 50% in May 2021.

m. Incorporated on June 13, 2016. Changed its corporate name from Vivant Powercore Active Inc. (VPAI) to INEC on December 20, 2019.

n. Incorporated on December 8, 2004

o. Incorporated on January 31, 2013. Ownership interest in GLEDC is through LPCI.

p. Incorporated on August 14, 2020

q. Indirect ownership through SGPDC

r. Incorporated May 19, 2017

s. Incorporated April 20, 2017

t. Incorporated August 16, 2017

u. Incorporated April 12, 2017

v. Incorporated December 18, 2018

w. Incorporated October 10, 2018.

x. Incorporated April 4, 2018. Changed its corporate name from ET-Vivant Solar Corporation (EVC) to VSC on November 9, 2020.

y. Incorporated May 20, 2019

z. Incorporated July 23, 2019

aa. Incorporated January 24, 2017. Changed its corporate name from 6 Barracuda Energy Corp. (6 Barracuda) to (LWEC) on June 15, 2020

bb. Indirect ownership through VIHI

cc. Indirect ownership through VHHI

dd. Incorporated August 31, 2018

ee. Incorporated on July 1, 2021



	2022		2021	
	Percentage of Ownership			
	Direct	Indirect	Direct	Indirect
<i>ff. Indirect ownership through WMP</i>				
<i>gg. Incorporated September 23, 2014</i>				
<i>hh. Incorporated October 10, 2016</i>				
<i>ii. Indirect ownership through AHC</i>				
<i>jj. Incorporated March 21, 2021</i>				
<i>kk. Incorporated November 8, 2018</i>				
<i>ll. Indirect ownership through FLOWS</i>				
<i>mm. Incorporated February 14, 2022</i>				

Subsidiaries

Except for 1590 EC, INEC, INPC, VMHI, Core, VII, VGPC, VIDC, CSSC, BPC, NBPC, WMP, IMCC, and NMCWC, all subsidiaries are also operating as holding and investing companies, which are primarily engaged in power generation and distribution, and water infrastructure. 1590 EC is operating a diesel power plant, while VMHI is in its pre-operating stage of building a hydro power plant in Silay, Negros Occidental. INEC and INPC are operating a diesel power plant in Bantayan, Cebu. BPC and NBPC are operating diesel-fired power plants in Bukidnon. Core is operating as a retail electricity supplier and engineering services provider. WMP provides engineering services, mainly for water infrastructure projects. IMCC and NMCWC are in its pre-operating stage of building a seawater desalination facility.

The following sets out a brief information of the Parent Company’s subsidiaries and associates:

HDFE

HDFE was incorporated on December 24, 1926, which registration was renewed for another 50 years effective November 26, 1974. The primary purpose of HDFE is to invest in, hold, own, purchase, acquire, lease, contract, operate, improve, develop, grant, sell, exchange, or otherwise dispose of real and personal properties of every kind and description including shares of stocks, bonds and other securities or evidence of indebtedness of any other corporation, association, firm, or entity, domestic or foreign, where necessary or appropriate, and to process and exercise in respect thereof of all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, without acting as, or engaging in the business of an investment company, or dealer or broker in securities.

SGPDC

SGPDC was incorporated on December 8, 2004 with a primary purpose to invest in, purchase, or otherwise acquire and own, hold, develop, use, sell, lease, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description for whatever purpose the same may have been organized. It has also direct equity shareholdings in VRVC and VCCI, both real estate companies.

On March 5, 2015, during the Special Stockholders’ Meeting and Special Board Meeting, the stockholders and BOD approved that one of SGPDC’s secondary purposes is to conduct and transact any and all lawful business, and to do or cause to be done any one or more of the acts and things set forth as its purposes, within or without the Philippines, and in any and all foreign countries, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers of the Company under the Corporation Code of the Philippines, or which shall at any time appear conducive to or expedient for its protection or benefit. These amendments made in SGPDC’s Articles of Incorporation (AOI) were approved by the SEC on October 8, 2015.



On January 6, 2016, the SEC approved the amendment to its AOI changing its name from VC Ventures Net, Inc. to Southern Grove Properties and Development Corp. and its primary purpose is to engage in real estate business, to hold, construct, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of all kinds of real property or to act as real estate broker for such fees as may be legal and proper.

VRVC

VRVC was incorporated on May 19, 2017. Its primary purpose is to engage in the real estate business. On July 3, 2017, VRVC purchased from HDFE, a company under common control, a parcel of land located at M.J. Cuenco Ave., Tinago Central, Barangay San Roque, Cebu City amounting to ₱27.9 million, with the intention of holding the land for capital appreciation. As of December 31, 2022, VRVC has recognized rental income from the purchased investment property (see Note 12).

VCCI

VCCI was incorporated on October 10, 2018 and its primary purpose is to engage in the real estate business. As of December 31, 2022, VCCI has not yet started its operations.

VIHI

VIHI was incorporated on December 18, 2018 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2021, VIHI is operating as a holding company for VTHI and VHHI.

VHHI

VHHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2022, VHHI is operating as a holding company for WMP, IMCC, NMCWC, and FLOWS, a holding company.

VTHI

VTHI was incorporated on May 20, 2019 and its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take option to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including share of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts, or obligations of any corporation, domestic or foreign, without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company, all in accordance with the Corporation Code, the Securities Act and other applicable laws and regulations. As of December 31, 2022, VTHI has not yet started its operations.



IMCC

IMCC was incorporated on August 14, 2020 and its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, waste water treatment facility and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.

As of December 31, 2022, IMCC has not yet started its operations.

WMP

WMP was incorporated on July 23, 2019 as a water treatment engineering company primarily engaged in the design, supply (which includes detailed design, procurement, and assembly), installation, commission, operation and maintenance of water treatment and waste water treatment plant to be owned by WMP or for third parties. WMP also engages into bulk water supply agreements using water sourced from ground water, surface water, or desalinated water.

As of December 31, 2020, WMP has already started its operations.

WMP SEA

WMP SEA was incorporated on July 1, 2021 according to the Companies Law 5769-1999, as a limited liability company under the laws of the Republic of Israel. Its primary purpose is to buy and sell products for waste water and waste water treatment projects.

As of December 31, 2021, WMP SEA has already started operations.

NMCWC

NMCWC was incorporated and registered with the SEC on March 18, 2021. Its primary purpose is to develop, layout (by duly licensed engineers), build, fund, operate and maintain a seawater desalination facility, ground and surface water treatment facility, waste water treatment facility, and water distribution systems; and to negotiate and sell bulk water to the water districts, private entities and consumers.

The registered office of the Company is located at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Philippines

As of December 31, 2022, NMCWC has not yet started operations.

VEC

VEC was incorporated on January 25, 2005 and its primary purpose is to establish, maintain and operate power plants of any kind and such other sources that may be a viable source of electric light, heat and power system and to sell to the general public, electricity as the corporation may determine.

VEC currently exists as a holding company with direct equity shareholdings in CPPC, Delta P, 1590 EC, CIPC, VMHI, TVI, DPHI, INEC, INPC, LPEC, and VIDC entities engaged in the power generation business and PEI and Core, entities engaged in the retail electricity supply. Core is also engaged in engineering services. VEC also has direct equity shareholdings on holding entities namely VIGC and VREC.

VIGC

VIGC was incorporated on November 5, 2008 with the primary purpose of holding investments in power generation companies. It has direct equity shareholdings in MPC, TVI and LPCI, entities engaged in the power generation business and AHI, a holding entity.



VGPC

VGPC was incorporated on April 23, 2014. Its primary purpose is to establish, maintain, own, and operate geothermal, thermal, hydroelectric, solar, wind, coal, diesel power plants and such other sources that may be viable source of electric light, heat and power system and to sell and/or trade electricity for light, heat and power purposes within cities, municipalities and provinces of the Philippines as the corporation may determine and enter into business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2022, VGPC is still in the pre-operating stage.

DPHI

DPHI, formerly VII, was incorporated on July 11, 2014. Its primary purpose is to engage in business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, constructing, holding, and selling power generation facilities and related facilities, or any other business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2022, DPHI is still in the pre-operating stage.

On February 16, 2022, the application the change the name of VII to Delta P Hybrid, Inc. was approved by the SEC.

VREC

VREC was incorporated on January 8, 2010 with the primary purpose of holding investments in power generation companies. On October 2, 2015, the SEC approved its application for change in corporate name from Vics Bakun Holdings Corporation to VREC. It also has direct equity shareholdings in VGPC, SPHC, AHC, VSC, CREC, and LWEC as of December 31, 2022.

Core

Core was incorporated on December 14, 2012. Its primary purpose is to buy, source and obtain electricity from generating companies or from the wholesale electricity spot market to sell, broker, market or aggregate electricity to the end-users, to provide services necessary in connection with the supply or delivery of electricity thereof, distribution utilities and other entities in the electric systems by a duly licensed electrical engineer, the conduct of energy examinations, inspections, assessments, maintenance, testing and commissioning, as amended dated May 31, 2019. As of December 31, 2022, Core has entered into Retail Supply Contract and engineering service contracts with various customers.

VIDC

VIDC was incorporated on August 7, 2015. Its primary purpose is to establish, maintain, acquire, own, hold, and operate diesel powered generating facilities. As of December 31, 2022, VIDC is the holding company of INEC and INPC.

INEC

INEC was incorporated on June 13, 2016. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system.

As of December 31, 2021 and prior to the merger with Isla Norte Power Corporation (INPC) on December 29, 2022, INEC is effectively 65%-owned by VEC and 35%-owned by GPI through a consortium formed by VIDC.



INEC started its interim commercial operations on August 11, 2020, and the same ended on August 10, 2021. This stems from the signing of the Interim Power Supply Agreement (IPSA) with Bantayan Island Electric Cooperative Inc. (BANELCO) to supply a portion of its energy requirement. This operation, emergency in nature, is independent and different from the 15-year Power Supply Agreement (PSA) with BANELCO, which is yet to commence commercial operations as of December 31, 2022 (see Note 23).

Pending the approval of INEC's Power Supply Agreement (PSA) application, the Energy Regulatory Commission (ERC) issued a Notice of Resolution dated November 4, 2021 that contained a directive to Bantayan Electric Cooperative, Inc. (BANELCO) to source out power from any supplier which it deems fit, to ensure the continuous and unhampered supply of power within its franchise area. Thus, on November 7, 2021, INEC and BANELCO signed an IPSA for a period of 90 days, reckoned from the date of the issuance of the resolution, to supply the whole of BANELCO's energy requirement.

The registered office of INEC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

INPC

Isla Norte Power Corporation (INPC) was incorporated on February 14, 2022. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system, and selling and/or trading electricity for light, heat and power purposed within the cities, municipalities, and provinces of the Philippines.

On May 9, 2022, the members of the respective boards of directors of INEC and INPC, separately and unanimously approved a plan of merger with INPC as the surviving entity. The plan and articles of merger was approved by SEC on December 29, 2022.

The terms further provide that INPC shall become the owner of the rights, assets, privileges and other properties of INEC and shall assume all the debts and liabilities of the same as of the effective merger date in the manner as though the Company has itself incurred such liabilities and obligations.

On December 29, 2022, upon effective date of the merger, INEC ceased to exist, yet its operations continued under INPC.

The registered office of INPC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

SPHC

SPHC was incorporated on April 20, 2017. Its primary purpose is to engage in the business of holding investments in power generation companies. As of December 31, 2022, SPHC has not yet started its commercial operations.

The registered office of SPHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.



AHC

AHC was incorporated on August 16, 2017. Its primary purpose is to engage in the business of a holding company. As of December 31, 2022, AHC is the holding company of BPC and NBPC.

In May 2021, AHC in partnership with VEC acquired 9% ownership in BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively. Further, AHC acquired 9% ownership in NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

On June 28, 2021, VREC assigned its 45,000 common shares in AHC with par value of ₱1.00 per share to VEC.

The registered office of AHC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines 6014.

VMHI

VMHI was incorporated on June 8, 2012. Its primary purpose is to engage in the business of owning, acquiring, operating, generating, collecting and distributing electricity.

VMHI is in its starting phase or pre-operational stage as a power generating entity that will implement a greenfield power plant project, involving the construction and operation of a series of run-of-river hydropower facility in Barangay Capitan Ramon in Silay City, Negros Occidental. VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a six (6) MW power plant facility along the Malogo river. The project has concluded its detailed engineering design. A tender process is underway for the construction to coincide with the project timetable, but subject to adjustments that may be brought about by regulations from the grid system operator.

On March 8, 2017, bidding for the award of the Engineering, Procurement, Construction and Commissioning (“EPCC”) contract was conducted. However, the National Grid Corporation of the Philippines (NGCP) issued a prohibition to the power plants from connecting to the Negros Island Grid. Such prohibition is expected to be in place until 2023, which is the year when NGCP’s 230 kV backbone project is expected to be completed and ready to accommodate new capacity.

As of December 31, 2022, notwithstanding the successful bidding, the Company has withheld the awarding of the EPCC contract to implement the detailed engineering design since NGCP has not yet started the construction of its 230 kV backbone project.

The registered office of VMHI is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.

1590 EC

1590 EC was incorporated and started operations on July 30, 2010. It is primarily engaged in power generation and operates a 225 MW diesel-fired power plant in Bauang, La Union. 1590 EC is also partly-owned by GPI, Eco Utilities Ventures Holdings Company, Inc. (EUVHCI) and ICS Renewables Holdings, Inc. (ICS), among others.

The registered office of 1590 EC is at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna, Brgy. Banilad, Mandaue City, Cebu, Philippines.



On April 6, 2022, 1590 EC acquired the Buang Diesel Power Plant (BDPP) as the highest bidder during the public auction of the power plant following a post qualification evaluation. On April 19, 2022, 1590 EC and the PGLU signed the deed of transfer and conveyance (see Note 24).

VSC

VSC, formerly ET Vivant, was incorporated on April 4, 2018 primarily to engage in developing and constructing solar power generation and related facilities for lighting and power purposes and wholeselling the electric power to the wholesale electricity spot market, private distribution utilities, private electric cooperatives and other off-takers and selling and/or trading electricity for light, heat and power purposes. VSC has direct equity shareholding in CSSC, an entity engaged in the solar power generation business. As of December 31, 2021, VSC has started its commercial operations.

On November 9, 2020, the application to change the name of ET Vivant to VSC was approved by the SEC.

CSSC

CSSC, formerly ET Energy Island Corporation (ETEI), was incorporated on January 11, 2017 with the primary purpose to explore, develop, build, construct, install, commission, rehabilitate, maintain, own, manage, operate and invest in, bid for or otherwise acquire power generating plants and related facilities and to engage in the business of generating, marketing, selling and supplying electricity generated from solar photovoltaic systems and components; planning and construction of photovoltaic power plants and to provide consulting services associated with photovoltaic power plants, provided that it shall not operate a public utility. In January 2019, CSSC has started its commercial operations.

On August 26, 2021, the application to change the name of ETEI to CSSC on August 26, 2021 was approved by the SEC.

BPC

BPC was incorporated to develop, construct, erect assemble, commission, own, operate, maintain, rehabilitate, and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. BPC has two (2) operating power plants in Bukidnon and have started commercial operations on February 26, 2016 for Plant 1 and February 26, 2017 for Plant 2.

On October 16, 2014, BPC entered into a PSA with First Bukidnon Electric Cooperative (FIBECO) to supply a maximum of 4.4 MW from its 2 x 2.4 MW power plant located at Barangay Barandias, Bukidnon at a specific contract rate for a period of 15 years commencing from March 15, 2015. ERC has granted a provisional approval on its rate application on August 3, 2015. The second power supply agreement was entered into with FIBECO on July 24, 2015 for a contracted capacity of 2 MW from its 2.5 MW Fuel power plant located at Barangay Mabuhay, San Fernando, Bukidnon, for a period of 15 years starting from April 15, 2016. ERC's final approval on its rate application was dated June 6, 2017.

In May 2021, VEC and AHC acquired 81% and 9% ownership of BPC equivalent to 66,825,000 and 7,425,000 common stocks with par value of ₱1.00 per share, respectively.

The registered office address of BPC is at National Highway Barandias, Pangantucan, Bukidnon.



NBPC

NBPC was incorporated to develop, construct, erect, assemble, commission, own, operate, maintain, rehabilitate and manage facilities used in the generation of electricity including but not limited to facilities that utilize renewable energy sources and other power generating plants and related facilities. NBPC has started its commercial operations on September 26, 2018.

In May 2021, 2021, VEC and AHC acquired 81% and 9% ownership of NBPC equivalent to 9,720,000 and 1,080,000 common stocks with par value of ₱10.00 per share, respectively.

The registered office address of NBPC is at 2nd Floor Z-Gas Building, Purok 6A, South Poblacion, Maramag, Bukidnon.

Associates. VECO, PEI, AHI, CPPC, MPC, TVI, LPCI, GLEDC, CREC, LWEC, FLOWS, and PPWRLC qualify as associates of the Group.

VECO

VECO was incorporated on February 22, 1961 and whose corporate term was extended for another 50 years after the expiration on February 23, 2012. VECO is a power distribution entity, the primary activities of which are to establish, maintain and operate electric light, heat and power systems and to sell to the general public electricity for light, heat and power purposes.

VECO serves the electrical power needs of four cities (Cebu, Mandaue, Talisay and Naga) and four municipalities (Minglanilla, San Fernando, Consolacion and Lilo-an) of the greater part of Metro Cebu by virtue of legislative franchise grants.

The registered office address of VECO is at J. Panis Street, Banilad, Cebu City, Philippines.

PEI

PEI was incorporated on March 24, 2009 as a retail electricity supplier. On April 26, 2017, PEI began its operations providing qualified contestable customers the opportunity to select a contract structure that will meet their generation supply requirement.

PEI's registered principal office address is at Aboitiz Corporate Center, Gov. Manuel A. Cuenco Ave., Kasambagan, Cebu City, Philippines.

AHI

AHI was incorporated on November 28, 2007 primarily to manage entities and to provide management, investment and technical advice for enterprises engaged in electricity generation and/or distribution.

AHI and Global Formosa Power Holdings, Inc., a joint venture between Global Business Power Corp. (Global Power) and Formosa Heavy Industries (Global Formosa), signed a shareholders' agreement to develop, construct and own Cebu Energy Development Corporation (CEDC), a 246 MW coal-fired power plant in Toledo City, Cebu. AHI has a 44% direct ownership interest in CEDC.

Its principal place of business is located at Aboitiz Corporate Center, Gov. Manuel Cuenco Avenue, Kasambagan, Cebu City, Philippines.



CPPC

CPPC was incorporated on July 13, 1994 and its primary purpose is to build, construct or own power generation plants and related facilities. It operates a 70 MW bunker “C” diesel-fired power generating plant.

The registered office address of CPPC, which is also its principal place of business, is Old VECO Compound, Barangay Ermita, Carbon, Cebu City.

MPC

MPC (formerly Minergy Coal Corporation) was registered with SEC on February 18, 2013, primarily to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the generation and supply of power utilizing any fuel or energy source.

In the first quarter of 2014, MPC began construction of a 3x55 MW coal-fired power plant in Balingasag, Misamis Oriental. In September 2017, MPC already started its operations.

The registered office of MPC is at Brgy. Mandangoa, Balingasag, Misamis Oriental.

TVI

TVI was registered with SEC on October 15, 1997, primarily to acquire by purchase, lease, contract, concession, or otherwise any and all real estate, land, land patents, opinions, grants, concessions, franchises, water and other rights, privileges, easements, estates, interests and mineral properties of every kind and description. The power plant already started its operations in April 2019.

The registered principal office of TVI is at Barangay Bato, Toledo City, Cebu.

LPCI

LPCI was registered with SEC on June 10, 2016 and is primarily engaged in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources. As of December 31, 2022, LPCI has not yet started its commercial operations.

The registered office of LPCI is at 22F GT Tower International 6813 Ayala Avenue cor. H.V. dela Costa St, Makati City 1227.

GLEDC

GLEDC, a wholly owned subsidiary of LPCI, was registered with SEC on January 31, 2013. It is primarily engaged in the general business of generating power derived from coal, fossil fuel, geothermal, nuclear, natural gas, hydroelectric, and other viable sources of power, for lighting and power purposes and whole selling the electric power to electric cooperatives, distribution utilities, and industrial customers. As of December 31, 2022, GLEDC has not started its commercial operations.

The registered office of GLEDC is at 22nd Flr GT Tower International, Ayala Avenue Corner H.V. Dela Costa St. Bel-air, Makati City.



CREC

CREC, an associate through VREC, was registered on April 12, 2017 primarily to engage in the business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, and constructing conventional renewable energy and/or hybrid power generation, distribution and related facilities, and distributing and selling power, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in the furtherance of or otherwise relating to such purpose. As of December 31, 2022, CREC has not yet started its commercial operations.

On May 28, 2021, VREC and VEC entered into a share-swap agreement with MCPHC to sell its entire investment in SREC and acquire additional shares in CREC. The agreement resulted to VREC's and VEC's acquisition of 938 common stocks and 2,812 preferred stocks with par value of ₱1,000.00 per share in CREC, respectively.

The registered principal office of CREC is at Sitio Lilibutin, Barangay Guadalupe, Coron, Palawan 5316.

LWEC

LWEC, formerly 6 Barracuda, an associate through VREC, was incorporated and registered in the Philippine SEC on January 24, 2017. It is engaged in all aspects of exploration, assessment, development and utilization of renewable energy resources, including the procurements, acquisition, importation, construction, installation, erection, ownership, lease, operation and maintenance of edifices, structures, facilities, materials, machinery and equipment, for or related to generation and sale of power.

As of December 31, 2022, LWEC has not yet started commercial operations.

On June 15, 2020, the SEC approved the application to change the name of 6 Barracuda to LWEC. Further, the approval also includes LWEC's increase in authorized capital stock to ₱40.0 million divided into 475,000 redeemable preferred A shares with par value of ₱0.01 per share, 39,900,000 redeemable preferred B shares with par value of ₱1.00 per share, and 5 common shares with par value of ₱1.00 per share.

The registered office of LWEC is at 21/F Tower 6789 Ayala Ave., Bel-Air Makati, Metro Manila.

FLAWS

FLAWS, an associate of VHHI, was incorporated on August 31, 2018 primarily to engage in the activities of a holding company except as a stockbroker or dealer of securities, provided that, FLAWS shall not solicit, accept or take investments/placements from the public neither shall it issue investments contracts.

FLAWS has an 89.58% direct ownership interest in PPWRLC.

The registered principal office of FLAWS is at 37 Taft Street, Barangay Maligaya, Puerto Princesa City, Palawan.



PPWRLC

Puerto Princesa Water Reclamation and Learning Center, Inc. (the “Company”) was incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on November 8, 2018. The Company’s primary purpose is to engage in the activities of an operator, contractor and/or agent of the City of Puerto Princesa in providing septage, sewerage and sanitation services and to engage in the development, construction, operation, and maintenance of sewage and/or septage treatment plants which may also act as a tourist attraction and learning center for environmental protection. FLOWS has an 89.58% direct ownership interest in PPWRLC.

The Company already started its commercial operations on January 1, 2022. The Company’s registered principal place of business is at Maligaya, Puerto Princesa City (Capital), Palawan, Region IV-B, Philippines, 5300.

Joint Ventures. CIPC, Delta P and LPEC qualify as joint ventures of the Group.

CIPC

CIPC was incorporated on October 19, 2010 primarily to engage in the business of owning, acquiring, commissioning, operating and selling power generation facilities and related facilities, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. Currently, CIPC operates an 8 MW bunker and 0.75 MW diesel-fired power generation plants in the municipalities of Coron and Busuanga, respectively.

The registered principal office of CIPC is at Sitio Lilibutin, Barangay Guadalupe Coron, Palawan, Philippines 5316.

Delta P

Delta P was registered with SEC on September 20, 2002 primarily to operate and maintain a 16 MW heavy fuel oil-fired generating power station in Puerto Princesa, Palawan. On May 28, 2015, GPI agreed to sell to VEC 6,310,352 common shares representing 15% of Delta P’s total issued and outstanding capital stock, bringing the Group’s ownership in Delta P to 50%. In February 2020, VEC paid GPI ₱19.8 million as an additional consideration for such purchase of shares in 2015. In October 2020, DPI redeemed its preferred shares from VEC amounting to ₱40.0 million (see Note 10).

The registered principal office of Delta P is at Km. 13 North National Highway, Sta. Lourdes, Puerto Princesa City, Palawan.

LPEC

La Pampang Energy Corp (LPEC), formerly Vivant Enercore Integrated, Inc. (VEII), was incorporated on May 26, 2016. Its primary purpose is to engage in the business of exploring, developing and utilizing renewable energy resources, and establishing, acquiring, maintaining, commissioning, owning and operating geothermal, thermal, hydroelectric, solar, wind, coal, diesel plants and such other sources that may be a viable source of electric light, heat and power system. As of December 31, 2022, LPEC is still in the pre-operating stage.

On January 13, 2021, the application to change the name of VEII to LPEC was approved by the SEC.



In 2021, VEC entered into a joint venture with GPI which resulted to a 50% ownership in LPEC and reclassification of the investment from a subsidiary to a joint venture. As a result of the dilution, the Group recognized gain amounting to ₱3.7 million and presented as “Gain on loss of control of a subsidiary” in the Statement of Comprehensive Income. ₱39.3 million of the net gain is attributable to the measurement of the retained interest in the former subsidiary at fair value when control was lost.

Authorization to Issue the Consolidated Financial Statements. The consolidated financial statements of the Group as of and for the years ended December 31, 2022, 2021 and 2020 were approved and authorized for issuance by the Board of Directors (BOD) on March 16, 2023.

2. **Basis of Preparation, Statement of Compliance and Basis of Consolidation**

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at FVOCI and investment properties which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company’s functional currency. All amounts are rounded to the nearest Peso, except as otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. The Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.



The consolidated financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Accounting for Loss of Control

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the former subsidiary, including any non-controlling interests in the former subsidiary at the date control is lost, and components of other comprehensive income attributable to them. The Group also recognizes any investment retained in the former subsidiary at its fair value when control is lost. The Group subsequently accounts for any retained interests and for any amount owed by or to the former subsidiary in accordance with other relevant PFRSs. The fair value shall be regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of an investment in an associate or joint venture. The Group recognizes a gain or loss associated with the loss of control attributable to the former controlling interest.

The Group accounts for all amounts previously recognized in other comprehensive income in relation to former subsidiaries on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Transactions with Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the parent. Transactions with non-controlling interests are accounted for as equity transactions. On acquisitions of non-controlling interests, the difference between the consideration and the book value of the share of the net assets acquired is reflected as being a transaction between owners and recognized directly in equity. Gain or loss on disposals to non-controlling interest is also recognized directly in equity.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022 and the change in accounting for the Group's investment in an associate, discussed below.



New Accounting Standards

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- *Amendments to PFRS 3, Business Combinations, Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- *Amendments to PAS 16, Property, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- *Amendments to PAS 37, Onerous Contracts - Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs 2018–2020 Cycle*

- *Amendments to PFRS 1, First-time Adoption of Philippine Financial Reporting Standards, Subsidiary as a First-time Adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent’s consolidated financial statements, based on the parent’s date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.



- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments, Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

- Amendments to PAS 12, *Income Taxes, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.



The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The amendments are not expected to have a material impact on the financial statements of the Group.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or noncurrent;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the financial statements of the Group.

Deferred Effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.



On January 13, 2016, the Financial Reporting Standards Council (renamed Financial and Sustainability Reporting Standards Council in 2022) deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Change in Accounting Policy for Property, Plant and Equipment Held by an Associate Engaged in Power Distribution Business

The Group accounts for its investment in VECO, an associate that is engaged in the power distribution business, using the equity method. Previously, in applying the equity method to account for its investment in VECO, the Group carries the distribution utility assets of VECO at revalued amount. Thus, the Group's share of the results of operations of the associate and change in the other comprehensive income recognized in the consolidated financial statements reflect the changes in the fair value of VECO's distribution utility assets.

In 2022, the Group elected to change its policy in applying the equity method with respect to the associate's power distribution utility assets, i.e., from the revaluation model to the cost model. The Group has embarked on a journey towards its vision of becoming a major power conglomerate with presence in other industries, and has earmarked significant resources for infrastructure and power development projects as it aims to diversify its business and expand its reach. Management believes that the change from the revaluation model to cost model for the power distribution utility assets in accounting for its share in the earnings of VECO would be a more appropriate method because it would present a reliable and more relevant information of the cost of its investment and how much return it has earned on the investment.

Moreover, the change will allow the Group to align its policy with the other major players in the power distribution industry and present a more relevant comparative financial information to the primary users of its consolidated financial statements. 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. The impact of these changes on the comparative consolidated statement of financial position and consolidated statement of comprehensive income are shown below:

	December 31, 2021			January 1, 2021		
	As previously reported	Net adjustment	As restated	As previously reported	Net adjustment	As restated
Consolidated statement of financial position:						
Investments in associates and joint ventures	₱11,614,930,568	(₱1,702,071,167)	₱9,912,859,401	₱11,247,606,324	(₱1,658,598,674)	₱9,589,007,650
Share in revaluation increment of an associate	1,702,071,167	(1,702,071,167)	–	1,658,598,674	(1,658,598,674)	–
Retained earnings, unappropriated	8,177,690,481	–	8,177,690,481	7,674,801,422	–	7,674,801,422



	Year Ended December 31, 2021			Year Ended December 31, 2020		
	As previously reported	Net adjustment	As restated	As previously reported	Net adjustment	As restated
Consolidated statement of comprehensive income						
Equity in net earnings of associates and joint ventures	P1,769,960,102	P68,531,163	P1,838,491,265	P1,530,892,007	P72,094,079	P1,602,986,086
Net income	2,144,007,667	68,531,163	2,212,538,830	1,706,820,636	72,094,079	1,778,914,715
Share in revaluation increment of an associate	112,003,656	(112,003,656)	–	407,012,356	(407,012,356)	–
Other comprehensive income	130,903,671	(112,003,656)	18,900,015	386,049,881	(407,012,356)	(20,962,475)
Total comprehensive income	2,274,911,338	(43,472,493)	2,231,438,845	2,092,870,517	(334,918,277)	1,757,952,240
Net income attributable to equity holders of the parent	1,777,031,392	68,531,163	1,845,562,555	1,442,131,978	72,094,079	1,514,226,057
Total comprehensive income attributable to equity holders of the parent	1,905,959,080	(43,472,493)	1,862,486,587	1,830,637,661	(334,918,277)	1,495,719,384
Earnings per share	1.736	0.067	1.803	1.409	0.071	1.480

The retrospective application of the accounting policy did not have a significant impact on the consolidated statement of cash flows.

4. Summary of Significant Accounting Policies

Current and Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Group measures financial instruments, such as, cash on hand and in banks, short-term placements, trade and other receivables, trade and other payables, notes payable and non-financial assets such as investment properties and AFS investments, at fair value at each reporting date.



Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as cash on hand and in banks, short-term investments, trade and other receivables, advances to associates and stockholders, financial assets at FVOCI, trade and other payables, advances from related parties, notes payable and investment properties.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.



Valuers are normally rotated every 3–6 years. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

On an interim basis, the management and the Group's external valuers present the valuation results to the audit committee. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Assets and Financial Liabilities

Financial Instruments - Initial Recognition and Subsequent Measurement

- *Classification of Financial Assets.* Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:
 - Financial assets measured at amortized cost;
 - Financial assets measured at fair value through profit or loss (FVPL);
 - Financial assets measured at fair value through other comprehensive income (FVOCI), where cumulative gains or losses previously recognized are reclassified to profit or loss
 - Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss
- *Contractual Cash Flows Characteristics.* If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.



- *Business Model.* The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

- *Financial Assets at Amortized Cost.* A debt financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the consolidated statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "Provision for bad debts" in the consolidated statement of comprehensive income.

As at December 31, 2022 and 2021, the Group has financial assets at amortized cost consisting of cash and cash equivalents, trade and other receivables, advances to associates, joint ventures and stockholders, and other receivables included under "Other noncurrent assets" such as advances to suppliers and other parties, due from RFM Corporation, and security deposits and restricted cash under "Other current assets" (see Notes 6, 7, 9, 13 and 16).

- *Financial Assets at FVPL.* Financial assets at FVPL are measured at FVPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.



Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Company first becomes party to the contract. An embedded derivative is separated from the host financial liability or nonfinancial contract and accounted for as a derivative if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized as at FVPL.

For derivatives embedded in financial asset host contracts, the Group applies the financial asset classification and measurement requirements to the entire instrument. No embedded derivatives in financial asset host contracts are recognized separately in the financial statements.

Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVPL, and the gains or losses from disposal of financial investments.

As at December 31, 2022 and 2021, the Group has no financial assets at FVPL.

- *Financial Assets at FVOCI.* A financial asset is measured at FVOCI if (a) it is held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.



The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

Dividends are recognized in profit or loss only when:

- the Group's right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the Group; and,
- the amount of the dividend can be measured reliably.

As at December 31, 2022 and 2021, the Group has financial assets at FVOCI amounting to ₱397.7million and ₱102.0 million, respectively, and is presented as part of "Other noncurrent assets" account in Group's consolidated statements of financial position (see Note 13).

- *Classification of Financial Liabilities.* Financial liabilities are measured at amortized cost, except for the following:
 - Financial liabilities measured at fair value through profit or loss;
 - Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
 - Financial guarantee contracts;
 - Commitments to provide a loan at a below-market interest rate; and,
 - Contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or,
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVPL, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group's financial liabilities include trade and other payables, notes payable and advances from related parties.

- *Impairment of Financial Assets.* Upon adoption of PFRS 9, the standard introduces the single, forward-looking "expected loss" impairment model, replacing the "incurred loss" impairment model under PAS 39.

The Group recognizes ECL on debt instruments that are measured at amortized cost.

No ECL is recognized on equity investments.



ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and,
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

- *Stage 1: 12-month ECL.* For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.
- *Stage 2: Lifetime ECL - not credit-impaired.* For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.
- *Stage 3: Lifetime ECL - credit-impaired.* Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; or,
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

- *Determination of the Stage for Impairment.* At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.



- *Simplified Approach.* The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to ‘Trade receivables’. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Offsetting Financial Instruments. Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derecognition of Financial Assets and Liabilities

- *Financial Assets.* A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:
 - the rights to receive cash flows from the asset have expired;
 - the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
 - the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group’s continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

- *Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.



Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Investments in Associates and Interests in Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and interests in joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing the inventory to its present location and condition is determined primarily on the basis of the weighted average method. NRV is the current replacement cost. An allowance for inventory obsolescence is provided for slow-moving, defective or damaged goods based on analyses and physical inspection.

Prepayments and Other Current Assets

Prepayments and other current assets are recognized and carried at cost, less any impairment in value. These are recognized as assets when it is probable that any future economic benefit associated with the item will flow to or from the entity and the item has a cost or value that can be measured with reliability. An asset is not recognized in the consolidated statement of financial position when expenditure has been incurred for which it is considered improbable that economic benefits will flow to the entity beyond the current accounting period. Instead, such a transaction results in the recognition of an expense in the consolidated statement of comprehensive income.



Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost less accumulated depreciation and amortization, and impairment losses, if any.

Initially, an item of property, plant and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred. Land is measured at cost less any impairment losses. For land transferred from investment properties carried at fair value, the land's deemed cost is its fair value at the date of change in use.

Depreciation and amortization are computed using the straight-line method over the assets' estimated useful lives. Leasehold improvements are amortized using the straight-line method over the estimated useful life of the improvements or the term of the lease, whichever is shorter. The estimated useful lives are as follows:

	Number of Years
Plant machineries and equipment	5–10
Condominium units, building and improvements	5–40
Transportation equipment	5
Office furniture, fixtures and equipment	2–10
Tools and other assets	3–5
Leasehold and land improvements	3–10

The useful lives and depreciation and amortization method are reviewed at each reporting date to ensure that such useful lives and depreciation and amortization method are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect to those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and the related accumulated depreciation and amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period.



Investment Properties

Investment properties, which pertain to land and buildings, are properties held by the Group either to earn rentals or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are initially measured at cost. Subsequently, investment properties are measured at fair value with any change therein recognized in profit or loss following the fair value model.

The fair value of the Group's investment properties measured using the fair value model is based on the valuation carried out by independent appraisers. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices of similar properties.

Any gain or loss resulting from either a change in the fair value or the sale of investment properties is recognized in profit or loss in the year of change or derecognition.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or the start of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by start of owner-occupation or of development with a view to sell.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree pertaining to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets.

All other components of non-controlling interest are measured at fair value unless another measurement basis is required by PFRS. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PAS 39 either in the consolidated statement of comprehensive income or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.



Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the Group's interest in the fair values of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of Goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized.

Impairment of Nonfinancial Assets

As at December 31, 2022 and 2021, the Group has investments in associates and joint ventures, property, plant and equipment and right-of-use assets which are classified as nonfinancial assets subject to impairment.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.



Impairment losses of continuing operations, including impairment of inventories, are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital Stock. Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value for all issued shares.

Additional Paid-in Capital. Consideration received in excess of par value are recognized as additional paid-in capital, net of incremental costs that are directly attributable to the issuance of new shares.

Retained Earnings. Retained earnings consist of appropriated and unappropriated balances. Appropriated retained earnings are restricted for specific purposes and/or are not available for dividend declaration. Unappropriated retained earnings are not restricted and include the cumulative balance of net income or loss, any dividend distributions, prior period adjustments and effects of any change in accounting policy.

Equity Reserves. Equity reserves pertain to the difference between the consideration transferred and the book value of interest acquired from non-controlling interest without loss of control.

Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before these goods or services are transferred to the customer.



The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Contracts with Customers

- *Sale of Power.* For power generation and ancillary services where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the buyer cannot benefit from the contracted capacity alone without the corresponding energy and the buyer cannot obtain energy without contracting a capacity. The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer.

Revenue from power generation and ancillary services is recognized in the period actual capacity is delivered. Revenue is to be recognized over time since the customer simultaneously receives and consumes the benefits as the seller supplies power.

Power retail supply also qualify as a series of distinct goods or services that are substantially the same and have the same pattern of transfer accounted for as one performance obligation. Revenue should be recognized over time based on amounts billed.

- *Management and Service fees.* Revenue from management fees, arising from services involving consultancy, management, technical, and services covered by Service Level Agreements (SLAs), are recognized over time when the related services are rendered based on the terms of the management and service contracts.
- *Engineering service income.* Revenue from engineering services, arising from engagement with customers availing technical and engineering expertise and covered by service contracts, are recognized overtime when the services are rendered.

For the years ended December 31, 2022, 2021 and 2020, the Group has no variable consideration and the timing of revenue recognition currently does not result in any contract assets or liabilities and there are no unfulfilled performance obligations at any point in time.

Interest Income. Interest income is recognized as interest accrues taking into account the effective yield on the assets.

Other Income. Other income includes proceeds from insurance claims, rental income and gain on disposal of property and equipment. These are generally recognized when earned. Rental income is recognized on a straight-line basis over the term of the lease while gain on disposal of property, plant and equipment is recognized as the difference between the consideration and the book value of the property, plant and equipment disposed.

Cost and Expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized in the consolidated statements of comprehensive income when incurred.



Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Pension Benefits

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statement of comprehensive income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the



measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Taxes

Current Income Tax. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax. Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the reporting date. Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.



Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group records uncertain tax positions on the basis of a two-step process whereby the Group determines whether it is more likely than not that the tax positions will be sustained based on technical merits of the position, and for those tax positions that meet the more likely than not criteria, the Group recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with related tax authority. The Group records interest and penalties on uncertain tax positions in "Income tax expense (benefit)" account in the consolidated statement of comprehensive income.

Value-Added Tax (VAT). Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follow.

	Number of Years
Office space	1-5
Plant and equipment	5



Right-of-use assets are subject to impairment. Refer to the accounting policies in section on impairment of non-financial assets.

Lease Liabilities. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets. The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱0.25 million). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Foreign-currency-denominated Transactions

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at reporting date. Exchange gains and losses arising from foreign currency transactions and translations of foreign-currency-denominated monetary assets and liabilities are credited or charged to current operations.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed when material.

Earnings Per Share

Basic earnings per common share is calculated by dividing net income for the year attributable to the common stockholders of the Group by the weighted average number of common shares issued and outstanding during the year, after retroactive adjustments for any stock dividends declared.



Diluted earnings per share is calculated by dividing the net income for the year attributable to the common stockholders of the Group by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued for outstanding common stock equivalents.

As at December 31, 2022 and 2021, the Group does not have dilutive common stock equivalents.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRSs requires the Group to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. In preparing these consolidated financial statements, the Group made its best judgments and estimates of certain amounts, giving due consideration to materiality. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Group believes that the following represent a summary of these significant accounting judgments and estimates and the related impact and associated risks in the consolidated financial statements.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Determination of Lease Contract and Lease Payments under PFRS 16. 1590 EC entered into lease contract with Provincial Government of La Union (PGLU) for the right to preserve, maintain and operate the Buang Diesel Power Plant (BDPP) for its sole account and expense for a term of five years commencing January 1, 2019. Under the contract, 1590 EC will pay PGLU for a fixed monthly rent with annual escalation and annual capital investment to cover for upgrading, maintenance, rehabilitation and repair of BDPP. The Group has determined that the lease contract with PGLU meets the definition of the lease under PFRS 16 since the leased asset is explicitly identified and defined in the contract and 1590 EC has the right to control over the identified asset. Further, the payments for capital investments are considered in-substance lease payments as 1590 EC has no other option but to incur this amount whether it be in the form of leasehold improvement or cash. Accordingly, such in-substance lease payments are included in the measurement of right-of-use asset and lease liability upon commencement date.

The carrying amount of the right-of-use asset and the lease liability amounted to ₱22.1 million and ₱26.8 million, respectively, as at December 31, 2022, and ₱442.4 million and ₱358.7 million, respectively, as of December 31, 2021 (see Note 24).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.



Determining Fair Value of Customer Contracts as part of a Business Combination. The Group acquired two subsidiaries in 2021 and completed the valuation required by PFRS 3 in the current year (see Note 13). The subsidiaries at the time of acquisition had existing power supply agreements with electric cooperatives. These signed customer agreements were assessed to qualify as intangible assets as at the acquisition date because they arose from an existing contractual relationship. Management determined the fair value of the customer contracts using the multi-period excess earnings method, using discounted future operating cash flows adjusted by imputed charges on contributory asset charges such as working capital, property, plant and equipment, and the assembled workforce. The discount rates used to discount these adjusted cash flows was based on the NBPC and BPC's WACC at the acquisition date of 9.65% and 9.51%, estimated using the respective companies' current cost of debt and an estimated cost of equity using the capital asset pricing model.

Management has assessed that no reasonably possible change in the forecasted cash flows, the contributory asset charges, or the components of the discount rate estimate would result in material changes to the fair value of customer contracts determined as of the acquisition date.

The acquisition-date fair value of customer contracts amounted to ₱233.5 million. The intangible assets were amortized over the expected remaining contractual term of the customer contracts as of the acquisition date of 10–12 years. The carrying amount of the intangible assets as of December 31, 2022 and 2021 amounted to ₱199.8 million and ₱221.1 million, respectively (see Note 13).

Determining Fair Value of Investment Properties. The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statements of comprehensive income. While the Group has opted to rely on independent appraisers to determine the fair value of its investment properties, such fair value was determined based on recent prices of similar properties with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Group made different judgments and estimates or utilized different basis in determining fair value.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 25.

Any gain or loss from a change in the fair value of each investment property is included in the consolidated statement of comprehensive income in the year in which the change arises.

As of December 31, 2022, and 2021, the carrying value of the Group's investment properties amounted to ₱924.0 million and ₱863.6 million, respectively. (see Note 12).

Determining Non-Controlling Interest (NCI) that is Material to the Group. The Group assesses whether an NCI is material by considering factors such as the carrying amount of the NCI relative to the net equity of the Group, the profit or loss or OCI of the subsidiary attributable to the NCI, the assets and liabilities of the related subsidiary, or the amount of dividends paid by the subsidiary to the NCI, and the proportion that these amounts bear to the Group's financial position or results of operations. The Group also considers the nature of activities of the subsidiary and its relative importance or risk compared to other operations of the Group. Based on management's assessment, it has determined that the NCI in 1590 EC is material to the Group. Information about this subsidiary with material NCI are disclosed in Notes 1 and 21.



Estimating Useful Lives of Property, Plant and Equipment and Intangible Assets. The Group reviews annually the estimated useful lives of property, plant and equipment and intangible assets and updates the estimates based on expected asset utilization, market demands and future technological developments consistent with the Group’s pursuit of constant modernization of its machineries, equipment and software. However, it is possible that the factors mentioned above may change in the future which could change the estimated useful lives of the property, plant and equipment and intangible assets. The estimated useful lives are also updated if expectations differ from previous estimates due to physical wear and tear, technical obsolescence and legal or other limits on the use of the assets. A reduction in the estimated useful lives could result in a significant increase in depreciation and amortization of property, plant and equipment and intangible assets.

The carrying value of the property, plant and equipment amounted to ₱5,877.6 million and ₱3,379.7 million as of December 31, 2022 and 2021, respectively (see Note 11). The carrying value of intangible assets (relating to software costs and customer contracts under “Other noncurrent assets”) amounted ₱200.6 million and ₱222.1 million as of December 31, 2022 and 2021, respectively (see Note 13).

Estimating Impairment of Nonfinancial Assets. Internal and external sources of information are reviewed at each reporting date to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may be decreased:

- Investments in associates and joint ventures
- Property, plant and equipment
- Right-of-use assets

PFRSs requires that an impairment review be performed when certain impairment indicators are present. Determining the recoverable amount, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect its consolidated financial statements. Future events could cause the Group to conclude that the investments in associates and joint ventures and property, plant and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

Assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators) are as follows:

	2022	2021
Investments in associates and joint ventures (see Note 10)	₱10,578,321,124	₱9,912,859,401
Property, plant and equipment (see Note 11)	5,877,554,921	3,379,668,607
Right-of-use assets (see Note 24)	22,112,091	442,360,406

In 2020, the Group determined that an impairment test had to be performed on certain items of its property, plant and equipment and right-of-use assets amounting to ₱1,071.2 million, respectively (see Notes 11 and 24). The impairment test calculation did not result to any recognition of an impairment loss in 2020. There were no impairment indicators on the Group’s nonfinancial assets in 2022 and 2021.



Estimating Impairment of Goodwill. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. In estimating the value in use, the Group estimated revenue based on existing customer contracts, anticipated projects and projected demand, and assumed, for one CGU, a consistent gross margin during the five-year horizon based on the mix of business model arrangements with current and expected customers, and for two other CGUs, a gross margin that varies depending on anticipated demand. The interest rate used to discount the net free cash flows from operations is the weighted average cost of capital (WACC) of 8.74%–10.05% as of December 31, 2022 and 7.32%–7.84% as of December 31, 2021.

As at December 31, 2022 and 2021, the carrying amount of goodwill amounted to ₱129.8 million (see Note 13).

Estimating Realizability of Deferred Income Tax Assets. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of such deferred income tax assets to be utilized. The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Group.

Net deferred income tax assets amounted to ₱13.8 million and ₱20.4 million as of December 31, 2022 and 2021, respectively (see Note 20).

Deferred income tax assets have not been recognized on net operating loss carry-over (NOLCO) of ₱1,589.6 million and ₱302.7 million as of December 31, 2022 and 2021, respectively, and minimum corporate income tax (MCIT) of ₱0.1 million as of December 31, 2022 and 2021 (see Note 20).

Estimating the Incremental Borrowing Rate for Lease Liabilities. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

The Group's lease liabilities amounted to ₱26.8 million and ₱358.7 million as of December 31, 2022 and 2021, respectively (see Note 24).

Estimating Legal Contingencies. The estimate of probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. Management, in consultation with its legal counsel, believes that the likely outcome of these proceedings will not have a material adverse effect on the Group's financial position and operating results.



Management also believes that the current provisions in the accounts are adequate to cover the possible claims that may arise under the current circumstances. Existing circumstances and assumptions about future developments related to these proceedings may still change. Such changes are reflected in the assumptions when they occur.

6. Cash and Cash Equivalents

	2022	2021
Cash on hand and in banks	₱1,901,784,675	₱523,471,825
Short-term investments	2,991,572,551	5,126,553,114
	₱4,893,357,226	₱5,650,024,939

Cash in banks earn interest at the respective bank deposit rates.

Short-term investments are cash equivalents and are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates.

Interest income earned from cash in banks and short-term investments amounted to ₱60.1 million, ₱23.0 million and ₱62.2 million in 2022, 2021 and 2020, respectively. Accrued interest receivable amounted to ₱10.3 million and ₱6.1 million as of December 31, 2022 and 2021, respectively (see Note 7).

7. Trade and Other Receivables

	2022	2021
Trade receivables:		
Third parties	₱1,216,187,506	₱660,874,515
Related parties (see Notes 16 and 23)	54,540,062	53,076,978
Accounts receivable (see Note 16)	11,161,303	35,226,207
Accrued interest (see Note 6)	10,279,936	6,146,305
Dividends receivable (see Notes 10 and 16)	7,760,000	39,400,000
Advances to officers and employees	6,364,939	8,179,942
Others	98,406,472	131,414,793
	1,404,700,218	934,318,740
Less allowance for impairment losses	41,994,023	54,272,035
	₱1,362,706,195	₱880,046,705

Trade receivables represent receivables from Independent Electricity Market Operator of the Philippines (IEMOP) for sales to the Wholesale Electricity Spot Market (WESM), Ancillary Services Procurement Agreement (ASPA) with NGCP and bilateral sales contracts with other parties, Power Supply Agreement (PSA), Distribution Wheeling Service (DWS), and Retail Supply Contracts (see Note 23). Trade receivables are noninterest-bearing and generally have credit terms of 30 days (see Note 23).

Other receivables are mainly composed of project costs and receivables from former related parties.



The following table shows the movement in the allowance for impairment losses of receivables:

	2022	2021
At January 1	₱54,272,035	₱54,272,035
Provision	5,721,988	–
Reversal	(18,000,000)	–
At December 31	₱41,994,023	₱54,272,035

Significant portion of the impairment losses pertains to individually impaired accounts.

8. Inventories - at Cost

	2022	2021
Heavy fuel oil	₱104,549,735	₱75,455,644
Spare parts	50,083,500	59,157,954
Light fuel oil	14,406,899	8,885,445
Lube oil	8,680,422	9,176,416
	₱177,720,556	₱152,675,459

The total cost of inventories recognized under “Generation costs” in the consolidated statements of comprehensive income amounted to ₱2,392.2 million, ₱938.5 million and ₱363.3 million in 2022, 2021 and 2020, respectively (see Note 17).

9. Prepayments and Other Current Assets

	2022	2021
Advances to suppliers and other parties	₱107,751,455	₱136,928,721
Input VAT – current	167,475,443	124,988,810
Prepaid expenses	74,809,857	40,370,900
Creditable withholding taxes – current	63,489,165	1,713,591
Others (see Note 23)	32,757,639	26,570,815
	₱446,283,559	₱330,572,837

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

Input VAT represents the VAT imposed by the Group’s suppliers of goods and services as required by Philippine taxation laws and regulations. The non-current portion of these input VAT are presented as part of “Other noncurrent assets” (see Note 13).

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

Creditable withholding taxes pertain to taxes withheld by the customers on income payments to the companies in the Group from sales of services that can be applied against the companies’ income tax liabilities. The non-current portion of these creditable withholding taxes are presented as part of “Other noncurrent assets” (see Note 13).



“Others” include cash restricted amounting to ₱2.0 million as of December 31, 2022 and 2021 for implementing environmental and community projects pursuant to the agreement entered with the Department of Environment and Natural Resources and PGLU and security deposits paid to distribution utilities in connection with distribution wheeling services agreements (see Note 23).

10. Investments in Associates and Joint Ventures

The Group’s associates and joint ventures, which are all incorporated in the Philippines, and the corresponding equity ownership as of December 31 follow:

	Nature of Business	Percentage of Ownership		
		2022	2021	2020
Associates:				
VECO	Power distribution	34.81	34.81	34.81
LPCI	Power generation	42.50	42.50	42.50
GLEDC	Power generation	42.50	42.50	42.50
CPPC	Power generation	40.00	40.00	40.00
PEI	Power generation	40.00	40.00	40.00
AHI	Holding company	40.00	40.00	40.00
MPC	Power generation	40.00	40.00	40.00
TVI	Power generation	20.00	20.00	20.00
SREC	Power generation	–	–	30.00
CREC	Power generation	35.00	35.00	35.00
LWEC	Power generation	40.00	40.00	40.00
FLAWS	Holding company	45.00	45.00	45.00
PPWRLC	Water treatment	40.31	40.31	40.31
Joint ventures:				
CIPC	Power generation	50.00	50.00	50.00
Delta P	Power generation	50.00	50.00	50.00
LPEC	Power generation	50.00	50.00	–
			2021	
			(As restated -	
		2022	Note 3)	
Acquisition cost:				
At January 1		₱7,674,958,223	₱7,670,265,917	
Additions		68,400,000	49,692,306	
Disposal of an associate		–	(45,000,000)	
At December 31		7,743,358,223	7,674,958,223	
Accumulated share in net earnings:				
At January 1		2,331,917,245	2,014,922,847	
Equity in net earnings of associates and joint ventures		1,941,357,383	1,838,491,265	
Cash dividends received and receivable		(1,344,295,660)	(1,536,955,895)	
Disposal of an associate		–	15,459,028	
At December 31		2,928,978,968	2,331,917,245	
Share in remeasurement gains (losses) on employee benefits of associates and joint ventures:				
At January 1		(94,016,067)	(96,181,114)	

(Forward)



	2022	2021 (As restated - Note 3)
Share in the remeasurement gains (losses) on employee benefits	₱-	₱2,165,047
At December 31	(94,016,067)	(94,016,067)
	₱10,578,321,124	₱9,912,859,401

As of December 31, 2022 and 2021, the undistributed earnings of the associates and joint ventures included in the Group's retained earnings amounting to ₱2,929.0 million and ₱2,331.9 million, respectively, are not available for distribution to the stockholders unless declared as dividends by the associates and joint ventures.

VECO

In 2020, an appraisal was performed on VECO's utility plant, property and equipment which resulted to a revaluation increment, for which the Group's share amounted to ₱407.0 million.

In 2021, the Group recognized its share in the increase in the revaluation increment of VECO amounting to ₱112.0 million from the adjustment to the deferred income tax recognized against the revaluation increment resulting from the lower tax rate under the CREATE law, net of impairment of revalued assets damaged by a typhoon in December 2021.

In 2022, the Group 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 Group believes that the change would present a reliable and more relevant information of the cost and how much return it has earned in its investment in VECO. The impact of these changes on the comparative consolidated statement of financial position and statement of comprehensive income are shown in Note 3.

LWEC

VEC made additional investments to LWEC amounting to ₱68.4 million and ₱2.2 million in 2022 and 2021, respectively. The additional infusions did not result in a change in ownership interest in LWEC.

PEI

In 2020, the Parent Company assigned its 8,432,400 common shares in PEI to VEC, including its advances amounting to ₱1.5 million, in exchange for VEC's preferred shares amounting to ₱47.5 million.

SREC

In 2020, VREC made additional infusions to SREC amounting to ₱4.8 million.

On May 28, 2021, VREC and VEC entered into a share-swap agreement with a third party to sell their entire investment in SREC and acquire additional shares in CREC held by the said party. The agreement resulted to the sale of VEC's 29,925 preferred shares with par value of ₱1,000.00 per share and VREC's 11,250 common shares with a par value of ₱1,000.00 per share to the buyer for a consideration of ₱33.2 million. A gain on the sale of investment amounting to ₱3.7 million was recognized.



CREC

In April 2019, a reclassification was made from advances into an equity account amounting to ₱0.3 million. On October 11, 2019, the Group made an additional capital infusion amounting to ₱8.4 million.

In 2020, VEC made an additional investment in CREC amounting to ₱1,000.

On March 24, 2021, an existing shareholder of CREC assigned its 938 common shares of CREC to VREC for a consideration of ₱1.1 million and subscription price payable to CREC amounting to ₱0.6 million.

On May 28, 2021, VREC and VEC entered into a share-swap agreement with a third party to sell its entire investment in SREC and acquire additional shares in CREC held by the said party. The agreement resulted to the VEC's acquisition of 2,812 preferred stocks with par value of ₱1,000.00 per share for a total consideration of ₱5.2 million. The transaction did not result in a change in ownership interest in CREC.

Delta P

On February 12, 2020, VEC paid GPI ₱19.8 million as an additional consideration for the purchase of shares that brought VEC's stake in Delta P to 50% in 2015.

On October 16, 2020, Delta P redeemed 40,000,000 preferred shares issued to VEC at ₱1.00 per share amounting to ₱40.0 million. The redemption did not change the Company's ownership interest in Delta P as of December 31, 2020.

FLAWS

In 2020, VHHI made an investment to FLOWS amounting to ₱65.0 million which represents 96,750,000 common shares with par value of ₱1.00 per share.

LPEC

In 2021, VEC entered into a joint venture agreement with GPI which resulted to a 50% ownership in LPEC and reclassification of the investment from a subsidiary to a joint venture (see Note 1). In the same year, VEC infused advances for future stock subscription amounting to ₱40.6 million in LPEC.

The following are selected financial information of the material associates of the Group as of and for the years ended December 31, 2022, 2021 and 2020:

VECO

	2022	2021 (As restated - Note 3)	2020 (As restated - Note 3)
Total current assets	₱5,519,111,633	₱4,385,888,164	₱4,091,285,412
Total noncurrent assets	17,915,203,930	17,635,874,580	18,103,795,515
Total current liabilities	9,722,486,379	7,846,069,125	7,535,333,182
Total noncurrent liabilities	4,599,705,333	4,631,031,218	5,562,123,094
Total equity	9,112,123,851	9,544,662,401	9,097,624,651
Gross revenue	26,977,125,092	21,689,021,868	20,832,306,757
Operating profit	2,269,847,546	2,747,237,218	2,186,235,346
Net income	2,169,835,188	2,338,687,791	1,663,383,286

(Forward)



	2022	2021 (As restated - Note 3)	2020 (As restated - Note 3)
Other comprehensive loss	P-	(P857,499)	(P34,712,999)
Total comprehensive income	2,169,835,188	2,337,830,292	1,628,670,287
Group's share in net income, as restated (see Note 3)	755,319,629	814,097,220	579,023,722
Proportion of Group's ownership	34.81%	34.81%	34.81%
Group's share in equity of associate, as restated (see Note 3)	3,171,930,313	3,322,496,982	3,166,883,141
Share in revaluation increment and other adjustments	(1,704,779,011)	(1,740,610,202)	(1,668,839,184)
Carrying amount of the investment, as restated (see Note 3)	P1,467,151,302	P1,581,886,780	P1,498,043,957
Dividends received from VECO	P827,495,658	P729,955,901	P741,311,200

MPC

	2022	2021	2020
Total current assets	P4,201,022,933	P3,700,951,701	P3,892,451,407
Total noncurrent assets	16,909,376,253	17,063,969,413	18,114,484,121
Total current liabilities	3,242,063,666	2,247,453,130	2,315,901,267
Total noncurrent liabilities	9,050,373,824	10,131,695,716	11,255,788,071
Total equity	8,817,961,696	8,385,772,268	8,435,246,190
Gross revenue	7,447,497,810	5,652,572,661	5,612,964,499
Operating profit	1,657,295,454	1,577,894,717	1,031,467,510
Net income	933,519,225	550,526,078	1,031,282,086
Total comprehensive income	933,519,225	550,526,078	1,031,282,086
Group's share in net income	373,407,690	220,210,431	412,512,834
Proportion of Group's ownership	40.00%	40.00%	40.00%
Group's share in equity of associate	3,527,184,678	3,354,308,907	3,374,098,476
Goodwill and other adjustments	20,818,687	20,286,763	20,286,763
Carrying amount of investment	3,548,003,365	3,374,595,670	3,394,385,239
Dividends received from MPC	200,000,000	239,999,995	399,999,995

TVI

	2022	2021	2020
Total current assets	P10,324,952,761	P8,287,903,253	P8,952,688,187
Total noncurrent assets	31,889,847,789	33,649,468,128	35,790,157,665
Total current liabilities	4,597,094,963	4,077,133,207	5,069,625,547
Total noncurrent liabilities	22,258,113,570	24,657,863,758	27,244,241,562
Total equity	15,359,592,017	13,202,374,416	12,428,978,743
Gross revenue	15,048,870,946	10,685,992,170	8,490,212,480
Operating income	3,022,186,775	2,717,701,465	1,687,420,404
Net income	1,901,715,238	903,188,516	466,214,728
Other comprehensive income (loss)	-	-	376,936,106
Total comprehensive income	1,901,715,238	903,188,516	843,150,834
Group's share in net income	380,343,048	180,637,703	93,242,946
Proportion of Group's ownership	20.00%	20.00%	20.00%
Group's share in equity of associate	3,071,918,403	2,640,474,883	2,485,795,749
Goodwill and other adjustments	(66,750,366)	(15,649,894)	(43,709,872)
Carrying amount of the investment	3,005,168,037	2,624,824,989	2,442,085,877



AHI

	2022	2021	2020
Total current assets	₱796,056,687	₱795,803,858	₱751,455,452
Total noncurrent assets	3,081,430,007	2,900,509,469	3,389,233,698
Total current liabilities	14,886	6,304	6,763
Total equity	3,877,471,808	3,696,307,022	4,140,682,387
Gross revenue	955,728,891	845,817,147	694,273,269
Operating profit	955,453,193	845,714,475	694,170,061
Net income	955,950,548	845,601,590	694,056,202
Other comprehensive loss	-	-	-
Total comprehensive income	955,950,548	845,601,590	694,056,202
Group's share in net income	382,380,219	338,240,636	277,622,481
Proportion of Group's ownership	40.00%	40.00%	40.00%
Group's share in equity of associate	1,550,988,723	1,478,522,809	1,656,272,955
Goodwill and other adjustments	(1,629,285)	5,756,410	165,628
Carrying amount of the investment	1,549,359,438	1,484,279,219	1,656,438,583
Dividends received from AHI	316,800,000	510,400,000	299,200,000

Individually Immaterial Associates and Joint Ventures

The carrying amounts of the Group's interest in all individually immaterial associates and joint ventures that are accounted for using the equity method as of and for the year ended December 31 follows:

	2022	2021	2020
Income from continuing operations	₱49,906,798	₱300,600,267	₱263,944,402
Net income	49,906,798	285,305,275	168,490,025
Other comprehensive income (loss)	-	152,992	(1,435,229)
Total comprehensive income	49,906,798	285,458,266	167,054,796
Aggregate carrying amounts	965,579,534	847,272,743	598,053,994

The associates and joint ventures had no contingent liabilities or capital commitments as of December 31, 2022 and 2021.



11. Property, Plant and Equipment

2022

	Land	Plant Machinery 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	P54,373,755	P862,964,932	P177,839,711	P86,101,718	P95,928,795	P125,320,911	P94,485,818	P2,444,944,422	P3,941,960,062
Additions	439,865,600	1,718,906,610	-	17,089,554	13,042,459	4,470,209	14,232	639,238,082	2,832,626,746
Reclassification	-	1,342,469,439	-	-	-	55,120,922	8,482,143	(1,406,072,504)	-
Disposal (see Note 17)	-	-	-	(4,523,946)	(573,074)	-	(8,482,143)	-	(13,579,163)
At December 31	494,239,355	3,924,340,981	177,839,711	98,667,326	108,398,180	184,912,042	94,500,050	1,678,110,000	6,761,007,645
Accumulated Depreciation and Amortization									
At January 1	-	344,018,341	29,593,705	46,203,515	72,049,933	26,564,826	43,861,135	-	562,291,455
Depreciation and amortization	-	266,736,195	9,588,967	12,570,939	12,810,462	9,870,837	13,359,776	-	324,937,176
Disposal	-	-	-	(3,202,852)	(573,055)	-	-	-	(3,775,907)
At December 31	-	610,754,536	39,182,672	55,571,602	84,287,340	36,435,663	57,220,911	-	883,452,724
Net Book Value	P494,239,355	P3,313,586,445	P138,657,039	P43,095,724	P24,110,840	P148,476,379	P37,279,139	P1,678,110,000	P5,877,554,921

2021 (As Restated - Note 13)

	Land	Plant Machinery 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	P38,373,755	P446,465,014	P36,421,603	P71,595,486	P82,393,435	P108,620,458	P85,141,819	P1,843,810,605	P2,712,822,175
Acquisition of subsidiaries (see Note 13)	16,000,000	408,953,893	141,418,108	-	721,399	-	8,963,999	-	576,057,399
Additions	54,800,000	7,546,025	-	26,424,908	9,298,397	4,178,603	380,000	618,699,916	721,327,849
Reclassification	-	-	-	-	4,888,893	12,677,206	-	(17,566,099)	-
Disposal (see Note 17)	-	-	-	(11,918,676)	(1,373,329)	(155,356)	-	-	(13,447,361)
Derecognition from loss of control in a subsidiary (see Note 10)	(54,800,000)	-	-	-	-	-	-	-	(54,800,000)
At December 31	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
Accumulated Depreciation and Amortization									
At January 1	-	274,297,222	24,168,840	44,386,158	61,054,645	19,607,611	28,846,292	-	452,360,768
Depreciation and amortization	-	69,721,119	5,424,865	13,062,346	12,217,784	7,112,570	15,014,843	-	122,553,527
Disposal	-	-	-	(11,244,989)	(1,222,496)	(155,355)	-	-	(12,622,840)
At December 31	-	344,018,341	29,593,705	46,203,515	72,049,933	26,564,826	43,861,135	-	562,291,455
Net Book Value	P54,373,755	P518,946,591	P148,246,006	P39,898,203	P23,878,862	P98,765,085	P50,624,683	P2,444,944,422	P3,379,668,607



On April 6, 2022, the Group through its subsidiary, 1590 EC, acquired the BDPP after it was announced as the highest bidder during the public auction for the sale of the power plant (see Note 24). Total purchase price, including all directly attributable costs amounted to ₱2.1 billion and presented as part of land and plant machineries and equipment.

The construction of a 23 MW bunker-fired power plant in in Bantayan, Cebu was completed in early 2022. Thus, total costs of construction amounting to ₱1.3 billion were subsequently reclassified from construction in progress account to plant machineries and equipment and leasehold and land improvements.

The construction in progress account included the costs for the on-going construction of the water desalination plant, solar panel installations, and mobilization fee and engineering detailed design fees paid to a third-party contractor for the construction of a subsidiary's run-of-river hydropower facility in Negros Occidental. The latter project's implementation is intended to approximately coincide with the government's 230 kV backbone project but the government has not yet started the construction as of March 16, 2023.

In 2022, a subsidiary donated a constructed drainage system costing to ₱8.5 million to the local government unit where it operates. This amount is presented as "Other operating expenses" in the 2022 consolidated statement of comprehensive income.

Depreciation and amortization are recognized in the consolidated statements of comprehensive income as follows:

	2022	2021 (As restated - Note 13)	2020
Generation costs (see Note 17)	₱281,293,310	₱84,661,999	₱41,989,939
Operating expenses	37,125,552	37,891,528	29,459,149
	₱318,418,862	₱122,553,527	₱71,449,088

12. Investment Properties

	2022		
	Land	Condominium Units	Total
At January 1	₱838,460,268	₱25,181,733	₱863,642,001
Unrealized gain on fair value remeasurement	60,130,599	264,000	60,394,599
At December 31	₱898,590,867	₱25,445,733	₱924,036,600

	2021		
	Land	Condominium Units	Total
At January 1	₱733,195,868	₱24,084,733	₱757,280,601
Unrealized gain on fair value remeasurement	105,264,400	1,097,000	106,361,400
At December 31	₱838,460,268	₱25,181,733	₱863,642,001



Some of the Group's properties are leased out to outside parties to earn rental income, for a lease period of three years. Total rental income amounting to ₱2.5 million, ₱1.1 million, ₱1.7 million in 2022, 2021 and 2020, respectively, were recorded as part of "Other income" in the consolidated statements of comprehensive income.

In 2022 and 2021, an appraisal was performed on the Group's investment properties which resulted to an increase in the fair value amounting to ₱60.4 million and ₱106.4 million, respectively. Net unrealized gain on fair value remeasurement of investment properties, recognized under "Other income (charges)" in the consolidated statements of comprehensive income, amounted to ₱60.4 million, ₱106.4 million, and nil in 2022, 2021, and 2020, respectively.

Direct costs pertain to real property taxes amounting to ₱1.1 million, ₱0.3 million and ₱ 0.7 million in 2022, 2021 and 2020, respectively, are included under "Taxes and licenses" account in the consolidated statements of comprehensive income. No other direct operating costs were incurred relating to investment properties in 2022, 2021, and 2020.

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

Fair value hierarchy disclosures and description of the valuation techniques used and key inputs to valuation for investment properties have been provided in Note 25.

13. Other Noncurrent Assets

	2022	2021 (As Restated)
Advances to suppliers and other parties	₱698,308,703	₱636,974,713
Financial assets at FVOCI	397,734,676	102,000,000
Creditable withholding taxes - noncurrent (see Note 9)	241,934,712	222,496,037
Customer contracts	199,760,084	221,057,854
Goodwill	129,843,626	129,843,626
Input VAT - noncurrent (see Note 9)	162,048,494	192,788,560
Software costs -net	843,053	1,046,953
Others - net of allowance for impairment loss of ₱46.01 million (see Note 23)	19,662,270	12,719,082
	₱1,850,135,618	₱1,518,926,825

Advances to Suppliers and Other Parties

Advances to suppliers pertain to cash advances given to contractors and project partners that are to be used to finance the cost of project study, site development, plant rehabilitation, among others and to certain parties to comply with certain contractual obligations.

Goodwill

Business Combinations in 2021

Acquisition of North Bukidnon Power Corporation (NBPC) and Bukidnon Power Corporation (BPC) in 2021. In May 2021, VEC and AHC acquired 81% and 9% ownership of NBPC and BPC.



By the date the 2021 financial statements were approved for issue by the BOD, the valuation required by PFRS 3 had not yet been completed. Hence, the assets recognized and liabilities assumed were based on provisional assessment of their fair value, and the valuation for property, plant and equipment, intangible assets, long-term notes payable, goodwill, and non-controlling interests was subject to change within one (1) year of measurement period after the acquisition date. As of the acquisition date, BPC and NBPC had signed contracts with customers for the sale of power which qualify for recognition as intangible assets separate from goodwill.

In 2022, the Parent Company has completed the valuation, and the final fair value of property, plant and equipment was determined to be ₱576.1 million, an increase of ₱64.7 million over the provisional value. In addition, the fair value of intangible assets from customer contracts was determined to be ₱233.5 million. As a result of the fair value adjustments, deferred income tax liabilities increased by ₱74.6 million, non-controlling interests increased by ₱22.3 million, goodwill decreased by ₱169.2 million and a gain on bargain purchase was determined for the acquisition of BPC amounting to ₱32.1 million. The 2021 comparative financial information was restated to reflect the adjustment to the provisional amounts.

The gain on bargain purchase is presented as part of “Other income (charges)” in the 2021 consolidated statement of comprehensive income. The gain on this acquisition arose from changes to the fair value of the net identifiable assets during the period prior to the closing date.

The following is the final purchase price allocation for the business combinations:

	NBPC	BPC	Total
Cash and cash equivalents	₱15,049,632	₱25,960,878	₱41,010,510
Trade and other receivables	6,538,783	39,538,846	46,077,629
Inventories	1,983,566	3,843,890	5,827,456
Prepayments and other current assets	2,316,113	1,286,383	3,602,496
Property, plant and equipment	294,377,722	281,679,677	576,057,399
Intangible assets - customer contracts	123,023,207	110,458,345	233,481,552
Total assets	443,289,023	462,768,019	906,057,042
Less: Trade and other payables	5,244,872	5,002,325	10,247,197
Long-term notes payable	193,339,318	139,729,730	333,069,048
Deferred tax liabilities	32,673,141	41,868,777	74,541,918
Total net assets	₱212,031,692	₱276,167,187	₱488,198,879
Non-controlling interest	(₱21,326,311)	(₱27,619,062)	(₱48,945,373)
Goodwill arising on acquisition	47,467,510	–	47,467,510
Gain on bargain purchase	–	(32,120,469)	(32,120,469)
Purchase consideration transferred	₱238,172,891	₱216,427,656	₱454,600,547
Cash and cash equivalents	₱228,282,142	₱205,539,483	₱433,821,625
Liability for additional transaction price	9,890,749	10,888,173	20,778,922
Purchase consideration transferred	₱238,172,891	₱216,427,656	₱454,600,547

(Forward)



	NBPC	BPC	Total
Cash flow on acquisition:			
Cash acquired with the subsidiary	₱15,049,632	₱25,960,878	₱41,010,510
Cash paid as part of purchase consideration	(228,282,142)	(205,539,483)	(433,821,625)
Net cash outflow	(₱213,232,510)	(₱179,578,605)	(₱392,811,115)

The amounts recognized for trade and other receivables represent the gross contractual amounts receivable from counterparties. As at the acquisition date, management does not expect that any contractual cash flows from these receivables will not be collected.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

The goodwill of ₱47.5 million comprises the value of knowhow of the business and its existing customer base.

For the period ended December 31, 2021, revenue from sale of power by NBPC and BPC amounting to ₱41.5 million and ₱48.6 million, respectively, and net income amounting to ₱11.6 million and ₱12.7 million, respectively, are recognized in the 2021 consolidated statements of comprehensive income. Had the acquisitions been made at the beginning of the year, consolidated total revenues and consolidated net income would have been ₱3,262.4 million and ₱2,236.2 million, respectively.

Goodwill

For impairment testing, goodwill acquired through business combinations are allocated to CGUs representing the operating units acquired. The following is the carrying amount of goodwill allocated to each of the CGUs.

WMP	₱82,381,116
NBPC	47,462,510
	₱129,843,626

As of December 31, 2022 and 2021, the recoverable amounts of the cash generating units have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period.

WMP. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- The rate used to discount the net cash flows from operations is WMP's WACC of 8.74% and 7.69% as of December 31, 2022 and 2021, respectively, determined using the capital asset pricing model.
- Revenue forecasts are based on existing contracts and anticipated projects and other economic factors.
- Forecasted gross margins, which range from 21%–22% in 2021, and 19%–20% in 2020, are based on the mix of business model arrangements with current and expected customers.
- No terminal value was projected beyond the explicit forecast period up to 2029.



NBPC and BPC. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- The rate used to discount the net cash flows from operations is NBPC’s WACC of 10.05% and BPC’s WACC of 7.34% as of December 31, 2022, determined using the capital asset pricing model.
- Revenue forecasts are based on existing contracts, anticipated increases in demand and other economic factors.
- Forecasted gross margins which range from 25%–40% are based on the mix of business model arrangements with the expected changes in demand.
- The computation of terminal value assumes no growth in projected cash flows beyond five years.

Based on the impairment testing, management believes there is no impairment on goodwill in 2022 and 2021. Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

Financial Assets at FVOCI

Investments in club shares. These are irrevocably designated at FVOCI as the Group intends to hold these investments in the foreseeable future. As of December 31, 2022 and 2021, the carrying values of these financial assets are as follows:

	2022	2021
Cost:		
Cebu Country Club, Inc.	3,400,000	₱3,400,000
Tower Club, Inc.	300,000	300,000
	3,700,000	3,700,000
Fair value remeasurement gain (loss):		
Cebu Country Club, Inc.	4,600,000	4,600,000
Tower Club, Inc.	(300,000)	(300,000)
	4,300,000	4,300,000
	₱8,000,000	₱8,000,000

- *Cebu Country Club, Inc.* In 2012, the Group acquired proprietary ownership shares in the Cebu Country Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares.
- *Tower Club, Inc.* In 2014, the Group acquired proprietary ownership shares in the Tower Club, Inc. The non-listed equity security is stated at fair value based on the published buying and selling prices of these shares. On September 25, 2020, the shareholders of Tower Club agreed to shorten its corporate life and permanently close by January 2022.

Investment in Buskowitz Finance, Inc. (BFI). In 2021, VREC made an investment amounting to ₱94.0 million, which represents initial subscription to 200,000 common shares of BFI at ₱20 per share or for a total of ₱4.0 million, representing 16.81% ownership in BFI, and advances for future stock subscription amounting to ₱90.0 million, pending approval by the SEC of BFI’s application for the increase in authorized capital stock.

In June 2022, VREC made an additional investment amounting to ₱270.0 million. As of December 31, 2022 and 2021, the carrying value of the investment amounted to ₱389.7 million and ₱94.0 million.



Fair value hierarchy disclosures for the Group's financial assets at FVOCI are provided in Note 25.

Software Costs

Software costs pertain to a subsidiary's accounting software, Human Resources Information System, trading software and documents monitoring system. The movement of software costs is as follows:

	2022	2021
Cost		
At January 1	₱9,109,606	₱8,534,952
Additions during the year	396,956	574,654
At December 31	9,506,562	9,109,606
Accumulated Amortization		
At January 1	8,062,653	7,632,692
Amortization for the year	600,856	429,961
At December 31	8,663,509	8,062,653
Net Book Value	₱843,053	₱1,046,953

Customer contracts

BPC and NBPC have existing power supply agreements with its customers when these subsidiaries were acquired. Intangible assets pertaining to this customer relationship was recognized by the Group as an identifiable asset as part of the business combination. These assets are being amortized over their expected useful lives of 10–12 years, based on the remaining terms of the agreements as of the acquisition date. The movement of the intangible assets are as follows:

	2022	2021 (As Restated)
Cost		
At January 1	₱233,481,552	₱–
Additions due to business combination	–	233,481,552
At December 31	233,481,552	233,481,552
Accumulated Amortization		
At January 1	12,423,698	–
Amortization for the year	21,297,770	12,423,698
At December 31	33,721,468	12,423,698
Net Book Value	₱199,760,084	₱221,057,854

Others

Others include receivable from RFM Corporation, the Group's previous owner, which has been fully provided with allowance for impairment losses as of December 31, 2022 and 2021. Also included in this account are deposits for future subscription of an entity that is yet to be incorporated and security deposits with various tenants and other parties in the conduct of the Group's operations.



14. Trade and Other Payables

	2022	2021
Trade payables	₱1,506,776,281	₱1,076,481,787
Deferred output VAT	391,475,604	333,307,491
Accrued expenses	212,324,048	126,833,560
Accounts payable	141,112,460	158,106,988
Accrued interest (see Note 15)	37,720,667	32,925,647
Dividends payable	8,827,097	7,424,418
Output VAT	7,727,879	14,462,016
Accrued taxes payable	4,366,556	10,246,669
Unearned income	1,822,216	69,412,825
Others (see Note 23)	48,448,500	41,329,769
	2,360,601,308	1,870,531,170
Less noncurrent portion (see Note 23)	838,293,931	838,293,931
	₱1,522,307,377	₱1,032,237,239

Trade payables significantly consist of liabilities for a subsidiary's purchases of inventories from its suppliers and advances from a supplier. Trade payables for purchases of inventories are noninterest-bearing and are normally settled on a 30 to 45-day term.

Deferred output VAT is related to the recognition of the Group's revenue from bilateral contracts, and its corresponding receivable. The deferred output VAT is eventually closed to output VAT upon collection of the related receivable.

Accrued expenses mainly consist of accruals for fuel, audit fees, contracted services, legal fees, securities and transfer fees, benefits, and other expenses.

Accounts payable consist mainly of liabilities for payroll, professional fees and other expenses.

Dividends payable consists of dividends to the non-controlling interests of the Group arising from dividend declaration made by BPC and NBPC. Dividends declared relating to non-controlling interests amounted to ₱8.6 million, ₱276.1 million and ₱196.7 million in 2022, 2021 and 2020, respectively (see Note 21).

Unearned income are advance payments from customers.

15. Notes Payable

Short-term Notes Payable

- On May 28, 2020 and June 29, 2020, 1590 EC obtained 90-day and 91-day loans from a local bank amounting to ₱95.0 million and ₱40.0 million which bear interest rates of 5.1% and 4.95% per annum, respectively. On October 26, 2020, 1590 EC made a partial payment in the amount of ₱30.0 million. Both loans totalling ₱105.0 million were extended to January 8, 2021. In February 2021, 1590 EC made another partial payment in the amount of ₱14.0 million. The balance of the two loans were extended up to April 12, 2021. 1590 EC settled the loans on April 12, 2021.



On August 2022, 1590 EC obtained a one year loan from various local banks amounting to ₱950.0 million which bears interest from 4.5%–5%. On the same date, 1590 EC secured a six-month loan from a local bank amounting to ₱176.0 million which bears an interest rate of 4.75%.

- On various dates in 2020, INEC obtained loans from a local bank totalling to ₱644.3 million. The loans bear interest rates of 4.5% and 5% per annum. All loans matured on December 3, 2020 and were subjected to monthly extensions until their settlement on April 26, 2021.

On various dates in 2021, INEC obtained loans from a local bank totalling ₱338.5 million to finance the construction of its power plant. The loans bear interest rates of 4.25% per annum. All loans matured on April 26, 2021.

- On various dates in 2022, INPC obtained loans from a local bank totalling to ₱44.3 million. The loans bear interest rates of 5.5%–5.9% per annum and are set to mature on various dates within the first quarter of 2023.

Interest expense recognized in the consolidated statements of comprehensive income on these loans in 2022, 2021 and 2020, amounted to ₱20.7 million, ₱1.6 million and ₱3.4 million, respectively. Accrued interest on these loans as of December 31, 2022 and 2021 amounted to ₱0.4 million and nil, respectively (see Note 14).

Long-term Notes Payable

	2022	2021
Fixed Rate Corporate Notes (FRCN):		
₱1.0 billion at 4.1856% interest per annum	₱1,000,000,000	₱1,000,000,000
₱2.0 billion at 4.7416% interest per annum	1,950,000,000	2,000,000,000
15-Year Project Financing Facility:		
₱982.8 million at 6.4453% interest per annum	982,826,482	982,826,482
₱123.1 million at 6.0117% interest per annum	123,094,272	123,094,272
₱107.1 million at 6.0117% interest per annum	107,100,245	107,100,245
₱107.0 million at 8.3556% interest per annum	106,979,001	–
Loans with variable rates:		
₱172.2 million at 3-year benchmark, 5.5% floor	173,460,000	–
₱202.1 million at 3-year benchmark, 5.5% floor	203,520,000	–
₱120.7 million at 3-month benchmark, 5% rate	–	120,675,675
₱174.3 million at 1-year benchmark, 5% rate	–	174,321,594
	4,646,980,000	4,508,018,268
Less unamortized debt issue costs	23,328,832	34,477,428
	4,623,651,168	4,473,540,840
Less current portion - net of unamortized debt issue costs of ₱2.2 million in 2022 and ₱10.3 million in 2021	1,115,185,717	92,076,898
	₱3,508,465,451	₱4,381,463,942



Parent Company. The Parent Company entered into a Notes Facility Agreement (Agreement) to issue ₱3.0 billion in Fixed Rate Corporate Notes (FRCN or the Notes) on January 29, 2014 to fund its equity investments in power generation projects, to include, but not limited to MPC and TVI. The FRCN was fully subscribed by a consortium of local banks and was issued in two tranches and has a maturity of seven (7) years from the drawdown date. The Notes are unsecured.

The first drawdown amounting to ₱1.0 billion was made on February 3, 2014. The second drawdown amounting to ₱2.0 billion was made on March 31, 2014. The Notes are payable at 1% based on the principal amount of the notes in the first six (6) years and 94% at maturity on February 3, 2021. The Notes were settled on said date.

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

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

The first tranche is for a term of two years and payable on January 27, 2023 while the second tranche is for a term of five years and will mature on January 27, 2026 with principal payment of ₱50.0 million for the first four years and a balloon payment of ₱1.8 billion on maturity.

Repayments of outstanding principal amounts are scheduled as follows:

	2022	2021
Within one year	₱1,050,000,000	₱50,000,000
More than one year but not more than five years	1,900,000,000	2,950,000,000
	₱2,950,000,000	₱3,000,000,000

On January 27, 2023, the first tranche on the loan matured and was settled.

The Agreement requires that the Parent Company shall not permit its debt-to-equity ratio to exceed 2.5:1. The debt-to-equity ratio is based on the parent company debt and consolidated equity. In addition, the Agreement requires the current ratio to not fall below 1.25:1 and is based on the consolidated current assets and current liabilities. The Parent Company has complied with these ratio requirements as of December 31, 2022 and 2021.

Interest expense recognized in the consolidated statements of comprehensive income related to these notes payable amounted to ₱133.5 million, ₱138.2 million and ₱169.3 million in 2022, 2021 and 2020, respectively, and the related accrued interest expense as of December 31, 2022 and 2021 amounted to ₱17.8 million and ₱18.2 million, respectively (see Note 14).

INEC. In 2021, INEC entered into a loan agreement with Security Bank Corporation (SBC) whereby the latter agreed to provide INEC an aggregate principal amount of loan up to ₱1.32 billion to finance the construction of its 23.3 MW diesel power plant in Bantayan, Cebu.



The loan has a term of fifteen (15) years, inclusive of a two (2)-year grace period on principal repayment. Seventy percent (70%) of the loan is payable in fifty-one (51) quarterly installments commencing on the 9th quarter from the date of initial borrowing until the maturity date, while the remaining thirty percent (30%) shall be paid on the maturity date. The loan bears annual interest of 6.4453% and 6.0117% which is payable quarterly.

The loan is collateralized by the following: (a) debt service reserve account letter of credit, (b) first ranking mortgage on all present and future immovable properties, (c) assignment by way of security of the company's rights, titles and interest in project documents, insurance policies, performance bonds, receivables and other revenues from the Power Supply Agreement (see Note 23), and operating account; (d) pledge of shares; (e) personal property assignment on all present and movable assets.

As of December 31, 2022 and 2021, repayments of outstanding principal amounts are scheduled as follows:

	2022	2021
Within one year	₱36,235,294	₱-
More than one year but not more than five years	289,882,353	233,090,310
More than five years	993,882,353	979,930,689
	₱1,320,000,000	₱1,213,020,999

Interest expense recognized in the consolidated statements of comprehensive income related to this loan amounted to ₱84.3 million and the related accrued interest expense as of December 31, 2022 amounted to ₱16.7 million (see Note 14).

BPC. In September 2016, BPC availed of a 10-year loan payable in quarterly installments commencing on September 2, 2016 up to September 2, 2026. The long-term debt carries an interest rate based on 3-month benchmark rate plus spread, repriced quarterly, with a floor rate of 5%.

On August 31, 2022, BPC refinanced its existing loan with a new term of 9 years payable in quarterly installments commencing on August 31, 2022 up to August 29, 2031. The long-term loan carries an interest rate based on 3-year benchmark rate plus spread, repriced every 3 years, with a floor rate of 5.5%. The loan is secured by real estate mortgage, pledge of shares and assignment of project accounts.

Repayments of outstanding principal amounts are scheduled as follows:

	2022	2021
Within one year	₱14,160,000	₱25,405,405
More than one year but not more than five years	56,640,000	95,270,270
More than five years	102,660,000	-
	₱173,460,000	₱120,675,675

Interest expense recognized in the 2022 and 2021 consolidated statement of comprehensive income related to this loan amounted to ₱8.1 million and ₱5.3 million, respectively, and the related accrued interest expense as of December 31, 2022 and December 31, 2021 amounted to ₱1.1 million and ₱0.5 million, respectively (see Note 14).



NBPC. On June 2017, NBPC availed of a 10-year loan payable in quarterly installments commencing on September 27, 2017 up to September 27, 2027. In May and June 2018, NBPC availed of additional loans payable in quarterly installments commencing on March 27, 2019 up to September 27, 2027.

The loans carry an interest rate based on 1-year benchmark rate plus spread, repriced annually, with a floor rate of 5%.

In June 2022, NBPC refinanced its existing loan with a new term of 9 years payable in quarterly equal installments commencing on June 22, 2022 up to June 20, 2031. The loan carries an interest rate based on 3-year benchmark rate plus spread, repriced every 3 years, with a floor rate of 5.5%. The loan is secured by real estate mortgage, pledge of shares and assignment of project accounts.

Repayments of outstanding principal amounts are scheduled as follows:

	2022	2021
Within one year	₱16,960,000	₱27,003,802
More than one year but not more than five years	67,840,000	128,605,098
More than five years	118,720,000	18,712,694
	₱203,520,000	₱174,321,594

Interest expense recognized in the 2022 and 2021 consolidated statement of comprehensive income related to this loan amounted to ₱12.6 million and ₱5.6 million, respectively, and the related accrued interest expense as of December 31, 2022 and December 31, 2021 amounted to ₱1.2 million and ₱0.1 million, respectively (see Note 14).

16. Related Party Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

In the normal course of business, the Group enters into transactions with related parties principally consisting of the following:

Category	Volume	2022		Terms	Conditions
		Receivables	Payables		
Associates					
Sale of power:					
VECO (see Note 16g)	₱-	₱7,957,282	₱-	30 days; noninterest-bearing	Unsecured; no impairment
Technical service fees (see Note 16d)					
CEDC	52,600,000	4,821,667	-	30 days; Noninterest-bearing	Unsecured; no impairment
GLEDC	-	6,000,000	-	On-demand; Noninterest-bearing	Unsecured; no impairment
Advances to (see Note 16a):					
FLWS	-	150,000,000	-	Interest-bearing; Payable on demand	Unsecured; no impairment
CREC	-	17,500,258	-	Payable on demand	Unsecured; no impairment
PEI	-	-	50	noninterest-bearing	Unsecured; no impairment
Advances to (see Note 16h):					
GLEDC	1,475	1,879,200	-	30-60 days; noninterest-bearing	Unsecured; no impairment
<i>(Forward)</i>					



2022					
Category	Volume	Outstanding Balance		Terms	Conditions
		Receivables	Payables		
LPCI	₱8,928,192	₱102,708,539	–	30-60 days; noninterest-bearing	Unsecured; no impairment
Dividends (see Note 16f):					
VECO	827,495,658	–	–	noninterest-bearing	Unsecured; no impairment
MPC	200,000,000	–	–	noninterest-bearing	Unsecured; no impairment
AHI	316,800,000	–	–	noninterest-bearing	Unsecured; no impairment
Joint Ventures					
Technical service fees (see Note 16d):					
Delta P	24,151,552	26,566,707	–	30-60 days; noninterest-bearing	Unsecured; no impairment
CIPC	10,030,261	9,194,406	–	30-60 days; noninterest-bearing	Unsecured
Advances to (see Note 16a):					
Delta P	350,559	2,007,576	326	noninterest-bearing	Unsecured; no impairment
CIPC	21,022	422,222	–	noninterest-bearing	Unsecured; no impairment
LPEC	3,583,525	14,812,286	–	noninterest-bearing	Unsecured; no impairment
Dividends (see Note 16f):					
CIPC	–	7,760,000	–	noninterest-bearing	Unsecured; no impairment
Stockholders with Significant Influence					
Management fees expense (see Note 16e)					
MRC	4,050,094	–	–	30-60 days; noninterest-bearing	Unsecured
JDC	2,700,063	–	–	30-60 days; noninterest-bearing	Unsecured
Stockholders with Significant Influence					
Advances to/from (see Notes 16a and 16b)					
GPI	2,167,713	–	8,168,668	30-60 days; noninterest-bearing	Unsecured
WMI	4,686,127	4,686,127	–	noninterest-bearing	Unsecured; no impairment
APC	2,350,000	–	2,717,121	Interest bearing; 1-year term	Unsecured
Stockholders with No Significant Influence					
Advances to (see Note 16c):					
JGS	–	42,676	–	payable on demand; noninterest-bearing	Unsecured; no impairment

2021					
Category	Volume	Outstanding Balance		Terms	Conditions
		Receivables	Payables		
Associates					
Sale of power:					
VECO (see Note 16g)	₱–	₱7,957,282	₱–	30 days; noninterest-bearing	Unsecured; no impairment
Technical service fees (see Note 16d)					
CEDC	56,173,000	33,871,344	–	30 days; Noninterest-bearing	Unsecured; no impairment
CPPC	13,068,517	–	–	30-60 days; noninterest-bearing	Unsecured; no impairment
GLEDC	–	6,000,000	–	On-demand; Noninterest-bearing	Unsecured; no impairment
Advances to (see Note 16a):					
FLOWS	–	150,000,000	–	Interest-bearing; Payable on demand	Unsecured; no impairment
CREC	7,500,000	17,500,258	–	Payable on demand	Unsecured; no impairment

(Forward)



2021					
Category	Volume	Outstanding Balance		Terms	Conditions
		Receivables	Payables		
Advances to (see Note 16h):					
GLEDC	₱4,962	₱1,877,725	₱-	30-60 days; noninterest-bearing	Unsecured; no impairment
LPCI	12,845,625	93,783,539	-	30-60 days; noninterest-bearing	Unsecured; no impairment
Dividends (see Note 16f):					
VECO	729,955,901	-	-	noninterest-bearing	Unsecured; no impairment
MPC	239,999,995	-	-	noninterest-bearing	Unsecured; no impairment
AHI	510,400,000	-	-	noninterest-bearing	Unsecured; no impairment
PEI	17,200,000	-	-	noninterest-bearing	Unsecured; no impairment
Joint Ventures					
Technical service fees (see Note 16d):					
Delta P	23,562,489	5,248,352	-	30-60 days; noninterest-bearing	Unsecured; no impairment
CIPC	9,785,620	-	-	30-60 days; noninterest-bearing	Unsecured
Advances to (see Note 16a):					
Delta P	286,341	1,637,681	-	noninterest-bearing	Unsecured; no impairment
CIPC	5,232	394,818	-	noninterest-bearing	Unsecured; no impairment
LPEC	66,289,662	11,229,919	-	noninterest-bearing	Unsecured; no impairment
Dividends (see Note 16f):					
CIPC	19,400,000	19,400,000	-	noninterest-bearing	Unsecured; no impairment
Delta P	20,000,000	20,000,000	-	noninterest-bearing	Unsecured; no impairment
Stockholders with Significant Influence					
Management fees expense (see Note 16e)					
MRC	8,286,248	-	-	30-60 days; noninterest-bearing	Unsecured
JDC	5,524,165	-	-	30-60 days; noninterest-bearing	Unsecured
Stockholders with Significant Influence					
Advances to/from (see Notes 16a and 16b)					
GPI	-	-	5,689,112	30-60 days; noninterest-bearing	Unsecured
WMI	-	140,937	-	payable on demand; noninterest-bearing	Unsecured
Stockholders with No Significant Influence					
Advances to (see Note 16c):					
JGS	-	42,676	-	payable on demand; noninterest-bearing	Unsecured; no impairment

- a. Advances to related parties are noninterest-bearing cash advances to associates, joint ventures and stockholders. The outstanding advances, presented as “Advances to associates, joint ventures and stockholders” account in the consolidated statements of financial position, are noninterest-bearing and are due on demand. These advances are for project and working capital requirements.



On February 14, 2020, the Company entered into an Interim Financing Agreement (IFA) with FLOWS for the development of a combined sewerage and septage facility serving the City of Puerto Princesa. The IFA is for a term of four months or until June 13, 2020 at an interest rate of 5.7810% per annum. On June 13, 2020, the IFA was extended for three months or until September 13, 2020 at an interest of 6.2595%, 4.2578% and 4.3016% per annum on the first, second and third month, respectively. FLOWS is in the process of securing bank refinancing of the interim loan as of December 31, 2022.

- b. Advances from related parties are noninterest-bearing cash advances payable on demand, from the Group's joint ventures and stockholders.
- c. Advances to a "stockholder with no significant influence" pertains to the life insurance plan advanced by the Parent Company for a member of its BOD.
- d. Technical service fees represent the compensation for the services rendered by the Group to the associates and joint ventures. These are governed by service-level contracts executed by the Group and its associates and joint ventures. These are recognized as "Management and service fees" presented as part of the Group's revenue in the consolidated statements of comprehensive income amounting to ₱86.8 million, ₱102.6 million and ₱210.2 million in 2022, 2021, and 2020, respectively.

Outstanding receivables for management fees and service fees presented as part of "Accounts receivable" under "Trade and other receivables" account in the consolidated statements of financial position as of December 31, 2022 and 2021 amounted to ₱46.6 million and ₱27.3 million, respectively (see Note 7).

- e. The Group also entered into consultancy and management service agreements with its stockholders to avail of management consultancy services. Expenses incurred related to the consultancy and management service agreements are recognized as part of "Professional fees" under "Generation costs" (see Note 17) and "Operating expenses" in the consolidated statements of comprehensive income.
- f. In 2022, VECO, MPC, and AHI declared dividends amounting to ₱827.5 million, ₱200.0 million, and ₱316.8 million, respectively. In 2021, VECO, MPC, AHI, PEI, CIPC and Delta P declared dividends amounting to ₱730.0 million, ₱240.0 million, ₱510.4 million, ₱17.2 million, ₱19.4 million and ₱20.0 million, respectively. The outstanding amounts from these dividend declarations are currently lodged under "Dividends receivable" (see Note 7).
- g. The Group had an Energy Supply Agreement (ESA) with VECO (see Note 23), whereby the Group supplied contract energy to VECO from the 17 MW of the contracted capacity of the Unified Leyte Geothermal Power Plant administered by the Group. The ESA was terminated in October 2019.

Revenue from the ESA with VECO amounted to nil in 2022, 2021, and 2020. As of December 31, 2022 and 2021, the Group's trade receivables from VECO for the sale of power amounted to ₱8.0 million (see Note 7).

- h. Working capital advances to LPCI and GLEDC are noninterest-bearing, collateral-free and are due on demand. As of December 31, 2022 and 2021, the Group recognized a receivable from LPCI amounting to ₱102.7 million and ₱93.8 million, respectively, and from GLEDC amounting to ₱1.9 million and ₱1.9 million, respectively.



The above transactions are generally settled through cash.

Compensation and Benefits of Key Management Personnel

The compensation of the Group's key management personnel by benefit type follows:

	2022	2021	2020
Short-term employee benefits	₱173,320,326	₱153,391,047	₱159,714,310
Post-employment pension benefits (see Note 19)	8,120,745	7,267,643	8,747,182
	₱181,441,071	₱160,658,690	₱168,461,492

17. Costs of Services and Other Operating Expenses

Costs of Services

The Group's cost of services pertains to the costs incurred in the operation of the BDPP and the power plants in Bantayan Island and Bukidnon:

	2022	2021 (Restated - Note 13)	2020
Heavy fuel oil (see Notes 8 and 23)	₱2,142,610,532	₱783,844,384	₱271,028,255
Purchased power (see Note 23)	616,814,812	225,034,543	82,846,057
Depreciation and amortization (see Notes 11 and 24)	376,711,841	307,805,208	257,803,496
Light fuel oil (see Notes 8 and 23)	131,245,129	73,809,557	29,793,383
Salaries, wages and employee benefits (see Note 18)	99,879,153	99,720,112	77,111,285
Contractual and outside services	81,294,287	127,306,647	136,199,626
Materials and supplies (see Note 8)	67,109,692	56,899,469	52,403,387
Lube oil (see Note 8)	51,265,092	23,942,491	10,108,628
Insurance	48,149,903	38,401,046	27,178,734
Repairs and maintenance	38,086,273	2,355,746	1,017,463
Supply and metering charges	17,858,275	16,267,814	14,222,742
Taxes and licenses	8,912,200	2,903,725	1,459,817
Transportation	8,477,889	4,859,003	1,166,851
Royalty fees (see Note 24)	4,786,582	26,044,774	20,001,905
Professional fees (see Note 16e)	2,653,140	49,278,808	14,798,981
Rent (see Note 24)	2,102,963	17,440,475	10,346,285
Light and power	1,673,563	1,210,909	269,272
Market fees	884,993	781,797	496,226
Others	8,351,013	16,011,936	5,617,201
	₱3,708,867,332	₱1,873,918,444	₱1,013,869,594

Amounts recognized related to the Group's participation in WESM trading, are presented as "Purchased power" and "Market fees" aggregating to ₱39.0 million, ₱46.6 million, and ₱15.3 million in 2022, 2021 and 2020, respectively.



Other Operating Expenses

	2022	2021	2020
Corporate social responsibility	₱27,043,457	₱32,764,293	₱33,268,233
Directors' per diem (see Note 18)	20,729,167	11,460,000	10,076,666
Dues and subscriptions	10,363,650	7,567,361	4,815,005
Stand-by letter of credit	4,219,226	5,294,523	9,879,327
Repairs and maintenance	4,000,042	5,653,240	3,799,176
Office supplies	3,348,469	6,385,302	2,885,516
Marketing expenses	3,290,056	2,327,909	6,455,567
Insurance expense	2,836,223	2,585,963	2,687,804
Regulatory expenses	2,314,567	2,013,037	4,187,940
Stockholders' meeting expenses	604,066	293,119	181,689
Others	10,734,489	5,428,634	96,211
	₱89,483,412	₱81,773,381	₱78,333,134

Regulatory expenses include payments of administrative fees charged by the PSE and SEC and other charges.

Others include sponsorships and contributions, brokerage fees, insurance expenses, medical and health expenses, outing expenses, and bank charges, among others.

Other Income - Net

	2022	2021	2020
Recovery of previously written-off receivables	₱18,000,000	₱-	₱-
Rent income (see Note 12)	2,453,687	1,102,620	1,667,566
Other service income	1,870,000	2,237,464	461,364
Intercompany services	1,201,114	2,880,462	4,062,808
Gain on disposal of property, plant and equipment (see Note 11)	639,207	3,101,818	330,357
Insurance claims	-	-	44,878,062
Others	9,520,403	15,475,020	5,011,837
	₱33,684,411	₱24,797,384	₱56,411,994

Recovery of previously written-off receivables in 2022 pertains to recovery by VEC and VREC of its receivables from the sale of one of its joint ventures in 2018. The receivables were previously fully provided with an allowance.

In 2020, insurance claims pertain to DPI's insurance claims for damages brought by the fire in 2019.

Others include reversal of allowance for impairment losses, reimbursements from third parties for equipment station use, and billings to related parties for the shared expenses initially paid by the Group on behalf of related parties (see Note 16).



18. Personnel Expenses

	2022	2021	2020
Salaries, wages and employee benefits	₱469,334,852	₱399,860,946	₱345,155,222
Pension expense (see Note 19)	20,731,159	22,223,302	15,961,646
Directors' compensation and benefits (see Note 17)	20,729,167	11,460,000	10,076,666
	₱510,795,178	₱433,544,248	371,193,534

19. Retirement Plans

The Group has a funded, noncontributory, defined benefit pension plan covering all regular, permanent employees of the Parent Company, 1590 EC and VEC. Both plans provide lump sum benefits upon a member's normal retirement. The benefits are based on the member's final monthly salary and length of service with the Group.

The Fund for the Group's employees is administered by a trust and investment entity in the Philippines under the supervision of a trustee. The trustee is responsible for the investment strategy of the plan.

The existing regulatory framework, Republic Act 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of pension expense recognized in the consolidated statements of comprehensive income and the funded status and amounts recognized in the consolidated statements of financial position for the pension plan.

The components of the pension expense recognized under "Generation costs" and "Operating expenses" in the consolidated statements of comprehensive income follow:

	2022	2021	2020
Current service cost	₱17,717,173	₱18,902,166	₱12,703,706
Net interest cost	3,013,986	3,321,136	3,257,940
Pension expense	₱20,731,159	₱22,223,302	₱15,961,646

Remeasurement effects recognized in the consolidated statements of comprehensive income follow:

	2022	2021	2020
Remeasurement gain (loss) on defined benefit plan	₱16,205,942	₱18,982,444	(₱6,953,225)
Return on assets excluding amount included in net interest cost	(5,048,920)	(1,531,102)	(504,122)
	₱11,157,022	17,451,342	(₱7,457,347)



The pension liability pertaining to the Parent Company's funded group retirement plan and 1590 EC's funded retirement plan as of December 31, 2022 and 2021 follows:

	2022	2021
Present value of defined benefit obligation	₱121,018,373	₱134,859,953
Fair value of plan assets	(56,822,901)	(73,399,945)
Pension liability	₱64,195,472	₱61,460,008

Changes in the present value of the defined benefit obligation follow:

	2022	2021
At January 1	₱134,859,953	₱130,239,046
Benefits paid from retirement fund	(21,201,912)	(382,927)
Current service cost	17,717,173	18,902,166
Remeasurement loss (gain) due to:		
Changes in financial assumptions	(10,865,631)	(28,166,707)
Changes in demographic assumptions	(7,567,769)	-
Experience adjustments	2,227,458	9,184,263
Interest cost on defined benefit obligation	5,932,672	5,084,112
Benefits paid from Company operating funds	(83,571)	-
At December 31	₱121,018,373	₱134,859,953

Changes in the fair value of plan assets representing the funded retirement plan of the Group follow:

	2022	2021
At January 1	₱73,399,945	₱42,697,740
Contributions to the retirement fund	6,755,102	30,853,258
Interest income included in net interest cost	2,918,686	1,762,976
Return on assets excluding amount included in net interest cost	(5,048,920)	(1,531,102)
Benefits paid from retirement fund	(21,201,912)	(382,927)
At December 31	₱56,822,901	₱73,399,945

Changes in the amounts recognized in the consolidated statements of financial position for pension liability follows:

	2022	2021
At January 1	₱61,460,008	₱87,541,306
Pension expense for the year	20,731,159	22,223,302
Contributions to retirement fund	(6,755,102)	(30,853,258)
Remeasurement loss (gain) recognized for the year	(11,157,022)	(17,451,342)
Benefits paid from Company operating funds	(83,571)	-
At December 31	₱64,195,472	₱61,460,008



The major categories of the plan assets as a percentage of the fair value of the total plan assets are as follows:

	2022	2021
Investment in government securities	46.16%	1.96%
Fixed income securities:		
Unitized investment trust funds	39.88%	59.14%
Time certificate of deposit	13.64%	38.85%
Savings deposit	0.02%	0.01%
Accrued interest receivable	0.30%	0.04%
Total plan assets	100.00%	100.00%

All equity instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

The control and administration of the fund vest on the trustee. The trustee shall have the full and complete power and authority to hold, manage, administer, convert, sell, assign, alter, divide, invest and reinvest the fund without distinction between principal and income, to the same extent and with the same effect as might be lawfully done by persons who own and control property and may thus exercise every power and right with respect to each item of property in this trust authority specified in the agreement and expressly conferred upon it by law.

The overall investment policy and strategy of the Group's defined benefit plan is guided by the objective of providing the necessary funding for the benefits payable under the plan and achieving such liquidity as the trustee shall, in its discretion, deem appropriate in the circumstances. The Group's current investment strategy consists substantially of fixed income securities.

The principal assumptions used in determining pension obligation for the Group's pension plan as of December 31 follow:

	2022	2021
Discount rate	6.24%–8.41%	5.09%–5.15%
Future salary increase rate	5.00%–7.00%	5.00%–7.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of the defined benefit obligation of the most recent actuarial valuation report, as of December 31, 2022 and 2021, assuming all other assumptions were held constant:

	Increase (Decrease)	Present Value Change of Defined Benefit Obligation	
		2022	2021
Discount rate	+100 basis points	(P9,175,528)	(P11,590,804)
	-100 basis points	10,620,743	13,605,889
Future salary increase rate	+100 basis points	11,003,656	14,028,859
	-100 basis points	(9,650,744)	(12,180,012)



Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the defined benefit obligation at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date), while all other assumptions remained unchanged.

The average duration of the defined benefit obligation is 11.37–25.20 years and 15.68–19.64 years as of December 31, 2022 and 2021, respectively.

The Group does not expect to contribute to the defined benefit plan in 2023.

The expected benefit payment assumes that all actuarial assumptions will materialize. Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2022 and 2021:

	2022	2021
Less than one year	₱10,152,386	₱35,998,088
More than one year to five years	21,665,748	13,904,028
More than five years to 10 years	95,578,896	59,218,126
More than 10 years to 15 years	231,451,685	151,094,992
More than 15 years to 20 years	157,140,442	144,624,594
More than 20 years	400,440,788	246,798,850
Total	₱916,429,945	₱651,638,678

20. Income Taxes

	2022	2021 (As restated - Note 13)	2020
Current	₱97,784,862	₱146,282,516	₱160,916,114
Final	-	-	7,976,966
	97,784,862	146,282,516	168,893,080
Deferred	(8,223,383)	20,818,512	(14,480,460)
	₱89,561,479	₱167,101,028	₱154,412,620

The reconciliation of income tax expense computed at the applicable statutory rates to income tax expense follows:

	2022	2021 (As restated - Notes 3 and 13)	2020 (As restated - Note 3)
Income before income tax	₱1,794,288,597	₱2,399,590,790	₱1,933,327,335
Tax calculated at statutory rate (2022 and 2021: 25%; 2020: 30%)	₱448,572,149	₱599,897,698	₱579,998,201
Adjustments for the tax effects of:			
Equity in net earnings of associates and joint ventures	(485,339,345)	(459,622,816)	(480,895,826)

(Forward)



	2022	2021 (As restated - Notes 3 and 13)	2020 (As restated - Note 3)
Unrecognized deferred income tax assets on NOLCO and MCIT	₱161,413,675	₱189,915,551	₱124,818,148
Non-taxable gain	(38,324,884)	(34,620,467)	-
Interest income subject to final tax	(13,703,600)	(4,784,876)	(17,976,977)
Non-deductible expenses	10,966,033	7,164,849	7,263,629
Difference of OSD over deductible expenses	(4,667,825)	(67,560,411)	(77,900,467)
Impact of CREATE Law	-	(13,481,090)	-
Others	10,645,276	(49,807,410)	19,105,912
	₱89,561,479	₱167,101,028	154,412,620

The components of the Group's net deferred income tax assets as of December 31 are as follows:

	2022	2021
Deferred income tax assets on:		
Net pension liability	₱21,803,906	₱17,421,899
Allowance for impairment losses	11,602,774	11,602,774
Unamortized debt issue costs	525,694	525,694
Unrealized foreign exchange loss	60,697	60,697
	33,993,071	29,611,064
Deferred income tax liabilities on:		
Unrealized foreign exchange gain	11,270,706	2,793,774
Unamortized debt issue costs	7,709,211	6,546,245
	18,979,917	9,340,019
Deferred income tax asset (liabilities) recognized in other comprehensive income:		
Remeasurement loss (gain) on employee benefits	(608,784)	788,212
Unrealized valuation gain on FVOCI investments	(645,000)	(645,000)
	(1,253,784)	143,212
Net deferred income tax assets	₱13,759,370	₱20,414,257

The components of the Group's net deferred income tax liabilities are as follows:

	2022	2021 (As Restated - Note 13)
Deferred income tax liabilities on:		
Unrealized fair value gain on investment property	₱187,151,741	₱172,313,359
Fair value adjustments upon acquisition of subsidiaries (see Note 13)	63,531,385	70,485,406
Finance lease	-	23,337,127
Unrealized foreign exchange gain/loss- net	13,766,780	11,542,253
Accrued rent	166,346	84,122
	264,616,252	277,762,267



	2022	2021 (As Restated - Note 13)
Deferred income tax asset on net pension liability	₱-	(₱617,571)
Deferred income tax liability (asset) recognized in other comprehensive income		
Unrealized valuation adjustments on FVOCI investments	3,860,201	-
Remeasurement loss on employee benefits	(1,114,246)	(1,639,723)
	2,745,955	(1,639,723)
	₱267,362,207	₱275,504,973

In 2022 and 2021, the Group has deductible temporary differences and tax credits for which deferred tax assets have not been recognized since management believes that no sufficient taxable income will be available in the year these are expected to be reversed, settled or realized. These unrecognized deductible temporary differences and tax credits follow:

	2022	2021
NOLCO	₱1,589,563,997	₱302,749,587
MCIT	792,373	94,515

On September 30, 2020, BIR issued the RR No. 25-2020 to implement Section 4(bbbb) of Republic Act No. 11494, otherwise known as “Bayanihan to Recover as One Act”. This RR provides that net operating loss of the business or enterprise for taxable years 2020 and 2021 to be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

NOLCO and MCIT as of December 31, 2022 and 2021, except for the NOLCO incurred in 2020 and 2021, can be claimed as a deduction against future taxable income and income tax due within three years from the year of incurrence from 2020–2022 and 2019–2021, respectively.

CREATE Law

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

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



- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 was considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 were computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

The impact of the lower tax rates of 20–25% from July 1, 2020 onwards have been reflected in the 2021 financial statements.

21. Equity

Capital Stock

There were no changes in the Parent Company’s authorized, issued and outstanding common shares as of December 31, 2022 and 2021.

Authorized capital stock - ₱1 par value	2,000,000,000
Issued and outstanding shares	1,023,456,698
<u>Unissued shares</u>	<u>976,543,302</u>

The Parent Company’s issued capital stock originally consists of 224,880,067 common shares and 600,000,000 preferred shares that were listed in the Philippine Stock Exchange (PSE) since 2003, and 198,576,631 preferred shares that were approved for listing by the PSE on June 29, 2004. In June 2005, the SEC approved the amendment to Article VII that relates to the conversion of the Parent Company’s preferred shares to common shares. As of December 31, 2022 and 2021, the Parent Company’s issued capital stock all consists of common shares.

The Parent Company has 1,413 stockholders as of December 31, 2022, 1,415 stockholders as of December 31, 2021, and 1,425 stockholders as of December 31, 2020, and has complied with the Minimum Public Ownership requirement of the PSE for listed entities as of the same dates.

Dividends

The BOD declared cash dividends to its stockholders as follows:

	<u>2022</u>	2021	2020
Date of declaration	May 13, 2022	May 19, 2021	May 13, 2020
Date of record	May 30, 2022	June 4, 2021	May 27, 2020
Date of payment	June 10, 2022	June 23, 2021	June 23, 2020



	2022	2021	2020
Dividends declared:			
Regular dividends	₱444,282,550	₱358,209,844	₱467,822,060
Special dividends	-	-	-
	₱444,282,550	₱358,209,844	₱467,822,060
Dividends per share	₱0.4341	₱0.3500	₱0.4571

Appropriation of Retained Earnings for Business Expansion

Out of the 2016 retained earnings appropriation, the Parent Company made additional investment of ₱606.0 million in 2017 in two power plant projects in the Visayas and Mindanao, which amount was then reverted to unappropriated retained earnings in 2017.

In a BOD meeting held on December 21, 2017, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱2.2 billion for the investment on the two ongoing power plants in Visayas and Mindanao and a rooftop solar installation project starting 2018. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to an additional ₱1.3 billion to be used for future investments in these projects which are expected to be completed starting 2018.

Out of the 2017 retained earnings appropriation, the Parent Company made additional investment of ₱1.2 billion in 2018 on the power plant projects in the Visayas and in the rooftop solar installation project, which amount was then reverted to unappropriated retained earnings in 2018.

In a BOD meeting held on December 12, 2018, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱2.3 billion for the investments in the two on-going power plant projects in the Visayas, one on-going power plant project in Mindanao and a rooftop solar installation project. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱1.7 billion to be used for the investment in one on-going power plant project in the Visayas estimated to start commercial operations in 2021, new power generation projects in Luzon and the Visayas, and for infrastructure projects in the Visayas starting 2019.

Out of the 2018 retained earnings appropriation, the Parent Company reverted its prior appropriations amounting to ₱2.1 billion on the power plant projects in the Visayas and Mindanao due to its completion in 2019 and made additional investment amounting ₱31.6 million in 2019 on the new power generation project in Luzon, rooftop solar installation project, and infrastructure projects in Visayas.

In a BOD meeting held on November 13, 2019, the BOD has determined that the Parent Company's operations require to continue the existing appropriations amounting to ₱1.8 billion to provide appropriations for the investment in the new power generation project in the Visayas, and the on-going solar installations projects and infrastructure projects in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.6 billion to be used for the investment in the new power generation project in the Visayas estimated to start commercial operations in 2021, solar rooftop installations projects, on-going power plant project in Luzon, and on-going infrastructure projects in Visayas.



Out of the 2019 retained earnings appropriation, the Parent Company made additional investments of ₱1.5 billion in 2020 on the new power generation project in the Visayas, on-going solar installations projects, and infrastructure projects in the Visayas, which amount was then reverted to unappropriated retained earnings in 2020.

In a BOD meeting held on November 13, 2020, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱3.0 billion to provide appropriations for the investment on the on-going power generation projects in the Visayas, solar installation projects, and infrastructure projects in Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.3 billion to be used for the investment in the new power generation projects in Luzon and Mindanao, and on-going projects on power generation, solar rooftop installations, and infrastructure projects in Visayas.

Out of the 2020 retained earnings appropriation, the Parent Company made additional investments of ₱1.0 billion in 2021 on the new power generation project in Mindanao, and on-going power generation projects, solar installation projects and infrastructure projects in the Visayas, which amount was then reverted to unappropriated retained earnings in 2021.

In a BOD meeting held on November 12, 2021, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱4.2 billion to provide appropriations for the investment on the new power generation projects in Luzon, on-going power generation projects in the Visayas, and solar installation projects and infrastructure projects in Luzon and the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.0 billion to be used for the investment in the on-going and new infrastructure projects in Luzon and the Visayas starting in 2022.

Out of the 2021 retained earnings appropriation, the Parent Company made additional investments of ₱1.6 billion in 2022 on the power generation project in the Visayas, solar installation projects and infrastructure projects in Luzon and the Visayas, which amount was then reverted to unappropriated retained earnings in 2021.

In a BOD meeting held on November 11, 2022, the BOD has determined that the Parent Company's operation require to continue the existing appropriations amounting to ₱4.6 billion to provide appropriations for the investment on the new power generation projects in Luzon, solar installation projects in Luzon and the Visayas, and infrastructure project in the Visayas. In the same BOD meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to additional ₱2.25 billion to be used for the investment in the on-going and new infrastructure projects in the Visayas, and new power generation projects in Luzon and the Visayas starting in 2023.

Unappropriated Retained Earnings

The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint ventures, including unrealized fair value adjustments on investment properties, amounting to ₱7.7 billion and ₱7.4 billion as of December 31, 2022 and 2021, respectively. Such amounts are not available for dividend distribution until such time that the Parent Company receives the dividends from the respective subsidiaries, associates and joint ventures.

Non-controlling Interests

In 2020, INEC and HDFE received cash amounting to ₱73.0 million and ₱16.0 million respectively, from its non-controlling stockholders for the issuance of capital stock.



In 2021, INEC received cash amounting to ₱55.3 million from its non-controlling stockholder for the issuance of capital stock. LPEC also received cash from GPI amounting to ₱0.5 million.

In 2022, 1590EC received cash amounting to ₱231.2 million from its non-controlling stockholder for the issuance of capital stock. INPC also received cash from GPI amounting to ₱16.9 million.

Material Partly-Owned Subsidiary - 1590 EC

The following are selected financial information of the material partly-owned subsidiary of the Group as of and for the years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
Total current assets	₱1,068,374,263	₱993,023,145	₱903,759,047
Total noncurrent assets	3,751,025,697	2,154,054,662	2,424,981,615
Total current liabilities	2,218,327,860	933,323,365	1,180,285,736
Total noncurrent liabilities	832,756,131	995,414,558	1,113,555,486
Total equity	1,768,315,969	1,218,339,884	1,034,899,440
Sale of power	2,820,807,541	2,559,268,393	1,702,132,252
Operating profit	299,626,276	929,267,184	809,866,283
Net income	246,304,789	741,063,348	595,917,766
Total comprehensive income	249,647,528	743,338,604	590,436,065
Net income attributable to non-controlling interests	135,960,244	331,996,380	328,946,606
Total comprehensive income attributable to non-controlling interests	137,805,435	333,015,695	266,971,159
Dividends paid to non-controlling interests	-	250,880,000	196,672,000
Accumulated non-controlling interest	683,576,079	545,770,644	463,634,949

22. Earnings Per Share (EPS)

The amounts of EPS are computed as follows:

	2022	2021 (As Restated - Notes 3 and 13)	2020 (As Restated - Note 3)
Net income attributable to shareholders of the parent	₱1,595,263,961	₱1,866,730,439	₱1,514,226,057
Weighted average number of outstanding common shares	1,023,456,698	1,023,456,698	1,023,456,698
Basic and diluted EPS	₱1.559	₱1.824	₱1.480

There are no potential dilutive shares as of December 31, 2022, 2021 and 2020.



23. Contracts, Commitments and Contingencies

Sale of Power

Power Supply Agreements (PSA)

- *INEC Interim PSA.* On April 22, 2020, INEC, a subsidiary, and Bantayan Electric Cooperative, Inc. (BANELCO), an electric cooperative engaged in the distribution of electricity, light, heat and power, entered into an Interim PSA. INEC shall provide a portion of the electricity requirements of BANELCO. The Interim PSA commenced on August 11, 2020 and ended on August 10, 2021.

On July 3, 2020, INEC and BANELCO filed a joint application to the Energy Regulatory Commission, docketed under ERC Case No. 2020-013 RC, entitled “In the Matter of the Application for Approval of the Interim Power Supply Agreement between Bantayan Island Electric Cooperative, Inc. (BANELCO) and Isla Norte Energy Corporation (INEC), with Motion for Provisional Authority”, dated April 29, 2020. The ERC issued a letter to INEC and BANELCO on July 19, 2021, informing that it has granted interim relief to the parties by virtue of an order issued on July 14, 2021, subject to the rates and conditions set forth in the letter.

Sale of power to BANELCO from this contract amounted to nil, ₱10.1 million, and nil in 2022, 2021 and 2020, respectively.

- *INEC PSA.* On February 10, 2020, INEC and BANELCO entered into a PSA. Under the PSA, INEC shall provide the entire energy requirements of BANELCO and its franchise area. The agreement is for a period of 15 years, reckoned from commercial operations date. On March 27, 2022, INEC and BANELCO rescinded the PSA.

On March 30, 2022, INEC and BANELCO filed the Joint Motion to Withdraw the Joint Application for Approval of their PSA (the Motion to Withdraw) dated March 29, 2022 before the ERC. The ERC, in an order dated May 5, 2022, denied the Joint Application for non-compliance with certain rules, procedures, and other considerations.

- *INPC PSA.* On March 30, 2022, BANELCO and INPC entered into a PSA. According to the terms of the PSA, INPC shall provide the entire energy requirements of BANELCO and its franchise area. The agreement is for a period of 15 years, reckoned from commercial operations date. On May 5, 2022, pending final resolution of INPC’s application for approval of the PSA, the ERC granted provisional authority to INPC to implement the PSA, subject to certain conditions. Commercial operations in relation to the provisional authority commenced on May 6, 2022.

Sale of power to BANELCO from this contract amounted to ₱558.5 million in 2022.

- *INEC 90-Day PSA.* The ERC issued a Notice of Resolution dated November 4, 2021 that contained a directive to BANELCO “to source out power from any supplier which it deems fit, to ensure the continuous and unhampered supply of power within its franchise area.” BANELCO entered into a PSA with the Company for a period of 90 days, reckoned from the date of the issuance of the resolution, to supply the whole of its energy requirement.

Sale of power to BANELCO from this contract amounted to ₱194.4 million and ₱83.4 million in 2022 and 2021, respectively.



- *INEC Subsidy Agreement (SA)*. Due to the subsidized nature of the above PSAs, the subsidiary applied for Subsidy Agreement (SA) with NPC. This SA allows the entity to collect the difference of the Subsidized/Approved Generation Rate (SAGR) charged to BANELCO and True Cost Generation Rate (TCGR). SAGR charged to BANELECO amounted to ₱7.0898 and ₱6.2553 per kilowatt-hour in 2022 and 2021, respectively. The subsidy agreement for the Interim PSA has been signed by INEC, BANELCO, and NPC on December 28, 2021. The subsidy agreements for the PSA and the 90-day PSA, as extended, were approved on August 2, 2022.

In 2020, INEC received from BANELCO an advance deposit amounting to ₱15.0 million in relation to the subsidy agreement. In 2021, INEC received from the National Electrification Administration ₱20.0 million as addition to BANELCO's advance deposit in relation to the subsidy agreement. The amount is refundable to BANELCO upon approval of the application by the ERC, and collection of the subsidy from the National Power Corporation. These deposits are presented under "Others" as part of "Trade and other payables in the consolidated statements of financial position (see Note 14).

- *NBPC PSA*. On January 17, 2017, NBPC entered into a Power Supply Agreement (PSA) with Bukidnon Second Electric Cooperative (BUSECO) to supply a maximum of 5 MW from its 2 x 3.1 MW power plant located at Barangay Bugcaon, Lantapan, Bukidnon at a specific contract rate for a period of 15 years commencing from commercial operation date in the second quarter of 2018, under a Build Operate Maintain (BOMT) scheme. With the BOMT agreement, NBPC's power plant will be transferred to BUSECO upon termination of the PSA.

ERC has granted a provisional approval on its rate application on August 31, 2017 effective for only twelve (12) months. Upon expiration of the provisional authority on August 31, 2018, ERC extended the provisional authority in an order dated September 21, 2019. NBPC and BUSECO filed a motion for reconsideration for rates adjustment from the provisionally approved amounts and was partially granted by ERC on October 8, 2019. As of December 31, 2022, no decision was received from ERC on the matter.

Total generation income from this agreement amounted to ₱72.3 million and ₱41.5 million in 2022 and 2021, respectively.

- *BPC PSA*. On October 16, 2014, the Company entered into a Power Supply Agreement (PSA) with First Bukidnon Electric Cooperative (FIBECO) to supply a maximum of 4.4 MW from its 2 x 2.4 MW power plant located at Barangay Barandas, Bukidnon at a specific contract rate for a period of 15 years commencing from March 15, 2015. ERC has granted a provisional approval on its rate application on August 3, 2015. The second power supply agreement was entered into with FIBECO on July 24, 2015 for a contracted capacity of 2 MW from its 2.5 MW Fuel power plant located at Barangay Mabuhay, San Fernando, Bukidnon, for a period of 15 years starting from April 15, 2016. ERC's final approval on its rate application was dated June 6, 2017.

Total generation income from this agreement amounted to ₱97.2 million and ₱48.6 million in 2022 and 2021, respectively.

Solar Solutions

A subsidiary of the Group enters into power purchase agreements with various customers for the development, engineering, procurement, construction, operation and maintenance of solar generation facilities at the customers' premises. Revenue from these agreements amounted to ₱23.1 million, ₱9.0 million and ₱6.6 million in 2022, 2021 and 2020, respectively.



Ancillary Services

In January 2017, a subsidiary entered into an ASPA with NGCP to be its service provider, whereby the entity will provide dispatchable reserve to NGCP to maintain power quality, reliability, and security of the nationwide grid. The term of agreement is in force for five (5) years. Actual transactions such as nominations and scheduling started in November 2017 when the access and technical requirements were finally fulfilled. The contract expired in September 2022 subject to monthly renewal pending the result of the competitive selection process. The contract was renewed until February 25, 2023. Revenue from ASPA with NGCP amounted to ₱952.9 million, ₱1,174.7 million and ₱1,407.8 million in 2022, 2021 and 2020, respectively.

Retail Electricity Supply

A subsidiary enters into various retail supply contracts with contestable customers for the supply of energy at an agreed price on a per kilowatt-hour basis. The contracts are for a period of 2 years and for a contracted capacity of 0.75–2.50 MW. Total retail electricity sales earned from these contracts amounted to ₱633.5 million, ₱301.0 million and ₱120.2 million in 2022, 2021 and 2020, respectively.

In connection with the contracts, the subsidiary received refundable deposits from customers amounting to ₱6.7 million as of December 31, 2022 and 2021. These are presented as part of “Other noncurrent liabilities” in the statements of financial position (see Note 14).

Participation in WESM

To avail of the opportunities in the competitive electricity market, certain entities of the Group registered as direct participants of the wholesale electricity spot market (WESM). The revenue from sale of power on the WESM recognized by the Group amounting to ₱1,867.8 million, ₱1,384.6 million, ₱294.4 million in 2022, 2021 and 2020, respectively, were generated from its participation in the trading of electricity at the WESM.

On March 6, 2014, the ERC rendered an Order voiding the WESM prices for the supply months of November and December 2013 and in lieu thereof, substituting regulated prices. The Order came after the ERC formed an Investigating Unit to investigate the unusual increase in WESM prices and the seemingly simultaneous withholding of capacity by electric power generators during the supply months of November and December 2013.

On March 28, 2014, a subsidiary filed its Motion for Reconsideration (MR) to the Order. In an Order dated October 15, 2014, the ERC denied the MR.

On December 10, 2014, as a result of the denial of the MR by the ERC, the subsidiary filed a Petition for Review with Application for Injunction and Temporary Restraining Order with the CA requesting for the (a) issuance of a Temporary Restraining Order and Writ of Preliminary Injunction enjoining ERC and PEMC from implementing all orders, decisions, and resolutions in ERC Case No. 2014-021 MC and (b) reversal of the Order of the ERC in ERC Case No. 2014-021 MC and (c) reinstating the November and December 2013 WESM market prices.

On November 8, 2017 the CA in the consolidated Petitions for Review, rendered a decision declaring the Orders of the ERC dated March 3, 2014, March 27, 2014, May 9, 2014 and October 15, 2014 (the “ERC Orders”) for having been rendered without any factual and legal basis. Accordingly, the CA nullified the regulated prices imposed by the ERC in the ERC Orders that were to prevail in lieu of the WESM prices for the November and December 2013 supply months.



Thereafter, the ERC and Intervenor, filed their respective MRs to which the subsidiary duly filed its respective Oppositions thereto. Moreover, as of March 14, 2018, twelve (12) entities who are not original parties to the consolidated Petitions for Review but claim legal interest in the consolidated Petitions for Review filed their respective Motions for Leave to file intervention and admit the attached MRs. On September 7, 2020, the subsidiary received a Notice from the Supreme Court (Third Division) that required its Comments to a Petition for Review on Certiorari. The subsidiary was able to file its Comment and Opposition within the allowed extended period. The Supreme Court has not decided on the matter as of March 16, 2023.

Costs of Generation

Purchased Power

- *Bilateral Agreements.* A subsidiary of the Group entered into a PSA with KEPCO SPC Power Corporation to purchase power for a fixed fee per MW per hour. The PSA is for a period of one year starting January 13, 2020 to January 12, 2021 with a minimum and maximum contract capacity of 2MW and 5MW, respectively. In December 2020, the contract with KEPCO was extended for a period of one year from January 13, 2021 to January 12, 2022.

The subsidiary also entered into PSA with Southwest Luzon Power Generation Corporation to purchase power for a fixed fee per MW per hour. The PSA shall commence from July 15, 2021 to November 25, 2022 for a contracted capacity of 5MW.

In 2022, the subsidiary entered into a PSA with SN Aboitiz – Magat, Inc. to purchase power for a fixed fee per MW hour. The PSA is valid from February 26, 2022 to February 25, 2023 for a contracted capacity of 5MW.

In 2022, the subsidiary also entered into a PSA with Therma Visayas, Inc. to purchase power for a fixed fee per MW hou. The PSA is valid from December 26, 2022 to December 25, 2024 for a contracted capacity of 5MW.

The total cost of power purchased during the year from the above power supply agreements amounted to ₱431.1 million, ₱179.2 million and ₱68.0 million in December 2022, 2021 and 2020, respectively (see Note 17).

Fuel Supply Agreements

- *Supply Agreement for Heavy Fuel.* The Group, through its power generation subsidiaries, entered into a Supply Agreement (Consignment) with Pilipinas Shell Petroleum Corporation (PSPC) for the supply of the Group’s petroleum product requirements. Under the agreement, PSPC shall sell and deliver, or procure to be delivered, and the Group shall purchase the petroleum products exclusively from PSPC. The supply agreements are in force up to May 2023 and June 2023.

Heavy fuel oil expense recognized in the consolidated statements of comprehensive income amounted to ₱2,142.6 billion, ₱783.8 million and ₱271.0 million in 2022, 2021 and 2020, respectively (see Note 17).

- *Supply Agreement for Light Fuel Oil.* On June 10, 2020, the Group entered into a three-year supply agreement with Pilipinas Shell Petroleum Corporation for the supply of the Group’s petroleum product requirements. The agreement is effective on July 1, 2020 until May 31, 2023.



Light fuel oil recognized in the consolidated statements of comprehensive income amounted to ₱131.2 million, ₱73.8 million, and ₱29.8 million in 2022, 2021, and 2020, respectively (see Note 17).

- *Supply Agreement for Lube Fuel Oil.* On October 1, 2021, the Group entered into a Supply Agreement with Pilipinas Shell Petroleum Corporation (PSPC) for the supply of the Group's fuel requirements. Under the agreement, PSPC shall sell and deliver and the Group shall purchase the fuel products such as Shell fuel oil and Shell diesoline B2 from October 2, 2021 to September 30, 2022.

Lube fuel oil recognized under "Generation costs" in the statements of comprehensive income amounted to ₱51.3 million, ₱23.9 million, and ₱10.1 million in 2022, 2021, and 2020, respectively (see Note 17).

Distribution Wheeling Services

A subsidiary of the Group enters into Distribution Wheeling Service Agreements (DWSA) with various distribution utilities to tap their distribution services for the conveyance of electricity, through its distribution system, to the subsidiary's contestable customers.

Based on the DWSA, the subsidiary shall pass on all applicable distribution wheeling services charges namely distribution, transmission, system loss, metering, ancillary, universal and other charges, including applicable taxes, as billed by the distribution utility to the contestable customers. Total costs incurred for distribution wheeling services amounted to ₱147.5 million, ₱107.2 million and ₱39.2 million in 2022, 2021 and 2020, respectively (see Note 17).

A bill deposit equivalent to one month of the estimated billing is usually paid to the distribution utility prior to the commencement wheeling services to the contestable customer. As at December 31, 2022 and 2021, security deposit under this agreement amounted to ₱15.8 million and ₱11.7 million, respectively, and is presented as "Others" under "Prepayments and other current assets" (see Note 9).

Open Access Transmission Service

Pursuant to the provision on Credit Support under Section A8.1 of the Open Access Transmission Service Rules as well as the condition set under Billing and Payments of the Transmission Service Agreement, 1590 EC provided additional credit support in the form of a security deposit presented as "Other noncurrent assets" in the consolidated statements of financial position amounting to ₱2.3 million as of December 31, 2022 and 2021 (see Note 13).

Contingencies

The Group is a party to certain proceedings and assessments in the normal course of business. The ultimate outcome of these proceedings cannot be presently determined. The Group's position has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. As allowed by PAS 37, no further disclosures were provided as this might prejudice the Group's position on this matter. Management believes, based on information currently available and professional legal advice, that the ultimate resolution of these proceedings would not likely have a material, adverse effect on the results of operations, financial position or liquidity of the Group. Existing circumstances and assumptions about future developments related to these proceedings may still change. Such changes are reflected in the assumptions when they occur.



24. Lease Agreements

The Group has lease contracts for various items of land and office space used in its operations. Leases of land has a lease term of 17 years, while office space generally have lease terms between 2 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options.

On May 11, 2012, a MOA was entered into between the 1590 EC and the PGLU for the right to preserve, maintain and operate the BDPP, including the right to use and sell the power generated therefrom. The MOA commenced on May 26, 2012 until June 25, 2013, but subject to yearly renewal unless otherwise terminated by a mutual agreement, for a monthly consideration of ₱10.5 million.

On March 22, 2013, a new MOA was executed between 1590 EC and PGLU for a period of one year commencing immediately after the expiration of the first MOA or on June 26, 2013, for a monthly consideration of ₱12.5 million. On April 2, 2014, an amendment to the MOA was executed extending the agreement to December 31, 2015. In February 2015, the parties executed a Second Amendment to the MOA extending its term until December 31, 2018. The Second Amendment provides for a monthly consideration of ₱13.2 million. All other terms and conditions remained.

In addition, the MOA stipulates for the payment by the Company to PGLU of royalty fees equivalent to 1590EC's one and one-half percent (1.5%) of monthly gross profit, the latter computed as 1590 EC's monthly revenues less monthly costs related to heavy fuel, light fuel and lube oil.

On January 19, 2018, the Group entered into a lease contract with the PGLU over the BDPP after emerging as the winning Proponent during the bidding for the lease thereof. Under the lease contract, the Group can use, possess, man, operate, and maintain the BDPP for its sole account and expense, for a term of five (5) years commencing on January 1, 2019. The lease is in consideration for a monthly rental of ₱14.1 million, royalty payment at 1.5% of monthly net profit, and the infusion of total capital investment of at least ₱600.0 million over the five-year term.

On April 6, 2022, 1590 EC was issued a Notice of Award from PGLU as the highest bidder of the BDPP during the public auction following a post qualification evaluation. The two parties executed the deed of transfer and conveyance on April 19, 2022. As a consequence of the public auction and formal transfer of ownership, the parties mutually agreed to terminate the lease agreement wherein the PGLU waives all other obligations of PGLU under the contract of lease, whether monetary or otherwise.

Total depreciation expense on the right-of-use asset recognized under "Costs of Services" amounted to ₱68.2 million, ₱209.6 million and ₱215.8 million in 2022, 2021 and 2020, respectively, and total interest expense on the lease liabilities recognized as "Finance costs on lease liabilities" in the statement of comprehensive income amounted to ₱9.4 million, ₱50.3 million and ₱73.1 million in 2022, 2021 and 2020, respectively. Total royalty fees recognized under "Costs of Services" amounted to ₱4.8 million, ₱26.0 million and ₱20.0 million in 2022, 2021 and 2020, respectively (see Note 17).



Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year ended December 31, 2022 and December 31, 2021:

	Right-of-use Assets			Lease Liabilities
	Office Space	Plant and Equipment	Total	
As at January 1, 2022	₱32,864,741	₱409,495,665	₱442,360,406	₱358,719,808
Remeasurement of lease liabilities	3,348,598	–	3,348,598	3,348,598
Pre-termination of lease	–	(341,246,387)	(341,246,387)	(259,025,081)
Depreciation expense	(14,101,248)	(68,249,278)	(82,350,526)	–
Interest expense	–	–	–	10,826,959
Payments	–	–	–	(87,060,332)
As at December 31, 2022	₱22,112,091	₱–	₱22,112,091	₱26,809,952

	Right-of-use Assets			Lease Liabilities
	Office Space	Plant and Equipment	Total	
As at January 1, 2021	₱43,346,356	₱628,876,558	₱672,222,914	₱663,178,304
Remeasurement of lease liabilities	4,268,864	(9,755,374)	(5,486,510)	(5,486,510)
Depreciation expense	(14,750,479)	(209,625,519)	(224,375,998)	–
Interest expense	–	–	–	52,513,071
Payments	–	–	–	(351,485,057)
As at December 31, 2021	₱32,864,741	₱409,495,665	₱442,360,406	₱358,719,808

In 2021, the Group remeasured its lease liabilities to consider the impact of change in the timing of incurrence of capital investments which are in-substance lease payments to PGLU. The remeasurement resulted to a decrease in right-of-use assets and lease liabilities by ₱9.8 million in 2021.

In 2022 and 2021, there were modifications to the Parent Company's leases which increased the lease term, reduced rent payments and provided rent concessions. The remeasurement resulted to a net increase in right-of-use assets and lease liabilities by ₱3.3 million in 2022 and ₱4.3 million in 2021.

Set out below are the amounts recognized in the consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021:

	2022	2021
Depreciation expense of right-of-use assets		
Costs of services (see Note 17)	₱68,249,278	₱209,625,519
Operating expenses	14,101,248	14,750,479
Interest expense on lease liabilities	10,826,959	52,513,071
Variable lease payments (see Note 17)	4,786,482	26,044,774
Rent expense - short-term leases	8,568,043	22,143,009
	₱106,532,010	₱325,076,852

Variable lease payments are presented as Royalty fees under "Costs of Services" in the consolidated statements of comprehensive income.

Shown below is the maturity analysis of the undiscounted lease payments as of December 31:

	2022	2021
Within one year	₱16,712,054	₱223,008,091
After one year but not more than five years	13,498,899	171,728,372
	₱30,210,953	₱394,736,463



25. Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash and cash equivalents, trade and other receivables, advances to associates and stockholders, financial assets at FVOCI, trade and other payables, notes payable and advances from related parties. The main purpose of these financial instruments is to raise funds for the Group's operations.

The main risks from the Group's financial instruments are credit risk, liquidity risk and foreign currency risk. The BOD reviews and agrees policies for managing each of these risks and these policies are summarized below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

With respect to cash investments, the risk is mitigated by the short-term and/or liquid nature of its investments mainly in bank deposits and placements, which are placed with financial institutions of high credit standing. Receivable balances are actively monitored on an ongoing basis and acted upon regularly to avoid significant concentrations of credit risk.

Except for the trade receivables of 1590 EC from an electric cooperative and other receivables which were provided with allowance (see Note 7), management evaluated that the Group's consolidated financial assets as summarized below are of high grade and of good credit quality.

The maximum exposure to credit risk, net of allowance for impairment losses, amounted to ₱7,266.2 million and ₱7,457.3 million as of December 31, 2022 and 2021, respectively.

There are no significant concentrations of credit risk within the Group.

The Group writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. The Group writes off an account when all of the following conditions are met:

- the asset is in past due for over 90 days, or is already an item-for-forfeiture
- contract restructuring is no longer possible

The Group may also write-off financial assets that are still subject to enforcement activity. The Group has not written off outstanding loans and receivables that are still subject to enforcement activity as of December 31, 2021 and 2020.

The following are the details of the Group's assessment of credit quality and the related ECLs as at December 31, 2022 and 2021:

- *General Approach*
 - *Cash and Cash Equivalents.* As of December 31, 2022 and 2021, the ECL relating to the cash and cash equivalents of the Group is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.



- *Advances to Associates, Joint Ventures, and Stockholders, Receivables from Related Parties and Other Receivables and Security Deposits.* No ECL is recognized for related party receivables since there were no history of default payments. As of December 31, 2022 and 2021, allowance for impairment losses pertain to individually impaired accounts of other receivables. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.
- *Simplified Approach*
 - *Trade and Accounts Receivable* - The Group applied the simplified approach under PFRS 9, using a ‘provision matrix’. As of December 31, 2022 and 2021, the allowance for impairment losses as a result from performing collective impairment test amounted to P2.0 million and P0.7 million, respectively. Management evaluated that the Group’s trade receivables are of high grade and of good credit quality.

The tables below show the maximum exposure to credit risk based on the Group’s year-end stage classification.

2022					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	P5,903,523,053	P-	P86,062,163	P1,364,716,118	P7,354,301,334
Loss allowance	-	-	(86,062,163)	(2,009,923)	(88,072,086)
Carrying amount	P5,903,523,053	P-	P-	P1,362,706,195	P7,266,229,248

2021					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	P6,577,302,815	P-	P99,617,163	P880,779,640	P7,557,699,618
Loss allowance	-	-	(99,617,163)	(732,935)	(100,350,098)
Carrying amount	P6,577,302,815	P-	P-	P880,046,705	P7,457,349,520

The following tables set out the aging analysis per class of financial assets as of December 31, 2022 and 2021:

2022							
	Not Past Due	Past Due				Impaired	Total
		Less than 30 Days	31-60 Days	61-90 Days	Over 90 days		
Financial Assets at Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	P4,169,079,325	P724,277,901	P-	P-	P-	P-	P4,893,357,226
Trade and other receivables	359,060,700	585,547,976	18,724,303	23,469,764	375,903,452	41,994,023	1,404,700,218
Advances to associates, joint ventures and stockholders	290,664,713	631,115	350,502	207,670	2,162,208	-	294,016,208
Advances to a supplier (under “Other noncurrent assets”)	698,308,703	-	-	-	-	-	698,308,703
Due from RFM Corporation (under “Other noncurrent assets”)	-	-	-	-	-	46,078,063	46,078,063
Restricted cash (under “Other current assets”)	2,003,880	-	-	-	-	-	2,003,880
Security deposits (under “Other noncurrent assets”)	15,837,036	-	-	-	-	-	15,837,036
	P5,534,954,357	P1,310,456,992	P19,074,805	P23,677,434	P378,065,660	P88,072,086	P7,354,301,334



	2021						Total
	Not Past Due	Less than 30 Days	31-60 Days	Past Due		Impaired	
				61-90 Days	Over 90 days		
Financial Assets at Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	₱4,381,506,785	₱1,268,518,154	₱-	₱-	₱-	₱-	₱5,650,024,939
Trade and other receivables	507,327,475	281,478,586	6,505,325	3,893,954	80,841,365	54,272,035	934,318,740
Advances to associates, joint ventures and stockholders	262,631,869	89,129	10,032	1,465	13,832,382	-	276,564,877
Advances to a supplier (under "Other noncurrent assets")	636,974,713	-	-	-	-	-	636,974,713
Due from RFM Corporation (under "Other noncurrent assets")	-	-	-	-	-	46,078,063	46,078,063
Restricted cash (under "Other current assets")	2,003,311	-	-	-	-	-	2,003,311
Security deposits (under "Other noncurrent assets")	11,734,975	-	-	-	-	-	11,734,975
	₱5,802,179,128	₱1,550,085,869	₱6,515,357	₱3,895,419	₱94,673,747	₱100,350,098	₱7,557,699,618

Liquidity Risk

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

The Group maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements and the Group's trade receivables are maintained to meet maturing obligations. The Group, in general, matches the appropriate long-term funding instruments with the general nature of its equity instruments.

The following tables summarize the Group's financial assets that can be used to manage its liquidity risk and the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as of December 31:

	2022				
	Contractual Undiscounted Payments				
	Total	On Demand	Less than 1 Year	1 to 5 Years	More than 5 Years
Financial Assets					
At amortized cost:					
Cash and cash equivalents	₱4,893,357,226	₱4,169,079,325	₱724,277,901	₱-	₱-
Trade and other receivables	1,362,706,195	359,060,700	627,742,043	375,903,452	-
Advances to associates, joint ventures, and stockholders	294,016,208	294,016,208	-	-	-
Advances to a supplier (under "Other noncurrent assets")	698,308,703	-	-	698,308,703	-
Restricted cash (under "Other current assets")	2,003,880	-	569	2,003,311	-
Security deposit (under "Other current assets")	15,837,036	-	4,102,061	11,734,975	-
At FVOCI	8,000,000	8,000,000	-	-	-
	7,274,229,248	4,830,156,233	1,356,122,574	1,087,950,441	-
Financial Liabilities					
Trade and other payables*	1,109,910,241	334,299,343	740,610,898	35,000,000	-
Short-term notes payable	1,170,300,000	-	1,170,300,000	-	-
Long-term notes payable**	4,667,924,168	-	1,117,355,294	2,331,322,353	1,219,246,521
Lease liabilities***	30,210,953	-	16,712,054	13,498,899	-
Advances from related parties	10,886,165	5,197,053	5,689,112	-	-
	6,989,231,527	339,496,396	3,050,667,358	2,379,821,252	1,219,246,521
Net Financial Assets (Liabilities)	₱284,997,721	₱4,490,659,837	(₱1,694,544,784)	(₱1,291,870,811)	(₱1,219,246,521)

*Excluding nonfinancial liabilities

**Including contractual interest to maturity

***Contractual undiscounted lease payments



	2021				
	Total	Contractual Undiscounted Payments			
		On Demand	Less than 1 Year	1 to 5 Years	More than 5 Years
Financial Assets					
At amortized cost:					
Cash and cash equivalents	P5,650,024,939	P4,381,506,785	P1,268,518,154	P-	P-
Trade and other receivables	880,046,705	67,403,225	739,610,872	73,032,608	-
Advances to associates, joint ventures, and stockholders	276,564,877	276,564,877	-	-	-
Advances to a supplier (under "Other noncurrent assets")	636,974,713	-	-	636,974,713	-
Restricted cash (under "Other current assets")	2,003,311	-	-	2,003,311	-
Security deposit (under "Other current assets")	11,734,975	-	-	11,734,975	-
At FVOCI	8,000,000	8,000,000	-	-	-
	7,465,349,520	4,733,474,887	2,008,129,026	723,745,607	-
Financial Liabilities					
Trade and other payables*	429,937,513	-	394,937,513	35,000,000	-
Long-term notes payable**	4,535,018,070	-	335,499,517	4,199,518,553	-
Lease liabilities***	358,719,808	-	200,707,787	158,012,021	-
Advances from related parties	5,869,112	5,869,112	-	-	-
	5,329,544,503	5,869,112	931,144,817	4,392,530,574	-
Net Financial Assets (Liabilities)	P2,135,805,017	P4,727,605,775	P1,076,984,209	(P3,668,784,967)	P-

*Excluding nonfinancial liabilities

**Including contractual interest to maturity

***Contractual undiscounted lease payments

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenue or expense is denominated in a different currency from the Group's functional currency.

The foreign-currency-denominated monetary assets and their Philippine Peso equivalents follow:

Financial Asset	2022		
	USD	EUR	Php Equivalent
Cash	US\$9,863,581	€1,131,571	₱620,929,219
Financial Asset	2021		
	USD	EUR	Php Equivalent
Cash	US\$7,650,760	€1,545,354	₱477,317,847

The December 31 exchange rates used follows:

	2022	2021
US Dollar	₱56.12 to US\$1	₱50.77 to US\$1
Euro Dollar	₱59.55 to €1	₱57.52 to €1

The Group recognized net foreign exchange gain of ₱53.8 million, ₱16.1 million, ₱4.4 million in 2022, 2021, and 2020.



The Group manages the timing of settlements or payments to ensure that the Group is not unfavourably exposed to fluctuations of foreign exchange rates. Likewise, the Group maintains adequate PHP, US, and EUR bank deposits to fund major expenditures or payments in foreign currencies.

The tables below demonstrate the sensitivity to a reasonably possible change in the Philippine Peso, with all other variables held constant, of the Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as of December 31, 2022 and 2021.

	Change in Philippine Peso to US Dollar	
	Appreciation	Depreciation
Effect in income before income tax:		
2022 (at 8.40% appreciation and 7.13% depreciation)	₱46,497,710	(₱39,467,699)
2021 (at 2.86% appreciation and 2.85% depreciation)	₱11,109,072	(₱11,070,229)
	Change in Philippine Peso to Euro	
	Appreciation	Depreciation
Effect in income before income tax:		
2022 (at 3.77% appreciation and 4.40% depreciation)	₱2,540,416	(₱2,964,942)
2021 (at 3.38% appreciation and 2.97% depreciation)	₱3,004,006	(₱2,639,615)

There is no other impact on the Group's equity other than those already affecting the consolidated income before income tax.

Interest Rate Risk

The Group is not exposed to interest rate risk since its loans are subject to fixed interest rates and are therefore not subject to interest rate risk. Accounts receivable and other significant liabilities are noninterest-bearing. The Group has achieved a balanced mix of cash balances with various deposit rates.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of assets and liabilities:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.



As of December 31, 2022 and 2021, the carrying values of the Group's financial instruments, except for the FRCN and the Project Financing Facility, approximate fair values due to their relatively short-term maturity. The carrying amount of variable-rate loans approximate their fair values due to the annual and quarterly repricing of the variable interest rate (see Note 15).

The Group considers the FRCN and Project Financing Facility with fair value of ₱4.1 billion and ₱4.3 billion as of December 31, 2022 and 2021, respectively, as under Level 3 classification. The fair values were determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value.

The Group's financial assets at FVOCI and investment properties, which are classified under Level 2 and 3, respectively, are measured at fair value.

As of December 31, 2022 and 2021, there were no transfers into and out of Level 3 fair value measurements.

Changes in Valuation Techniques

There were no changes in the valuation techniques used by the Group in determining the fair value of its financial assets at FVOCI and investment properties during the year.

Highest and Best Use

As at December 31, 2022 and 2021, the current use of the Group's investment properties is considered its highest and best use.

Fair Value Hierarchy

The following tables show an analysis of the Group's assets measured at fair value recognized in the consolidated statements of financial position by level of the fair value hierarchy as of December 31, 2022 and 2021:

2022					
Fair Value Measurement Using					
Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets Measured at Fair Value					
Financial assets at FVOCI	₱397,734,676	₱-	₱397,734,676	₱-	
Investment properties (see Note 12):					
Land	898,590,867	-	-	898,590,867	
Condominium units	25,445,733	-	-	25,445,733	
2021					
Fair Value Measurement Using					
Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets Measured at Fair Value					
Financial assets at FVOCI	₱102,000,000	₱-	₱102,000,000	₱-	
Investment properties (see Note 12):					
Land	838,460,268	-	-	838,460,268	
Condominium units	25,181,733	-	-	25,181,733	



Valuation Techniques Used to Derive Level 3 Fair Values

The following tables show an analysis of the Group’s long-term notes payable for which fair values are disclosed at Level 3 of the fair value hierarchy as at December 31:

Description	Carrying Value as of December 31, 2022	Fair Value as of December 31, 2022	Valuation Technique	Key Observable Inputs	Range (Weighted Average)
FRCN	₱2,934,581,579	₱2,774,718,690	Discounted Cash Flow Approach	Risk-free interest rate	6.33%-7.92% (7.26%)
Project Financing Facility	₱1,311,257,671	₱1,330,644,862	Discounted Cash Flow Approach	Risk-free interest rate	4.58%-7.17% (6.39%)

Description	Carrying Value as of December 31, 2021	Fair Value as of December 31, 2021	Valuation Technique	Key Observable Inputs	Range (Weighted Average)
FRCN	₱2,934,581,579	₱3,059,496,945	Discounted Cash Flow Approach	Risk-free interest rate	1.01%-5.08% (2.90%)
Project Financing Facility	₱1,243,527,742	₱1,268,398,095	Discounted Cash Flow Approach	Risk-free interest rate	1.18%-5.03% (4.03%)

The table below presents the following for each class of the Group’s investment properties as of December 31, 2022 and 2021:

2022				
Class of Property	Fair Value	Valuation Technique	Key Unobservable Inputs	Range
Investment properties (see Note 12):				
Land	₱898,590,867	Sales Comparison Approach	Price per square meter	₱4,500–₱80,000
Condominium units	25,445,733	Sales Comparison Approach	Price per square meter	₱150,063–₱168,586

2021				
Class of Property	Fair Value	Valuation Technique	Key Unobservable Inputs	Range
Investment properties (see Note 12):				
Land	₱838,460,268	Sales Comparison Approach	Price per square meter	₱4,000–₱77,000
Condominium units	25,181,733	Sales Comparison Approach	Price per square meter	₱156,308–₱166,050

Unrealized gain on fair value remeasurement of investment properties, recognized in the consolidated statements of comprehensive income amounted to ₱60.4 million in 2022, ₱106.4 million in 2021, and nil in 2020 (see Note 12). All gains and losses recorded in the consolidated statements of comprehensive income for recurring fair value measurement categorized within Level 3 of the fair value hierarchy are attributable to changes in unrealized gain on fair value remeasurement of investment properties held at the end of the reporting period.

The fair values of financial assets at FVOCI is determined based on the available selling price in the market for identical assets under Level 2 as of December 31, 2022 and 2021. The Group recognized an unrealized gain on financial assets at FVOCI under “Other comprehensive income” in the consolidated statements of comprehensive income amounting to ₱21.9 million in 2022, ₱2.7 million in 2021, and ₱0.03 million in 2020.



There were no transfers between Levels 1 and 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Descriptions and Definitions

The table above includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values:

Sales Comparison Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The appraiser gathers data on actual sales and/or listings, offers, and renewal options, and identifies the similarities and differences in the data, ranks the data according to their relevance, adjusts the sales prices of the comparable to account for the dissimilarities with the unit being appraised, and forms a conclusion as to the most reasonable and probable market value of the subject property.

The elements of comparison include location, physical characteristics, available utilities, zoning, and highest and best use. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography and location.

The fair value of the investment properties was based on valuations performed by an accredited independent appraiser, with a recognized and relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued, conducted on various dates in 2022 and 2021. The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied.

Significant increases (decreases) in price per square meter in isolation would result in a significantly higher (lower) fair value measurement.

Capital Management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 2022, 2021 and 2020.

The Parent Company and certain subsidiaries are required to maintain financial ratios, such as current ratio, debt-to-equity ratio and debt service coverage ratio, as part of the covenants on their notes payable (see Note 15). As of December 31, 2022 and 2021, the Parent Company and these subsidiaries have complied with the requirements.

The Parent Company is also subject to the Minimum Public Ownership requirement of the PSE. As of December 31, 2022 and 2021, this requirement has been complied with.



The Parent Company and other entities in the Group are not subject to other externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group determines net debt as the sum of short-term and long-term notes payable less cash and cash equivalents.

Gearing ratios of the Group as of December 31 are as follows:

	2022	2021
Notes payable	₱4,623,624,168	₱4,473,540,840
Less cash and cash equivalents	4,893,357,226	5,650,024,939
Net cash and cash equivalents (a)	(269,733,058)	(1,176,484,099)
Equity attributable to equity holders of the parent	16,494,496,694	15,314,459,875
Equity and net cash and cash equivalents (b)	₱16,224,763,636	₱14,137,975,776
Gearing ratio (a/b)	(0.02):1.00	(0.08):1.00

26. Notes to the Consolidated Statement of Cash Flows

Changes in Liabilities arising from Financing Activities (in thousands)

	2022					
	Long-term Notes Payable	Advances from Related Parties	Lease Liabilities	Dividends Payable	Short-term Notes Payable	Total Liabilities from Financing Activities
January 1, 2022	₱4,473,541	₱5,689	₱358,719	₱7,424	₱-	₱4,845,373
Non-cash changes:						
Dividends declared	-	-	-	452,883	-	452,883
Amortization of debt issue cost	10,515	-	-	-	-	10,515
Additional advances to related parties	-	17,451	-	-	-	17,451
Pre-termination of lease	-	-	(259,025)	-	-	(259,025)
Remeasurement	-	-	3,349	-	-	3,349
Net cash flows	139,568	(12,254)	(76,233)	(451,480)	1,170,300	769,901
December 31, 2022	₱4,623,624	₱10,886	₱26,810	₱8,827	₱1,170,300	₱5,840,447

	2021					
	Long-term Notes Payable	Advances from Related Parties	Lease Liabilities	Dividends Payable	Short-term Notes Payable	Total Liabilities from Financing Activities
January 1, 2021	₱2,819,508	₱5,689	₱663,178	₱6,062	₱749,300	₱4,243,737
Non-cash changes:						
Dividends declared	-	-	-	634,274	-	634,274
Acquired notes payables from business combination	333,069	-	-	-	-	333,069
Amortization of debt issue cost	10,587	-	-	-	-	10,587
Additional advances to related parties	-	23,504	-	-	-	23,504
Additions and modifications	-	(54,800)	-	-	-	(54,800)
Remeasurement	-	-	(5,487)	-	-	(5,487)
Net cash flows	1,310,377	31,296	(298,972)	(632,912)	(749,300)	(339,511)
December 31, 2021	₱4,473,541	₱5,689	₱358,719	₱7,424	₱-	₱4,845,373



	2020					
	Long-term Notes Payable	Advances from Related Parties	Lease Liabilities	Dividends Payable	Short-term Notes Payable	Total Liabilities from Financing Activities
January 1, 2020	P2,844,727	P18,310	P876,440	P87,464	P-	P3,826,941
Non-cash changes:						
Dividends declared	-	-	-	664,494	-	664,494
Amortization of debt issue cost	4,781	-	-	-	-	4,781
Additional advances to related parties	-	147,789	-	-	-	147,789
Additions and modifications	-	-	-	-	-	-
Remeasurement	-	-	(19,546)	-	-	(19,546)
Net cash flows	(30,000)	(160,410)	(193,716)	(745,896)	749,300	(380,722)
December 31, 2020	P2,819,508	P5,689	P663,178	P6,062	P749,300	P4,243,737

Others include cash received from non-controlling interest for its share of investment.

Non-cash Changes in Investing Activities

- In 2020, advances to PEI amounting to P1.5 million was converted to equity.
- Additions to property, plant and equipment include unpaid portion purchased on account amounting to P140.0 million in 2022, and nil in 2021 and 2020 (see Note 11). The amount also includes the carrying amount of the right-of-use asset net of the outstanding lease liability derecognized amounting to P82.2 million as a result of the termination of the lease of the BDPP that was capitalized as part of the plant machinery and equipment acquired (see Notes 11 and 24).

27. Operating Segment Information

The Group is currently organized into three operating segments: (1) power generation and distribution operations, (2) infrastructure and water treatment and desalination and (3) investing in shares of stock. These operating segments are consistent with those reported to the BOD, the Group's Chief Operating Decision Maker (CODM).

The operating segments and their corresponding principal activities are as follows:

Power Generation and Distribution

1590 EC operates a diesel power plant wherein power generated is primarily traded at WESM. Core also started its operation in 2018 as a retail electricity supplier with five customers. INEC entered into an Interim Power Supply Agreement with BANELCO. VMHI is on its pre-operating stage of building a hydro power plant in Silay, Negros Occidental (see Note 1). VII and VGPC were incorporated in 2014, and VIDC was incorporated in 2015, which companies are intended to undertake various power generation activities of the Group. BPC and NBPC are operating diesel-fired power plants in Bukidnon. CSSC started its commercial operations in January 2019 wherein CSSC will provide the entire energy output to a customer for 15 years.

Infrastructure and Water Treatment and Desalination

WMP is a water treatment engineering company. IMCC is on its pre-operating stage of building a water desalination plant in Cordova, Cebu. NMCWC is also on its pre-operating stage of building a water treatment plant.



Investing in Shares of Stock

As disclosed in Note 1, except for 1590 EC, INEC, VMHI, Core, VII, VGPC, VIDC, CSSC, VEII, IMCC, and WMP, the Parent Company and all other subsidiaries are operating as holding and investing companies. Aside from operating as a power generation company, VEC also operates as a holding and investing company. Revenue from this segment principally comes from equity in net earnings and management fees from investee companies.

VECO, an associate of the Group, is involved in the distribution and sale of electricity, while the other associates and joint ventures are engaged in the generation and supply of power to various entities and parties.

The segment results for the years ended December 31 follow:

2022					
	Power Generation and Distribution	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Eliminations	Consolidated
Revenues from external customers	P4,399,754,194	P-	P-	P-	P4,399,754,194
Equity in net earnings of associates and joint ventures	-	6,393,453	1,934,963,930	-	1,941,357,383
Revenue from inter-segment, associates and affiliates	40,893,853	563,854,198	3,341,746,027	(3,828,824,462)	117,669,616
Interest income	4,994,815	5,379,021	49,697,207	-	60,071,043
Inter-segment revenues	(10,766,286)	(563,093,963)	(3,254,964,213)	3,828,824,462	-
	4,434,876,576	12,532,709	2,071,442,951	-	6,518,852,236
Income from operations	47,795,891	(44,649,988)	1,913,929,025	-	1,917,074,928
Finance costs on loans	(114,270,732)	(2,609,024)	(143,000,915)	-	(259,880,671)
Finance costs on lease liabilities	(9,418,418)	(23,661)	(1,384,880)	-	(10,826,959)
Foreign exchange gains	1,902,164	20,758,025	31,182,099	-	53,842,288
Other income/ (charges)	1,140,312	3,450,456	89,488,243	-	94,079,011
Income before income tax	(72,850,783)	(23,074,192)	1,890,213,572	-	1,794,288,597
Income tax expense	(56,178,969)	(5,968,681)	(27,413,829)	-	(89,561,479)
Net income	(P129,029,752)	(P29,042,873)	P1,862,799,743	P-	P1,704,727,118
2021					
	Power Generation and Distribution	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Eliminations	Consolidated
Revenues from external customers	P3,053,244,151	P42,037,953	P-	P-	P3,095,282,104
Equity in net earnings of associates and joint ventures	-	-	1,838,491,265	-	1,838,491,265
Revenue from inter-segment, associates and affiliates	54,680,531	132,921,602	3,938,731,566	(4,023,744,073)	102,589,626
Interest income	1,513,500	121,818	21,326,267	-	22,961,585
Inter-segment revenues	(54,680,531)	(132,921,602)	(3,836,141,940)	4,023,744,073	-
	3,054,757,651	42,159,771	1,962,407,158	-	5,059,324,580
Income from operations	755,311,359	13,386,380	1,662,538,494	-	2,431,236,233
Finance costs on loans	(34,431,129)	(1,242,751)	(129,631,781)	-	(165,305,661)
Finance costs on lease liabilities	(50,304,024)	(110,160)	(2,098,887)	-	(52,513,071)
Foreign exchange gains	2,516,541	5,108	13,608,113	-	16,129,762
Other income/ (charges)	(2,343,054)	542,607	171,843,974	-	170,043,527
Income before income tax	670,749,693	12,581,184	1,716,259,913	-	2,399,590,790
Income tax expense	(157,812,810)	(6,671,197)	(2,617,021)	-	(167,101,028)
Net income	P512,936,883	P5,909,987	P1,713,642,892	P-	P2,232,489,762



2020					
	Power Generation and Distribution	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Eliminations	Consolidated
Revenues from external customers	P1,856,892,272	P99,240,682	P-	P-	P1,956,132,954
Revenue from inter-segment, associates and affiliates	11,435,877	31,607,142	3,812,708,898	(3,633,734,802)	222,017,115
Equity in net earnings of associates and joint ventures	-	-	1,602,986,086	-	1,602,986,086
Interest income	2,038,942	120,388	60,082,861	-	62,242,191
Inter-segment revenues	(11,435,877)	(31,607,142)	(3,590,691,783)	3,633,734,802	-
	1,858,931,214	99,361,070	1,885,086,062	-	3,843,378,346
Income from operations	798,044,965	4,540,809	1,318,270,579	-	2,120,856,353
Finance costs on loans	(3,406,968)	(150,796)	(169,354,172)	-	(172,911,936)
Finance costs on lease liabilities	(72,106,738)	(188,962)	(3,046,437)	-	(75,342,137)
Foreign exchange gains	3,820,287	(1,312)	494,086	-	4,313,061
Other income	824,550	-	55,587,444	-	56,411,994
Income before income tax	727,176,096	4,199,739	1,201,951,500	-	1,933,327,335
Income tax expense	(145,585,904)	(3,451,707)	(5,375,009)	-	(154,412,620)
Net income	P581,590,192	P748,032	P1,196,576,491	P-	P1,778,914,715

The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Of the Group's total revenues, about 64%, 84% and 78% in 2022, 2021 and 2020, respectively, pertains to energy fees 1590 EC.

In 2022, revenue from sale of power to a major customer amounted to P953.0 million, representing 22% of the total revenue from the sale of power and 21% of total revenues.

In 2021, revenue from sale of power to two major customers amounted to P2.5 billion representing 82% of the total revenue from the sale of power and 78% of total revenues.

In 2020, revenue from sale of power to a major customer amounted to P1.4 billion representing 76% of the total revenue from the sale of power and 65% of total revenues.

Geographical business information is not required since the Group has only one geographical segment as all of its assets are located in the Philippines, and it operates or derives all of its revenue from domestic operations.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'inter-segment revenues' row.

Other segment information included in the consolidated statements of financial position as of December 31 is as follows:

2022				
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Assets	P16,619,216,673	P1,591,835,939	P8,228,950,856	P26,440,003,468
Liabilities	5,517,267,798	1,084,942,675	1,929,097,207	8,531,307,680
Capital expenditures	1,720,656,727	472,054,507	417,694,179	2,610,405,413



2021				
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Assets	₱14,061,931,482	₱629,595,810	₱8,736,229,022	₱23,427,756,314
Liabilities	3,609,142,478	373,998,751	3,066,321,607	7,049,462,836
Capital expenditures	620,235,607	74,834,098	26,258,144	721,327,849

2020				
	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Assets	₱4,741,993,259	₱1,713,949,659	₱14,466,420,015	₱20,922,362,933
Liabilities	3,354,775,130	199,513,876	2,711,189,182	6,265,478,188
Capital expenditures	928,731,613	34,575,003	47,413,299	1,010,719,915

Other segment information included in the consolidated statements of comprehensive income for the years ended December 31, 2022, 2021 and 2020 is as follows:

	Power Generation	Infrastructure and Water Treatment and Desalination	Investing in Shares of Stock	Consolidated
Depreciation and amortization:				
2022	₱328,394,022	₱1,814,587	₱30,818,042	₱361,026,651
2021	298,320,053	3,895,412	42,008,991	344,224,456
2020	258,649,331	4,040,697	43,432,569	306,122,597

The Management Committee monitors the operating results of each business unit separately for the purpose of determining resource allocation and assessing performance. Performance is evaluated based on (i) net income for the year, (ii) consolidated earnings before interest, taxes, and depreciation and amortization (“consolidated EBITDA”); and (iii) consolidated core net income (“CCNI”). Net income for the year is measured consistent with reported net income in the consolidated statement of comprehensive income.

Consolidated EBITDA is measured as total net income excluding interest, provision for income taxes, depreciation and amortization, finance costs, foreign exchange gains and losses, and other one-off gains and losses.

CCNI for the year is measured as consolidated net income attributable to equity holders of the parent adjusted for foreign exchange gain or loss, impairment or reversal of impairment of noncurrent assets and certain other non-recurring gain or loss, if any, net of tax effect of the foregoing adjustments.



The following table shows the reconciliation of the EBITDA to net income:

	2022	2021	2020
EBITDA	₱2,380,990,303	₱2,816,861,438	₱2,483,390,944
Add (deduct):			
Depreciation and amortization (see Notes 11 and 13)	(430,230,964)	(360,827,821)	(306,122,597)
Finance costs on loans (see Note 15)	(259,880,671)	(165,305,661)	(172,911,936)
Gain on fair value remeasurement of investment properties (see Note 12)	60,394,600	106,361,400	-
Finance costs on lease liabilities (see Note 24)	(10,826,959)	(52,513,071)	(75,342,137)
Gain on bargain purchase	-	32,120,469	-
Gain on disposal of investments	-	6,764,274	-
Foreign exchange gains (losses) - net	53,842,288	16,129,762	4,313,061
Income before income tax	1,794,288,597	2,399,590,790	1,933,327,335
Provision for income tax (see Note 20)	(89,561,479)	(167,101,028)	(154,412,620)
Net income	₱1,704,727,118	₱2,232,489,762	₱1,778,914,715

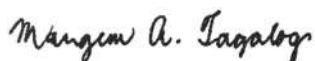


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and the Stockholders
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City
Cebu, Philippines 6014

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, included in this Form 17-A, and have issued our report thereon dated March 16, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Margem A. Tagalog
Partner

CPA Certificate No. 0098098

Tax Identification No. 206-544-506

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 98098-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-138-2021, November 10, 2021, valid until November 9, 2024

PTR No. 8854370, January 3, 2022, Makati City

March 16, 2023

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE A - FINANCIAL ASSETS

DECEMBER 31, 2022

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet/Notes	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial assets at amortized cost:				
Cash and cash equivalents	–	₱4,893,357,226	₱4,893,357,226	₱60,071,043
Trade and other receivables:				
Trade receivables	–	1,270,727,568	1,270,727,568	4,517,423,810
Dividends receivable	–	7,760,000	7,760,000	–
Accounts receivable	–	11,161,303	11,161,303	–
Advances to officers and employees	–	6,364,939	6,364,939	–
Accrued interest	–	10,279,936	10,279,936	–
Others	–	56,412,449	56,412,449	–
		1,362,706,195	1,362,706,195	4,517,423,810
Advances to associates, joint ventures and stockholders	–	294,016,208	294,016,208	–
Advances to supplier and other parties	–	698,308,703	698,308,703	–
Restricted cash	–	2,003,880	2,003,880	–
Security deposits	–	15,837,036	15,837,036	–
		1,010,165,827	1,010,165,827	–
		7,266,229,248	7,266,229,248	4,577,494,853
Financial assets at fair value through other comprehensive income:				
Cebu Country Club, Inc.	–	8,000,000	8,000,000	–
	–	8,000,000	8,000,000	–
Total financial assets	–	₱7,274,229,248	₱7,274,229,248	₱4,577,494,853

See Notes 6, 7, 9, 13 and 16 of the Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES) DECEMBER 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Reversals	Write Offs	Balance at End of Period		
						Current	Noncurrent	Total
Faith Lived Out Visions 2 Ventures Holdings, Inc.	₱150,000,000	₱-	₱-	₱-	₱-	₱150,000,000	₱-	₱150,000,000
Lunar Power Core Inc.	93,783,539	8,928,192	(3,192)	-	-	102,708,539	-	102,708,539
Cebu Energy Development Corp.	33,871,344	52,600,000	(81,649,677)	-	-	4,821,667	-	4,821,667
Delta P, Inc.	26,886,033	24,502,111	(22,813,861)	-	-	28,574,283	-	28,574,283
Calamian Islands Power Corp.	19,794,818	10,051,283	(12,469,473)	-	-	17,376,628	-	17,376,628
La Pampanga Energy Corp.	11,229,919	3,583,525	(1,158)	-	-	14,812,286	-	14,812,286
Culna Renewable Energy Corp.	17,500,258	-	-	-	-	17,500,258	-	17,500,258
Global Luzon Energy Development Corporation	7,877,725	1,475	-	-	-	7,879,200	-	7,879,200
Visayan Electric Company, Inc.	7,957,282	827,495,658	(827,495,658)	-	-	7,957,282	-	7,957,282
Minergy Power Corporation	-	200,000,000	(200,000,000)	-	-	-	-	-
Abovant Holdings, Inc.	-	316,800,000	(316,800,000)	-	-	-	-	-
Advances to stockholders	183,613	11,436,284	(6,891,094)	-	-	4,728,803	-	4,728,803
	₱369,084,531	₱1,455,398,528	(₱1,468,124,113)	₱-	₱-	₱356,358,946	₱-	₱356,358,946

VIVANT CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF
FINANCIAL STATEMENTS
DECEMBER 31, 2022

	Balance at Beginning of Period	Additions	Collections	Conversion		Balance at End of Period		
				to Equity	Write Offs	Current	Noncurrent	Total
Vivant Infracore Holdings Inc.	₱212,741,436	₱47,618,087	(₱53,724,089)	₱-	₱-	₱206,635,434	₱-	₱206,635,434
Corenergy Solar Solutions Corp.	157,278,103	3,152,210	-	-	-	160,430,313	-	160,430,313
1590 Energy Corp.	121,736,711	771,977,655	(787,333,245)	-	-	106,381,121	-	106,381,121
Corenergy Inc.	54,401,111	34,179,903	-	-	-	88,581,014	-	88,581,014
Vivant Solar Corporation	23,385,335	43,583	(2,997)	-	-	23,425,921	-	23,425,921
Watermatic Philippines	20,709,450	3,492,706	(24,105,901)	-	-	96,255	-	96,255
Vivant Renewable Energy Corporation	19,611,392	5,164,720	-	-	-	24,776,112	-	24,776,112
Isla Norte Energy Corp.	19,404,393	746,093	(2,771,584)	-	-	17,378,902	-	17,378,902
Isla Norte Power Corp.	-	3,714,797	-	-	-	3,714,797	-	3,714,797
Bukidnon Power Corp.	-	76,003,130	(51,865,576)	-	-	24,137,554	-	24,137,554
North Bukidnon Power Corp.	-	1,489,231	-	-	-	1,489,231	-	1,489,231
Vivant Energy Corporation	11,357,745	846,919,980	(124,517,207)	-	-	733,760,518	-	733,760,518
Southern Grove Properties and Development Corp.	10,152,479	354,454	(466,515)	-	-	10,040,418	-	10,040,418
Vivant Integrated Generation Corporation	4,472,054	886,207,341	(890,671,929)	-	-	7,466	-	7,466
Isla Mactan Cordova Corporation	466,020	768,842,019	-	-	-	769,308,039	-	769,308,039
Hijos de F. Escaño, Inc.	471,786	1,137,902	(1,059,574)	-	-	550,114	-	550,114
Vivant Integrated Diesel Corporation	193,096	4,371,182	(4,562,169)	-	-	2,109	-	2,109
Vivant Realty Ventures Corp.	142,177	195,077	(227,410)	-	-	109,844	-	109,844
Vivant Hydrocore Holdings Inc.	2,320	1,168,636	-	-	-	1,170,956	-	1,170,956
Northern Metro Cebu Water Corp.	-	271,742	-	-	-	271,742	-	271,742
Amberdust Holding Corp.	-	9,685,256	-	-	-	9,685,256	-	9,685,256
Vivant Geo Power Corp.	-	178	-	-	-	178	-	178
Delta P Hybird, Inc. (formerly Vivant Isla Inc.)	-	1,495	(1,138)	-	-	357	-	357
Vivant Corporate Center Inc.	-	1,076	-	-	-	1,076	-	1,076
Vivant Transcore Holdings Inc.	-	1,836	-	-	-	1,836	-	1,836
Vivant -Malogo Hydropower, Inc.	210	155,301	-	-	-	155,511	-	155,511
	₱656,525,818	₱3,466,895,590	(₱1,941,309,334)	₱-	₱-	₱2,182,112,074	₱-	₱2,182,112,074

VIVANT CORPORATION AND SUBSIDIARIES**SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS****DECEMBER 31, 2022**

Description	Beginning Balance	Additions of Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes	Ending Balance
Customer Contracts - As Restated	₱221,057,854	₱-	(₱21,297,770)	₱-	₱-	₱199,760,084
Goodwill -As Restated	129,843,626	-	-	-	-	129,843,626
Software cost	1,046,953	396,956	(600,856)	-	-	843,053
	₱330,446,763	₱396,956	(₱21,898,626)	₱-	₱-	₱330,446,763

VIVANT CORPORATION AND SUBSIDIARIES**SCHEDULE E - LONG-TERM DEBT****DECEMBER 31, 2022**

<u>Title of Issue and Type of Obligation</u>	<u>Amount Authorized by Indenture</u>	<u>Current Portion of Long-term Debt</u>	<u>Long-term Debt</u>
Fixed Rate Corporate Notes (FRCN)	₱2,950,000,000	₱1,050,000,000	₱1,900,000,000
15-Year Project Financing Facility	1,320,000,000	36,235,294	1,283,764,706
Loans with Variable Rates	376,980,000	31,120,000	345,860,000
Unamortized debt issue cost	(23,328,832)	(2,169,577)	(21,159,255)
	₱4,623,651,168	₱1,115,185,717	₱3,508,465,451

VIVANT CORPORATION AND SUBSIDIARIES

**SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM
LOANS FROM RELATED COMPANIES)**

DECEMBER 31, 2022

<u>Name of Related Party</u>	<u>Balance at Beginning of Period</u>	<u>Balance at End of Period</u>
Faith Lived Out Visions 2 Ventures Holdings, Inc.	-	₱150,000,000

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2022

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
– Not applicable –		– Not applicable –		

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE H - CAPITAL STOCK

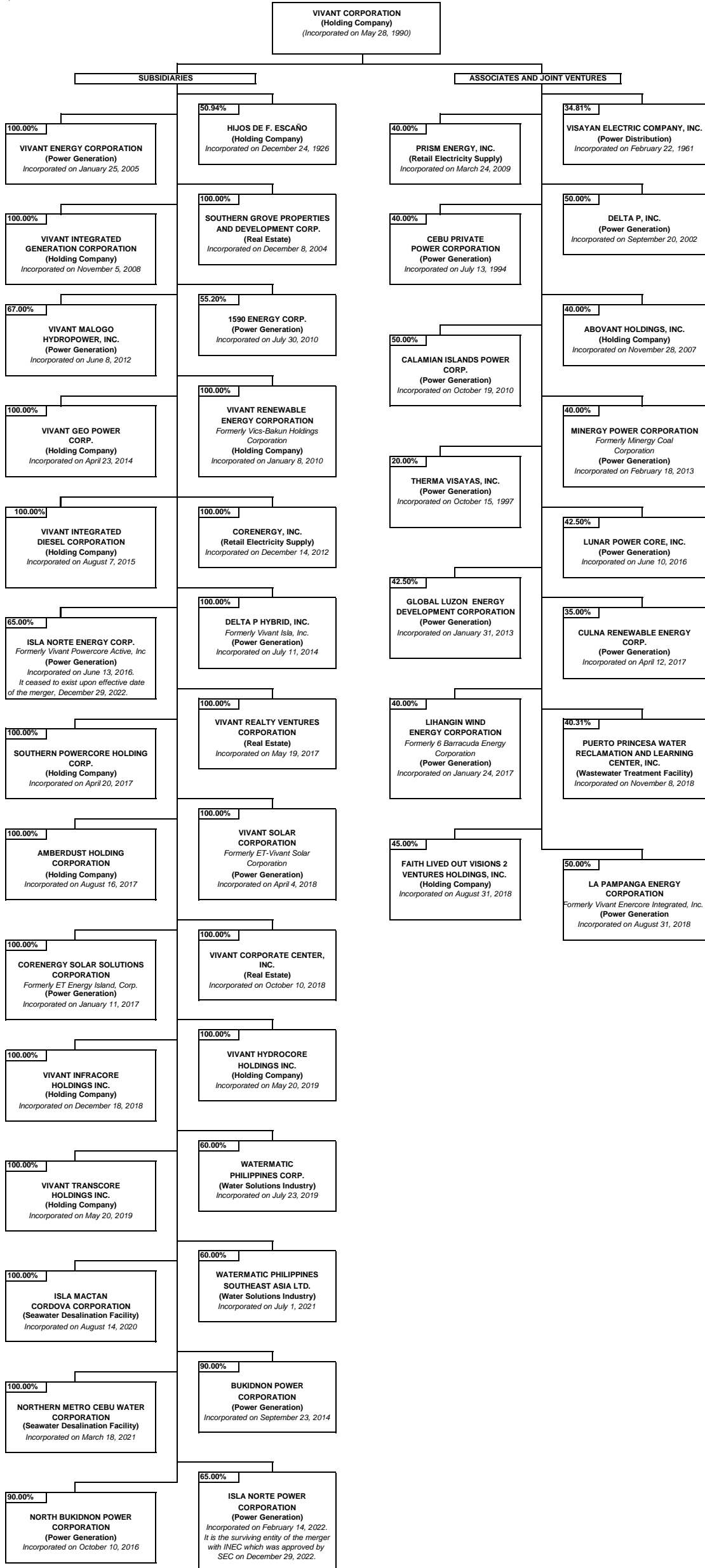
DECEMBER 31, 2022

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown under Related Consolidated Statement of Financial Position	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares held by Related Parties	Directors, Officers and Employees	Others
Capital stock	2,000,000,000	1,023,456,698	-	892,911,763	-	130,544,935

VIVANT CORPORATION
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2022

Items	Amount
Unappropriated Retained Earnings, Beginning	P827,356,579
Adjustments:	
Deferred income tax assets that reduced the amount of provision for income tax	(29,280,379)
Deferred income tax liabilities that increased the amount of provision for income tax	9,340,019
Unappropriated Retained Earnings, as Adjusted, Beginning	807,416,219
Net Income Based on the Face of AFS	1,266,754,373
Less: Non-actual/Unrealized Income Net of Tax	
Equity in net income of an associate/joint venture	-
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-
Unrealized actuarial gain	-
Fair value adjustment (M2M gains)	-
Fair value adjustment of investment property resulting to gain	-
Adjustment due to deviation from PFRS/GAAP - gain	-
Gain on reversal of impairment loss	(29,018,552)
Gain on pre-termination of lease	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Deferred income tax assets that reduced the amount of provision for income tax	(2,438,483)
Deferred income tax liability that reduced the amount of provision for income tax	9,639,897
Add: Non-actual Losses	
Unrealized foreign exchange loss - net (except those attributable to cash and cash equivalents)	-
Equity in net loss of an associate/joint venture	-
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS/GAAP - loss	-
Loss on fair value adjustment of investment property (after tax)	-
Impairment loss on investment	-
Net Income Actual/Realized	1,244,937,235
Add (Less)	
Dividend declarations during the period	(444,282,550)
Appropriations of retained earnings during the period	(2,250,000,000)
Reversals of appropriations	1,627,466,400
Effects of prior period adjustments	-
Treasury shares	-
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION	P985,537,304

VIVANT CORPORATION AND SUBSIDIARIES
 MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
 DECEMBER 31, 2022

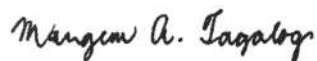


INDEPENDENT AUDITOR'S REPORT COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and the Stockholders
Vivant Corporation
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna Street
Brgy. Banilad, Mandaue City
Cebu, Philippines 6014

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vivant Corporation and its subsidiaries (the Group) as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 16, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Margem A. Tagalog

Partner

CPA Certificate No. 0098098

Tax Identification No. 206-544-506

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 98098-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-138-2021, November 10, 2021, valid until November 9, 2024

PTR No. 8854370, January 3, 2022, Makati City

March 16, 2023

VIVANT CORPORATION

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Ratio	Formula	2022	2021 (As Restated)
Current Ratio	Total Current Assets divided by Total Current Liabilities <div style="display: flex; justify-content: space-between;"> <div>Total Current Assets</div> <div>₱7,174,083,744</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Current Liabilities</div> <div>3,839,520,889</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Current Ratio</div> <div>1.87</div> </div>	1.87	5.46
Acid Test Ratio/Quick Ratio	Quick Assets (<i>Total Current Assets less Inventories and Other Current Assets</i>) divided by Total Current Liabilities <div style="display: flex; justify-content: space-between;"> <div>Total Current Assets</div> <div>₱7,174,083,744</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Less: Inventories</div> <div>177,720,556</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Other Current Assets</div> <div>446,283,559</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Quick Assets</div> <div>₱6,550,079,629</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Current Liabilities</div> <div>3,839,520,889</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Acid Test Ratio</div> <div>1.71</div> </div>	1.71	5.10
Solvency Ratio/Debt-to-Equity Ratio	Total Liabilities divided by Total Equity <div style="display: flex; justify-content: space-between;"> <div>Total Liabilities</div> <div>₱8,531,307,680</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Equity</div> <div>17,908,695,788</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Debt-to-Equity Ratio</div> <div>0.48</div> </div>	0.48	0.43
Net Debt-to-Equity Ratio	Net Debt (<i>Total Debt less Cash and Cash Equivalents, Short-term investments and Financial Assets at FVTPL</i>) divided by Total Equity <div style="display: flex; justify-content: space-between;"> <div>Total Notes Payable</div> <div>₱5,793,924,168</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Less: Cash and Cash Equivalents</div> <div>1,901,784,675</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Short-term Investments</div> <div>2,991,572,551</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Financial Assets at FVTPL</div> <div>–</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Net Debt</div> <div>₱900,566,942</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Equity</div> <div>17,908,695,788</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Net Debt-to-Equity Ratio</div> <div>0.05</div> </div>	0.05	(0.07)
Asset-to-Equity Ratio	Total Assets divided by Total Equity <div style="display: flex; justify-content: space-between;"> <div>Total Assets</div> <div>₱26,440,003,468</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Divide by: Total Equity</div> <div>17,908,695,788</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div>Asset-to-Equity Ratio</div> <div>1.48</div> </div>	1.48	1.43

Ratio	Formula	2022	2021 (As Restated)																		
Interest Rate Coverage Ratio	<p>Earnings before Income Tax, Depreciation and Amortization (<i>net Income plus provision for income tax, interest and other charges, depreciation and amortization</i>) divided by Interest and Other Financing Charges</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net Income</td> <td style="text-align: right;">₱1,704,727,118</td> </tr> <tr> <td>Less: Non-recurring income</td> <td style="text-align: right;">(114,236,888)</td> </tr> <tr> <td>Add: Provision for Income Tax</td> <td style="text-align: right;">89,561,479</td> </tr> <tr> <td style="padding-left: 20px;">Interest and Other Financing Charges</td> <td style="text-align: right; border-top: 1px solid black;">270,707,630</td> </tr> <tr> <td>EBIT</td> <td style="text-align: right;">₱1,950,759,339</td> </tr> <tr> <td>Add: Depreciation and Amortization</td> <td style="text-align: right;">430,230,964</td> </tr> <tr> <td>EBITDA</td> <td style="text-align: right;">₱2,380,990,303</td> </tr> <tr> <td style="padding-left: 20px;">Interest and Other Financing Charges</td> <td style="text-align: right; border-top: 1px solid black;">270,707,630</td> </tr> <tr> <td>Interest Expense Coverage Ratio</td> <td style="text-align: right;">8.80</td> </tr> </table>	Net Income	₱1,704,727,118	Less: Non-recurring income	(114,236,888)	Add: Provision for Income Tax	89,561,479	Interest and Other Financing Charges	270,707,630	EBIT	₱1,950,759,339	Add: Depreciation and Amortization	430,230,964	EBITDA	₱2,380,990,303	Interest and Other Financing Charges	270,707,630	Interest Expense Coverage Ratio	8.80	8.80	12.93
Net Income	₱1,704,727,118																				
Less: Non-recurring income	(114,236,888)																				
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Interest and Other Financing Charges	270,707,630																				
Interest Expense Coverage Ratio	8.80																				
Return on Equity	<p>Net Income attributable to Parent divided by Average Total Equity (<i>Equity attributable to Parent PY + Equity attributable to Parent CY divided by 2</i>)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net Income attributable to Parent</td> <td style="text-align: right;">₱1,595,263,961</td> </tr> <tr> <td>Equity attributable to Parent CY</td> <td style="text-align: right;">₱16,494,496,694</td> </tr> <tr> <td>Equity attributable to Parent PY</td> <td style="text-align: right;">15,314,459,875</td> </tr> <tr> <td>Average Total Equity</td> <td style="text-align: right; border-top: 1px solid black;">₱15,904,478,285</td> </tr> <tr> <td>Return on Equity</td> <td style="text-align: right;">10.03%</td> </tr> </table>	Net Income attributable to Parent	₱1,595,263,961	Equity attributable to Parent CY	₱16,494,496,694	Equity attributable to Parent PY	15,314,459,875	Average Total Equity	₱15,904,478,285	Return on Equity	10.03%	10.03%	12.83%								
Net Income attributable to Parent	₱1,595,263,961																				
Equity attributable to Parent CY	₱16,494,496,694																				
Equity attributable to Parent PY	15,314,459,875																				
Average Total Equity	₱15,904,478,285																				
Return on Equity	10.03%																				
Return on Assets	<p>Net Income attributable to Parent divided by Average Total Assets (<i>Total Assets PY + Total Assets CY divided by 2</i>)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net Income attributable to Parent</td> <td style="text-align: right;">₱1,595,263,961</td> </tr> <tr> <td>Total Assets CY</td> <td style="text-align: right;">₱26,440,003,468</td> </tr> <tr> <td>Total Assets PY</td> <td style="text-align: right;">23,427,756,314</td> </tr> <tr> <td>Average Total Assets</td> <td style="text-align: right; border-top: 1px solid black;">₱24,933,879,891</td> </tr> <tr> <td>Return on Assets</td> <td style="text-align: right;">6.40%</td> </tr> </table>	Net Income attributable to Parent	₱1,595,263,961	Total Assets CY	₱26,440,003,468	Total Assets PY	23,427,756,314	Average Total Assets	₱24,933,879,891	Return on Assets	6.40%	6.40%	8.42%								
Net Income attributable to Parent	₱1,595,263,961																				
Total Assets CY	₱26,440,003,468																				
Total Assets PY	23,427,756,314																				
Average Total Assets	₱24,933,879,891																				
Return on Assets	6.40%																				
Net Income Margin	<p>Net Income Attributable to Parent divided by Revenue</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net Income Attributable to Parent</td> <td style="text-align: right;">₱1,595,263,961</td> </tr> <tr> <td>Revenue</td> <td style="text-align: right;">6,518,852,236</td> </tr> <tr> <td>Net Income Margin</td> <td style="text-align: right; border-top: 1px solid black;">24.47%</td> </tr> </table>	Net Income Attributable to Parent	₱1,595,263,961	Revenue	6,518,852,236	Net Income Margin	24.47%	24.47%	36.90%												
Net Income Attributable to Parent	₱1,595,263,961																				
Revenue	6,518,852,236																				
Net Income Margin	24.47%																				



REPORT OF THE EXECUTIVE COMMITTEE TO THE BOARD OF DIRECTORS

For the year-ended 31 December 2024

Pursuant to the Amended By-Laws of the Corporation, when the Board of Directors is not in session, the Executive Committee shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, except with respect to those matters that are exclusively delegated only to the Board of Directors, by law. The Committee had ten (10) meetings in 2024: January 29, February 13, April 3, May 22, June 13, July 16, September 18, October 17, November 19 and December 16.

The Executive Committee deliberated on, and when necessary, endorsed to the Board for its approval, the following matters:

- **Project Investments**
 - Financial viability and sustainability of its projects and investments including:
 - Rebalancing of Coal Portfolio of Vivant Energy vis-à-vis strengthening its position in conventional energy sources to meet immediate energy demands with reliability and efficiency
 - Expected financial returns on investment, impact on financial position, including associated risks and mitigation measures for proposed capital investments at subsidiary level/s
 - Performance metrics of subsidiary operations, both financial and non-financial
 - Acquisition, addition, or initiation of assets in green field solar and wind projects
 - Operational readiness of a subsidiary investment in the first ever utility scale desalination plant in Cebu;
 - Enhancements to existing partnership agreements;
 - Terms and Conditions relative to Power Supply Agreements entered into via the Company's Off-Grid Solutions group
- **Business Operations**
 - Financial Planning, particularly:
 - Macroeconomic overview of the assumptions in support of revenue projections and budgets;
 - Budget allocation to improve performance of existing assets, enhancing customer value, growth of portfolio size for One Vivant, and enhance existing systems and augment technology, including:
 - Capital expenditures and operations expenses in line with Base and Bull case scenarios to achieve 2024 the strategic objectives
 - Capital infusion optimization for water and off-grid solutions and capital infusion requirements of various subsidiaries Water and Energy business units
 - Quarterly financial performance of subsidiaries, business units, and consolidated levels including year-to-date financial dashboards
 - Cash flow statements, latest thinking forecasts, and cost savings for the Corporation and business units

- Debt financing at subsidiary levels to partly secure projects and investments for 2024-2025
- Fiscal study on capital expenditures through investments in power distribution particularly on potential risks, returns, and valuation
- Creation of specialized teams to head strategic priority areas such real estate, engineering services, and off-grid solutions;
- Study of the potential risks, returns, and valuation in the participation in energy distribution sector
- Manpower and acquisition of Office Space;
- Corporate Governance Matters:
 - Dividend declarations
 - Endorsement of external auditor for 2024 to the Audit Committee and the Board of Directors for final approval
 - Evaluation criteria and effectiveness of board assessment processes including identifying opportunities for continued improvements
 - Revisions to the Related Party Transactions Committee Charter
 - Results of the Integrated Annual Corporate Governance Report (I-ACGR) for 2023 and endorsement to the Corporate Governance Committee
 - Changes to the executive leadership team, including appointment of new officers
 - Updates to the Company's limits of authority framework
 - Retirement fund management
 - Adoption of Board Committee, Board, and Annual Shareholders' meeting/s schedules, including special events planned throughout the year such as strategic planning sessions and board development initiatives, ensuring alignment with corporate governance best practices and regulatory requirements


December 31, 2024.



FRANCIS DAMASUS A. GARCIA
Chairman



ARLO ANGELO G. SARMIENTO
Member



EMIL ANDRE M. GARCIA
Member



JOSE MARKO ANTON G. SARMIENTO
Member



CHARLES SYLVESTRE A. GARCIA
Member



BRIGITTE CECILLE N. GARCIA
Member



RAMONTITO E. GARCIA
Member



Headquarters Cebu Office
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna St.
Mandaue City, Cebu Philippines 6014
Tel. no.: +63 (32) 243 2256

**REPORT OF THE AUDIT COMMITTEE
TO THE BOARD OF DIRECTORS**

For the year-ended 31 December 2024

The Audit Committee assists the Board in fulfilling its oversight responsibility relating to the financial reporting process, the system of internal control, the audit process and the Company's process for monitoring compliance with laws and regulations and the code of conduct.

In compliance with its mandates under the Audit Committee Charter, Committee confirms that majority of the Audit Committee members are Independent Directors, including its Chairman.

In 2024, the Audit Committee convened on March 15, May 10, August 12, and November 12, during which it:

- **Approved the Revised Audit Committee Charter** – Updated the charter to align with best practices, strengthen audit oversight, and ensure compliance with regulatory and corporate governance standards.
- **Reviewed 2023 Annual Financial Statements** – Evaluated compliance with financial reporting standards, discussed key audit findings, and endorsed the financial statements for Board approval.
- **Evaluated 2024 Quarterly Financial Reports** – Assessed financial performance, ensured compliance with regulatory requirements, and reviewed financial trends and variances.
- **Monitored Audit Engagements and Compliance Issues** – Reviewed internal audit findings, monitored corrective actions, and assessed unplanned audit engagements.
- **Reviewed Internal Audit Reports and Systems** – Assessed internal audit findings, evaluated the effectiveness of internal controls, and recommended improvements to risk management and governance.
- **Assessed External Auditor Performance and Fees** – Evaluated the External Auditor's effectiveness, audit and non-audit services, independence, and endorsed the 2024 audit engagement budget.

December 31, 2024.



JOSE CARLITOS G. CRUZ
Chairman



CHARLES SYLVESTRE A. GARCIA
Member



JOSE MARKO ANTON G. SARMIENTO
Member



JOSE M. LAYUG, JR.
Member



LAURENCE F. ROGERO
Member



REPORT OF THE FINANCE COMMITTEE TO THE BOARD OF DIRECTORS

For the year-ended 31 December 2024

The Finance Committee (the "Committee") assists the Board in fulfilling its oversight responsibilities relating to the formulation and implementation of the Vivant Corporation's (the "Corporation") financial policy and strategy, including capital structure, dividend policy, and capital allocation decisions that may be brought to the Board of Directors for approval.

In 2024, the Committee convened on January 26, May 16, August 14 and September 13 and had joint committee meetings with the Vivant Energy Corporation Finance Committee on May 30, and November 13, during which it reviewed, deliberated on, and endorsed for the Board of Director's approval the following matters:

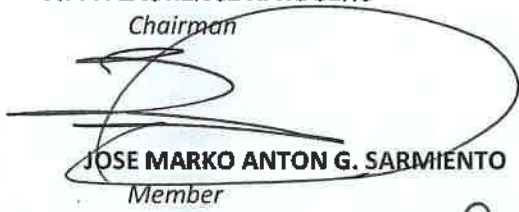
- **Project Investments**
 - Financial viability and sustainability of its projects and investments including:
 - Rebalancing of Coal Portfolio of Vivant Energy
 - Divestment of shares in a joint venture company
 - Acquisition of assets in green field solar projects
- **Business Operations**
 - Financial Planning, particularly:
 - Allocation of budget to achieve the following strategic objectives: improving performance of existing assets, enhancing customer value, growth of portfolio size for One Vivant, and enhance existing systems and augment technology
 - Creation and allocation of budget for specialized teams that will head areas of real estate, engineering for renewable energy projects, and existing and future operations for both power and water segments of One Vivant;
 - Capital Expenditures and Operations Expenses in line with Base and Bull case scenarios to achieve 2024 the strategic objectives
 - Capital infusion optimization for water and off-grid solutions
 - Fiscal study on capital expenditures through investments in power generation particularly on potential risks, returns, and valuations
 - Quarterly financial performance of subsidiaries, business units, and consolidated levels including year-to-date financial dashboards
 - Debt financing at subsidiary levels to partly secure projects and investments for 2024-2025
 - Cash flow statements, latest thinking forecasts, and cost savings for the Corporation and business units
 - Status of projects at the subsidiary and operating units level throughout the year 2024

- Corporate Matters:
 - Dividend declarations
 - Funding requirements including requests for cash and capital calls of its business units and wholly owned subsidiaries, and

December 31, 2024.

ATTY. LAURENCE R. ROGERO

Chairman




JOSE MARKO ANTON G. SARMIENTO
Member



FRANCIS DAMASUS A. GARCIA

Member



JOSE CARLITOS G. CRUZ
Member



CARMELO MARIA L. BAUTISTA

Member



Headquarters Cebu Office
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna St.
Mandaue City, Cebu Philippines 6014
Tel. no.: +63 (32) 243 2256

**REPORT OF THE CORPORATE GOVERNANCE COMMITTEE
TO THE BOARD OF DIRECTORS**

For the year-ended 31 December 2024

The Corporate Governance Committee (the “Committee” or “CGComm”) supports the Board in executing its oversight role concerning the implementation of corporate governance and compliance programs, which includes sustainability reporting among others. The CGComm is tasked with defining the procedures for nominating and electing directors for Vivant, formulating a compensation policy for directors, and evaluating candidates nominated for Board of Directors membership.

In compliance with our mandates under the Corporate Governance Committee Charter, the Committee affirms that all its members are Independent Directors, including the Committee’s Chairman.

In 2024, the CGCom convened on March 7 and November 8, during which it:

- **Evaluated Director Nominees** – as part of its mandate, the CGComm conducted a rigorous assessment of director nominees to ensure alignment with the Nomination and Elections Policy, SEC regulations, and the highest corporate governance standards.
- **Reviewed the Integrated Annual Corporate Governance Report (I-ACGR)** – the CGCom undertook a comprehensive evaluation of the IACGR to validate compliance with SEC governance mandates and enhance transparency in corporate disclosures.
- **Assessed Corporate Governance Compliance** – which consisted of an examined Vivant Corporation’s adherence to regulatory requirements, identifying strategic enhancements to governance policies and frameworks.
- **Reviewed the Annual Corporate Governance Scorecard** – wherein it assessed governance effectiveness through a detailed analysis of the scorecard, benchmarking progress against prior fiscal years.
- **Enhanced the Corporate Governance Committee Charter** – through refinements to the committee’s charter to integrate best practices, optimize governance structures, and reinforce compliance with SEC regulations.

December 31, 2024.


JOSE M. LAYUG, JR.
Chairman


JOSE CARLITOS G. CRUZ
Member


LAURENCE R. ROGERO
Member



Annex A

REPORT OF THE RISK AND SUSTAINABILITY COMMITTEE TO THE BOARD OF DIRECTORS

For the year-ended 31 December 2024

The Risk and Sustainability Committee (the "Committee") oversees the formulation and implementation of the Board-approved company-wide Enterprise Risk Management policy, which covers risk management practices, including regulatory and ethical compliance monitoring. This oversight function extends to the establishment of a Sustainability Management Framework covering key areas of Environment, Social and Governance ("ESG"). Overall, the Committee assists the Board in providing strategic advice as to the Company's overall risk appetite, tolerance and strategy.

In 2024, the Risk and Sustainability Committee convened on February 6, May 16, August 14, and November 15 and held joint committee meetings with the Vivant Energy Corporation's Risk Committee on May 30. The following major agenda items were discussed:

- **Natural and Climate Change-Related Risks and Their Impact on One Vivant's Power and Water Projects**
 - Analysis of climate-related vulnerabilities affecting the energy and water sectors, including the financial and operational impacts of natural catastrophes
 - Discussion on regulatory developments related to climate adaptation and One Vivant's preparedness in addressing compliance risks.
- **Establishment of a 2024 Risk Outlook for One Vivant**
 - Definition of key macroeconomic, industry-specific, and operational risk factors expected to influence One Vivant's business environment in 2024.
 - Framework for monitoring risk evolution and integrating the outlook into corporate strategic planning.
- **Identification and Prioritization of Top Risks for FY 2024**
 - Review and ranking of critical risks impacting One Vivant's Power & Infrastructure projects and business units at the start and mid-year.
 - Comparison of the current risk landscape against the previous fiscal year, with an assessment of risk trends, mitigation effectiveness, and shifting risk priorities.
- **Assessment of Project-Related Risks for Prioritized Projects in FY 2024**
 - Risk evaluation for key energy and water infrastructure projects, focusing on construction risks, regulatory challenges, financial viability, and operational uncertainties.
 - Development of risk response plans and oversight mechanisms for high-impact projects.
- **Evaluation of Current Risks in Corporate Partnerships and Investments**



- Risk review of ongoing and prospective corporate partnerships, joint ventures, and investment activities.
- **Risk Assessment of Capital Outlays for Greenfield Projects**
 - Evaluation of risk exposure in planned capital expenditures for greenfield energy and water projects.

December 31, 2024.


LAURENCE R. ROGERO
Chairman


JOSE MARKO ANTON G. SARMIENTO
Member


JOSE M. LAYUG, JR.
Member



Headquarters Cebu Office
9th Floor, Oakridge IT Center 3
Oakridge Business Park, A.S. Fortuna St.
Mandaue City, Cebu Philippines 6014
Tel. no.: +63 (32) 243 2256

**REPORT OF THE RELATED PARTY TRANSACTIONS COMMITTEE
TO THE BOARD OF DIRECTORS**

For the year-ended 31 December 2024


The Related Party Transactions Committee (the “Committee” or “RPTComm”) plays a pivotal role in evaluating and monitoring relationships and transactions between the Company and its related parties (including directors, executives, subsidiaries, affiliates, and shareholders). Its responsibilities encompass continuous identification and monitoring of related parties and transactions, evaluating transaction terms for fairness and risk management, enforcing disclosure requirements, conducting independent review as may be necessary, and overseeing implementation of systems and processes for identifying, controlling and managing of related party transactions. While the Committee takes on these crucial functions, ultimate approval or disapproval authority for related party transactions typically resides with the Board of Directors, highlighting the committee’s role in enhancing governance and mitigating potential conflicts of interest.

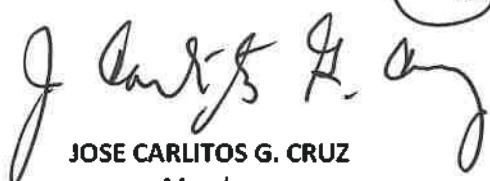
In compliance with our mandates under the Related Party Transactions Charter, the Committee affirms that at least two (2) of its members are Independent Directors, including the Committee’s Chairman.

In 2024, the RPTComm convened on March 7 and December 6, during which it:

- **Reviewed Related Party Transactions (RPT) for SEC Form 20-IS** – Evaluated RPTs for proper disclosure in the Information Statement, ensuring accuracy, completeness, and regulatory compliance.
- **Reviewed Regulatory Compliance Measures** – Assessed the effectiveness of RPT compliance strategies, reviewed implementation with Management, and ensured adherence to SEC requirements.
- **Amendment of Committee Charter** – Updated the charter to incorporate process improvements, align with best practices, and enhance compliance with SEC rules and regulations.

December 31, 2024.


JOSE M. LAYUG, JR.
Chairman


JOSE CARLITOS G. CRUZ
Member


RAMONTITO B. GARCIA
Member



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No: 02-5322-7696 Email Us: www.sec.gov.ph | messages@sec.gov.ph



The following document has been received:

Receiving: RICHMOND CARLOS AGTARAP

Receipt Date and Time: May 30, 2024 01:58:45 PM

Company Information

SEC Registration No.: 0000175222

Company Name: VIVANT CORPORATION

Industry Classification: J66940

Company Type: Stock Corporation

Document Information

Document ID: OST10530202482667470

Document Type: I-ACGR

Document Code: I-ACGR

Period Covered: December 31, 2023

Submission Type: Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

A. Use of Form I-ACGR

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies' compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the “comply or explain” approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

B. Preparation of Report

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
Contains CG Practices/ Policies, labelled as follows: (1) “Recommendations” – derived from the CG Code for PLCs; (2) “Supplement to Recommendation” – derived from the PSE CG Guidelines for Listed Companies; (3) “Additional Recommendations” – CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and (4) “Optional Recommendation” – practices taken from the ASEAN Corporate Governance Scorecard	The company shall indicate compliance or non-compliance with the recommended practice.	The company shall provide additional information to support their compliance with the recommended CG practice	The PLCs shall provide the explanations for any non-compliance , pursuant to the “comply or explain” approach. Please note that the explanation given should describe the non-compliance and include how the overall Principle being recommended is still being achieved by the company. *“Not Applicable” or “None” shall not be considered as

<p>*Items under (1) – (3) must be answered/disclosed by the PLCs following the “comply or explain” approach. Answering of items under (4) are left to the discretion of PLCs.</p>			<p>sufficient explanation</p>
--	--	--	--------------------------------------

C. Signature and Filing of the Report

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE;**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.

The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the _____ on MAY 24 2024

SIGNATURES

 FRANCIS DAMASUS A. GARCIA Chairman		 ARLO ANGELO G. SARMIENTO Chief Executive Officer
 JOSE CARLITOS G. CRUZ Independent Director		 JOSE M. LAYUG, JR. Independent Director
 CARMELO MARIA L. BAUTISTA Independent Director		 LAURENCE R. ROGERO Independent Director
 CATHERINE S. BRINGAS Corporate Secretary		 MAILA LOURDES G. DE CASTRO Compliance Officer



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **2023**
2. SEC Identification Number **175222**
3. BIR Tax Identification No. **242-603-734-000**
4. Exact name of issuer as specified in its charter **VIVANT CORPORATION**
5. **Mandaluyong City** (SEC Use Only)
Province, Country or other jurisdiction
of incorporation or organization
6. Industry Classification Code:
6014
Postal Code
7. **9th Floor, Oakridge IT Center 3, Oakridge Business Park,
A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu**
Address of principal office
8. **(032) 234-2256; (032) 234-2285**
Issuer's telephone number, including area code
9. **Not applicable.**
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	The Vivant Board is composed of directors with collective working knowledge, experience or expertise that is relevant to Company's industry. References: Board of Directors Profile http://www.vivant.com.ph/our-company/bod-and-officers/ Definitive Information Sheet: https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf (Please refer to Information on Directors and Officers in pages 14-42) Annual Report: https://www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	COMPLIANT		

		<p>(Please refer to Information on Directors and Officers in pages 113-144)</p> <p>Integrated Report: https://www.vivant.com.ph/wp-content/uploads/2024/04/IR23_04122024_final_compressed_under10mb.pdf</p> <p>Revised Manual on Corporate Governance: https://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf</p> <p>(Please refer to Qualifications of a Director in pages 12-13)</p>	
Recommendation 1.2			
<p>1. Board is composed of a majority of non-executive directors.</p>	<p>COMPLIANT</p>	<p>The Board is composed of eleven (11) directors of which eight (8) are non-executive directors <i>(Four (4) independent directors and four (4) non-executive directors)</i>.</p> <p>References:</p> <p>Board of Directors http://www.vivant.com.ph/our-company/bod-and-officers/</p> <p>General Information Sheet https://www.vivant.com.ph/sec-filings/</p>	

		<p>Definitive Information Sheet: https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf</p> <p>(Please refer to Information on Directors and Officers in pages 14-42)</p> <p>Annual Report: https://www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf</p> <p>(Please refer to Information on Directors and Officers in pages 113-144)</p>	
Recommendation 1.3			
<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>COMPLIANT</p>	<p>The Company's policy on training of directors is found in the Board Charter and Manual on Corporate Governance.</p> <p>References:</p> <p>Board Charter http://vivant.com.ph/wp-content/uploads/2019/06/Board-Charter.pdf (please refer to Orientation and Continuing Education Programs for Directors in pages 5-6)</p>	

		<p>Revised Manual on Corporate Governance: http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (please refer to Training and Orientation Programs of Directors in age 3-4)</p> <p>PSE Edge Disclosure, informing it of the annual training held in August 25, 2023 for members of the Board of Directors and Executive Officers, including the Corporate and Assistant Corporate Secretaries. The training is an SEC-accredited training held in the coordination with the Institute of Corporate Directors.</p> <p>https://edge.pse.com.ph/openDisclosure.do?edge_no=f2b7aacbdc98f1db9e4dc6f6c9b65995</p>	
<p>2. Company has an orientation program for first time directors.</p>	<p>COMPLIANT</p>	<p>The Company's Board Charter and Manual on Corporate Governance provides a statement that "it shall also properly introduce the new directors to the company by providing a comprehensive training program</p> <p>References:</p> <p>Board Charter</p>	

		<p>http://vivant.com.ph/wp-content/uploads/2019/06/Board-Charter.pdf (please refer to Orientation and Continuing Education Programs for Directors in pages 6)</p> <p>Revised Manual on Corporate Governance http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (please refer to Training and Orientation Programs of Directors in pages 3-4)</p>	
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>COMPLIANT</p>	<p>Please refer to Orientation and Continuing Education Programs for Directors</p> <p>References:</p> <p>Board Charter http://vivant.com.ph/wp-content/uploads/2019/06/Board-Charter.pdf (see pages 5-6)</p> <p>PSE Edge Disclosure, informing it of the annual training held in August 25, 2023 for members of the Board of Directors and Executive Officers, including the Corporate and Assistant Corporate Secretaries. The training is an SEC-accredited training held in the coordination with the Institute of Corporate Directors.</p>	

		https://edge.pse.com.ph/openDiscViewer.do?edge_no=f2b7aacbdc98f1db9e4dc6f6c9b65995	
Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	<p>Please refer to the Company's Policy on Board Diversity and Manual on Corporate Governance.</p> <p>As part of its efforts to promote the presence and participation of women in the Board, the Company welcomed Ms. Brigette Cecile N. Garcia as member of the Board in 2022.</p> <p>General Information Sheet https://www.vivant.com.ph/sec-filings/</p> <p>Board Diversity http://vivant.com.ph/wp-content/uploads/2019/06/Policy-on-Board-Diversity.pdf</p> <p>Manual on Corporate Governance http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 4)</p>	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its	COMPLIANT	Please refer to the Company's Policy on Board Diversity and Manual on Corporate Governance	

board diversity and reports on progress in achieving its objectives.		<p>Board Diversity http://vivant.com.ph/wp-content/uploads/2019/06/Policy-on-Board-Diversity.pdf</p> <p>Manual on Corporate Governance http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf</p>	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT	<p>The Company's qualifications, duties and responsibilities of the Corporate Secretary are disclosed in the Manual on Corporate Governance</p> <p>The Corporate Secretary, Atty. Catherine S. Bringas, is not the Compliance Officer and is not a member of the Board.</p> <p>Please refer to the Company's Manual on Corporate Governance and General Information Sheet.</p> <p>Manual on Corporate Governance http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 4, 5, and 6)</p> <p>General Information Sheet https://www.vivant.com.ph/sec-filings/</p>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT		

<p>4. Corporate Secretary attends training/s on corporate governance.</p>	<p>COMPLIANT</p>	<p>The Company's Corporate and Assistant Corporate Secretaries attended the 2023 Annual Corporate Governance Training.</p> <p>PSE Edge Disclosure, informing it of the annual training held in August 25, 2023 for members of the Board of Directors and Executive Officers, including the Corporate and Assistant Corporate Secretaries. The training is an SEC-accredited training held in the coordination with the Institute of Corporate Directors.</p> <p>https://edge.pse.com.ph/openDisclosure.do?edge_no=f2b7aacbdc98f1db9e4dc6f6c9b65995</p> <p>Annual Report [https://www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf]</p>	
Optional: Recommendation 1.5			
<p>1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.</p>	<p>COMPLIANT</p>	<p>The Company's Corporate Secretary certifies that materials for board meetings are distributed at least five (5) days before scheduled meeting.</p>	

		http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 5)	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	The qualifications, duties and responsibilities of the Compliance Officer are disclosed in the Manual on Corporate Governance.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		
3. Compliance Officer is not a member of the board.	COMPLIANT	<p>The Compliance Officer, Atty. Maila De Castro, holds the position of VP – Legal and is directly reporting to the Executive Vice President and Chief Corporate Officer, and is not a member of the Board.</p> <p>PSE Edge Disclosure, informing it of the annual training held in August 25, 2023 for members of the Board of Directors and Executive Officers, including the Corporate and Assistant Corporate Secretaries. The training is an SEC-accredited training held in the coordination with the Institute of Corporate Directors.</p> <p>Please refer to the PSE link. https://edge.pse.com.ph/openDiscViewer.do?edge_no=f2b7aacbdc98f1db9e4dc6f6c9b65995</p>	

		<p>Please refer to the Company's Manual on Corporate Governance, General Information Sheet and SEC 17-C.</p> <p>Manual on Corporate Governance http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 6).</p> <p>General Information Sheet https://www.vivant.com.ph/sec-filings/</p> <p>Corporate Disclosure, SEC Form 17-C https://www.vivant.com.ph/wp-content/uploads/2023/06/SEC-Form-17-C-Results-of-2023-ASM_15-June-2023.pdf</p>	
<p>4. Compliance Officer attends training/s on corporate governance.</p>	<p>COMPLIANT</p>	<p>The Company's Compliance Officer has attended the 2023 Annual Corporate Governance Training.</p> <p>PSE Edge Disclosure, informing it of the annual training held in August 25, 2023 for members of the Board of Directors and Executive Officers, including the Corporate and Assistant Corporate Secretaries. The training is an SEC-accredited training held in the coordination with the Institute of Corporate Directors.</p>	

		https://edge.pse.com.ph/openDiscViewer.do?edge_no=f2b7aacbdc98f1db9e4dc6f6c9b65995 Annual Report www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	The Company's Directors actively participate during meetings. Please see attached minutes of November 24, 2023 hereto attached as Annex "A" Minutes of the Meeting https://www.vivant.com.ph/sec-filings/minutes-of-meetings/	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	The Board of Directors participated in the Annual Strategic Planning Workshop on September 27-28, 2023 held at Shangrila, The Fort, Taguig City, Metro Manila.	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT		

		All of Vivant's Independent Directors were present in the c. Please see attached photo marked as Annex "B" .	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	The Board reviews the vision statement of Vivant Corporation annually, during its Strategic Planning. http://www.vivant.com.ph/our-company/mission-vision-and-values/	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 7-8)	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	The qualifications, duties and responsibilities of the Chairman of the Board are disclosed in the Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 8) http://www.vivant.com.ph/our-company/bod-and-officers/	
Recommendation 2.4			

1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	Please refer to the Company's policy entitled "Retirement Plan, Rules and Regulations", effective November 1, 2013, hereto attached as Annex "C" .	
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT	http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (page 9)	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 10)	
2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	COMPLIANT	The company has measurable standards to align the performance-based remuneration of the executive directors and senior executives (Page 13 of Handbook on "Other Bonuses." (Attached as Annex "D")	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.			
Recommendation 2.6			

1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	<p>Please refer to the Company's Manual on Corporate Governance and Nomination and Election Policy.</p> <p>Manual on Corporate Governance http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 11-14)</p> <p>Nomination and Election Policy http://vivant.com.ph/wp-content/uploads/2019/06/VVT-Nomination-and-Election-Policy.pdf</p>	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT		
4. Board nomination and election policy includes how the board shortlists candidates.	COMPLIANT		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	COMPLIANT		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT		
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.			
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party	COMPLIANT	Please refer to the Company's Manual on Corporate Governance and Related Party Transaction Policy.	

transactions (RPTs) and other unusual or infrequently occurring transactions.			
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT		http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 15-18)
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT		http://vivant.com.ph/wp-content/uploads/2019/10/VVT-Corp-Related-Party-Transaction-Policy.pdf
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	COMPLIANT		Please refer to the Company's Manual on Corporate Governance and Related Party Transaction Policy. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 15-18) http://vivant.com.ph/wp-content/uploads/2019/10/VVT-Corp-Related-Party-Transaction-Policy.pdf
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	COMPLIANT		Please refer to the Company's Manual on Corporate Governance and Related Party Transaction Policy http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 18, clause 2.7.8)

		http://vivant.com.ph/wp-content/uploads/2019/10/VVT-Corp-Related-Party-Transaction-Policy.pdf	
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	<p>The Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive). The Board also appoint these key officers during its organization meeting.</p> <p>Please refer to the Company's Manual on Corporate Governance and 2023 SEC FORM 17-C.</p> <p>Manual on Corporate Governance http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 18, clause 2.8)</p> <p>SEC Form 17-C https://www.vivant.com.ph/wp-content/uploads/2023/06/SEC-Form-17-C-Results-of-2023-ASM_15-June-2023.pdf</p>	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief	COMPLIANT	<p>Please refer to the Company's Manual on Corporate Governance.</p> <p>http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-</p>	

Risk Officer, Chief Compliance Officer and Chief Audit Executive).		Manual-on-Corporate-Governance-2017.pdf (see page 18, clause 2.9)	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 18, clause 2.9)	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 18, clause 2.9)	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT	http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 19, clause 2.10) http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 32)	
3. Board approves the Internal Audit Charter.	COMPLIANT	The Board approved the Internal Audit Charter posted in the Company website. https://www.vivant.com.ph/wp-content/uploads/2024/05/VVT-Audit-Committee-Charter_Amendment_as-of-11-March-24.pdf	

Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	Please refer to the framework which was approved by the Board on August 11, 2017. The minutes of the August 11, 2017 Board meeting is attached as Annex "E". https://www.vivant.com.ph/corporate-governance/enterprise-risk-management/	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	COMPLIANT	The Company is guided by its Enterprise Risk Management principles in its Manual on Corporate Governance and Risk and Sustainability Committee Charter http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (please see pages 35-37). https://www.vivant.com.ph/wp-content/uploads/2023/03/VVT-RiskCom-and-Sustainability-Committee-Charter.pdf https://www.vivant.com.ph/corporate-governance/enterprise-risk-management/	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities	COMPLIANT		

and accountabilities in carrying out its fiduciary role.		The Board Charter states the purpose, composition, authority and responsibilities of the Board. Please refer to the Company's Board Charter.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT	http://vivant.com.ph/wp-content/uploads/2019/06/Board-Charter.pdf	
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	Please see latest internal memorandum against insider trading policy. www.vivant.com.ph/wp-content/uploads/2024/03/Insider-Trading-Policy.pdf	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	COMPLIANT	All transaction involving directors are covered by the Related Party Transaction Policy. http://vivant.com.ph/wp-content/uploads/2019/10/VVT-Corp-Related-Party-Transaction-Policy.pdf (Please refer to the Related Party Transaction Policy in page 5)	
2. Company discloses the types of decision requiring board of directors' approval.	COMPLIANT	The Company disclosed the types of transactions requiring board approval but not limited to the following:	

		<ul style="list-style-type: none"> - Approval of projects - Approval of company-wide policies, manual. - Constitution of Board Committees - Approval of audited financial statements. - Treasury matters related to transactions with banks. - Reappointment of External Auditor as endorsed by the Audit Committee. - Annual Stockholders Meeting. - Nomination and Election of Director and/or Independent Director - Amendments of its AOI and By-Laws - Declaration of dividends <p>https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=79</p>	
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Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	COMPLIANT	The Board has established six (6) committees to aid in the optimal performance of its roles and responsibilities. Please refer to the Company's Manual on Corporate Governance 2023 SEC FORM 17-C and Board Committees	
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		<p>Board Committees https://www.vivant.com.ph/corporate-governance/board-committees/</p> <p>Manual on Corporate Governance http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 19-27)</p> <p>SEC Form 17 - C www.vivant.com.ph/wp-content/uploads/2023/06/SEC-Form-17-C-Results-of-2023-ASM_15-June-2023.pdf</p>	
Recommendation 3.2			
<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>COMPLIANT</p>	<p>The Audit Committee has the responsibility, among others, to appoint, re-appoint, remove external auditor.</p> <p>Please refer to the Company's Manual on Corporate Governance and Audit Committee Charter.</p> <p>http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 19-21)</p>	

		https://www.vivant.com.ph/wp-content/uploads/2024/05/VVT-Audit-Committee-Charter_Amendment_as-of-11-March-24.pdf	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	<p>The Audit Committee is composed of five (5) non-executive directors. Three (3) of whom are independent director, including the Chairman. Please refer to the Company's Manual on Corporate Governance, 2023 SEC FORM 17-C and Audit Committee Charter.</p> <p>Manual on Corporate Governance http://www.vivant.com.ph/corporate-governance/board-committees/</p> <p>Audit Committee Charter https://www.vivant.com.ph/wp-content/uploads/2024/05/VVT-Audit-Committee-Charter_Amendment_as-of-11-March-24.pdf</p> <p>SEC Form 17 - C www.vivant.com.ph/wp-content/uploads/2023/06/SEC-Form-17-C-Results-of-2023-ASM_15-June-2023.pdf</p>	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	<p>Please refer to the Company's website, Definitive Information Statement and Annual Report. The Chairman of the Audit Committee, Mr. Jose Carlitos G. Cruz, is a Certified Public Accountant.</p>	

		<p>References:</p> <p>Website: http://www.vivant.com.ph/our-company/bod-and-officers/</p> <p>Definitive Information Sheet: https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf</p> <p>(Please refer to Information on Directors and Officers in pages 14-42)</p> <p>Annual Report: https://www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf</p> <p>(Please refer to Information on Directors and Officers in pages 113-144)</p>	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>COMPLIANT</p>	<p>The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee. Please refer to the Company's Board Committees and 2023 SEC Form 17-C.</p> <p>Board Committees</p>	

		http://www.vivant.com.ph/corporate-governance/board-committees/ 2023 SEC Form 17- C www.vivant.com.ph/wp-content/uploads/2023/06/SEC-Form-17-C-Results-of-2023-ASM_15-June-2023.pdf	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	The Audit Committee approved non-audit services of the Company. In 2023, the Audit Committee approved the tax retainer with SyCip Gorres Velayo & Co. (SGV), attached is the AuditCom Minutes of March 10, 2023 as Annex "F" .	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	COMPLIANT	The Audit Committee conducted a meeting on March 10, 2023 with SyCip Gorres Velayo & Co. (SGV) without the presence of the management.	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	COMPLIANT	The Audit Committee met four (4) times in 2023 on the following dates: March 10, 2023, May 12, 2023, August 9, 2023 and November 13, 2023. Please see attached notarized Certification, attached as Annex "G"	
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	In 2023, the Audit Committee approved the appointment of Ms. Myla D. Lumibao as Assistant Vice	

		President for Internal Audit, and this approval was further confirmed by the Board.	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	<p>Please refer to the Company's Manual on Corporate Governance and Corporate Governance Committee Charter.</p> <p>Manual on Corporate Governance http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 21-23)</p> <p>Corporate Governance Committee Charter http://vivant.com.ph/wp-content/uploads/2018/09/Corporate-Governance-Committee-Charter.pdf</p>	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	COMPLIANT	<p>The Company's Corporate Governance Committee is composed of three (3) independent directors, including the Chairman.</p> <p>Please refer to the Company's Manual on Corporate Governance and Corporate Governance Committee Charter.</p> <p>Manual on Corporate Governance http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-</p>	

		<p>Manual-on-Corporate-Governance-2017.pdf (see pages 21-23)</p> <p>Corporate Governance Committee Charter http://vivant.com.ph/wp-content/uploads/2018/09/Corporate-Governance-Committee-Charter.pdf</p> <p>Corporate Governance Committee Member http://www.vivant.com.ph/corporate-governance/board-committees/</p> <p>SEC Form 17-C www.vivant.com.ph/wp-content/uploads/2023/06/SEC-Form-17-C-Results-of-2023-ASM_15-June-2023.pdf</p>	
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>COMPLIANT</p>	<p>The Company's Corporate Governance Committee is composed of three (3) independent directors, including the Chairman.</p> <p>Please refer to the Company's Manual on Corporate Governance and Corporate Governance Committee Charter.</p> <p>Manual on Corporate Governance http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-</p>	

		<p>Manual-on-Corporate-Governance-2017.pdf (see pages 21-23)</p> <p>Corporate Governance Committee Charter http://vivant.com.ph/wp-content/uploads/2018/09/Corporate-Governance-Committee-Charter.pdf</p> <p>Corporate Governance Committee Member http://www.vivant.com.ph/corporate-governance/board-committees/</p> <p>SEC Form 17-C www.vivant.com.ph/wp-content/uploads/2023/06/SEC-Form-17-C-Results-of-2023-ASM_15-June-2023.pdf</p>	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	COMPLIANT	<p>The Corporate Governance Committee meet two (2) times in 2023 on the following dates: March 8, 2023 and December 13, 2023</p> <p>Please refer to the notarized Certification, attached as Annex "G"</p>	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance and Risk Management Committee Charter.	

		<p>Manual on Corporate Governance http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 23-24)</p> <p>Risk and Sustainability Committee Charter https://www.vivant.com.ph/wp-content/uploads/2023/03/VVT-RiskCom-and-Sustainability-Committee-Charter.pdf</p>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	NON-COMPLIANT		<p>In the 2023 Organizational Board Meeting of the Company, only four (4) members were elected for the BROC, composed of two (2) independent directors and two (2) non-executive directors.</p> <p>BROC Members https://www.vivant.com.ph/wp-content/uploads/2023/03/VVT-RiskCom-and-Sustainability-Committee-Charter.pdf</p> <p>SEC Form 17-C www.vivant.com.ph/wp-content/uploads/2023/06/SEC-Form-17-C-Results-of-2023-ASM_15-June-2023.pdf</p>
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLIANT	Due to the number of Board Committees vis-à-vis the number of independent directors of the Company, the Chairman of the Board and Risk and Sustainability	

		<p>Committee is also the Chairman of the Finance Committee</p> <p>BROC Members https://www.vivant.com.ph/corporate-governance/board-committees/</p> <p>SEC Form 17-C www.vivant.com.ph/wp-content/uploads/2023/06/SEC-Form-17-C-Results-of-2023-ASM_15-June-2023.pdf</p>	
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>COMPLIANT</p>	<p>Please refer to the Company's website, Definitive Information Statement and Annual Report.</p> <p>References:</p> <p>Website: http://www.vivant.com.ph/our-company/bod-and-officers/</p> <p>Definitive Information Sheet: https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf (Please refer to Information on Directors and Officers in pages 14-42)</p>	

		<p>Annual Report: https://www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation-SEC-Form-17-A-Annual-Report-1.pdf (Please refer to Information on Directors and Officers in pages 113-144)</p>	
Recommendation 3.5			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>COMPLIANT</p>	<p>Please refer to the Company's Manual on Corporate Governance, Related Party Transaction Committee Charter, Board Committees and 2023 SEC Form 17-C.</p> <p>Manual on Corporate Governance http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 24-26)</p> <p>Related Party Transaction Committee Charter https://www.vivant.com.ph/wp-content/uploads/2018/09/Related-Party-Transactions-Committee-Charter.pdf</p> <p>Related Party Transaction Committee Member http://www.vivant.com.ph/corporate-governance/board-committees/</p> <p>SEC Form 17-C www.vivant.com.ph/wp-content/uploads/2023/06/SEC-Form-17-C.pdf</p>	

		17-C-Results-of-2023-ASM 15-June-2023.pdf	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	COMPLIANT	<p>The Company's Related Party Transaction Committee is composed of one (1) non-executive director and two (2) independent directors. Its Chairman, Atty Jose M. Layug, Jr is an independent director.</p> <p>http://www.vivant.com.ph/corporate-governance/board-committees/</p> <p>SEC Form 17-C www.vivant.com.ph/wp-content/uploads/2023/06/SEC-Form-17-C-Results-of-2023-ASM 15-June-2023.pdf</p>	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	Please refer to the Company's Corporate Governance Committee, Related Party Transaction Committee, Audit Committee, Risk and Sustainability Committee and Finance Committee Charters.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT	<p>Board Committees http://www.vivant.com.ph/corporate-governance/board-committees/</p> <p>Related Party Transaction Committee http://www.vivant.com.ph/wp-content/uploads/2018/09/Related-</p>	

	<p>Party-Transactions-Committee-Charter.pdf</p> <p>Corporate Governance Committee http://vivant.com.ph/wp-content/uploads/2018/09/Corporate-Governance-Committee-Charter.pdf</p> <p>Audit Committee https://www.vivant.com.ph/wp-content/uploads/2024/05/VVT-Audit-Committee-Charter_Amendment_as-of-11-March-24.pdf</p> <p>Risk and Sustainability Committee https://www.vivant.com.ph/wp-content/uploads/2023/03/VVT-RiskCom-and-Sustainability-Committee-Charter.pdf</p> <p>Finance Committee http://vivant.com.ph/wp-content/uploads/2018/09/Vivant-Corporation-Finance-Committee-Charter.pdf</p> <p>The performance evaluation of the committees was conducted on August 18, 2023 pursuant to the Board Performance Appraisal Policy. http://vivant.com.ph/wp-content/uploads/2019/06/Policy-on-Board-Performance-Appraisal.pdf</p>	
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<p>3. Committee Charters were fully disclosed on the company's website.</p>	<p>COMPLIANT</p>	<p>Please refer to the Company's Board Committee, Corporate Governance Committee, Related Party Transaction Committee, Audit Committee, Risk and Sustainability Committee and Finance Committee Charters.</p> <p>Board Committees http://www.vivant.com.ph/corporate-governance/board-committees/</p> <p>Related Party Transaction Committee http://vivant.com.ph/wp-content/uploads/2018/09/Related-Party-Transactions-Committee-Charter.pdf</p> <p>Corporate Governance Committee http://vivant.com.ph/wp-content/uploads/2018/09/Corporate-Governance-Committee-Charter.pdf</p> <p>Audit Committee https://www.vivant.com.ph/wp-content/uploads/2024/05/VVT-Audit-Committee-Charter_Amendment_as-of-11-March-24.pdf</p> <p>Risk and Sustainability Committee https://www.vivant.com.ph/wp-content/uploads/2023/03/VVT-RiskCom-and-Sustainability-Committee-Charter.pdf</p>	
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Finance Committee

<http://vivant.com.ph/wp-content/uploads/2018/09/Vivant-Corporation-Finance-Committee-Charter.pdf>

Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	The Company's Directors actively participate during meetings. See attached Minutes of November 24, 2023 Board Meeting (Annex "A")	
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	The Company's Corporate Secretary provides the meeting materials for board meetings at least five (5) days before scheduled meeting. See attached Minutes of November 24, 2023 Board Meeting (Annex "A")	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	The Board of Directors sought clarifications to the Company's management during Board and Committee meetings. See attached Minutes November 24, 2024 Board Meeting (Annex "A")	

Recommendation 4.2			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>COMPLIANT</p>	<p>Please refer to the Company's Manual on Corporate Governance, Definitive Information Sheet and Annual Report.</p> <p>Manual on Corporate Governance http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 27)</p> <p>Definitive Information Sheet: https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf (Please refer to Information on Directors and Officers in pages 14-42)</p> <p>Annual Report: https://www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf (Please refer to Information on Directors and Officers in pages 113-144)</p>	
Recommendation 4.3			

<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<p>COMPLIANT</p>	<p>The Company's directors are guided by the requirement under the Manual on Corporate Governance to give notice before accepting a directorship in another company.</p> <p>http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf</p>	
<p>Optional: Principle 4</p>			
<p>1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.</p>	<p>COMPLIANT</p>	<p>Please refer to the Company's website, Definitive Information Statement and Annual Report.</p> <p>References:</p> <p>Website: http://www.vivant.com.ph/our-company/bod-and-officers/</p> <p>Definitive Information Sheet: https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf</p> <p>(Please refer to Information on Directors and Officers in pages 14-42)</p> <p>Annual Report: https://www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-</p>	

		Corporation SEC-Form-17-A Annual-Report-1.pdf (Please refer to Information on Directors and Officers in pages 113-144)	
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT	2024 schedule meetings were presented during the regular board meeting of the board of directors on November 24, 2023. Please see attached minutes, attached as Annex "A"	
3. Board of directors meet at least six times during the year.	COMPLIANT	For 2023, the Board of Director had seven (7) regular meetings, specifically, on Please refer to the notarized Certification, attached as Annex "G"	
4. Company requires as minimum quorum of at least 2/3 for board decisions.			
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	COMPLIANT	The Company has four (4) independent directors out of the eleven (11) members of the Board. Please refer to the Company's website, Definitive Information Statement, General Information Sheet and Annual Report. References:	

		<p>Website: http://www.vivant.com.ph/our-company/bod-and-officers/</p> <p>Definitive Information Sheet: https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf (Please refer to Information on Directors and Officers in pages 14-42)</p> <p>General Information Sheet www.vivant.com.ph/wp-content/uploads/2024/03/VVT-4th-Amended-GIS-2023.pdf</p> <p>Annual Report: www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf</p>	
Recommendation 5.2			
<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>COMPLIANT</p>	<p>Please refer to the Company's website, Definitive Information Statement and Annual Report.</p> <p>The Company's independent directors possess all the qualifications and none of the disqualifications to hold the positions. All elected independent directors executed a</p>	

		<p>certification in accordance to the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances</p> <p>References:</p> <p>Website: http://www.vivant.com.ph/our-company/bod-and-officers/</p> <p>Definitive Information Sheet: https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf (Please refer to Information on Directors and Officers in pages 14-42)</p> <p>Annual Report: www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf (Please refer to Information on Directors and Officers in pages 113-144)</p>	
Supplement to Recommendation 5.2			
<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	<p>COMPLIANT</p>	<p>The Company prohibits voting to favor a controlling group or other stakeholder, but only in the interest of Vivant Corporation. Please refer to</p>	

		<p>the Company's Manual on Corporate Governance.</p> <p>http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 7)</p>	
Recommendation 5.3			
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	COMPLIANT	<p>Please refer to the Company's Definitive Information Statement and Annual Report.</p> <p>Annual Report: www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf</p> <p>(Please refer to Information on Directors and Officers in pages 113-144)</p> <p>Definitive Information Sheet: https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf</p> <p>(Please refer to Information on Directors and Officers in pages 14-42)</p>	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	COMPLIANT	<p>While Vivant has no written policy, it complies with SEC Memorandum Circular No. 4, Series of 2017. In 2021, Atty. Jesus B. Garcia, Jr. and</p>	

		Ambassador Raul Ch. Rabe, after having served in the Vivant Board for nine (9) years, were replaced by Atty. Laurence R. Rogero and Mr. Jose Carlitos G. Cruz.	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	COMPLIANT	The Company has not had to opportunity to extend the term of independent directors beyond what is allowed by SEC Memorandum Circular No. 9, Series of 2011.	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	COMPLIANT	The Company's Chairman of the Board is Mr. Francis Damasus A. Garcia while Mr. Arlo Angelo G. Sarmiento is the Chief Executive Officer. Please refer to the Company's SEC Form 17-C and General Information Sheet. SEC Form 17-C www.vivant.com.ph/wp-content/uploads/2023/06/SEC-Form-17-C-Results-of-2023-ASM_15-June-2023.pdf General Information Sheet www.vivant.com.ph/wp-content/uploads/2024/03/VVT-4th-Amended-GIS-2023.pdf	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	COMPLIANT	The duties and responsibilities of the Chairman of the Board and Chief Executive Officer are disclosed in the	

		<p>Company's Manual on Corporate Governance.</p> <p>http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 8)</p>	
Recommendation 5.5			
<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	<p>COMPLIANT</p>	<p>The Company's Chairman of the Board is a non-executive director. Mr. Laurence R. Rogero was designated as lead director in 2023.</p> <p>Please refer to the Company's Manual on Corporate Governance.</p> <p>http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 30)</p> <p>SEC Form 17-C</p> <p>www.vivant.com.ph/wp-content/uploads/2023/06/SEC-Form-17-C-Results-of-2023-ASM_15-June-2023.pdf</p>	
Recommendation 5.6			
<p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p>	<p>COMPLIANT</p>	<p>Vivant's policy is found in:</p> <p>http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf</p>	

		To date, Vivant has not had the opportunity to enforce this provision.	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	COMPLIANT	In 2023, the non-executive directors conducted a meeting on March 10, 2023 with SyCip Gorres Velayo & Co. The meeting was chaired by the lead independent director, Mr. Jose Carlitos G. Cruz	
2. The meetings are chaired by the lead independent director.			
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.			
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	The Board of Directors and Board Committees conducted a self-assessment of its performance on August 18, 2023 pursuant to the Board Performance Appraisal Policy. http://vivant.com.ph/wp-content/uploads/2019/06/Policy-on-Board-Performance-Appraisal.pdf	
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT		
3. The individual members conduct a self-assessment of their performance.	COMPLIANT		
4. Each committee conducts a self-assessment of its performance.	COMPLIANT		
5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT	The company engaged the services of Institute of Corporate Directors, Inc. (ICD) to facilitate the assessment of the Board's performance.	

Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	COMPLIANT	Please refer to the Company's Policy on Board Performance Appraisal. http://vivant.com.ph/wp-content/uploads/2019/06/Policy-on-Board-Performance-Appraisal.pdf	
2. The system allows for a feedback mechanism from the shareholders.	NON-COMPLIANT	http://vivant.com.ph/wp-content/uploads/2019/06/Policy-on-Board-Performance-Appraisal.pdf	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	COMPLIANT	Please refer to the Company's Code of Business Conduct and Ethics. http://vivant.com.ph/wp-content/uploads/2019/06/Code-of-Business-Conduct-and-Ethics.pdf	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	Please refer to the Company's Code of Business Conduct and Ethics. http://vivant.com.ph/wp-content/uploads/2019/06/Code-of-Business-Conduct-and-Ethics.pdf	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	Please refer to the Company's Code of Business Conduct and Ethics. http://vivant.com.ph/wp-content/uploads/2019/06/Code-of-Business-Conduct-and-Ethics.pdf	
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	COMPLIANT	Please refer to the Company's Anti-corruption Policy and Program	

		http://vivant.com.ph/wp-content/uploads/2019/06/Anti-Corruption-Policy-and-Program.pdf	
		http://vivant.com.ph/wp-content/uploads/2019/06/Code-of-Business-Conduct-and-Ethics.pdf	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	Please refer to the Company's Code of Business Conduct and Ethics.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	http://vivant.com.ph/wp-content/uploads/2019/06/Code-of-Business-Conduct-and-Ethics.pdf	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	COMPLIANT	Please refer to the Company's website for SEC filings. http://www.vivant.com.ph/sec-filings/	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while	COMPLIANT	For fiscal year 2023, the Company submitted its Annual Report and Consolidated Financial Statements to the Securities and Exchange Commission (through electronic mail) on April 11, 2024. Attached as Annex	

interim reports are published within forty-five (45) days from the end of the reporting period.		<p>“H” are the e-mail acknowledgment of receipt from the Market and Securities Regulation Department</p> <p>https://www.vivant.com.ph/wp-content/uploads/2022/04/2022-SEC-17-A-VVT.pdf</p> <p>https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=79</p>	
2. Company discloses in its annual report the principal risks associated with the identity of the company’s controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders’ voting power and overall equity position in the company.	NON-COMPLIANT	<p>https://www.vivant.com.ph/wp-content/uploads/2022/04/2022-SEC-17-A-VVT.pdf</p>	<p>There is no direct disclosure on the risks pertaining to principal risks associated with the identity of the company’s controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders’ voting power and overall equity position in the company, but Vivant Corporation has consistently included the family relationship and security ownership of directors which include those in family relationships (see: https://www.vivant.com.ph/wp-content/uploads/2022/04/2022-SEC-17-A-VVT.pdf (Please refer to page 120-125).</p>
Recommendation 8.2			

1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT	Vivant Corporation's memorandum on Disclosure of Transactions and "Blackout" transactions by Directors, Officers, Employees, and Related Individuals of Vivant Corporation Shares is attached as Annex "I"	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT		
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	COMPLIANT	<p>Please refer to the Company's website, Definitive Information Statement and Annual Report.</p> <p>Website: http://www.vivant.com.ph/disclosures/</p> <p>Annual Report: www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf</p> <p>(Please refer to Information on Directors and Officers in pages 113-144)</p> <p>Definitive Infinitive Statement: https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-</p>	

		IS Definitive-Information-Statement Complete.pdf (Please refer to Information on Directors and Officers in pages 14-42)	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Please refer to the Company's Definitive Information Statement and Annual Report. Annual Report: www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf (Please refer to Information on Directors and Officers in pages 113-120) Definitive Infnitive Statement: https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf (Please refer to Information on Directors and Officers in pages 14-42)	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	Please refer to the Company's Definitive Information Statement and Annual Report. Annual Report:	

		www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf (Please refer to Information on Directors and Officers in pages 113-144) Definitive Infnitive Statement: https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf (Please refer to Information on Directors and Officers in pages 14-42)	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	NON-COMPLIANT		Vivant Corporation does not have a policy and procedure for setting Board remuneration, because other than honoraria for meetings attended Vivant Corporation does not pay any other fee. The rates per board and committee meetings attended and the remuneration of the non-executive directors on an individual bases were disclosed in the Company's Annual Report.
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	NON-COMPLIANT		https://www.vivant.com.ph/wp-content/uploads/2023/05/2023-SEC-Form-17-A.pdf (Please refer to page 126)

3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT		<p>For security reasons, disclosure of individual remuneration is not practiced. In lieu thereof, Vivant Corporation provides information of the top five (5) executives as a group.</p> <p>https://www.vivant.com.ph/wp-content/uploads/2023/05/2023-SEC-Form-17-A.pdf (Please refer to page 125)</p>
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	COMPLIANT	<p>Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 15-18)</p> <p>http://vivant.com.ph/wp-content/uploads/2019/10/VVT-Corp-Related-Party-Transaction-Policy.pdf</p> <p>For fiscal year 2023, there was no transaction involving a director or executive officer involving conflict of interest.</p>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	<p>For fiscal year 2023, there was no transaction involving a director or executive officer involving conflict of interest.</p> <p>https://www.vivant.com.ph/wp-content/uploads/2023/05/2023-SEC-Form-17-A.pdf</p>	

		(see page 30)	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 18 on Procedure and Guidelines)	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance and Related Party Transaction Policy. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 16-Procedure and Guidelines) http://vivant.com.ph/wp-content/uploads/2019/10/VVT-Corp-Related-Party-Transaction-Policy.pdf	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	COMPLIANT	Please refer to the Company's disclosures in PSE Edge. http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=79 http://vivant.com.ph/sec-filings/	
2. Board appoints an independent party to evaluate the fairness of the transaction	COMPLIANT	Please refer to the Company's Policy on Related Party Transaction.	Vivant Corporation has not had a Related Party Transaction in 2023 that requires an

price on the acquisition or disposal of assets.		http://vivant.com.ph/wp-content/uploads/2019/10/VVT-Corp-Related-Party-Transaction-Policy.pdf	evaluation by an independent party as to the fairness of the transaction price. But Vivant Corporation has a Related Party Transaction Committee see: http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 24-26); http://vivant.com.ph/wp-content/uploads/2019/10/VVT-Corp-Related-Party-Transaction-Policy.pdf ; and see: http://www.vivant.com.ph/corporate-governance/board-committees/ which does not preclude the engagement of an independent consultant to evaluation the fairness of the transaction price.
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	COMPLIANT	Please refer to the Company's Definitive Information Sheet. https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf (see page 9-10)	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-	
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT	http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-	

3. Company's MCG is posted on its company website.	COMPLIANT	Manual-on-Corporate-Governance-2017.pdf	
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives	COMPLIANT	(b) https://www.vivant.com.ph/wp-content/uploads/2023/05/2023-SEC-Form-17-A.pdf (see discussion on key performance indicators on pages 78-79) (c) Discussion on its subsidiary's market share in retail competition is in https://www.vivant.com.ph/wp-content/uploads/2023/05/2023-SEC-Form-17-A.pdf	(a) The Annual Report does not specify Corporate Objectives; but, by disclosing competition, major risks, the effects of existing and or probable government regulations, it is implied that overcoming these is one of the objectives of Vivant Corporation. https://www.vivant.com.ph/wp-content/uploads/2023/05/2023-SEC-Form-17-A.pdf (see pages 14-19)
b. Financial performance indicators	COMPLIANT	(page 16); and discussion on reducing reliance by a subsidiary in	
c. Non-financial performance indicators	COMPLIANT	bilateral contracts is in https://www.vivant.com.ph/wp-content/uploads/2023/05/2023-SEC-Form-17-A.pdf	
d. Dividend Policy	COMPLIANT	(page 26).	
e. Biographical details (at least age, academic qualifications, date of first	COMPLIANT		

appointment, relevant experience, and other directorships in listed companies) of all directors		(d) dividend policy. https://www.vivant.com.ph/sec-filings/dividend-information/	
f. Attendance details of each director in all directors' meetings held during the year	COMPLIANT	(e) https://www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf	
g. Total remuneration of each member of the board of directors	COMPLIANT	(Please refer to Information on Directors and Officers in pages 113-144) (f) https://www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf (Please refer to pages 112-144) (g) https://www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf (page 147-148)	
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	COMPLIANT	Please refer to the Company's Annual Report www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational,	COMPLIANT	Please refer to the Company's Annual Report	

financial and compliance controls) and risk management systems.		www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	COMPLIANT	Please refer to the Company's Annual Report www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	COMPLIANT	Please refer to the Company's Annual Report. www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf	

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance and Audit Committee Charter. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 33)	
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		https://www.vivant.com.ph/wp-content/uploads/2024/05/VVT-Audit-Committee-Charter_Amendment_as-of-11-March-24.pdf	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance and Audit Committee Charter. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 33) https://www.vivant.com.ph/wp-content/uploads/2024/05/VVT-Audit-Committee-Charter_Amendment_as-of-11-March-24.pdf (see page 3-External Audit)	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	COMPLIANT		There has been no removal of the external auditor that required the disclosure for the reason/s therefor.
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	COMPLIANT	Ms. Margem A. Tagalog of SGV & Co. assumed as its engagement partner in 2021 after the five-year term of Ms. Ma. Genalin Q. Arevalo.	
Recommendation 9.2			

<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	COMPLIANT	<p>Please refer to the Company's Audit Committee Charter.</p> <p>https://www.vivant.com.ph/wp-content/uploads/2024/05/VVT-Audit-Committee-Charter_Amendment_as-of-11-March-24.pdf (see page 3-External Audit)</p>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	COMPLIANT	<p>Please refer to the Company's Audit Committee Charter.</p> <p>https://www.vivant.com.ph/wp-content/uploads/2024/05/VVT-Audit-Committee-Charter_Amendment_as-of-11-March-24.pdf</p>	
Supplement to Recommendation 9.2			
<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	COMPLIANT	<p>Please refer to the Company's Audit Committee Charter.</p> <p>https://www.vivant.com.ph/wp-content/uploads/2024/05/VVT-Audit-Committee-Charter_Amendment_as-of-11-March-24.pdf (see page 3-External Audit)</p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	COMPLIANT	<p>Please refer to the Company's Audit Committee Charter.</p> <p>https://www.vivant.com.ph/wp-content/uploads/2024/05/VVT-Audit-Committee-Charter_Amendment_as-of-11-March-24.pdf</p>	

		Committee-Charter Amendment as of-11-March-24.pdf (see page 3-External Audit)	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	Please refer to the Company's Annual Report www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation-SEC-Form-17-A-Annual-Report-1.pdf (see page 110: External Audit Fees and Services)	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	Please refer to the Company's Audit Committee Charter and Manual Corporate Governance. https://www.vivant.com.ph/wp-content/uploads/2024/05/VVT-Audit-Committee-Charter-Amendment-as-of-11-March-24.pdf http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 20, clause 2.12.2 (g))	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT	Please refer to the Company's Annual Report.	

		www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf	
1. Company's external auditor is duly accredited by the SEC under Group A category.	COMPLIANT	Please refer to the Company's General Information Sheet www.vivant.com.ph/wp-content/uploads/2024/03/VVT-4th-Amended-GIS-2023.pdf	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	COMPLIANT	The SOAR has not been conducted. But once it will be conducted, the external auditor will agree thereto.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	COMPLIANT	Please refer to the Company's Annual Report and Sustainability Report Annual Report www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf Sustainability Report https://www.vivant.com.ph/sec-filings/sustainability-report/	

2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	COMPLIANT	Please refer to the Company's Sustainability Report https://www.vivant.com.ph/sec-filings/sustainability-report/	
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Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	COMPLIANT	In 2023, a press briefing was conducted immediately after the Annual Stockholders' Meeting.	
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Supplemental to Principle 11

1. Company has a website disclosing up-to-date information on the following:	COMPLIANT	Please refer to the Company's website. http://www.vivant.com.ph/	
a. Financial statements/reports (latest quarterly)	COMPLIANT	Please refer to the Company's website. http://www.vivant.com.ph/sec-filings/	
b. Materials provided in briefings to analysts and media	COMPLIANT	The press materials given to the media during annual stockholders' meetings are posted in the website. https://www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf	

c. Downloadable annual report	COMPLIANT	Please refer to the Company's Annual Report. www.vivant.com.ph/wp-content/uploads/2024/04/Vivant-Corporation_SEC-Form-17-A_Annual-Report-1.pdf	
d. Notice of ASM and/or SSM	COMPLIANT	Please refer to the Company's website. https://www.vivant.com.ph/sec-filings/notice-of-meetings/	
d. Minutes of ASM and/or SSM	COMPLIANT	Please refer to the Company's website. https://www.vivant.com.ph/sec-filings/minutes-of-meetings/	
e. Company's Articles of Incorporation and By-Laws	COMPLIANT	Please refer to the Company's website. https://www.vivant.com.ph/our-company/articles-of-incorporation-and-by-laws/	

Additional Recommendation to Principle 11

1. Company complies with SEC-prescribed website template.	COMPLIANT	Please refer to the Company's website. http://www.vivant.com.ph/	
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Internal Control System and Risk Management Framework

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 33-34)	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 35-37)	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	COMPLIANT	http://www.vivant.com.ph/corporate-governance/enterprise-risk-management/	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	COMPLIANT	The Company discussed the IT Roadmap or the information systems strategic plans and the recommended improvements to its IT system. Please see attached Minutes of the Risk Committee Meeting dated November 26, 2020, attached hereto as Annex "L" .	

Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT	http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 34-35) http://www.vivant.com.ph/our-company/organizational-chart/ Note that Internal Audit reports directly to the Chairman of the Board.	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	Mr. Carlos F. Bargamento, Jr. was appointed as Chief Audit Executive (CAE).	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.	COMPLIANT	The CAE shall oversee and be responsible for the internal audit activity of the organization, including the portion that is outsources to a third-party service provider.	
3. In case of a fully outsourced internal audit activity, qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 35)	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-	

		Manual-on-Corporate-Governance-2017.pdf (see pages 35-37) http://www.vivant.com.ph/our-company/organizational-chart/	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	COMPLIANT	Vivant Corporation engaged the services of JLT to assist the Risk Department in the Business Continuity Management exercise.	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	COMPLIANT	Please refer to the Company's website. https://www.vivant.com.ph/wp-content/uploads/2023/02/SEC-Form-17-C_Amended-Results-of-ASM.pdf https://www.vivant.com.ph/our-company/bod-and-officers/	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	COMPLIANT	Please refer to the Company's Definitive Information Sheet. https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf (see page 30)	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	COMPLIANT	Please see notarized Certification attached as Annex "K" .	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			

Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 37-41: Promoting Shareholder Rights)	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 37-41: Promoting Shareholder Rights)	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	COMPLIANT	Please refer to the Company's Definitive Information Sheet. https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf (see page 7-8)	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	COMPLIANT	Please refer to the Company's Definitive Information Sheet. https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-	

		IS Definitive-Information-Statement Complete.pdf (see page 7-8)	
3. Board has an effective, secure, and efficient voting system.	COMPLIANT	Please refer to the Company's Definitive Information Sheet. https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf (see page 52)	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	NON-COMPLIANT		Vivant Corporation implements one-share one-vote rule in accordance with law, other than for cumulative voting where minority shareholders may cumulate their votes to elect a director.
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	COMPLIANT	Please refer to the Company's website. http://www.vivant.com.ph/wp-content/uploads/2016/12/July-2015-Vivant-Corp-Amended-By-Laws.pdf (see Article II, Section 2)	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 37-41)	
7. Company has a transparent and specific dividend policy.	COMPLIANT		

		<p>After determining the unrestricted retained earnings available for possible dividend declaration, the company assesses its future need to fund future investments.</p> <p>For fiscal year 2023, cash dividends were paid on June 16, 2023 after the Board declared dividends on May 18, 2023.</p> <p>https://www.vivant.com.ph/wp-content/uploads/2023/05/2023-SEC-Form-17-A.pdf (see page 77: Dividends)</p>	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	COMPLIANT	In the 2023, the Company appointed its stock and transfer agent, Stock and Transfer Services Inc., as scrutineer.	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	COMPLIANT	The 2023 Annual Shareholders' Meeting was conducted via video conferencing through Zoom. Pursuant to the SEC the Notice of 2023, Annual Shareholders' Meeting were published in the newspaper (print and on-line) of general circulation for two (2) consecutive days specifically on May 17 and 18, 2023 and posted on the company's website at least twenty-eight (28) calendar days before the Meeting.	
Supplemental to Recommendation 13.2			

1. Company's Notice of Annual Stockholders' Meeting contains the following information:	COMPLIANT	Please refer to the Company's Definitive Information Sheet. https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	COMPLIANT		
b. Auditors seeking appointment/re-appointment	COMPLIANT		
c. Proxy documents	COMPLIANT		
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	Please refer to the Company's Definitive Information Sheet. https://www.vivant.com.ph/wp-content/uploads/2024/05/Vivant-Corporation_SEC-Form-20-IS_Definitive-Information-Statement_Complete.pdf	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	The results of the shareholder votes taken at the last Annual Shareholders' Meeting were disclosed on the following working day. The minutes were posted on the website.	

		http://www.vivant.com.ph/sec-filings/minutes-of-meetings/	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	COMPLIANT	The minutes of the Annual Shareholders' Meeting were posted on the website on the following day of the Meeting. http://www.vivant.com.ph/sec-filings/minutes-of-meetings/	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	COMPLIANT	The results of the shareholders votes taken at the last Annual Shareholders' Meeting were disclosed on the following working day. The minutes were posted in the website. http://vivant.com.ph/sec-filings/minutes-of-meetings/	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 40-41)	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance.	

		http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 40-41)	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (See page 41, clause 12.6) However, nobody has been appointed as the IRO.	
2. IRO is present at every shareholder's meeting.	NON-COMPLIANT		While the Manual on Corporate Governance provides for an IRO, there is yet no appointed IRO.
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	COMPLIANT	There has been no attempt to takeover Vivant Corporation, thus, there was no need to avoid such effort.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	NON-COMPLIANT		As of March 31, 2024 Vivant Corporation had a public float of 24.12%. https://edge.pse.com.ph/companyPage/stockData.do?cmpy_id=79
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting			

2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	COMPLIANT	For 2023, the Company utilized the platform of Convene for the conduct of the Annual Shareholders' Meeting and online voting portal. Reference: https://conveneagm.com/ph/vt2023	
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Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 41)	
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 41)	
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Recommendation 14.3

1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	COMPLIANT	http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see page 18, clause 2.76)	
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		While the Manual on Corporate Governance provides for an IRO, there is yet no appointed IRO.	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 39-41)	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	COMPLIANT	Vivant Corporation has not sought for any exemption from the application of a law, rule or regulation, especially pertaining to corporate governance issue.	
2. Company respects intellectual property rights.	COMPLIANT	There has been no instance where the respect for intellectual property rights has been compromised.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	COMPLIANT	Please refer to the Company's Vendor Code of ethics www.vivant.com.ph/wp-content/uploads/2023/12/Vendor-Codes-of-Ethics_2023_22dec2023rev02.pdf	

		https://www.vivant.com.ph/corporate-governance/code-of-business-and-ethics/	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	COMPLIANT	Please refer to the Company's Vendor Code of Ethics www.vivant.com.ph/wp-content/uploads/2023/12/Vendor-Codes-of-Ethics_2023_22dec2023rev02.pdf	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	Please refer to the Company's Manual on Corporate Governance. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf (see pages 41-42)	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	NON-COMPLIANT		Vivant Corporation has no existing policy, but only the practice of the Discretionary Bonus (page 13 of Handbook on "Other Bonuses" (Attached as Annex "C"))
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	See "Schedule of Corrective Actions. Table V: Safety, Health, Security and Public Order" of the Employee Handbook – Code of Good Behavior (Attached as Annex "L")	

3. Company has policies and practices on training and development of its employees.	COMPLIANT	See attached "Training Request Authorization Form – HR 2016-02." (Attached as Annex "M")	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	COMPLIANT	Please refer to the Company's Anti-corruption Policy. http://vivant.com.ph/wp-content/uploads/2019/06/Anti-Corruption-Policy-and-Program.pdf	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	http://vivant.com.ph/wp-content/uploads/2019/06/Anti-Corruption-Policy-and-Program.pdf	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	COMPLIANT	Please refer to the Company's Anti-corruption Policy. http://vivant.com.ph/wp-content/uploads/2019/06/Anti-Corruption-Policy-and-Program.pdf	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	COMPLIANT	Please refer to the Company's Manual on Corporate Governance and Whistleblowing Policy. http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf http://vivant.com.ph/wp-content/uploads/2019/06/Whistleblowing-Policy.pdf	

2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	<p>Please refer to the Company's Manual on Corporate Governance.</p> <p>http://www.vivant.com.ph/wp-content/uploads/2016/12/VVT-Manual-on-Corporate-Governance-2017.pdf</p> <p>http://vivant.com.ph/wp-content/uploads/2019/06/Whistleblowing-Policy.pdf</p>	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	While Vivant Corporation has a Whistleblowing Policy, it has not had an instance of whistleblowing that gave the Board the opportunity to supervise and ensure the policy's enforcement.	
<p>Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.</p>			
<p>Recommendation 16.1</p>			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	COMPLIANT	<p>Please refer to the Company's website.</p> <p>http://www.vivant.com.ph/csr/employee-volunteerism/</p> <p>http://www.vivant.com.ph/csr/</p>	
<p>Optional: Principle 16</p>			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	COMPLIANT	Please refer to the Company's website.	

		http://www.vivant.com.ph/csr/employee-volunteerism/ http://www.vivant.com.ph/csr/	
2. Company exerts effort to interact positively with the communities in which it operates	COMPLIANT	Please refer to the Company's website. http://www.vivant.com.ph/csr/employee-volunteerism/ http://www.vivant.com.ph/csr/	

ANNEX "A"



VIVANT CORPORATION

Minutes of the Meeting of the Board of Directors
Vivant Carbon Room, 9th Floor, Oakridge IT Center 3
Oakridge Business Park, Mandaue City and via Zoom
September 26, 2023 at 2:00 PM

PRESENT:

Mr. Francis Damasus A. Garcia	-	Chairman
Mr. Ramontito E. Garcia	-	Member
Mr. Arlo Angelo G. Sarmiento	-	Member
Mr. Emil Andre M. Garcia	-	Member
Ms. Brigette Cecile N. Garcia	-	Member
Mr. Charles Sylvestre A. Garcia	-	Member
Mr. Jose Marko Anton G. Sarmiento	-	Member
Mr. Jose Carlitos G. Cruz	-	Independent Director
Mr. Laurence R. Rogero	-	Independent Director
Atty. Jose M. Layug, Jr.	-	Independent Director

NOT PRESENT:

Mr. Carmelo Maria Luza Bautista	-	Independent Director
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ALSO PRESENT:

Ms. Minuel Carmela N. Franco	-	Executive Vice President/Chief Corporate Officer/ Group Chief Finance Officer/Treasurer/Compliance Officer/ Chief Risk Officer
Atty. Jess Anthony N. Garcia	-	SVP – Infrastructure and Chief Information Officer
Atty. Maila G. De Castro	-	VP – Legal
Atty. Catherine S. Bringas	-	SAVP – Legal; Corporate Secretary
Mr. Ronnel Vergel E. De Leon	-	SAVP – Treasury
Ms. Dyan Ramona S. Olegario	-	AVP – Accounting
Mr. Shem Jose W. Garcia	-	SAVP- Corporate Communication
<i>Vivant Energy Corporation</i>		
Mr. Douglas E. Subang	-	AVP – Portfolio Management
Mr. David C. Evangelista	-	SAVP- Business Development

I. CALL TO ORDER

1 The Chairman of the Board of Vivant Corporation (“Vivant” or the “Corporation”) Mr.
2 Francis Damasus A. Garcia (“FDAG”) called to order the Board Meeting at 2:04 o’clock in the
3 afternoon and presided over the same. The Corporate Secretary Atty. Catherine S. Bringas
4 (“CSB”) recorded the minutes of the proceedings.

II. CERTIFICATION OF QUORUM

5 CSB certified that notices of the meeting were given in accordance with the By-Laws,
6 and with the presence of the majority of the members of the Board in person and virtually,
7 there was a quorum to transact business.

8 Pursuant to the guidelines under the Securities and Exchange Commission (“SEC”)
9 Memorandum Circular No. 6, Series of 2020, CSB made a roll call and requested all parties
10 participating in the meeting (whether in person, through videoconference, or teleconference)
11 to state, for the record their full name, position, and location. CSB then informed the
12 attendees who participated in the meeting in person or through videoconference or
13 teleconference call to confirm the following:

- 14 1. That they could completely and clearly hear the others who could clearly hear them
15 at the end of the line;
16 2. That they received the agenda and all materials for the meeting; and
17 3. That they attended the meeting through videoconference or teleconference using
18 the devices below:

Name	Device	Location
Mr. Francis Damasus A. Garcia	In Person, Boardroom	Mandaue City
Mr. Ramontito E. Garcia	In Person, Boardroom	Mandaue City
Mr. Arlo A.G. Sarmiento	In Person, Boardroom	Mandaue City
Mr. Emil Andre M. Garcia	In Person, Boardroom	Makati City
Ms. Brigette Cecile N. Garcia	Laptop	Cebu City
Mr. Charles S.A. Garcia	In Person, Boardroom	Mandaue City
Mr. Jose Marko Anton G. Sarmiento	In Person, Boardroom	Mandaue City
Atty. Jose M. Layug, Jr.	Laptop	Makati City
Mr. Jose Carlitos G. Cruz	Laptop	Parañaque City
Atty. Laurence R. Rogero	In Person, Boardroom	Quezon City
Atty. Jess Anthony N. Garcia	In Person, Boardroom	Mandaue City
Ms. Minuel Carmela N. Franco	In Person, Boardroom	Mandaue City
Atty. Maila De Castro	In Person, Boardroom	Mandaue City
Atty. Catherine S. Bringas	In Person, Boardroom	Mandaue City
Mr. David C. Evangelista	Laptop	Makati City
Mr. Ronnel Vergel E. De Leon	Laptop	Makati City
Ms. Dyan Ramona S. Olegario	Laptop	Mandaue City

Mr. Shem Jose W. Garcia	In Person, Boardroom	Mandaue City
Mr. Douglas E. Subang	In Person, Boardroom	Mandaue City

19 Having satisfied themselves that the participants could hear each other completely
20 and clearly and that the materials had been received by the Board members, CSB certified
21 that with a majority of the Board present at the meeting in person or by videoconference or
22 teleconference call, a quorum existed for the transaction of official business by the Board.

III. READING AND APPROVAL OF MINUTES OF PREVIOUS MEETING DATED JULY 21, 2023

23 Upon motion duly made by Mr. Jose Carlitos G. Cruz (“JGC”) and seconded by Mr.
24 Ramontito E. Garcia (“REG”), the Board unanimously approved and adopted the minutes of
25 the previous Board meeting without correction.

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V. YTD JULY FINANCIALS

72 The presentation of the Year-to-Date July Financials was dispensed with considering
73 that the same was submitted to the Corporate Secretary and was circulated to the Board 5
74 days before the meeting. A copy of the report is attached hereto as **Annex "A"**.

75 JGC reiterated his concern during the Finance Committee ("FinCom") meeting that the
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79 Mr. Arlo Angelo G. Sarmiento ("AGS") emphasized that Vivant had a very strong first
80 half of the year in terms of revenue due to strong contributions from all its subsidiaries. He
81 cautioned that the second half of the year will be different.

82 There were also lower
83 Wholesale Electricity Spot Market ("WESM") prices which affected all the power plants that
84 were exposed to the spot market. The Supreme Court's decision in the case of *Alyansa para*
85 *sa Bagong Pilipinas, Inc. vs. Energy of Regulatory Commission* ("ERC") also has an impact on
86 the operations of Delta P. Inc. and MPC. Considering all these circumstances management
87 was looking for ways to mitigate the downside in revenue. The preliminary numbers on the

88 impact of the said matters will be available hopefully by October.

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VI. PROJECT UPDATES

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...that the following are the Senior Authority and
...Business Online Banking, for services detailed above
...can sign for each of the User Groups & Users.

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XI. ADJOURNMENT

381 There being no other matter to be discussed, upon motion duly made by LRR and
 382 seconded by JGC, the Board meeting was adjourned at 04:19 PM.

- signature page follows -

Prepared by:

ATTY. CATHERINE S. BRINGAS
 Corporate Secretary

Comments/Remarks	Date	
Approved via email	August 14, 2023	
Approved via email presented to the Board on the 21, 2023 meeting	July 28 & September 20, 2023	



VIVANT CORPORATION

Minutes of the Meeting of the Board of Directors
Vivant Boardroom, 9th Floor, Oakridge IT Center 3
Oakridge Business Park, Mandaue City and via Zoom
November 24, 2023 at 9:00 AM

PRESENT:

Mr. Francis Damasus A. Garcia	-	Chairman
Mr. Ramontito E. Garcia	-	Member
Mr. Arlo Angelo G. Sarmiento	-	Member
Mr. Emil Andre M. Garcia	-	Member
Ms. Brigette Cecile N. Garcia	-	Member
Mr. Charles Sylvestre A. Garcia	-	Member
Mr. Jose Marko Anton G. Sarmiento	-	Member
Mr. Jose Carlitos G. Cruz	-	Independent Director
Atty. Laurence R. Rogero	-	Independent Director
Atty. Jose M. Layug, Jr.	-	Independent Director
Mr. Carmelo Maria Luza Bautista	-	Independent Director

ALSO PRESENT:

Ms. Minuel Carmela N. Franco	-	Executive Vice President/Chief Corporate Officer/ Group Chief Finance Officer/Treasurer/Compliance Officer/ Chief Risk Officer
Atty. Jess Anthony N. Garcia	-	SVP – Infrastructure and Chief Information Officer
Atty. Maila G. De Castro	-	VP – Legal
Mr. Mark D. Habana	-	Vice President
Atty. Catherine S. Bringas	-	SAVP – Legal; Corporate Secretary
Mr. Ronnel Vergel E. De Leon	-	SAVP – Treasury
Ms. Dyan Ramona S. Olegario	-	AVP – Accounting
Ms. Rhesel Joan R. Tompong	-	AVP- Corporate Planning
<i>Vivant Energy Corporation</i>		
Mr. Douglas E. Subang	-	AVP – Portfolio Management
<i>Vivant Infracore Holdings, Inc.</i>		
Mr. Dave Michael V. Valeriano	-	AVP – Infrastructure
Mr. Grant Clark	-	Assistant Vice President
Ms. Claire Pelen	-	Sr. Manager – Infra CMS

I. CALL TO ORDER

The Chairman of the Board of Vivant Corporation (“Vivant” or the “Corporation”) Mr. Francis Damasus A. Garcia (“FDAG”) called to order the Board Meeting at 9:03 o’clock in the morning and presided over the same. The Corporate Secretary, Atty. Catherine S. Bringas (“CSB”), recorded the minutes of the proceedings.

II. CERTIFICATION OF QUORUM

CSB certified that notices of the meeting were given in accordance with the By-Laws, and with the presence of the majority of the members of the Board in person and virtually, there was a quorum to transact business.

Pursuant to the guidelines under the Securities and Exchange Commission (“SEC”) Memorandum Circular No. 6, Series of 2020, CSB made a roll call and requested all parties participating in the meeting (whether in person, through videoconference, or teleconference) to state, for the record their full name, position, and location. CSB then informed the attendees who participated in the meeting in person or through videoconference or teleconference call to confirm the following:

1. That they could completely and clearly hear the others who could clearly hear them at the end of the line;
2. That they received the agenda and all materials for the meeting; and
3. That they attended the meeting through videoconference or teleconference using the devices below:

NAME	MODE	LOCATION
Mr. Francis Damasus A. Garcia	In Person, Boardroom	Mandaue City
Mr. Ramontito E. Garcia	In Person, Boardroom	Mandaue City
Mr. Arlo Angelo G. Sarmiento	In Person, Boardroom	Mandaue City
Mr. Emil Andre M. Garcia	In Person, Boardroom	Makati City
Ms. Brigette Cecile N. Garcia	In Person, Boardroom	Mandaue City
Mr. Charles S.A. Garcia	In Person, Boardroom	Mandaue City
Mr. Jose Marko Anton G. Sarmiento	In Person, Boardroom	Mandaue City
Atty. Jose M. Layug, Jr.	Laptop	Makati City
Mr. Jose Carlitos G. Cruz	Laptop	Parañaque City
Atty. Laurence R. Rogero	Laptop	Quezon City
Mr. Carmelo Maria Luza Bautista	Laptop	Makati City
Atty. Jess Anthony N. Garcia	In Person, Boardroom	Mandaue City
Ms. Minuel Carmela N. Franco	In Person, Boardroom	Mandaue City

Atty. Maila De Castro	In Person, Boardroom	Mandaue City
Atty. Catherine S. Bringas	In Person, Boardroom	Mandaue City
Mr. Mark D. Habana	Laptop	Mandaue City
Mr. Dave Michael V. Valeriano	Laptop	Makati City
Ms. Dyan Ramona S. Olegario	Laptop	Mandaue City
Mr. Ronnel Vergel E. De Leon	Laptop	Makati City
Ms. Rhesel Joan R. Tompong	In Person, Boardroom	Mandaue City
Mr. Douglas E. Subang	In Person, Boardroom	Mandaue City
Mr. Grant Clark	Laptop	Mandaue City
Ms. Claire Pelen	In Person, Boardroom	Mandaue City

Having satisfied themselves that the participants could hear each other completely and clearly and that the materials had been received by the Board members, CSB certified that with a majority of the Board present at the meeting in person or by videoconference or teleconference call, a quorum existed for the transaction of official business by the Board.

11.1.2 2024 Calendar

CSB presented the proposed 2024 Vivant Calendar for the Board, which will have 6 meetings, and ExCom which will have 12 meetings. The proposed schedule of meeting for the committees were likewise presented to the Board.

CSB sought the approval of the Board for the schedule of the six (6) Board meetings for 2024 as follows:

January 31, 2024
March 19, 2024
May 24, 2024
June 20, 2024
September 20, 2024
November 22, 2024

Action Taken:

Upon motion duly made by REG which was duly seconded by BNG, the Board unanimously approved the 2024 schedule of Board meetings as presented.

The Corporate Secretary will send calendar invites to the Board for all the meetings scheduled for 2024.

12.2 Executive Hiring

Action Taken:

Upon motion duly made by JGC which was duly seconded by BNG, the Board unanimously approved the appointment of Myla D. Lumibao as AVP – Internal Audit of Vivant Corporation. The Board further authorized the Corporate Secretary to file the corresponding Amended General Information Sheet to reflect the foregoing.

XIII. ADJOURNMENT


There being no other matter to be discussed, upon motion duly made and seconded, the Board meeting was adjourned at 11:20 AM.

- signature page follows -

Prepared by:


ATTY. CATHERINE S. BRINGAS
Corporate Secretary

Attested by:


MR. FRANCIS DAMASUS A. GARCIA
Chairman


MR. ARLO ANGELO G. SARMIENTO
Member

MR. RAMONTITO E. GARCIA
Member

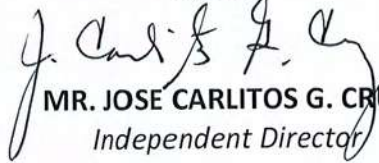
MR. CHARLES SYLVESTRE A. GARCIA
Member


MR. EMIL ANDRE M. GARCIA
Member

MR. JOSE MARKO ANTON G. SARMIENTO
Member

MS. BRIGETTE CECILE N. GARCIA
Member


ATTY. LAURENCE R. ROGERO
Independent Director


MR. JOSE CARLITOS G. CRUZ
Independent Director

MR. CARMELO MARIA LUZA BAUTISTA
Independent Director

ATTY. JOSE M. LAYUG, JR.
Independent Director

ANNEX "B"

2023 STRATEGIC PLANNING







ANNEX "C"

Schedule IV

VIVANT CORPORATION RETIREMENT PLAN

RULES AND REGULATIONS

ARTICLE I NAME, PURPOSE AND EFFECTIVE DATE

Section 1. NAME

The name of this Plan shall be the **VIVANT CORPORATION RETIREMENT PLAN**.

Section 2. PURPOSE

This Plan shall establish the **VIVANT CORPORATION RETIREMENT TRUST FUND** which will provide retirement, death, disability, and severance benefits for all eligible employees of the Company.

Section 3. DATE AND EFFECTIVITY

The Plan shall be in effect on November 1, 2013.


ARTICLE II DEFINITION OF TERMS

Section 1. DEFINITIONS

The following words or phrases used in the Plan shall be defined as follows:

- a) "Company" shall mean **VIVANT CORPORATION**.
- b) "Plan" shall mean the Retirement Plan adopted herein together with any amendments or further amendments duly adopted by the Company.
- c) "Fund" shall mean the Retirement Trust Fund established under this Plan, and shall mean generally the Company's contributions together with all income, gains and other additions thereto, less any losses, expenses, and benefit payments therefrom.
- d) "Trustee" or "Trustees" shall mean the entity, person or persons appointed by the Company responsible for the assets of the fund and general administration of the Plan.


MARIA VICTORIA SEMBRANO


ARLO A.G. SARMIENTO

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- e) "Member" shall mean any officer or employee who has qualified for membership under Article III and whose membership has not been terminated as provided therein.
- f) "Plan Salary" or "Pay" shall mean the latest monthly salary paid to the Member, or if paid daily shall be converted to monthly, for services rendered during normal working days and hours excluding allowances, overtime pay, commissions, bonuses and/or profit-sharing payments and other fluctuating emoluments or monetary benefits which are not considered as part of or integrated into the regular salary of the employee.
- g) "Service" shall mean the period of service rendered by a Member as determined from the records of the Company. Period of service shall be reckoned from date of hire to date of retirement, death, permanent disability, or severance.
- h) "Credited Service" shall mean the number of years and completed months of Service rendered by the Member. For purposes of determining the number of years of Credited Service, leave of absence without pay shall not be considered while a fraction of six (6) months or more shall be considered as one (1) year and a fraction of less than six (6) months shall be in accordance with Company policy.
- i) "Regular Employment Status" shall mean an employee who is under the regular payroll of the Company on a full-time basis.
- j) "Beneficiary" shall mean the person or persons who shall receive the death benefit provided for herein. The nomination of beneficiaries shall be in accordance with Article VI Section 2.
- k) "Actuarial Advisor" shall mean a person who is accredited with the Insurance Commission as an actuary or a consulting firm with an accredited actuary in its staff.

Section 2. GENDER

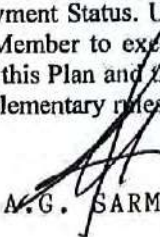
The masculine pronoun shall include the feminine gender and the single number shall include the plural unless the context indicates otherwise.

**ARTICLE III
MEMBERSHIP**

Section 1. MEMBERSHIP

Membership in the Plan shall be automatic for all officers and employees of the Company who are considered having Regular Employment Status. Membership in the Plan will commence retroactively on the first day of the month coincident with or next following his attainment of Regular Employment Status. Upon commencement of membership the Company may require the Member to execute a pledge to the effect that he has read and is in conformity with this Plan and that he shall abide by its provisions and with any amendments and supplementary rules thereto.


MARIA VICTORIA SEMBRANO


ARLO A.G. SARMIENTO

Section 2. TERMINATION

Membership in the Plan shall cease automatically upon termination of the Member's service to the Company.

Section 3. RE-EMPLOYMENT

A Member whose membership in the Plan is terminated and is subsequently employed by the Company shall, upon re-admission to the Plan, be treated as a new Member.

Section 4. LEAVE OF ABSENCE

Membership in the Plan shall continue during any period over which a Member is on leave of absence approved by the Company in writing, and during any period of absence due to furlough, sickness, accident or other causes not constituting a severance of the employer-employee relationship.

**ARTICLE IV
THE FUND**

Section 1. NON-CONTRIBUTORY PLAN

No Member shall be required to make any contribution to the Fund.

Section 2. FUNDING

The funding of the Plan shall be determined by the Actuarial Advisor and payment of the benefits thereunder shall be provided for through the medium of a Fund held by a Trustee under an appropriate Trust Agreement. The contributions to the Fund so created together with gains and losses realized and unrealized plus contributed accrued liabilities, if any, shall constitute the Fund.

Section 3. VALUATION

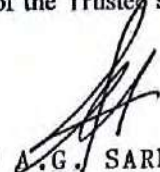
The contributions to the Fund shall be actuarially determined at least once every two or three years.

Section 4. PROCEDURE FOR PAYMENT

Application for the payment of the retirement benefits under Article V must be made in writing in the form and manner prescribed by the Trustee and must be filed with the Trustee at least thirty (30) days in advance of the date of actual retirement, resignation or separation without cause. Decision of the Trustee shall be final and binding upon all parties.



MARIA VICTORIA SEMBRANO



ARLO A.G. SARMIENTO

Section 5. MANNER OF PAYMENT

At the option of the Trustee, all benefits under the Plan shall be payable to the withdrawing Member in the form of a single sum payable anytime within sixty (60) days from the date of such withdrawal from the Plan. Such benefit shall be payable directly to the Member or to his beneficiary as the circumstances of each case may warrant.

Section 6. NON-DIVERSION OF FUNDS

All contributions made to the Fund shall be held solely and exclusively for the benefit of the Members or their beneficiaries and no part of the said Fund shall be used for, or diverted to, purposes other than for the exclusive benefit of the members or their beneficiaries.

Section 7. WAIVER OF CLAIMS

Receipt of any benefit by any Member of the Plan shall be deemed a final settlement of any and all claims that the Member may have under the Plan. The Member shall hereby waive, quitclaim and release the Company and the Plan from any and all claims, actions and liabilities arising from this Plan.

**ARTICLE V
RETIREMENT DATES AND BENEFITS**

Section 1. COMPULSORY RETIREMENT

The Normal Retirement Date of a Member shall be the first day of the month coincident with or next following his sixtieth (60th) birthday. The Member's Compulsory Retirement Benefit shall be a sum equal to 100% of Plan Salary for every year of Credited Service.

Section 2. OPTIONAL RETIREMENT

A Member may elect to retire prior to his Compulsory Retirement Date provided he has completed at least ten (10) years of Service and is at least age fifty-five (55). The Member's Optional Retirement Benefit shall be a sum equal to a 100% of Plan Salary for every year of Credited Service.

Section 3. EARLY RETIREMENT

With the consent of the Company, a Member may elect to retire prior to his Optional or Compulsory Retirement Date provided he has completed at least ten (10) years of Service and is at least age fifty (50). The Member's Early Retirement Benefit shall be a sum equal to a 100% of Plan Salary for every year of Credited Service.


MARIA VICTORIA SEMBRANO


ARLO A.G. SARMIENTO

Section 4. DISABILITY BENEFIT

In the event that a Member is retired by the Company due to permanent total incapacity or disability or due to sickness, as determined by a competent physician appointed by the Company, his disability retirement benefit shall be a single sum equal to 100% of Plan Salary for every year of Credited Service.

Section 5. SEVERANCE BENEFIT

A Member who is involuntarily separated by the Company due to a retrenchment program not due to serious business losses or financial reverses or redundancy or for causes not due to his own fault, misconduct, or material neglect shall be entitled to a benefit determined in accordance with the Termination Pay provision under the Labor Code or similar legislation on involuntary termination or if applicable, the amount of retirement benefits due to him hereunder, whichever is greater but shall not be entitled to all or any combination of all.

Section 6. TAX EXEMPTION OF BENEFITS

In accordance with the provisions for tax qualification under Republic Act No. 4917 (as reiterated by Section 32 (B) (6) (a) of the Tax Code of 1997), any retirement benefit received from the Plan shall be wholly exempt from tax provided the Member has served the Company for at least ten (10) years and is at least age fifty (50) at the time of retirement. It is further provided that any amount received under the Plan due to death, disability, or for any cause beyond the Member's control shall likewise be exempt from all taxes.

Section 7. DISMISSAL FOR CAUSE

A Member who is dismissed by the Company for cause shall not be entitled to any benefit under the Plan.

Section 8. FORFEITURES

The portion of the amount standing to the credit of a separated Member which is not paid to him by virtue of the limitations specified in this Plan shall be retained in the Fund and shall be used to reduce future contributions of the Company. Such forfeitures, which may arise from severance of employment, death or any other reason, shall not be applied to increase the benefits any Member would otherwise receive under the Plan at any time prior to the termination of the Plan or the complete discontinuance of Company contributions thereunder.


MARIA VICTORIA SEMBRANO


ARLO A.G. SARMIENTO

**ARTICLE VI
DEATH BENEFIT**

Section 1. **BENEFIT**

In the event that a Member dies from any cause except self-inflicted injuries, his beneficiaries shall be entitled to receive a death benefit in a lump sum equal to 100% of Plan Salary for every year of Credited Service.

Section 2. **NOMINATION OF BENEFICIARY**

Procedure. Each employee shall, upon eligibility to participate in the Plan, forthwith nominate in writing, in such forms as shall be prescribed by the Trustee, a person or persons entitled to succeed such Member, by testate or intestate succession under existing laws, to receive the amount which may be due the Member in case of his death or inability to receive in person any sum due him from the Fund.

Every nomination or appointment shall remain in force until the death of the nominee or appointee or until revoked or amended by the Member making it by delivering to the Trustee another nomination or appointment in the prescribed form.

In the event of death of a designated or appointed beneficiary during the lifetime of the designating or appointing Member, said Member shall forthwith nominate or appoint another person in place of the deceased beneficiary.

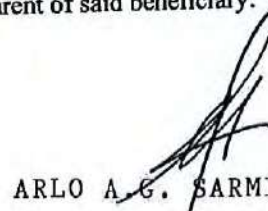
Failure to Nominate. If at the death of the Member there shall exist no valid nomination by him of a beneficiary, the existing laws on succession shall prevail.

If the person or persons from among those enumerated in the existing laws on succession do not exist at the time of the member's death, no death benefit shall be paid by the Plan. The death benefit which should have been paid shall be forfeited in favor of the Fund.

Minor / Incompetent Beneficiary. In case the beneficiary is a minor or under any disability to give legal discharge for payment of the benefits, then payment of the benefits shall not be made until a legal guardian is appointed in behalf of the minor or person under disability, but the beneficiary shall not be entitled to any income on the amount of the accrued benefits during the period that the payment was deferred because of the absence of a legal guardian; provided further that if the amount of benefit is such that existing laws would allow the payment thereof to the surviving parent of the minor or incompetent beneficiary, then benefit payments for the account of said beneficiary shall be made to the surviving parent of said beneficiary.



MARIA VICTORIA SEMBRANO



ARLO A.G. SARMIENTO

**ARTICLE VII
ADMINISTRATION**

Section 1. THE PLAN

The Plan shall be administered by a Trustee appointed by the Company who shall be responsible for the general administration of the Plan and the management of the Fund. The Company may create a Retirement Committee which will coordinate with the Trustee in the implementation of this Plan. The Trustee may seek the advice of counsel and may appoint an investment manager or managers to manage the Fund, an independent accountant to audit the Fund and an actuary to value the Fund. Fees and expenses incurred in the investing and accounting and / or actuarial audit, amendment and other services for the Plan may be charged to the Fund.

Section 2. TRUST AGREEMENT

The powers, authorities and discretion necessary or expedient for the Trustee to perform his / their duties shall be expressed in the Trust Agreement executed by the Company and the duly appointed person(s) or entity.

Section 3. RETIREMENT COMMITTEE

The duties of the retirement committee shall consist of the following functions solely as they relate to the Plan:

1. Implement the rules and procedures set forth in this Plan in filling applications for benefits, for furnishing proofs necessary to establish the Member's qualification, age and continuous service.
2. Recommend to the Trustee the appropriate payment of the amount due to the Member in accordance with the provisions of the Plan less accountabilities to the Company, if any.
3. Interpret together with the Trustee the meaning, coverage, interpretation and application of the provisions of the Plan.

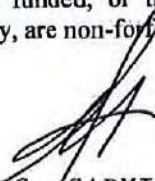
**ARTICLE VIII
AMENDMENT AND TERMINATION OF THE PLAN**

Section 1. NON-FORFEITURE OF RIGHTS

Upon termination of the Plan or upon the complete discontinuance of contributions under the Plan, the rights of each Member to benefits accrued to the date of such termination or discontinuance, to the extent then funded, or the rights of each Member to the amounts credited to his account, if any, are non-forfeitable.



MARIA VICTORIA SEMBRANO



ARLO A.G. SARMIENTO

Section 2. AMENDMENT

The Company may amend or modify this Plan at any time. Any amendment should conform to Republic Act Nos. 4917 and 7641 and their implementing regulations. Said amendments shall be immediately communicated to the trustee and the Members of the Plan.

Section 3. TERMINATION BY LIQUIDATION

The Company reserves the right at any time on account of business necessity to terminate, withdraw, amend, or modify the Plan in whole or in part, at the discretion of the Company. In the event of the termination of the Plan, the liability of the Company to make contributions shall cease, and the assets of the Fund shall be allocated, subject to provisions for expenses of administration or liquidation.

The Trustee shall pay all debts and obligations of the Fund and settle or dispose of any claims then outstanding against the Fund, and thereafter allocate the property remaining in the Fund to the employees or their beneficiaries, as follows:

- a. A sum in full or pro-rata to provide for the payment to members who are eligible for normal and late retirement, or for death and disability benefits, but who have not received their benefit payments by the date of termination of the plan.
- b. If any amount remains after (a) above, a sum, in full or pro-rata, to provide for the payment of benefits to employees who are eligible for early retirement by the date of termination of the Plan.
- c. If any amount remains after (b) above, a sum, in full or pro-rata, to provide for the payment of benefits to employees who remain and who may have contingent benefit interest as the Trustee/Retirement Committee may determine on the termination of the Plan.
- d. Any amount remaining in the Fund after making the above allocations and after paying all liabilities shall revert to the Company.

Section 4. TERMINATION BY TRANSFER

In the event the Company terminates the Plan by transferring it to any other Fund which is similar, in the opinion of the Trustee, to the purpose and terms of this Plan, each Member shall be entitled to the same benefits as they would have had from this Plan had this Plan not been terminated.

**ARTICLE IX
EFFECT OF LEGISLATION**

Section 1. SOCIAL SECURITY SYSTEM AND WORKMEN'S COMPENSATION

Except as otherwise provided, whatever benefits may be due the Member on account of the Social Security Law shall not be deducted from the benefits under this Plan.


MARIA VICTORIA SEMBRANO


ARLO A.G. SARMIENTO

Section 2. NON-DUPLICATION OF BENEFITS

In the event existing or future laws, including the Collective Bargaining Agreement, require the Company to pay similar or analogous benefits to those already herein provided, the Member concerned shall not be entitled to receive both what the law, legislation or CBA requires the Company to give but shall be entitled only to whichever benefit is the greater among them; or, the Company may exercise the right to reduce its current contributions or benefits under this Plan by the amount of any amount of any payments required by the subsequent legislation or CBA in accordance with the regulations promulgated by the Company.

**ARTICLE X
MISCELLANEOUS PROVISIONS**

Section 1. IRREVOCABILITY

The Company shall have no right, or interest in the contributions made by them to the Trust and no part of the Fund shall revert to the Company except after satisfaction of all liabilities of the Plan; however, such contributions as may have been made by the Company as a result of overpayment may revert to the Company.

Section 2. NON-TRANSFERABILITY OF RIGHTS

No benefit payable under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or change; and any action by way of anticipating, alienating, selling, transferring, assigning, pledging, encumbering, changing the same shall be void and of no effect.

Section 3. LIEN OF THE COMPANY

The Company shall have the first lien upon the amount standing to the credit of its employee-member to cover all liabilities of the Member to the Company. Said amount of liability shall be deducted by the Trustee from the benefit payment to the Member and shall be remitted to the Company.

Section 4. EMPLOYMENT

The establishment of the Plan shall not be construed as conferring any right upon any Member or any person to a continuation of employment.



MARIA VICTORIA SEMBRANO


ARLO A.G. SARMIENTO

APPROVED:

VIVANT CORPORATION

By:


Name : MARIA VICTORIA SEMBRANO
EVP FINANCE
Position : _____
Date : _____


ARLO A.G. SARMIENTO
EVP & COO

(Please sign each page of the Plan Rules.)

ANNEX "D"

COMPENSATION AND BENEFITS

PAYROLL

Payroll cut-off is on the 10th and 25th of every month. The payroll period will be on a twice a month basis, every 15th and end of the month. Payroll may be paid in cash, check, or credited automatically to an employee's payroll bank account, at management's discretion. Payslips will be available in the Human Resource Information System (HRIS)

COMPANY BENEFITS

The Company is committed to provide all employees the benefits due them in accordance with the Labor Code of the Philippines and or any other Philippine laws. In addition, the following benefits accrue to employees starting on the date of regularization and depending on the position they hold in the Company.

14th MONTH PAY

Regular employees are entitled to 14th month pay or a pro rata thereof to be disbursed before the Christmas vacation of the applicable year. This benefit is given pro rata if regularization happens in the middle of the year or if the employee terminates his employment prior to the end of the year.

OTHER BONUSES

Regular employees may also be granted additional bonuses on top of the statutory 13th month pay and the 14th month pay.

LEAVE BENEFITS

The Company provides each employee twenty four (24) working days as Service Incentive Leave (SIL) with pay every year. Employees start to earn SIL credits upon successful completion of the probationary period subject to the necessary approval process. Upon regularization, leave credits are earned monthly counting from the date of regularization, so employees who join the Company in the middle of the year are entitled to pro rata SIL.

Application for Service Incentive Leave

An employee may apply for the SIL by filing online through the HRIS. The employee's immediate manager will be notified through electronic mail of the filed SIL for approval.

1. Leaves must be used in no less than half day, or four (4)-hour increments for morning and five (5) hours in the afternoon.
2. As a general rule, one (1)-day leaves may be availed of only when filed on the HRIS at least one (1) day prior to the intended date of leave. An exception to the rule would be for those leaves availed for sickness or emergency. In such case, employee must file it upon return to work.
3. Leaves of more than two (2) days, when warranted, should be filed at least three (3) days in advance. Failure to follow this procedure would warrant the denial of the leave of absence and if the employee concerned nonetheless goes on leave, such would be considered AWOL (Absence Without Leave).
4. SILs due to sickness of three (3) days or more will be approved only if duly supported by a doctor's certificate. Said certification should have the following characteristics:
 - a. Issued by a physician/specialist
 - b. Indicate the employee's illness
 - c. Indicate employee's fitness for work and/or full recovery from illness.

ANNEX "E"



VIVANT CORPORATION
Minutes of the Regular Meeting of the Board of
Held on August 11, 2017 at 9:00 A.M.
Vivant Corporation Boardroom
Unit 907-908 Ayala Life-FGU Center, Cebu Bus

PRESENT:

Mr. Ramontito E. Garcia	-	President
Mr. Gil A. Garcia II	-	Member
Mr. Charles Sylvestre A. Garcia	-	Member
Mr. Carmelo Maria Luza Bautista	-	Member
Mr. Jose Marko Anton G. Sarmiento	-	Member
Mr. Emil Andre M. Garcia	-	Member; VP for Operations and Business Dev't
Mr. Arlo A.G. Sarmiento	-	Member; EVP and COO
Mr. Rogelio Q. Lim	-	Independent Director
Atty. Jesus B. Garcia, Jr.	-	Independent Director
Amb. Raul Ch. Rabe	-	Independent Director

ALSO PRESENT:

Atty. Jess Anthony N. Garcia	-	Corporate Secretary/General Counsel
Ms. Minuel Carmela N. Franco	-	Treasurer/Vice President for Finance
Mr. Mark D. Habana	-	VP for Commercial Affairs
Atty. Macario C. Padullo, Jr.	-	AVP for Corporate Management Systems
Ms. Maria Victoria E. Sembrano	-	AVP for Finance

NOT PRESENT:

Mr. Dennis N. A. Garcia	-	Chairman of the Board
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I. Call to Order

The President, Mr. Ramontito E. Garcia ("REG"), acted as Chairman for the Regular Meeting of the Board of Directors (the "Board") of Vivant Corporation ("Vivant"), called the meeting to order at 9:00 o'clock in the morning and presided over the same. The Corporate Secretary, Atty. Jess Anthony N. Garcia ("JNG"), recorded the minutes of the proceedings.

II. Certification of Quorum

JNG certified that notices of the meeting have been sent to all members of the Board, and that with the presence of at least a majority of its members, there was a quorum to transact business.

VII. Corporate Updates

(a) Updates

i. Risk Committee

Ms. Minuel Carmela N. Franco (“MNF”) reported on updates on the Risk Committee (“Riskcom”).

The Riskcom held its first meeting on June 5, 2017. The key decisions to be made pertain to the Enterprise Risk Management (“ERM”) Framework based on ISO 31000, Risk Architecture, Scope, Risk Calendar, and Compliance.

MNF then presented the framework and process for managing risks based on ISO 31000 which is an international standard for risk management principles. She presented the Risk Architecture, showing the reporting and monitoring lines between and among the Board, Riskcom, Audit Committee, Risk Management Unit, Departments and Business Units.

The following were then presented as members of the Riskcom:

Amb. Raul Ch. Rabe – Chairman
Dennis N. A. Garcia – Member
Ramontito E. Garcia – Member
Charles Sylvestre A. Garcia – Member
Rogelio Q. Lim – Advisor
Arlo A. G. Sarmiento – *Ex Officio*
Emil Andre M. Garcia – *Ex Officio*
Minuel Carmela N. Franco – *Ex Officio*
Atty. Jess Anthony N. Garcia – *Ex Officio*

The Risk Management Unit shall be composed of the Chief Risk Officer and Risk Team.

The Risk Owner/Business Unit shall be the relevant Department Heads, Business Unit BoDs and Heads.

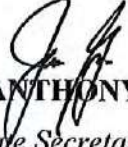
With Vivant being a holding company, risk management (“RM”) will be undertaken at two (2) levels: Parent level and Group/Business Unit level. RM in each level will be dependent on identified critical risk areas resulting from the evaluation of respective business models and process mapping. RM will cover: Strategic, Operational, Hazard, and Financial types of risks.

The 2017 – 2018 Calendar for Riskcom activities was then presented to the Board.

IX. Adjournment

Upon motion duly made and seconded, the regular meeting of the Board of Vivant was adjourned at 12:00 P.M..

Prepared by:


ATTY. JESS ANTHONY N. GARCIA
Corporate Secretary


Attested by:


MR. RAMONTIDO E. GARCIA
Acting Chairman

Not Present
MR. DENNIS N.A. GARCIA
Chairman


MR. JOSE MARKO ANTON G. SARMIENTO
Member


MR. CHARLES SYLVESTRE A. GARCIA
Member

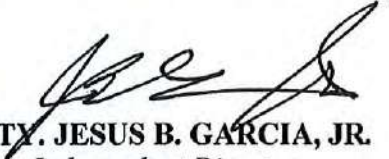

MR. ARLO A.G. SARMIENTO
Member


MR. GIL A. GARCIA
Member

MR. CARMELO MARIA LUZA BAUTISTA
Member


MR. EMIL ANDRE M. GARCIA
Member


MR. ROGELIO Q. LIM
Independent Director


ATTY. JESUS B. GARCIA, JR.
Independent Director

AMB. RAUL CH. RABE
Independent Director

IX. Adjournment

Upon motion duly made and seconded, the regular meeting of the Board of Vivant was adjourned at 12:00 P.M..

Prepared by:

ATTY. JESS ANTHONY N. GARCIA

Corporate Secretary

Attested by:

MR. RAMONTITO E. GARCIA

Acting Chairman

Not Present

MR. DENNIS N.A. GARCIA

Chairman

**MR. JOSE MARKO ANTON G.
SARMIENTO**

Member

**MR. CHARLES SYLVESTRE A.
GARCIA**

Member

MR. ARLO A.G. SARMIENTO

Member

MR. GIL A. GARCIA

Member

**MR. CARMELO MARIA
LUZA BAUTISTA**

Member

MR. EMIL ANDRE M. GARCIA

Member

MR. ROGELIO Q. LIM

Independent Director

ATTY. JESUS B. GARCIA, JR.

Independent Director


AMB. RAUL CH. RABE

Independent Director

ANNEX "F"



VIVANT CORPORATION

Minutes of the Meeting of the Audit Committee
Vivant Boardroom, 9th Floor, Oakridge IT Center 3
Oakridge Business Park, Mandaue City and via Zoom
March 10, 2023 at 2:30 PM

PRESENT:

Mr. Jose Carlitos G. Cruz	-	Chairman
Mr. Charles Sylvestre A. Garcia	-	Member
Mr. Jose Marko Anton G. Sarmiento	-	Member
Atty. Jose M. Layug, Jr.	-	Member

ALSO PRESENT:

Mr. Arlo A. G. Sarmiento	-	Chief Executive Officer
Mr. Emil Andre M. Garcia	-	President
Ms. Minuel Carmela N. Franco	-	Executive Vice President/Chief Corporate Officer
Atty. Catherine S. Bringas	-	SAVP – Legal and Compliance / Assistant Corporate Secretary
Mr. Carlos F. Bargamento, Jr.	-	AVP- Internal Audit
Ms. Dyan Ramona S. Olegario	-	AVP – Accounting
Mr. Nilo M. Arribas, Jr.	-	AVP- Information Technology
<i>Vivant Energy Corporation</i>		
Atty. Macario C. Padullo, Jr.	-	SAVP – Portfolio Management
Mr. Douglas E. Subang	-	AVP-Portfolio Management

SGV & Co.
Wilson Tan
Margem A. Tagalog

I. CALL TO ORDER

1 The Chairman of the Audit Committee (“AuditCom”), Mr. Jose Carlitos G. Cruz (“JGC”),
2 to call to order the AuditCom Meeting at 2:30 o’clock in the afternoon and presided over the
3 same. Atty. Catherine S. Bringas (“CSB”), the Assistant Corporate Secretary, recorded the
4 minutes of the proceedings.

II. CERTIFICATION OF QUORUM

5 CSB certified that notices of the meeting were given in accordance with the By-Laws,
6 and with the presence of majority of all the members of the AuditCom in person and virtually,
7 there was a quorum to transact business.

8 Pursuant to the guidelines under the Securities and Exchange Commission (“SEC”)
9 Memorandum Circular No. 6, Series of 2020, CSB made a roll call and requested all parties
10 participating in the meeting (whether in person, through videoconference, or teleconference)
11 to state, for the record their full name, position, and location. CSB then informed the
12 attendees who participated in the meeting in person or through videoconference or
13 teleconference call to confirm the following:

- 14 1. That they could completely and clearly hear the others who could clearly hear them
15 at the end of the line;
16 2. That they received the agenda and all materials for the meeting; and
17 3. That they attended the meeting through videoconference or teleconference using
18 the devices below:

Name	Device	Location
Charles Sylvestre A. Garcia	Laptop	Mandaue City
Emil Andre M. Garcia	In-Person, Boardroom	Mandaue City
Arlo Angelo G. Sarmiento	Video Conference	Mandaue City
Jose Marko Anton G. Sarmiento	Video Conference	Mandaue City
Jose Carlitos G. Cruz	Video Conference	Parañaque City
Jose M. Layug, Jr.	Video Conference	Mandaluyong City
Minuel Carmela N. Franco	In-Person, Boardroom	Mandaue City
Catherine S. Bringas	In-Person, Boardroom	Mandaue City
Dyan Ramona S. Olegario	In-Person, Boardroom	Mandaue City
Carlos F. Bargamento, Jr.	In-Person, Boardroom	Mandaue City

19 Having satisfied themselves that the participants could hear each other completely
20 and clearly and that the materials have been received by the AuditCom members, the
21 Assistant Corporate Secretary certified that with all of the members of the AuditCom present
22 at the meeting in person or by videoconference or teleconference call, a quorum existed for
23 the transaction of official business by the AuditCom.

III. READING AND APPROVAL OF MINUTES OF PREVIOUS MEETING

24 Upon motion duly made and seconded, the AuditCom unanimously approved and
25 adopted the previous minutes of the ExCom meeting, without correction.

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107 **VIII. 2023 NON-AUDIT ENGAGEMENT**

108 JGC discussed that there was a new code of ethics requirement where the AuditCom
109 had to concur at the beginning of the year for non-audit engagements so that any non-audit
110 work to be done by the auditors will no longer require a pre-approval.

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XII. ADJOURNMENT

158 There being no other matter to be discussed, upon motion duly made and seconded,
159 the ExCom meeting was adjourned at 04:09 PM.

Prepared by:


ATTY. CATHERINE S. BRINGAS
Assistant Corporate Secretary

ANNEX "G"

REPUBLIC OF THE PHILIPPINES)
MANDAUE CITY I.S.S.

CERTIFICATION

I, **CATHERINE S. BRINGAS**, Filipino, of legal age and with office address at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Barangay Banilad, Mandaue City, Cebu, Philippines, after being duly sworn in accordance with law, depose and state that:

1. I am the Corporate Secretary of **VIVANT CORPORATION** (the "Corporation"), a corporation duly organized and existing pursuant to and under the laws of the Republic of the Philippines, with principal business address at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Barangay Banilad, Mandaue City, Cebu, Philippines;

2. For the year ending December 31, 2023, the Board of Director of the Corporation held seven (7) regular meetings and four (4) special meetings with the following members in attendance:

NAME	POSITION	01/31/ 2023	02/13/ 2023	02/15/ 2023	03/16/ 2023	05/18/ 2023	06/15/ 2023	07/21 2023	08/14/ 2023	09/26/ 2023	10/16/ 2023	11/24/ 2023
Francis Damasus A. Garcia ¹	Chairman	-	-	-	-	-	Present	Present	Present	Present	Present	Present
Ramontito E. Garcia	Vice Chairman	Present	Present	Present	Not Present	Present	Not Present	Present	Present	Present	Present	Present
Charles S. A. Garcia	Member	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present
Arlo A.G. Sarmiento	Member	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present
Emil Andre M. Garcia	Member	Present	Not Present	Present	Present	Present	Present	Present	Present	Present	Present	Present
Jose Marko G. Sarmiento	Member	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present
Brigitte Cecile N. Garcia	Member	Present	Present	Present	Present	Present	Present	Not Present	Not Present	Present	Present	Present
Carmelo Maria L. Bautista	Ind. Director	Present	Present	Not Present	Present	Present	Present	Not Present	Present	Not Present	Not Present	Present
Jose Carlitos G. Cruz	Ind. Director	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present
Jose M. Layug, Jr	Ind. Director	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present

¹ Elected as Chairman of the Board in the June 15, 2023 Annual Stockholders' Meeting of the Company

Laurence R. Rogero ²	Ind. Director	-	-	-	-	-	Present	Present	Present	Present	Present	Present
Gil A. Garcia II ³	Member	Present	Present	Present	Present	Present	-	-	-	-	-	-
Joseph L. Sullivan ⁴	Ind. Director	Not Present	Present	Present	Not Present	Present	-	-	-	-	-	-

3. For the year ending December 31, 2023, the Audit Committee of the Corporation held four (4) meetings with the following members in attendance:

NAME	POSITION	03/10/2023	05/12/2023	08/09/2023	11/13/2023
Jose Carlitos G. Cruz	Chairman	Present	Present	Present	Present
Charles S. A. Garcia	Member	Present	Present	Present	Present
Jose M. Layug, Jr	Member	Present	Present	Present	Present
Jose Marko G. Sarmiento	Member	Present	Present	Present	Present
Laurence R. Rogero	Member	-	-	Present	Present
Joseph L. Sullivan	Member	Not Present	Present	-	-

4. For the year ending December 31, 2023, the Corporate Governance Committee of the Corporation held two (2) meetings with the following members in attendance:

NAME	POSITION	03/08/2023	12/13/2023
Jose M. Layug, Jr	Chairman	Present	Present
Jose Carlitos G. Cruz	Member	Present	Present
Laurence R. Rogero	Member	-	Present
Joseph L. Sullivan	Member	Present	-

5. The foregoing statements are in accordance with the records of the Corporation.

² Appointed as Independent Director on June 15, 2023

³ Resigned as Member of the Board on June 15, 2023

⁴ Resigned as Independent Director on June 15, 2023

MAY 27 2024

IN WITNESS WHEREOF, I have hereunto affixed my signature on _____ in
Mandaue City, Philippines.

ATTY. CATHERINE S. BRINGAS
Corporate Secretary

MAY 27 2024

SUBSCRIBED AND SWORN TO before me this _____ in
Mandaue City, Philippines. Affiant personally exhibited to me her Driver's License
No. D16-01-248424 issued at Pasig City which will expire on 30 September 2033, as
competent proof of her identity.

Doc. No. 431 :
Page No. 28 :
Book No. I :
Series of 2024.



ATTY. KRISBEN ZILNER P. BUOT
Notarial Commission No. 2024-62 until 12/31/2025
City of Mandaue and the Municipalities under its jurisdiction
Unit 2-902, 9th Floor, OTC-2 Bldg., Oakridge Business Park,
A.S Fortuna St., Banilad, Mandaue City, 6034
Roll of Attorneys No. 61963
PTR No. MC 1753966/01-16-2014/Mandaue City
IBP No. 423407/01-16-2024/Cebu Chapter
MCLE Compliance No. VII-0089123; 1671-12917

ANNEX "H"

corporatesecretary@vivant.com.ph

From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Sent: Thursday, April 11, 2024 4:46 PM
To: corporatesecretary@vivant.com.ph
Subject: Re: CGFD_Vivant Corporation_SEC Form 17-A (Annual Report)_11 April 2024

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

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at <https://www.google.com/url?q=https://secexpress.ph/&source=gmail-imap&ust=1713429981000000&usg=AOvVaw2rdxK-JvNOgj8a2lxXPj37>. For further clarifications, please call (02) 8737-8888.

----- NOTICE TO
COMPANIES -----

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

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

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

Further, effective 01 July 2023, the following reports shall be submitted through <https://www.google.com/url?q=https://efast.sec.gov.ph/user/login&source=gmail-imap&ust=1713429981000000&usg=AOvVaw0VqbSq5tOHNbdUEtFh6E0A>.

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

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

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at <https://www.google.com/url?q=https://efast.sec.gov.ph/user/login&source=gmail-imap&ust=1713429981000000&usg=AOvVaw0VqbSq5tOHNbdUEtFh6E0A> :

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://www.google.com/url?q=https://apps010.sec.gov.ph/&source=gmail-imap&ust=1713429981000000&usg=AOvVaw0ZfNe-PsMyzhxaK5lpybNg>

For your information and guidance.

Thank you.



MEMORANDUM

For: *All Directors, Officers and Employees of Vivant Corporation*

From: *Office of the Corporate Secretary*

Subject: *Disclosure of Transactions and "Blackout" of Transactions by Directors, Officers, Employees, and Related Individuals of Vivant Corporation Shares*

Date: *2 July 2014*

A. Disclosure of Transactions Involving Shares of Vivant Corporation

Section 23 of the Securities Regulation Code (the "Code") and Section 13 of the Revised Disclosure Rules of the Philippine Stock Exchange ("PSE") require that all directors and officers of Vivant Corporation should disclose any transaction (purchase or sale) involving directly-owned or beneficially-owned shares of Vivant Corporation.

As defined by the Code, "Beneficial Ownership" means any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote, or to direct the voting of such security; and/or investment returns or power, which includes the power to dispose of, or to direct the disposition of such security; provided, however, that a person shall be deemed to have an **indirect beneficial ownership** interest in any security which is:

- i. held by members of his immediate family sharing the same household;
- ii. held by a partnership in which he is a general partner;
- iii. held by a corporation of which he is a controlling shareholder; or
- iv. subject to any contract, arrangement or understanding which gives him voting power or investment power with respect to such securities;

A person shall also be deemed to be the beneficial owner of a security if that person has the right to acquire beneficial ownership, within thirty (30) days, including, but not limited to, any right to acquire, through the exercise of any option, warrant or right; through the conversion of any security; pursuant to the power to revoke a trust, discretionary account or similar arrangement; or pursuant to automatic termination of a trust, discretionary account or similar arrangement.

In this connection, all transactions (purchase or sale) of Vivant shares, whether directly or indirectly owned, must be reported to the Corporate Secretary **not later than two (2) trading days from the date of the transaction**. This will give sufficient time for the Corporate Secretary to disclose the transaction to the Securities and Exchange Commission (SEC) and PSE on the following trading day.

B. "Blackout" Period for Transacting Shares of Vivant Corporation

To avoid the perception of "insider trading", all directors, officers and employees deemed to have access to material and non-public information on Vivant Corporation must not purchase or sell shares, or in any way deal, with shares of Vivant Corporation during the following periods, which are hereby adopted and declared as "**blackout**" periods:

- (1) Quarterly Report blackout period – 10 trading days before and until 2 trading days after the date of disclosure to the PSE and SEC
- (2) Annual Report blackout period – 10 trading days before and until 2 trading days after the date of disclosure to the PSE and SEC.
- (3) Material Transaction blackout period – 10 trading days before and until 2 trading days after Vivant's disclosure to the PSE and SEC of each of the material transaction or event.

The blackout periods also apply to the directors, officers and relevant employees' Related Individuals, which include the following:

1. The legal spouse (or live-in partner) of such director, officer, or employee
2. The director's, officer's, or employee's sibling
3. The sibling of the legal spouse (or live-in partner) of such director, officer, or employee
4. Any member of the immediate family of the director, officer or employee sharing the same household
5. A partnership in which the director, officer or employee in which he/she is a general partner
6. A corporation of which the director, officer or employee is the controlling shareholder
7. Any natural individual or juridical entity who gives the director, officer or employee voting power or investment power with respect to the Vivant shares, under any contract or arrangement

The Office of the Corporate Secretary shall send an e-mail to advise the directors, officers and relevant employees of any blackout period at least two (2) trading days before said period begins.

Any transaction during the blackout period may be treated by the Securities Regulation Code as insider trading and may subject the director, officer, or employee to civil (monetary) liability in a suit brought by any investor who, contemporaneously with the purchase or sale of securities that is the subject of the violation, purchased or sold securities of the same class unless such director, officer, or employee, proves that such investor knew the information or would have purchased or sold at the same price regardless of disclosure of the information to him.

Please be guided accordingly.

-Nothing follows-

ANNEX "J"



VIVANT CORPORATION
Minutes of the Meeting of the
BOARD RISK OVERSIGHT COMMITTEE
Ranudo, 9th Floor, Oakridge IT Center 3
Oakridge Business Park, Mandaue City (Via Zoom)
November 26, 2020 at 10 o'clock in the morning

Present:

Amb. Raul Ch. Rabe	-	Chairman
Mr. Ramontito E. Garcia	-	Member
Atty. Jesus B. Garcia, Jr.	-	Member
Mr. Jose Marko G. Sarmiento	-	Member
Mr. Rogelio Q. Lim	-	Member

Also Present:

Ms. Minuel Carmela N. Franco	-	SAVP – Corporate and Shared Services/ Chief Risk Officer
Mr. Grant Clark	-	AVP - Information Technology
Atty. Catherine S. Bringas	-	Acting Corporate Secretary
Mr. Nilo Aribas	-	IT Consultant

I. CALL TO ORDER

1 Amb. Raul Ch. Rabe (“RCR”) called to order the meeting of the Board Risk Oversight
2 Committee (“RiskCom”) of Vivant Corporation (“Vivant”) at ten o'clock in the morning and
3 presided over the same. The Acting Corporate Secretary, Atty. Catherine S. Bringas (“CSB”)
4 took the minutes of the meeting.

II. CERTIFICATION OF QUORUM

5 CSB certified that notices of the meeting were given in accordance with the By-Laws,
6 and with the presence of at least majority of the RiskCom, there was a quorum to transact
7 business.

8 Pursuant to the guidelines under Securities and Exchange Commission (“SEC”)
9 Memorandum Circular No. 6, Series of 2020, CSB made a roll call and requested all parties
10 participating in the meeting (whether through videoconference, or teleconference) to state,
11 for the record their full name, position, and location. CSB then informed the attendees who
12 participated in the meeting through videoconference or teleconference call to confirm the
13 following:

- 14 1. That they could completely and clearly hear others who could clearly hear them
15 at the end of the line;
16 2. That they received the agenda and all materials for the meeting; and
17 3. That they attended the meeting through videoconference or teleconference using
18 the devices below:

Name	Device	Location
Mr. Ramontito E. Garcia	Laptop	Cebu City
Mr. Jose Marko Anton G. Sarmiento	Laptop	Cebu City
Mr. Rogelio Q. Lim	Laptop	Cebu City
Atty. Jesus B. Garcia, Jr.	Laptop	Dipolog City
Amb. Raul Ch. Rabe	Laptop	Muntinlupa City
Ms. Minuel Carmela N. Franco	Laptop	Cebu City
Atty. Catherine S. Bringas	Laptop	Pasig City
Mr. Grant Clark	Laptop	Cebu City
Mr. Nilo Aribas	Laptop	Cebu City

19 Having satisfied themselves that the participants could hear each other completely
20 and clearly and that the materials have been received by the directors participating through
21 videoconference or teleconference call, the Acting Corporate Secretary certified that with at
22 least a majority of the members of the RiskCom present at the meeting by videoconference or
23 teleconference call, a quorum existed for the transaction of official business by the RiskCom.

III. READING AND APPROVAL OF MINUTES OF PREVIOUS MEETING

24 After motion duly made and seconded, the reading of the minutes of the previous
25 meeting was dispensed with. After a subsequent motion that was duly seconded, the minutes
26 were approved without revisions.

IV. MATTERS ARISING FROM PREVIOUS MEETING

V. IT ROADMAP

33 Mr. Grant Clark (“GC”) introduced the presentation as the IT Roadmap or the
34 information systems strategic plans for Vivant and the recommended improvements to its IT
35 system.

36 GC introduced the speaker, who was engaged by Vivant
37 almost a year ago. Mr is an IT Consultant with over twenty-five years of experience.
38 He was engaged to perform a thorough review of the IT systems, processes, and the
39 organization of the people in the IT Department. He was also tasked to recommend a
40 roadmap on how to implement the improvements. GC informed the RiskCom about Mr.
41 educational and work background.

42 Mr. then presented *"IT Roadmap: Information System Strategic Plan"* ("ISSP").
43 The presentation covered updates on the ISSP and provide context on the topic on IT risks,
44 information system policies, relevant to business continuity and overall security posture.

45 The approach will cover three (3) phases of the IT process – people, organization, and
46 infrastructure. There will be holistic view and not limited to specific areas. First was to identify
47 the IT services. The next step was to organize and structure, and maybe reinforce the people
48 to deliver the services. The necessary tools and infrastructure are then determined. This was
49 the core of the review of the IT of the organization. The policies and procedures were also
50 tracked. From there, the IT security posture will be continuously looked. Movements from
51 one location to another may cause a change in security posture and surface exposure.

52 The IT Department Assumptions for ISSP were identified and enumerated, as follows:

- 53 1. The IT Department will continue to provide corporate IT shared services
- 54 2. Enterprise Resiliency (through IT Business Continuity) initiative will be given priority in
55 response to operational challenges brought about by COVID-19.
- 56 3. The current IT staff/complement will be retained, but roles will be redefined based on
57 restructured IT organization. This also means updating the skills of the people.
- 58 4. Workstations and laptops will continue to be the primary work area of Vivant's
59 workforce including work from home ("WFH").
- 60 5. IT/Information System ("IS") project management and technical will be enhanced to
61 support the need of the business growth.
- 62 6. Cybersecurity will be strengthened has a consequence of the changing computing
63 environment such as WFH and cloud computing.

64 Mr. discussed the goal to simplify the ISSP while making sure that key areas
65 were covered. He came up with a strategy based on the assumptions. The IT Strategies were
66 as follows:

- 67 1. Centralized IT infrastructure such as back-end servers, back-up, storage.
- 68 2. Establish IT systems for policy enforcement and control.
- 69 3. Strengthen program on disaster recovery and business continuity. He said this was a
70 key topic area. The critical portion, as discussed earlier, is a situation that the Company
71 is not prepared for. While possible scenarios are being recognized, the reality is that
72 everything cannot be predicted. The best that can be done is to ensure that systems
73 in place: how incidents are handled, how they are escalated, and how they are
74 responded to. It must be ensured that each contributor in the Department must be
75 able to respond consistent with the business recovery strategies and plans. This will
76 be part of equipping them for their role in business continuity.
- 77 4. Restructure IT Organization, take advantage of external resources, develop training
78 and development program for internal team.

79 The Proposed Sequencing of IT Projects based on ISSP was presented. Vivant must
80 establish capability by moving critical equipment/system in the office to the cloud, a structure
81 known to withstand disruption. He gave as an example the quarantine resulting from COVID-
82 19, when the workforce was unable to report to work. The most important aspect of the

83 workspace was getting access to the system. The gray boxes in the presentation material
84 showed the people and processes, which work hand in hand with the green boxes -
85 infrastructure. The policies and procedures must also be updated, as well as the ability of the
86 people who will enforce them. Then there will be enterprise back-up and recovery
87 infrastructure. After which, there will be a simulation on IT Business Continuity Plan
88 Execution. Each member of the organization becomes conscious of his/her tasks. This is
89 followed by the development of Authorization Schema that pertains to establishing the
90 effective authorizations of the users – i.e., who will have access to what. Once authorization
91 schemes are established, this may be used by IT to enforce the policy. There is a way to audit
92 the in the future whether the approved policy was the one actually implemented.

93 “The Processes: IT Services” was discussed.

94 There were two areas: front-end services, what the use experience (laptops and
95 dektops), and back-end services, accessed by all users in the data center. Vivant has two data
96 centers, one in Cebu and another in Makati. The set-up was geographically implemented.
97 Thus, the workforce in Makati accesses the data center in Makati, and the workforce in Cebu
98 accesses the data center in Cebu. However, Mr. Arabis noted that the geographical locations
99 do not provide covering services across the two systems. He said this was not ideal because
100 the system should be able to support the entire workforce regardless of where they were. He
101 said the current set-up was not designed to sustain operations when there was disruption in
102 place. He said that migration to cloud would allow for work to continue 24/7.

103 He then presented the “Proposed Consolidation/Migration to Cloud.” The
104 infrastructure was consolidated in a location that can be accessed by all the users from
105 anywhere. The office was just one of the locations where they can access the services. This
106 was very convenient considering the new norm. The moment information was moved to the
107 cloud, there will be only one back up and will be centralized. There will be weekly backups
108 and daily incremental backups.

109 The IT Organization/Staffing was discussed. The current set-up was that the
110 assignment of people followed the same arrangement. There was one IT staff in Makati and
111 two in Cebu. The IT in Makati was a single point of failure, because he was the only person
112 able to support the Makati group. Post-migration, the roles may be consolidated to ensure
113 that they were performed. There will be duplicate roles. As data was accumulated, the people
114 handling the network or servers will have different focus from the ones handling the data. IT
115 services will also be enhanced because focus on managing data will be managed by a database
116 administrator.

117 One of the key changes to be incorporated was the IT Incident Response and
118 Management. It was how the incidents will be captured and how it will be handled by the
119 staff. Within IT, incidents, big or small are captured. It was processed either for information,
120 alert, or crisis level reporting.

121 IT Business Continuity Planning Cycle was reported next. There was Assessment,
122 where risk was assessed; Analysis, where impact was analyzed; Design and Implementation

123 of the strategy; and Simulate, Measure and Monitor. Simulation will allow the Company to
124 establish a baseline based on the response, if acceptable.

125 Mr. continued to report on IT Organizational Set Up. The current set-up was
126 that there were infrastructure staff, who work on the back-end servers, network
127 administration, who provide support for desktops and laptops, and the development group,
128 which refers to outside partners who work on the software. He said that this should be
129 considered as a critical IT component.

130 He presented an illustration showing the IT system infrastructure. It gives an idea on
131 what is affected when a certain component of the IT system was down. The lower portion
132 showed the hardware or physical asset in the office. The top-most showed the users who do
133 not usually see what was beneath the system that they access. These are assigned to the
134 physical devices/assets, which, if affected, will impact the users.

135 Mr. also discussed crisis response from an IT perspective. In the current set-up,
136 if an IT personnel was assigned to handle the physical assets in the premises, hints or signs of
137 anomaly, even at the first level, must be escalated. By having an early warning of what was
138 expected, the IT group will know how to respond accordingly.

139 In the cloud set-up, however, when any anomaly happens, the IT group was not
140 constrained to the specific components earlier mentioned. Vivant was more flexible in
141 addressing the inherent issues such as hardware failure. Most of the cloud service providers'
142 systems are more tolerant. Since they have more servers, they can afford to bring down some
143 of the servers without affecting the services in the top tiers.

144 On the process side, once the information was captured at the IT level, it may be
145 escalated further up where it will connect to the overall Business Continuity Plan of the
146 organization. It becomes easier for the Crisis Management Team to handle problem.

147 The IT Organizational Set-up was presented to the RiskCom. The current team showed
148 that the Development Team, which was usually outsourced, also handles projects. It was
149 between the other teams, Infrastructure and Front-end Services. They strive to ensure that
150 the systems continue to work. The Development Team work on systems in-progress, not yet
151 in production. Normally, operations and work-in-progress systems were not mixed. The
152 critical functions should not be affected by any glitches by those that still needs to be polished
153 or perfected.

154 The proposed set-up highlights a clear delineation between operations and the
155 projects under business services, between those running the system and those creating the
156 system. By having specific focus areas, as the organization grows, it will not be affected by the
157 peculiarities of development and of operations.

158 RCR asked if the new system will render the regional offices or entities unnecessary.
159 Mr. answered that the idea behind migrating to the cloud was for accessibility for
160 operational needs. Older data which are required to be mandated for legal or other purposes,

161 are not intended to be stored in the cloud. He said there was still a necessity to develop
162 systems for in-house purposes like maintaining these older data.

163 RCR pointed out that once the cloud is used, the full operations of the data centers in
164 Cebu and Makati will no longer be necessary. Mr. Arabis agreed and said that there will only
165 be one entity needed for the historical archive, either in Cebu or in Makati.

166 Mr. Jose Marko Anton G. Sarmiento (“JGS”) asked which cloud services will be used –
167 independent or third-party, e.g. Amazon, Google, etc. Mr. Arabis said part of Vivant’s data
168 were with Amazon and its email, with Google. He said that it was up to Vivant to determine
169 which will be the best fit. If it will store voluminous data, Google is cheaper.

170 JGS asked about data security when information is dumped on the cloud. Mr.
171 said that Vivant can opt to have the data pass through Vivant before it may be accessed
172 through the cloud – like a re-routing of data traffic. He said this encrypted “tunnel” can be
173 implemented. Effectively, the cloud is not public since it was not exposed. Vivant will just
174 capitalize on the inherent availability features of the cloud provider. All the policies existing
175 will still be enforced; only the traffic was being re-routed. JGS pointed out the risks involved
176 in using the cloud, but if risks were mitigated, then it will be a good thing.

177 Atty. Jesus B. Garcia, Jr. (“JBG”) critiqued the presentation. He said the presentation
178 was very good in terms of people, organization, and infrastructure. He recalled that he was
179 asked to give a critique of a thesis in UP Manila a long time ago relative to IT, which pointed
180 that IT was the essence of management. At every stage of the management process, IT was
181 necessary because of the data involved. IT still has limitations. It is merely the supplier of
182 information, on which management acts. He said that the presentation was weak on the
183 product which was to be produced. Since IT primarily provides information for management
184 to base its decisions, the more important aspect is how IT will integrate information (or
185 package information) to make the information “usable” or “chewable” by management. He
186 said that management should be apprised of this as the more important thing. The road map
187 should also consider artificial intelligence (“AI”). He said that management should be look into
188 how IA can be utilized to package data into usable information.

189 He summarized that what should be considered were the following: 1) generation of
190 data and integrated probably with the use of AI and 2) immediate feedback for management
191 to address.

MATTERS ARISING:

192 5.1.1Management: JBG asked management to look into how AI can be utilized to
193 package data into usable information for management.

VI. IT SECURITY POSTURE

194 Mr. continued his report on IT Security Posture. Over the last months, an
195 external scan was conducted, and the following were concluded:

- 196 1. WFH transformed enterprise to fragments of computing tools.
- 197 2. The diversity of devices, alternative connections, in multiple locations creates
- 198 complexity.
- 199 3. Disruption of supply chains accelerated transformation to online.
- 200 4. Everything that touches the enterprise exposes it to potential risk.
- 201 5. There is a significant increase in cybercrime as a consequence of COVID-19.

202 An internal scan was made to review the risks faced by Vivant. Higher risks include
203 hardware failure. There were also concerns on the process side, such as identity theft. A
204 threat actor can actually assume one's identity, usually online. This is made in the form of
205 *phishing*, where the user is manipulated to provide personal information. There were also
206 concerns on malware and ransomware, the latter depriving one access to data. Some of these
207 viruses are not destructive but are still disruptive. There was also the issue of the IT staff not
208 being able to report to the office, especially during the initial stages of the quarantine.
209 However, the staff were slowly already able to perform their jobs, even remotely.

210 The risks were being grouped under Infrastructure, Processes, and People. In order to
211 address these risks, there were short-term and long-term forms of mitigation. One of the
212 strategies adapted for purposes of security was --- Defense in Depth ("DiD"). The concept of
213 this was that the overall security posture of an organization depended on a series of security
214 measures put in place.

215 DiD layers were discussed as follows: (1) Data Asset; (2) Application Layer, secured by
216 username and password; (3) Host/Device, which the application must be downloaded in
217 before it can be launched; (4) Internal Network (Vivant's network is compartmentalized,
218 which provides control.); (5) Perimeter Network, which is the firewall gone through before
219 one can access the internet; (6) Physical Access Control, which is the physical office providing
220 a layer of protection; it can ensure that the people accessing are employees of the Company;
221 and (7) Policies and Awareness.

222 The challenge in relying solely on DiD is that the moment the situation changes, such
223 as the WFH arrangement, which removes the Physical Layer, the other measures may be
224 rendered irrelevant. There was a need to reinforce the set-up since the working environment
225 has changed. This is where the strategy on Defense in Breadth ("DiB") comes into play. The
226 layers are made wider to allow not only preventive capability, but also detection and
227 response.

228 An illustration of a DiB is called a multi-factor defense in security. For instance, one
229 the username and password are compromised, there can already be accessed. In DiB, there
230 is another layer added, two-factor authentication. Users will be required two things: 1) what
231 they know – username and password, and 2) what they have – the username and password
232 can only be used in a specific device. This gives the user a "situational awareness". Whenever
233 someone else tries to access the system, the legitimate user will be prompted about it.
234 Something that was prevented was also escalated with the prompt.

235 RCR then summarized the presentation. He asked how Vivant can be protected from
236 scammers since it is vulnerable, being a holding company with a diverse portfolio.

237 Mr. Arabis said that the elements of security posture were in place. It was just having
238 the right visibility on what was going on to make the response. He noted that the ability to
239 prosecute is also based on the ability to gather evidence. He mentioned that one of the
240 measures they would want to implement was a Directory System. Through this, the identity
241 will be tied to or connected with the Infrastructure to ensure that the individual is one of
242 Vivant's employees. He emphasized the importance of having visibility and knowledge on
243 what was happening.

244 RCR added that the important thing was to note how to know the matters that were
245 getting to Vivant's system. At a higher level, a program can be developed a program to protect
246 Vivant. Ms. Minuel Carmela M. Franco ("MNF") clarified that part of the engagement of Mr.
247 Aribas was to review processes and functions. Functions not in place will also be
248 implemented. There were still a lot of internal things to be done as well, not just external.

249 JBG restated the importance of determining what data will be generated by
250 management. Information was being looked at as a commodity. What was important was not
251 the generation or location of the disparate data, rather, the integration. Instead of discussion
252 on the levels access of data, he was keener on the discussion on the levels of information to
253 be accessed. He was asking if it were feasible to manage or integrate data through an
254 application which was accessible only to management.

255 Mr. agreed with JBG's concerns and shared some similarities to his experience
256 working on the naval security data or information management. So much data was being
257 gathered. However, 95% of the intelligence gathered were open-sourced. The value of the
258 information is really on the analysis. He also emphasized the need for these systems to be in
259 place.

260 Mr. Rogelio Q. Lim ("RQL") said that some of the information presented were
261 confidential. He asked if it would be possible to come up with a presentation that cannot be
262 saved. He added that the people who has access to the information real-time must also be
263 determined. Some people may not need real-time data. On the utilization of AI, the ideal AI
264 should be something that can detect inputs due to creativity and emotion. Current AI
265 technology merely involves anticipatory decision-making.

266 RCR said the RiskCom should continue more discussions on IT and other related
267 matters.

VII. OTHER MATTERS

268 There were no other matters to be discussed.

VIII. ADJOURNMENT

269 Upon a motion duly made and seconded, the meeting of the RiskCom was adjourned
270 at 11:50 A.M.

Prepared by:



ATTY. CATHERINE S. BRINGAS
Acting Corporate Secretary

Attested by:

AMB. RAUL Ch. RABE
Chairman of the Board Risk Oversight Committee

ANNEX "K"

REPUBLIC OF THE PHILIPPINES |
MANDAUE CITY | S.S.

CERTIFICATION

We, ARLO ANGELO G. SARMIENTO and CARLOS F. BARGAMENTO, JR., Filipinos, both of legal age and with office address at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Barangay Banilad, Mandaue City, Cebu, Philippines, after being duly sworn in accordance with law, depose and state that:

1. We are the Chief Executive Officer and Chief Audit Executive, respectively of VIVANT CORPORATION (the "Corporation"), a corporation duly organized and existing pursuant to and under the laws of the Republic of the Philippines, with principal business address at 9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Barangay Banilad, Mandaue City, Cebu, Philippines;

2. The Corporation has a sound internal audit, control and compliance system in place and is working effectively;

3. The foregoing statements are in accordance with the records of the Corporation.

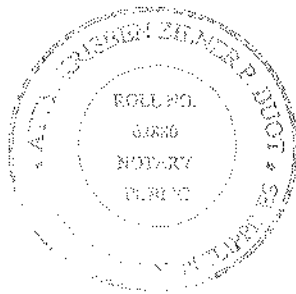
IN WITNESS WHEREOF, I have hereunto affixed my signature this _____ in Mandaue City, Philippines.

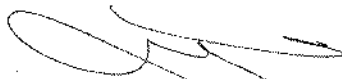
ARLO ANGELO G. SARMIENTO
Chief Executive Officer

CARLOS F. BARGAMENTO, JR.
Chief Audit Executive

SUBSCRIBED AND SWORN TO before me this MAY 22 2024 in Mandaue City, Philippines. Affiant personally exhibited to me their Philippine Passport with No. P6592337A issued on March 28, 2018 at DFA Cebu and Driver's License with No. G01-08-000920 which will expire on July 12, 2025, respectively, as competent proof of their identities.

Doc. No. 369;
Page No. 15;
Book No. 1;
Series of 2024.




ATTY. ERSSON ZIMMER P. BUOT
Notary Public Commission No. 2024-02 (Roll 17) 01/2025
City of Mandaue and the Municipalities under its Jurisdiction
Unit 2-902, B th Floor, OTC-2 Bldg., Oakridge Business Park,
A.S Fortuna St., Banilad, Mandaue City, 6014
Roll of Attorney: No. 62880
PTA No. MC 1713248/02-16-2024/Mandaue CITY
LSP No. 42166778-16-2024/Cebu Chapter
MPLU Compliance No.VII-01-0173/02/12/2022

ANNEX "L"

b. Any act constituting disrespect and disregard of authority of Company superiors and officers.	15 days Suspension	30 days Suspension	Dismissal		
c. Any act which constitutes resistance, threat, intimidation or assault against a person of authority in the Company or any of this agent.	15 days Suspension	30 days Suspension	Dismissal		
d. Any other act constituting insubordination not included in the preceding sections.	15 days Suspension	30 days Suspension	Dismissal		
e. Willful disobedience of the lawful orders of the Company and any of its officers.	15 days Suspension	30 days Suspension	Dismissal		
SECTION 13 Posting on or removing from Company bulletins any material without authority.	Written Warning	6 days Suspension	15 days Suspension	30 days Suspension	Dismissal
SECTION 14 Immoral conduct or indecent / lascivious acts.	Dismissal				
SECTION 15 Removal of any Company property without proper authorization.	Written Warning	6 days Suspension	15 days Suspension	30 days	Dismissal
SECTION 16 Gambling					
a. During working hours	15 days Suspension	30 days	Dismissal		
b. On off-work time but in Company premises	15 days Suspension	30 days Suspension	Dismissal		

V. SAFETY, HEALTH, SECURITY AND PUBLIC ORDER

A clean and safe working environment benefits all employees and the Company. Therefore, it is the responsibility of each employee to follow appropriate hygienic practices; undergo annual physical examination; wear identification cards, prescribed uniforms and safety equipment; contribute to the good housekeeping and follow safety and security rules and regulations at the work place.

OFFENSE	PENALTIES				
	1 st	2 nd	3 rd	4 th	5 th
SECTION 1 Failure to undergo the annual physical examination as scheduled with clinic/medical. Upon serving of Counseling or suspension, the employee shall have thirty (30) days within which to comply with his physical examination, it shall be construed as another violation.	Written Warning	3 days Suspension	6 days Suspension	15 days Suspension	30 days Suspension
<i>NOTE: For sixth (6th) Offense - Dismissal</i>					
SECTION 2 Reporting for work or working without ID Card for more than two times per calendar month	Written Warning	3 days Suspension	6 days Suspension	15 day Suspension	30 days Suspension
<i>NOTE: For sixth (6th) Offense - Dismissal</i>					
SECTION 3 Unauthorized carrying or possession of firearms, explosives, or other deadly weapons within Company premises.	Dismissal				
SECTION 4 Smoking in "No Smoking" areas or violation of other safety and security rules and regulations.					
a. If no damage or injury caused	Written Warning	6 days Suspension	15 days Suspension	30 days Suspension	Dismissal
b. If there is damage or injury caused	15 days Suspension	30 days Suspension	Dismissal		
<i>NOTE: One (1) to thirty (30) days suspension depending on the extent of damage or injury and other aggravating and mitigating circumstances.</i>					
SECTION 5 Committing acts against proper sanitation and good housekeeping such as littering, hanging of personal belongings in common areas and so forth.	Written Warning	3 days Suspension	6 days Suspension	15 days Suspension	30 days Suspension
SECTION 6 Willful disregard of office directive relating to sanitary conditions, cleanliness and orderli-	Written Warning	6 days Suspension	15 days Suspension	30 days Suspension	Dismissal

ness of the office, security of office supplies and equipment or performing any act contributing to unsanitary condition or practice on Company premises or job sites.					
SECTION 7 Unauthorized possession, duplication, or use of false keys, pick locks or similar devices which can open lockers, drawers, cabinets etc., or other property of the Company or those of other employee	Written Warning	6 days Suspension	15 days Suspension	30 days Suspension	Dismissal
SECTION 8 Reporting for work while having a contagious disease which may endanger the health of other employees, knowing about it, yet failing to report or willfully withholding information thereof to Company authorities.	Written Warning	6 days Suspension	15 days Suspension	30 days Suspension	Dismissal
SECTION 9 Reckless, improper, and unsafe driving/maneuvering of Company vehicles inside or outside Company premises.	Written Warning	6 days Suspension	15 days Suspension	30 days Suspension	Dismissal

NOTE: Offenses or violations of any Company Policy, Rules and Regulations not included among the foregoing will be subject to disciplinary action in accordance with the circumstances of each case.

VI. ANTI-SEXUAL HARASSMENT

The Company is committed to upholding the rights and dignity of all its employees through the creation of a work environment characterized by professionalism, openness, respect, and trust.

The Company values the dignity of every individual, enhances the development of its human resources, guarantees full respect for human rights and upholds the dignity of its employees and applicants for employment. Towards the end, all forms of sexual harassment in the workplace are hereby declared unlawful.

OFFENSE	CORRECTIVE ACTION				
	1 st	2 nd	3 rd	4 th	5 th
1. Persistently telling smutty jokes to a co-employee who has indicated that he/she finds them offensive;	Written Warning	6 days Suspension	15 days Suspension	30 days Suspension	Dismissal
2. Taunting a co-employee with constant talk of sex or sexual innuendoes;	Written Warning	6 days Suspension	15 days Suspension	30 days Suspension	Dismissal

ANNEX "M"



TO : ALL CONCERNED
FROM : HR
RE : Training Request Guidelines
DATE : May 2, 2019

Ref. No. HR 2019-02

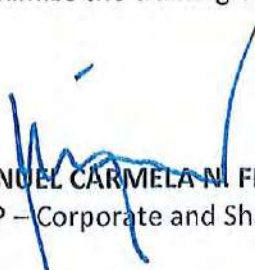
This is to reiterate that all trainings shall be linked to the approved Individual Development Plan (IDP). A copy of the IDP shall be attached to the Training Request Authorization (TRA) form to facilitate training approvals.

Please see process flow below:

1. The requesting employee shall fill out the TRA and attach a copy of their approved IDP to better facilitate approvals.
2. The immediate manager shall check if said training matches the employee's IDP then approves the TRA. Once approved, it will be forwarded by the requesting employee to his Department Head or Group Head for final approval.
3. HR will verify, then determine whether said training falls within the approved training plan. If unbudgeted and/or not indicated in the approved IDP, employee is required to seek approval from the Budget Office (Corporate Planning) and the EVP (VVT) or EVP-COO (VEC).
4. Accounting will only process disbursements upon completion of the duly approved TRA.
5. HR shall facilitate training registration and payment settlement. However, forecasting of training payment will be the responsibility of the requesting employee.

The Training Brief and all materials obtained from the training event are still expected to be submitted by the employee to HR within fourteen (14) calendar days from the end of training. Failure to submit said requirements shall bar the rest of his Department from further training enrollments.

Managers are encouraged to send only up to two (2) team members to any particular training to maximize the training budget.


MINUEL CARMELA N. FRANCO
SVP – Corporate and Shared Services



110122017005052



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Document Type MANUAL ON CORPORATE GOVERNANCE
Document Code MCG
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Department CFD
Remarks



October 5, 2017

ATTY. JUSTINE F. CALLANGAN
Director
Corporate Governance and Finance Department
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA
Mandaluyong City

Subject: Submission of Vivant Corporation's Manual on Corporate Governance

Dear Director Callangan:

Further to our July 20, 2017 letter on the matter of the delayed submission of the new Manual on Corporate Governance (the "New Manual"), Vivant Corporation would like to inform the Commission that after extensive discussions and deliberations on the matter, the Board of Directors has approved and adopted the New Manual, a copy of which is hereto attached. With this submission, we hope that Vivant Corporation shall be deemed in compliance with SEC Memorandum Circular No. 19, Series of 2016.

Thank you.

Very truly yours,


RAMONTITO E. GARCIA,
President

VIVANT CORPORATION
2017 REVISED MANUAL ON CORPORATE GOVERNANCE

The Board of Directors and Management i.e., officers, staff and employees of Vivant Corporation (“Vivant”) hereby commit themselves to the principles and best practices contained in this Revised Manual of Corporate Governance (the “Manual”), and acknowledge that the same may guide the attainment of their corporate goals.

This Revised Manual on Corporate Governance (the “Manual”) is crafted pursuant to SEC Memorandum Circular No. 19 Series of 2016 addressed to all publicly-listed companies for the purpose of promoting the development of a strong corporate governance culture and keep abreast with recent developments and best practices in corporate governance.

I. OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization of Vivant.

The Board of Directors (the “Board”) and Management, employees and stockholders of Vivant believe that good corporate governance is a necessary component of a sound strategic business management and will, therefore, undertake every effort necessary to create awareness within the organization.

II. RULES OF INTERPRETATION

Unless the context otherwise requires, words in the singular include the plural and vice versa.

Words importing any gender include all genders.

All doubts or questions that may arise in the interpretation or application of this Manual shall be resolved in favor of promoting transparency, accountability and fairness to the stakeholders and investors of Vivant.

III. DEFINITION OF TERMS

- a. **Board of Directors.** The governing body elected by the stockholders that exercises the corporate powers of Vivant, conducts all its business and controls its properties.
- b. **Board Committees.** Means the Nomination and Election Committee, the Remuneration or Compensation Committee, the Audit Committee, Corporate Governance Committee, Board Risk Oversight Committee, Related Party Transactions and such other committees which the Board of Directors may constitute from time to time.

- c. **Corporate Governance.** The system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards their stakeholders.
- d. **Enterprise Risk Management.** A process, effected by an entity's Board of Directors, Management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.
- e. **Executive Director.** A director who has executive responsibility of day-to-day operations of a part or the whole of the organization. A director who is at the same time an Officer.
- f. **Non-executive Director.** A director who has no executive responsibility and does not perform any work related to the operations of Vivant.
- g. **Independent Director.** A person who is independent of Management and the controlling stockholders, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director.
- h. **Internal Control.** A process designed and effected by the Board of Directors, Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations, and the organization's policies and procedures.
- i. **Internal Audit.** An independent and objective assurance activity designed to add value to and improve Vivant's operations and help it accomplish its objectives by providing a systematic and disciplined approach in the evaluation and improvement of the effectiveness of risk management, control and governance.
- j. **Officer.** An Officer shall mean persons appointed by the Board of Directors to run the day-to-day operations of Vivant, including but not limited to the President, the Corporate Treasurer, Corporate Secretary and other corporate officers as may be designated as such by the Board of Directors, under the Law or by Vivant's By-laws.
- k. **Related Party Transactions.** A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether or not a price is charged. It shall be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into when an unrelated party that subsequently becomes a related party.
- l. **Stakeholders.** Any individual, organization or society at large who can either affect and/or be affected by Vivant's strategies, policies, business decisions and operations,

in general. This includes among others, customers, creditors, employees, suppliers, investors.

IV. THE BOARD'S GOVERNANCE RESPONSIBILITIES

1. Board of Directors

Compliance with the principles of good corporate governance shall start with the Board of Directors. Vivant should be headed by competent and hard-working board members who shall be responsible for fostering its long-term success and sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

1.1 Composition of the Board

1.1.1 The Board shall be composed of eleven (11) members who are elected by Vivant's stockholders annually, and shall hold office for one (1) year and until their successors are elected and qualified in accordance with Vivant's By-Laws, as these may be amended from time to time. The Board shall be composed of directors with collective knowledge, experience or expertise that is relevant to Vivant's industry or sector. The Board shall always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

1.1.2 The Board shall be composed of a majority of non-executive directors who possess the stature, necessary qualifications and none of the disqualifications to effectively participate in the company's decision-making process.

1.1.3 Vivant values the contribution of independent directors who offer objective, independent judgment on corporate affairs and to substantiate proper checks and balances. It is the company's goal to be aligned with the best practices regarding the presence of independent directors in the Board. The identity of the company's independent directors shall be disclosed in the annual report.

1.2 Trainings and Orientation Programs for Directors

1.2.1 Vivant recognizes the value in ensuring that the members of the Board remain up to date on relevant matters affecting the company. It shall also properly introduce the new directors to the company by providing a comprehensive orientation program.

1.2.2 Vivant shall provide in its Board Charter and Manual a comprehensive orientation program for new directors to promote effective board performance. The orientation shall include information on the company's history, the industry it operates in, an introduction to the key officers in management, an understanding of the contributions that the director is expected to make in carrying out their duties and responsibilities, an explanation of the Board and its committees, an explanation of Vivant's business, including corporate governance and other matters that will assist them in discharging their duties, and all other information that may be relevant to the new director.

1.2.3 Vivant shall provide in its Board Charter and Manual an annual continuing training program to its directors as a matter of continuous professional education in order to ascertain that directors are continuously informed of the developments in the business and regulatory environments, including relevant emerging risks.

1.3 Board Diversity

1.3.1 Vivant recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining a competitive advantage. A diverse board includes and makes good use of the differences in the skills, experience, background, gender and other distinctions between Directors. This promotes different perspectives and ideas to achieve optimal decision making.

1.3.2 Vivant is committed to the following principles:

- a. In reviewing the Board composition, it shall consider the benefits of all aspects of diversity in order to enable it to discharge its duties and responsibilities effectively.
- b. In identifying suitable candidates for appointment to the Board, it shall consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.
- c. As part of the annual performance evaluation of the effectiveness of the Board, it shall consider the balance of skills, experience, independence, knowledge and diversity representation of the Board, including gender, how the Board works together as a unit and other factors relevant to effectiveness.

1.4 Corporate Secretary

1.4.1 The Board shall be assisted by a Corporate Secretary and Assistant Corporate Secretary, who are officers of Vivant and separate from the Compliance Officer. The Corporate Secretary and Assistant Corporate Secretary shall not be members of the Board of Directors and shall annually

attend a training on corporate governance. Their loyalty to the mission, vision and specific business objectives of Vivant comes with their duties.

1.4.2 The Corporate Secretary and Assistant Corporate Secretary shall be Filipino citizen and residents of the Philippines.

1.4.3 Considering their varied functions and duties, they must possess appropriate administrative and interpersonal skills, and if not at the same time the general counsel or chief legal officer, must have the legal skills of a general counsel or chief legal officer.

1.4.4 The Corporate Secretary and Assistant Corporate Secretary shall have the following duties and responsibilities:

- a. Assist the Board and the board committees in the conduct of their meetings, including the preparation an annual schedule of the Board and committee meetings and the annual board calendar, and render assistance to the chairs of the Board and its committees to set agendas for those meetings;
- b. Safe keep and preserve the integrity of the minutes of the meetings of the Board and its committees, as well as other office records of Vivant;
- c. Keep abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of Vivant, and advise the Board and the Chairman on all relevant issues as they arise;
- d. Inform members of the Board, in accordance with the By-Laws, of the agenda of their meetings at least five (5) working days in advance;
- e. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent them from doing so;
- f. Oversee the drafting of the By-Laws and ensuring that they conform with regulatory requirements; and
- g. Perform such other duties and responsibilities as may be provided by the SEC.

1.5 Compliance Officer

1.5.1 To ensure adherence to corporate principles and best practices, the Board shall designate a Compliance Officer who shall hold the position of at least a Senior Vice President or equivalent position with adequate stature and authority in Vivant. The said officer shall have direct reporting responsibilities to the Chairman of the Board.

- 1.5.2 The Compliance Officer shall not be a member of the Board of Directors and shall annually attend a training on corporate governance.
- 1.5.3 The appointment of the Compliance Officer shall be immediately disclosed to the Securities and Exchange Commission ("SEC") on SEC Form 17-C. All correspondence relative to his functions such as, shall be addressed to the said Officer.
- 1.5.4 The Compliance Officer shall have the following duties and responsibilities:
- a. Ensuring proper onboarding of new directors (i.e. orientation on Vivant's business, charter, articles of incorporation, by-laws, among others);
 - b. Monitoring, reviewing, evaluating and ensuring the compliance by Vivant, its officers and directors with relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
 - c. Reporting the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
 - d. Ensuring the integrity and accuracy of all documentary submissions to regulators;
 - e. Collaborating with other departments to properly address compliance issues, which may be subject to investigation;
 - f. Identifying possible areas of compliance issues and works towards the resolution of the same;
 - g. Ensuring the attendance of board members and key officers to relevant trainings; and
 - h. Performing such other duties and responsibilities as may be provided by the SEC.

2. Establishing Clear Roles and Responsibilities of the Board

The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, Vivant's articles and by-laws, and other legal pronouncements and guidelines shall be clearly made known to all directors as well as to stockholders and other stakeholders.

2.1 Board Charter

The Board shall have a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties. The Board Charter should serve as a guide to the directors in the performance of their functions and should be publicly available and posted on Vivant's website.

2.2 Roles and Responsibilities of the Board

2.2.1 The Board of Directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of Vivant and all stockholders, and not those of the controlling company of the group or any other stakeholder.

2.2.2 To ensure a high standard of best practice for Vivant, its stockholders and other stakeholders, the Board shall have, among others, the following duties and responsibilities:

- a. It is the Board's responsibility to foster the long-term success of Vivant, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders;
- b. The Board should formulate policies and procedures in line with Vivant's vision, mission, and strategic objectives, that shall guide its activities, including the means to effectively monitor Management's performance;
- c. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;
- d. Establish programs that can sustain its long-term viability and strength;
- e. Ensure Vivant's faithful compliance with all applicable laws, regulations and best business practices;
- f. Establish and maintain an investor relations program that will keep the stockholders and other stakeholders informed of important developments in Vivant;
- g. Identify Vivant's stakeholders in the community in which Vivant operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them;
- h. Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the

integrity of the decision-making and reporting processes at all times. There should be a continuing review of Vivant's internal control system in order to maintain its adequacy and effectiveness;

- i. Identify key risk areas and performance indicators and monitor these factors with due diligence to enable Vivant to anticipate and prepare for possible threats to its operational and financial viability;
- j. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among Vivant and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board;
- k. Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities;
- l. Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration;
- m. Keep the activities and decisions of the Board within its authority under the Articles of Incorporation and By-laws, and in accordance with existing laws, rules and regulations;

2.3 Chairman of the Board

The Board shall be headed by a competent and qualified Chairman. The roles and responsibilities of the Chairman include, among others, the following:

- a. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of Vivant, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- b. Guarantees that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions;
- c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- d. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;

- e. Assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
- f. Makes sure that performance of the Board is evaluated at least once a year and discussed and followed up on.

2.4 Succession Planning Program

The transfer of Vivant's leadership to highly competent and qualified individuals is the goal of succession planning. It is the Board's responsibility to implement a process to appoint competent, professional, honest and highly motivated management officers who can add value to Vivant. Attention to succession planning can help ensure the board includes directors with a balanced level of institutional knowledge and fresh perspectives.

2.4.1 A good succession plan includes, among others, the following practices:

- a. Succession plan is linked to the documented roles and responsibilities for each position, and should start in objectively identifying the key knowledge, skills and abilities required for the position;
- b. Using skills matrix to proactively shape board composition that incorporates strategic direction and opportunities, regulatory and industry developments, challenges and transformation;
- c. Conducting robust annual performance evaluations, including facilitation by an independent third party;
- d. Establishing and enhancing written director qualification standards that align with Vivant's business and corporate strategy, and including these standards in the by-laws as appropriate;
- e. Reviewing evolving committee and board leadership needs, including the time commitments required;
- f. Considering director election results and engagement by investors regarding board composition, independence, leadership and diversity;
- g. Prioritizing an independent mindset on boards, including through board diversity, to foster debate, challenge norms and invigorate board oversight process and strategy development;
- h. Making sure mentoring and development opportunities are available for incoming directors; and
- i. The process is conducted in an impartial manner and aligned with the strategic direction of the organization.

2.5 Remuneration of Key Officers and Board Members

- 2.5.1 The Board shall align the remuneration of key officers and board members with the long-term interests of Vivant. In doing so, it shall formulate and adopt a policy specifying the relationship between remuneration and performance, which includes specific financial and non-financial metrics to measure performance and set specific provisions for employees with significant influence on the overall risk profile of Vivant.
- 2.5.2 Considerations in determining proper compensation include the following:
- a. The level of remuneration is commensurate to the responsibilities of the role;
 - b. No director shall participate in discussions or deliberations involving his own remuneration; and
 - c. Remuneration pay-out schedules should be sensitive to risk outcomes over a multi-year horizon.
- 2.5.3 As a matter of policy, the remuneration of key officers and members of the Board must be competitive, sufficient and at a level that will attract and retain talent and motivate them to continue their efforts in contributing to the long-term success of Vivant. The compensation is in accordance with the Corporation Code and the by-laws of Vivant, or as approved by the stockholders.

2.5.3.1 Compensation of Directors

Directors shall not receive any compensation unless approved by the stockholders or as provided in the Vivant's By-Laws. However, the Board may, from time to time, approve a reasonable per diem that a director may receive for attendance in Board and Board Committee meetings. *Per diem* fee is determined by the Board.

2.5.3.2 Compensation of President, CEO and other Key Officers

The President, Chief Executive and other Key Officers are entitled to receive fixed and variable remuneration, in accordance with compensation plans approved by the Board. Variable remuneration includes (1) equity-based benefits and (2) a bonus based on productivity or performance, or under an approved plan.

For employees in control functions (e.g. risk, compliance and internal audit), their remuneration is determined independent of any business line being overseen, and performance measures are based principally on the achievement of their objectives so as not to compromise their independence.

- 2.5.4 Vivant's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly to its directors and top four (4) management officers during the preceding fiscal year.

2.6 Nomination and Election of Board of Directors

The Board shall implement a formal and transparent board nomination and election policy that should include how it accepts nominations from minority stockholders and reviews nominated candidates. The policy shall also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors should be aligned with the strategic direction of Vivant.

- 2.6.1 The Corporate Secretary shall set a reasonable period for the submission of nominations of candidates for the election of the Board of Directors. All nominations for directors submitted in writing to the Corporate Secretary within such nomination period shall be valid. A stockholder of record, including a minority stockholder, entitled to notice of and vote at the regular or special meeting of the stockholders for the election of directors shall be qualified to be nominated as director.
- 2.6.2 Vivant may engage the services of professional search firms or use other external sources of candidates when searching for candidates to the Board of Directors.
- 2.6.3 The nomination and election process also includes the review and evaluation of the qualifications of all persons nominated to the Board, including whether candidates: (1) possess the knowledge, skills, experience, and particularly in the case of non-executive directors, independence of mind given their responsibilities to the Board and in light of the entity's business and risk profile; (2) have a record of integrity and good repute; (3) have sufficient time to carry out their responsibilities; and (4) have the ability to promote a smooth interaction between board members.
- 2.6.4 The Corporation Governance Committee meets, pre-screens and checks the qualifications of, and deliberates on all persons nominated to be elected to the Board of Directors from the pool of candidates submitted by the nominating stockholders. The Corporation Governance Committee shall prepare a Final List of Candidates after considering the qualifications and disqualifications set forth in the succeeding sections. Said list shall contain all the information about these nominees. Only nominees qualified by the Corporation Governance Committee and whose names appear on the Final List of Candidates shall be eligible for election as Independent Director. No

other nomination shall be entertained after the Final List of Candidates shall have been prepared.

2.6.5 Based on the Final List of Candidates, directors are elected by stockholders individually. The vote required for the election of directors is majority of the outstanding capital stock. The election of Directors shall be by ballot and each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him, for as many persons as there are to be elected as Directors, or he may cumulate or give to one candidate as many votes as the number of director to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of Directors to be elected.

2.6.6 To preserve the integrity of the election process, Vivant shall employ the services of an external party to validate the voting results.

2.6.7 Qualifications of a Director

2.6.7.1 A director must possess the following qualifications:

- a. Ownership of at least one (1) share of stock of Vivant;
- b. At least twenty-one (21) years of age;
- c. Proven to possess integrity, probity and assiduousness;
- d. Proven to possess the appropriate level of skill and experience in line with the strategic plans and goals of Vivant;
- e. In addition to the qualifications required by relevant laws, additional qualifications which may be provided by the Board, such as practical understanding of Vivant's business, previous business experience, or membership in good standing in relevant industry, business or professional organizations.

2.6.8 Permanent Disqualifications

2.6.8.1 The following may be considered as grounds for the permanent disqualification of a director:

- a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an

underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

- b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer to a bank, quasi-bank, trust company, investment house or investment company, (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the SEC, or any court or administrative body denying, revoking or suspending, any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or *Bangko Sentral ng Pilipinas* (BSP), or under any rule or regulation issued by the SEC, BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- c. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- d. Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any - provision of the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or any of its rule, regulation or order;
- e. Any person judicially declared as insolvent;
- f. Any person found guilty by final judgment, or order of a foreign court or equivalent financial regulatory authority of acts, violations

or misconduct similar to any of the acts, violations or misconduct enumerated previously;

- g. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five years prior to the date of his election or appointment; and
- h. Other grounds as the SEC may provide.

2.6.9 Temporary Disqualification

2.6.9.1 In addition, the following may be grounds for temporary disqualification of incumbent directors:

- a. Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the SEC. The disqualification, should be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
- b. If the beneficial equity ownership of an independent director in Vivant or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with; and
- c. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

2.6.10 Meeting of the Board

- 2.6.10.1 Members of the Board shall attend regular and special meetings of the Board in person or via teleconference or videoconference or by any other technological means allowed by SEC.
- 2.6.10.2 The Board may, to promote transparency, require the presence of at least one (1) independent director in all of its meetings. However, the absence of an independent director shall not affect the quorum requirements if he is duly notified of the meeting but notwithstanding such notice fails to attend.
- 2.6.10.3 The Board of Directors shall meet at least quarterly. Board meetings shall be scheduled in advance before the start of the year.

- 2.6.10.4 Items to be discussed during the board meetings shall be made available to each director at least seven (7) days in advance. In emergency circumstances, however, the meeting may be called at a shorter notice.

2.7 Related Party Transactions

2.7.1 The Board shall have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include the appropriate review and approval of material or significant related party transactions, which guarantee fairness and transparency of the transactions. The policy shall encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.

2.7.2 Definition of Terms

- a. **Related Party Transaction (or "RPT").** Any financial transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which Vivant or any of its subsidiaries is a participant and any related party has or will have a direct or indirect interest.
- b. **Related Person.** A director, Senior Manager, Immediate Family Member or Primary Business Affiliation.
- c. **Senior Manager.** Any individual who has been appointed as such by the Board of Directors or Management (in accordance with the delegated appointing authority by the Board of Directors).
- d. **Director.** Any member of the Board who is not also a Senior Manager.
- e. **Immediate Family Member.** Any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, of a Director or Senior Manager.
- f. **Primary Business Affiliation.** Any entity of which a Director or Senior Manager or Immediate Family Member of such individual, is an officer, partner or employee or in which the Director, Senior Manager or Immediate Family Member owns directly or indirectly at least 5% equity interest.
- g. **Materiality Threshold.** The cutoff point after which financial information becomes relevant to the decision making needs of the

users. Information must be complete in all material respects in order for them to present a true and fair view of the affairs of Vivant.

2.7.3 Procedure and Guidelines

2.7.3.1 The Board shall designate the RPT Committee to review all related party transactions. The RPT Committee shall review the material facts of all related party transactions and may also approve or disapprove the entry into the RPT. The RPT Committee may also disapprove of a previously entered into related party transaction and may require that management of Vivant take all reasonable efforts to terminate, unwind, cancel or annul the related party transaction. In connection with its review of a related party transaction, the RPT Committee will take into account, among other factors it deems appropriate, whether or not the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related party's interest in the RPT.

2.7.3.2 Each Director and Senior Manager shall promptly notify the General Counsel of any material interest that such person or an Immediate Family Member of such person had, has or may have in a RPT. The notice shall include a description of the transaction and the aggregate peso amount.

2.7.3.3 The RPT Committee will review the following information when assessing a RPT:

- a. The terms of such transaction;
- b. The Related Person's interest in the transaction;
- c. The purpose and timing of the transaction;
- d. Whether or not Vivant is a party to the transaction, and if not, the nature of Vivant's participation in the transaction;
- e. If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
- f. Information concerning potential counterparties in the transaction;
- g. The approximate dollar value of the transaction and the approximate dollar value of the Related Person's interest in the transaction;
- h. Description of any provision or limitation imposed as a result of entering into the proposed transaction;
- i. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction; and
- j. Any other relevant information regarding the transaction.

2.7.3.4 All related party transactions shall be submitted / elevated to the Board of Directors for ratification/approval.

2.7.3.5 A RPT shall be approved by the vote of the majority of the directors who are not related parties to the transaction.

2.7.3.6 The RPT Committee shall prepare monthly report of all related party transactions.

2.7.3.7 If a RPT would be ongoing, the Board of Directors shall periodically review and assess ongoing relationships with related parties to determine and ensure compliance with the all the regulatory requirements.

2.7.3.8 No director may engage in any Board or Committee discussion or approval of any related party transaction in which he or she is a related party. However, such director must provide to the Board or Committee all material information reasonably requested concerning the transaction.

2.7.4 Materiality Thresholds

Thresholds and categories for Disclosure and Approval of RPTs must be set. The amount of each RPT shall be considered for purposes of applying these thresholds.

2.7.5 Internal Limits for individual and aggregate exposures

To ensure that related party transactions are within the prudent levels, Vivant shall establish internal limits for individual and aggregate exposures as follows:

- a. Directors, Officers, Stockholders and their Related Interests – Ninety percent (90%) of the existing prudential limits for both individual and aggregate exposures prescribed thereunder;
- b. Subsidiary Affiliate – Ninety percent (90%) of the existing prudential limits for both individual and aggregate exposures;
- c. Other related parties:
 - i. Individual – Eighty percent (80%) of single borrower's limit (SBL); and
 - ii. Aggregate – Eighty percent (80%) of the existing prudential limits.

The internally set limits shall be tied in with Vivant's internal definition of capital. Breaches in limits shall be reported to the Board with the decision of the Board to accept the exposure or to take steps to address the breaches, as may be necessary, duly documented in the minutes of the meeting.

2.7.6 Whistle Blowing Mechanisms

The policy shall encourage employees to communicate - confidentially and without risk of reprisal - legitimate concerns about illegal, unethical or questionable transactions that would include RPTs. The policy shall include guidance on how and by whom legitimate concerns should be reported, investigated and addressed by an objective independent internal body.

2.7.7 Restitution of Losses and other Remedies for Abusive Related Third Party Transactions

Whenever applicable, Vivant shall discontinue a RPT if found abusive and demand restitution of losses or opportunity costs it incurred from such RPT.

2.7.8 All RPTs which are considered done in the usual course of business as stated in the RPT policy, regardless of amount, which are substantially the same terms as those prevailing at the time for comparable products or services with unrelated parties are exempted from review by the RPT Committee. However, all RPTs which are not in the usual course of business which are equal or greater than the materiality threshold, shall be subject for review by the RPT Committee. The RPT Committee may, at any time ask for a review of any of the transactions. The Board reviews and approves all material RPTs endorsed by the RPT Committee. All Board-approved material RPTs may be subject to ratification by a vote of the majority of the minority stockholders.

2.8 Management Team

It shall be the responsibility of the Board to appoint a competent management team at all times, monitor and assess the performance of the management team based on established performance standards that are consistent with Vivant's strategic objectives, and conduct a regular review of Vivant's policies with the management team. In the selection process, fit and proper standards are to be applied on key personnel and due consideration is given to integrity, technical expertise and experience in the institution's business, either current or planned.

2.9 Performance Management Framework

The Board shall establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer, and personnel's performance is at par with the standards set by the Board and Senior Management.

Results of performance evaluation shall be linked to other human resource activities such as training and development, remuneration, and succession planning. These should likewise form part of the assessment of the continuing fitness and propriety of management, including the Chief Executive Officer, and personnel in carrying out their respective duties and responsibilities.

2.10 Internal Control Mechanism

The Board shall oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members, and stockholders. The Board should also approve the Internal Audit Charter.

2.11 Enterprise Risk Management

The Board shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework should guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

Establishing Board Committees

To address specific tasks and responsibilities and ensure optimal performance of the Board, the Board shall adopt five (5) committees, namely the Corporate Governance Committee, the Audit Committee, the Board Risk Oversight Committee, the RPT Committee and the Finance Committee. The members of the Committees shall be appointed by the Board annually.

All established committees shall be required to have Committee Charters stating in plain

Terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. Their respective Charters shall provide the standards for evaluating the performance of the Committees. Committee Charters shall be publicly available and posted on Vivant's website.

2.12 The Audit Committee

2.12.1 The Audit Committee's primary function is to enhance the Board's oversight capability over Vivant's financial reporting, internal control system, internal and external audit processes and compliance with applicable laws and regulations. It shall be composed of at least three (3)

non-executive members of the Board, the majority of whom, including the Chairman, shall be independent. The Chairman shall not be the Chairman of the Board and of other Board Committees. Each member shall have adequate understanding at least or competence at most of Vivant's financial management systems and environment, particularly, in the areas of accounting, audit and finance. The members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filled by the Board.

2.12.2 The Audit Committee shall have the following duties and responsibilities:

- a. Recommends the approval the Internal Audit Charter ("IA Charter"), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of Vivant's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard Vivant's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of Vivant's financial data, and (d) ensure compliance with applicable laws and regulations;
- c. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
- d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;
- e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
- f. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- g. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to Vivant's overall consultancy expenses. The Committee should disallow any non-audit work that will conflict with his duties as an External Auditor or

may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in Vivant's Annual Report and Annual Corporate Governance Report;

h. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:

- Any change/s in accounting policies and practices
- Areas where a significant amount of judgment has been exercised
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards
- Compliance with tax, legal and regulatory requirements

i. Reviews the disposition of the recommendations in the External Auditor's management letter;

j. Performs oversight functions over Vivant's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

k. Coordinates, monitors and facilitates compliance with laws, rules and regulations;

l. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the SEC, who undertakes an independent audit of Vivant, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders;

m. Meets with the Board at least every quarter without the presence of the CEO or other Management, and periodically meets with the CAE, and

n. Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board.

2.12.3 Other duties and responsibilities are provided in the Audit Committee Charter.

2.13 The Corporate Governance Committee

2.13.1 The Corporate Governance Committee shall be composed of at least three (3) members, all of whom shall be independent directors. In accordance with this, the members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filled by the Board. Each member shall have adequate and competent understanding of corporate governance principles and practices, in addition to thorough knowledge of Vivant's business and industry in which it operates. The Committee is tasked to assist the Board in the performance of its corporate governance responsibilities, including functions that were formerly assigned to the Nomination and Remuneration Committees.

2.13.2 The Corporate Governance Committee shall have the following duties and responsibilities:

- a. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to Vivant's size, complexity and business strategy, as well as its business and regulatory environments;
- b. Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
- c. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- d. Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- e. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- f. Proposes and plans relevant trainings for the members of the Board;
- g. Determines the nomination and election process for Vivant's directors and has the special duty of defining the general profile of board members that Vivant may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and
- h. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is

consistent with Vivant's culture and strategy as well as the business environment in which it operates.

- i. Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board.

2.13.3 Other duties and responsibilities are provided in the Corporate Governance Committee Charter.

2.14 The Board Risk Oversight Committee

2.14.1 The Board Risk Oversight Committee shall be responsible for the oversight of Vivant's Enterprise Risk Management system to ensure its functionality and effectiveness. It shall be composed of at least three (3) members, majority of whom shall be independent directors including the Chairman who is not at the same time the Chairman of the Board or of any other Board Committee. The members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filled by the Board. At least one member of the Committee shall have adequate and competent understanding and experience on risk management principles and practices, in addition to thorough knowledge of Vivant's business and industry in which it operates.

2.14.2 The Board Risk Oversight Committee shall have the following duties and responsibilities:

- a. Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
- b. Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The Board Risk Oversight Committee conducts regular discussions on Vivant's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- c. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Board Risk Oversight Committee revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of

significant developments that seriously impact the likelihood of harm or loss;

- d. Advises the Board on its risk appetite levels and risk tolerance limits;
- e. Reviews at least annually Vivant's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts;
- f. Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of Vivant and its stakeholders;
- g. Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of Vivant. This function includes regularly receiving information on risk exposures and risk management activities from Management;
- h. Reports to the Board on a regular basis, or as deemed necessary, Vivant's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary; and
- i. Performs other duties and responsibilities are provided in the Board Risk Oversight Committee Charter.

2.15 The Related Party Transaction Committee

2.15.1 The Related Party Transactions Committee shall have the primary function of reviewing all material related party transactions ("RPT"). It shall be composed of at least three (3) non-executive directors, the majority of whom, including the Chairman, shall be independent. In accordance with this, the members of the Committee may be removed or replaced, and any vacancies in the Committee shall be filled by the Board. Each member shall have adequate and competent knowledge of Vivant's business and industry in which it operates.

2.15.2 The RPT Committee shall have the following duties and responsibilities:

- a. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and

vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;

- b. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of Vivant are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:
 - i. The related party's relationship to Vivant and interest in the transaction;
 - ii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - iii. The benefits to Vivant of the proposed RPT;
 - iv. The availability of other sources of comparable products or services; and
 - v. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. Vivant should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- c. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Vivant's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of Vivant's affiliation or transactions with other related parties;
- d. Reports to the Board on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- e. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process;
- f. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures; and

- g. Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board.

2.15.3 Other duties and responsibilities are provided in the RPT Committee Charter.

2.15.4 RPTs are generally allowed, provided, that these are done in a sound and prudent manner. Vivant is expected to exercise appropriate oversight and to implement effective system in managing these transactions.

2.16 The Finance Committee

2.16.1 The Finance Committee shall exercise general oversight over finance matters of the Vivant. Its functions include reviewing, evaluating, approving, recommending and monitoring matters involving VVT's capital structure, financial operations and investment activities of Vivant.

2.16.2 The Finance Committee shall have the following duties and responsibilities:

- a. The Committee shall review, evaluate and approve, on behalf of the Board, any of the following finance-related activities undertaken by Vivant that requires Board approval:
 - i. Audited and interim financial statements;
 - ii. Financial transactions including, but not limited to, incurring or refinancing of any indebtedness, whether bonded or not;
 - iii. Formation of any credit facility with lending or other financial institutions for capital financing or general working capital purposes;
 - iv. Capital transactions including but not limited to, sales of all or a portion of a project asset or ownership; potential investment by Vivant or its subsidiaries;
 - v. Issuance of any debt or equity securities in private or public transactions; and
 - vi. Vivant's short-term and long-term financial and investment plans and strategies.
- b. Monitor actual capital spending, including the status of capital spending on any project or investment;
- c. Recommend to the Board any action in respect of any proposal to divest, in any manner, any asset, investment, real or personal property, or business interest;

- d. Such other corporate or project financing activities as would otherwise require the review and approval of the Board; and
- e. Perform such other duties that may be delegated to it by the Board from time to time.
- f. Notwithstanding the foregoing duties, the Board shall have the final authority.

3. Fostering Commitment

To show full commitment to Vivant, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with Vivant's business.

3.1 The directors shall have the responsibility to attend and actively participate in all meetings of the Board, Committees, and stockholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the SEC, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

3.2 Multiple Board Seats

3.2.1 A director shall exercise due discretion in accepting and holding directorships outside of Vivant. The director shall notify the Board where he/she is an incumbent before accepting a directorship in another company.

3.2.2 Non-executive and independent directors may hold a maximum of five (5) board seats in publicly-listed companies simultaneously. The other executive directors shall submit themselves to a maximum limit of two (2) board seats in corporate Boards of other publicly-listed companies. In any case, the capacity of directors to serve with diligence shall not be compromised.

3.3 A director shall notify the Board where he/she is an incumbent director before accepting a directorship in another company.

4. Assessing Board Performance

The Board shall endeavor to exercise an objective and independent judgment on all corporate affairs.

4.1 The Board shall have at least three (3) independent directors or such number as to constitute at least one-third of the members of the Board, whichever is higher.

4.2 Independent Directors

4.2.1 An independent director of Vivant must possess all the qualifications and none of the disqualifications of a regular director. He must be independent of Management, substantial shareholdings and material relations, whether it be business or otherwise, which could reasonably be perceived to impede the performance of independent judgment.

4.2.2 An independent director refers to a person who ideally:

- g. Is not, or has not been a senior officer or employee of Vivant unless there has been a change in the controlling ownership in Vivant;
- h. Is not an owner of more than two percent (2%) of the outstanding shares of Vivant, its subsidiaries, associates, affiliates or related companies;
- i. Is not a relative of a director, officer, or substantial stockholder of Vivant or any of its related companies or of any of its substantial stockholders. For this purpose, "relatives" include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- j. Is not acting as a nominee or representative of any director of Vivant or any of its related companies;
- k. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- l. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of Vivant, any of its related companies or substantial stockholder, or is otherwise independent of Management and free from any business or other relationship within the three (3) years immediately preceding the date of his election;
- m. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner,

director or substantial stockholder, in any transaction with Vivant or any of its related companies or substantial stockholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;

- n. Is not affiliated with any non-profit organization that receives significant funding from Vivant or any of its related companies or substantial stockholder; and
- o. Is not employed as an executive officer of another company where any of Vivant's executives serve as directors.

"Related companies," as used in this section, refer to Vivant's subsidiaries or affiliates.

4.2.3 If an independent director becomes an officer, consultant, adviser, or employee of Vivant, he shall be automatically disqualified from being an independent director.

4.2.4 The Board shall designate a lead director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and President are held by one person.

4.3 The Board's independent directors shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from re-election as such, but may continue to qualify for nomination and election as a non-independent director. In the instance that Vivant wants to retain an independent director who has served for nine (9) years, the Board shall provide meritorious justification/s and seek stockholders' approval during the annual stockholders' meeting.

4.4 President

If possible, the positions of the Chairman of the Board and President/Chief Executive Officer (CEO) shall be held by separate individuals and each shall have clearly defined responsibilities.

4.4.1 Minimum internal control mechanisms for Management's operation responsibility shall center on the President/CEO, being ultimately accountable for Vivant's organizational and procedural controls. In addition to the duties imposed on the President by the Board, and those duties and responsibilities provided by Vivant's By-Laws, the President shall:

- a. Determines Vivant's strategic direction and formulates and implements its strategic plan on the direction of the business;

- b. Communicates and implements Vivant’s vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
- c. Oversees the operations of Vivant and manages human and financial resources in accordance with the strategic plan;
- d. Has a good working knowledge of Vivant’s industry and market and keeps up-to-date with its core business purpose;
- e. Directs, evaluates and guides the work of the key officers of Vivant;
- f. Manages Vivant’s resources prudently and ensures a proper balance of the same;
- g. Provides the Board with timely information and interfaces between the Board and the employees;
- h. Builds the corporate culture and motivates the employees of Vivant;
- i. Serves as the link between internal operations and external stakeholders;
- j. See that all orders and resolutions of the Board are carried into effect;
- k. Submit to the Board as soon as possible after the close of each fiscal year, and to the stockholders at the annual meeting, a complete report of the operations of Vivant for the preceding year, and state its affairs;
- l. Report to the Board from time to time all matters within his knowledge which in the interest of Vivant may require to be brought to the Board’s notice; and
- m. Perform such other responsibilities as the Board may impose.

4.5 Lead Director

- 4.5.1 The Board shall designate a lead director among the independent directors if the Chairman of the Board is not independent, including if the positions of the Chairman of the Board and Chief Executive Officer are held by one person. The primary responsibility of the lead director is to provide leadership to the independent directors and advise the Board on matters where there may be an actual or perceived conflict of interest.
- 4.5.2 The functions of the lead director include, among others, the following:

- a. Serves as an intermediary between the Chairman and the other directors when necessary;
- b. Convenes and chairs meetings of the non-executive directors; and
- c. Contributes to the performance evaluation of the Chairman, as required.

4.6 A director with a material interest in any transaction affecting Vivant shall abstain from taking part in the deliberations of the same.

4.7 The non-executive directors (“NEDs”) shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within Vivant. The meetings shall be chaired by the lead independent director.

5. ASSESSING BOARD PERFORMANCE

The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

5.1 Board Evaluation

- 5.1.1 The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. Every three (3) years, the assessment shall be supported by an external facilitator.
- 5.1.2 The Board shall have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual directors, and committees. This system shall allow for a feedback mechanism from the stockholders. The establishment of such evaluation system, including the features thereof, shall be disclosed in Vivant’s Annual Report or in such form of report that is applicable to Vivant. The adoption of this performance evaluation system must be covered by the Board approval.
- 5.1.3 During the evaluation, directors shall be afforded the opportunity to identify areas for improvement in the performance of their duties and responsibilities.

6. STRENGTHENING BOARD ETHICS

6.1 The Board shall adopt a Code of Ethics that shall provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct

and practices in internal and external dealings. The Code shall be properly disseminated to the Board, Senior Management and employees. It shall also be disclosed and made available to the public through Vivant's website.

6.2 The Board shall ensure proper and efficient implementation and monitoring of compliance with the Code of Ethics and internal policies. Vivant's Code of Ethics shall be made effective and inculcated in Vivant's culture through a communication and awareness campaign, continuous training to reinforce the code, strict monitoring and implementation and setting in place proper avenues where issues may be raised and addressed without fear of retribution.

V. DISCLOSURE AND TRANSPARENCY

7. ENHANCING COMPANY DISCLOSURE AND TRANSPARENCY

Vivant shall establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

7.1 Corporate disclosure policies and procedures shall be in place to ensure a comprehensive, accurate, reliable and timely report to stockholders and other stakeholders to give a fair and complete picture of Vivant's financial condition, results and business operations.

7.2 Vivant shall have policy requiring all directors and officers to disclose/report any dealing in Vivant's shares within three (3) business days.

7.3 The Board shall fully disclose all relevant and material information on individual Board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

7.4 A clear disclosure of its policies and procedure shall be in place for setting Board and executive remuneration, as well as the level and mix of the same in the Annual Corporate Governance Report.

7.5 Full disclosure of Vivant's policies governing RPTs and other unusual or infrequently occurring transactions shall be required in the Manual on Corporate Governance. The material or significant RPTs reviewed and approved during the year shall be disclosed in its Annual Corporate Governance Report.

7.6 A full, fair, accurate and timely disclosure shall be made to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its stockholders and other stakeholders. Moreover, the Board shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.

7.7 The corporate governance policies, programs and procedures should be submitted to the regulators and posted on Vivant's website.

7.8 The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the SEC in the interest of its stockholders and other stakeholders.

8. STRENGTHENING THE EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY

Vivant shall establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

8.1 External Auditor

8.1.1 The Audit Committee shall have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the external auditor should be recommended by the Audit Committee, approved by the Board and ratified by the stockholders. For removal of the external auditor, the reasons for removal or change should be disclosed to the regulators and the public through Vivant's website and required disclosures.

8.1.2 The Audit Committee Charter should include the Audit Committee's responsibility on assessing the integrity and independence of external auditors and exercising effective oversight to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter should also contain the Audit Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.

8.1.3 The nature of non-audit services performed by the external auditor shall be disclosed in the Annual Report to deal with any potential conflict of interest. The Audit Committee shall be on alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.

9. INCREASING FOCUS ON NON-FINANCIAL AND SUSTAINABILITY REPORTING

Vivant shall ensure that the material and reportable non-financial and sustainability issues are disclosed.

- 9.1 There shall be an established policy on the disclosure of material and reportable non-financial and sustainability issues, with emphasis on the management of economic, environmental, social and governance (EESG) issues of the business using a globally recognized standard/framework.

10. PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

Vivant shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information to its stockholders and other investors for the timely and informed decision-making by investors, stakeholders and other interested users. These shall include, but not limited to, the website, media and analyst briefings.

VI. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

11. STRENGTHENING THE INTERNAL CONTROL SYSTEM AND ENTERPRISE RISK MANAGEMENT FRAMEWORK

To ensure integrity, transparency and proper governance in the conduct of its affairs, Vivant shall have a strong and effective internal control system and enterprise risk management framework.

- 11.1 Vivant shall have an adequate and effective internal control system and enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of its operations.
- 11.2 Vivant should have in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve operations. The functions of the Internal Audit shall include, among others, the following:
- a. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management;
 - b. Performs regular and special audit as contained in the annual audit plan and/or based on Vivant's risk assessment;
 - c. Performs consulting and advisory services related to governance and control as appropriate for the organization;

- d. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- e. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of Vivant;
- f. Evaluates operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
- g. Evaluates specific operations at the request of the Board or Management, as appropriate; and
- h. Monitors and evaluates governance processes.

11.3 The Chief Audit Executive (CAE), appointed by the Board, shall oversee and be responsible for the internal audit activity of the organization, including the portion that is outsourced to a third party service provider. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel shall be assigned the responsibility for managing the fully outsourced internal audit activity. The following are the responsibilities of the CAE, among others:

- a. Periodically reviews the internal audit charter and presents it to senior management and the Board Audit Committee for approval;
- b. Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
- c. Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval;
- d. Spearheads the performance of the internal audit activity to ensure it adds value to the organization;
- e. Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and
- f. Presents findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve internal processes.

11.4 Enterprise Risk Management

Vivant shall establish a separate, effective enterprise risk management function to identify, assess and monitor key risk exposures.

11.4.1 The risk management function involves the following activities, among others:

- a. Defining a risk management strategy;
- b. Identifying and analyzing key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;
- c. Evaluating and categorizing each identified risk using Vivant's predefined risk categories and parameters;
- d. Establishing a risk register with clearly defined, prioritized and residual risks;
- e. Developing a risk mitigation plan for the most important risks to Vivant, as defined by the risk management strategy;
- f. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and
- g. Monitoring and evaluating the effectiveness of the organization's risk management processes.

11.5 In managing Vivant's Risk Management System, Vivant should have a Chief Risk Officer ("CRO"), who is the ultimate champion of Enterprise Risk Management ("ERM") and has adequate authority, stature, resources and support to fulfill his/her responsibilities. The CRO has the following functions, among others:

- a. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
- b. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;
- c. Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
- d. Suggests ERM policies and related guidance, as may be needed; and

e. Provides insights on the following:

- Risk management processes are performing as intended;
- Risk measures reported are continuously reviewed by risk owners for effectiveness; and
- Established risk policies and procedures are being complied with.

IV. CULTIVATING A SYNERGIC RELATIONSHIP WITH STOCKHOLDERS

12. PROMOTING STOCKHOLDER RIGHTS

Vivant shall treat all stockholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

12.1 It shall be the duty of the Board to promote stockholder rights, remove impediments to the exercise of stockholder rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of stockholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to stockholders participating in meetings and/or voting in person. The Board shall pave the way for electronic filing and distribution of stockholders information necessary to make informed decisions, subject to legal constraints.

12.2 The Board shall commit to respect the following rights of the stockholders:

12.2.1 Pre-emptive right

- a. Under the Amended Articles of Vivant, stockholders, because of his/its ownership of stock, has a pre-emptive or other right to purchase, subscribe for or take any part of any stock or of any securities convertible into or carrying options or warrants to purchase stock of Vivant. Any part of such stock or of other securities may, at any time, be issued, optioned for sale, and sold or disposed of by Vivant pursuant to a resolution of its Board, to such person and upon such terms as such Board may deem proper, without first offering such stock or securities or any part thereof to existing stockholders.

12.2.2 Voting Rights

- a. Stockholders shall have the right to nominate, elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.
- b. Cumulative voting shall be used in the election of directors.
- c. A director shall not be removed without cause if it will deny minority stockholders' representation in the Board.

iii. In case of merger or consolidation.

12.3 In addition to the sending of notices, open communications shall be maintained with stockholders to encourage them to personally attend the stockholder's meeting. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. The Board shall encourage active stockholders participation by sending the Notice of Annual and Special Stockholders' Meeting with sufficient and relevant information at least fifteen (15) business days before the meeting.

12.4 The Board shall encourage active stockholders participation by making the result of the votes taken during the most recent Annual or Special Stockholder' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Stockholders' Meeting shall be available on Vivant's website within a reasonable time from the end of the meeting.

12.5 It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner.

12.5.1 Vivant's Alternative Dispute Resolution Policy is to encourage and promote the use of dispute resolution options and processes while avoiding or discouraging recourse to litigation in the settlement of corporate governance related disputes or conflict.

12.5.2 The policy promotes the following principles in the resolution of disputes:

- b. **Quality.** Resolution settlements must be voluntary, fair and equitable to parties concerned.
- c. **Efficiency.** Dispute resolution options will be appropriate to the dispute, cost-effective and minimize delay in reaching a resolution.
- d. **Enforceability.** Resolution agreements and settlements must be made in good faith and honored by the parties. Resolutions when appropriate shall be in writing and signed by the parties who shall be duly authorized for said purpose.

12.5.3 Corporate Governance Related Disputes

12.5.3.1 The following are the categories of corporate governance related disputes:

- a. **Annual Accounts.** These are disputes between stockholders and the Board and/or external auditor over the withholding of stockholders approval.

- b. **Business Disputes.** These are disputes between Vivant and its suppliers, customers, contractors and/or service providers.
- c. **Environmental Disputes.** These are disputes between Vivant and affected communities and stakeholders regarding environmental concerns on air, noise, or other pollution, depletion of natural resources.
- d. **Minority stockholders rights.** These are disputes between majority stockholders and minority stockholders in squeeze-out scenarios.
- e. **Mismanagement.** These are disputes between stockholders and the Board on supposed mismanagement.
- f. **Nomination/Appointment of Board Directors.** These are disputes between stockholders and the Corporate Governance Committee as regards nomination and election or disputes between the Board over nomination and/or appointment of Board of Directors/executives, including over criteria for nomination or appointment.
- g. **Self-interested transactions.** These are RPTs, insider trading, conflicts of interest by the Board, executives and senior management.
- h. **Takeover procedures.** These are disputes between stockholders and the Board regarding terms and conditions of a proposed takeover.
- i. **Workplace conflicts.** These are disputes between Vivant and employees, and between employees.

12.5.4 Dispute Resolution System

- 12.5.4.1 The Board normally engages the services of a neutral third party to assist in the resolution of issues between Vivant and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as Vivant and the circumstances sees fit.

Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.

- 12.6 The Board shall establish an Investor Relations Officer (“IRO”) to ensure constant engagement with its stockholders. The IRO shall be present at every stockholders’ meeting.

VII. DUTIES TO STAKEHOLDERS

13. Respecting Rights of Stakeholders and Effective Redress for Violation of Stakeholder’s Rights

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders’ rights and/or interests are at stake, stakeholders shall have the opportunity to obtain prompt effective redress for the violation of their rights.

- 13.1 The Board shall identify the various stakeholders and promote cooperation between them and Vivant in creating wealth, growth and sustainability.
- 13.2 The Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.
- 13.3 The Board shall adopt a transparent framework and process that allow stakeholders to communicate with Vivant and obtain redress for the violation of their rights.

14. Encouraging Employees’ Participation

A mechanism for employee participation shall be developed to create a symbiotic environment, realize Vivant’s goals and participate in its corporate governance processes.

- 14.1 The Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of Vivant’s goals and in its governance. These policies and programs, among others, may be in the areas of health, safety and welfare, training and development, rewards/compensation for employees to encourage employees to perform better and motivates them to take a more dynamic role in Vivant.
- 14.2 The Board shall set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Ethics. Further, the Board shall disseminate the policy and program to employees across the organization through trainings to embed them in Vivant’s culture.
- 14.2.1 The anti-corruption policy and program endeavors to mitigate corrupt practices such as, but not limited to, bribery, fraud, extortion, collusion, conflict of interest and money laundering.

- 14.3 The Board shall establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.

15. Encouraging Sustainability and Social Responsibility

Vivant shall be socially responsible in all its dealings with the communities where it operates. It shall ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

- 15.1 Vivant shall recognize and place an importance on the interdependence between business and society, and promote a mutually beneficial relationship that allows Vivant to grow its business, while contributing to the advancement of the society where it operates.

VIII. COMMUNICATION AND MONITORING OF THIS MANUAL

16. Communication

- 16.1 This Manual shall be available for inspection by any stockholder of Vivant at reasonable hours on business days.
- 16.2 All directors, officers, division and department heads are tasked to ensure thorough dissemination of this Manual to all employees and related third parties, and enjoin its compliance.
- 16.3 An adequate number of printed copies of this Manual must be reproduced under the supervision of the Corporate Governance Department, with a minimum of at least one (1) hard copy of the Manual per department.
- 16.4 This Manual shall be subject to annual review unless the same frequency is amended by the Board.
- 16.5 If necessary, funds shall be allocated by Vivant for the purpose of conducting an orientation program or workshop to operationalize this Manual.

17. Monitoring and Penalties for Non-Compliance

- 17.1 All business processes and practices being performed within any department or business unit of Vivant that are not consistent with any portion of this Manual shall be revoked unless upgraded to be compliant with this Manual.

- 17.2 To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on Vivant’s directors, officers, staff, subsidiaries, and affiliates and their respective directors, officers, and staff in case of violation of any of the provisions of this Manual:
- a. In cases of violation, the subject person shall be reprimanded.
 - b. Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation. This shall not be applicable to directors.
 - c. For third violations, the maximum penalty of removal from office shall be imposed. With regard to directors, the provision of Section 28 of the Corporation Code shall be observed.
- 17.3 The Compliance Officer shall be responsible for determining violations through notice and hearing and shall recommend to the Chairman, the imposable penalty for such violation, for further review and approval of the Board.

18. Effectivity

The Revised Manual was approved by the Board on August 11, 2017 and shall take effect on September 1, 2017. It supersedes the previous Manual on Corporate Governance that was approved and adopted by the Vivant Corporation, the latest version of which was dated June 2014.

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