Fredlin Agang

From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> on behalf of ICTD Submission
Sent: Tuesday, August 13, 2024 11:22 AM
To: fredlin.agang@vivant.com.ph
Subject: Re: Vivant Corporation_SEC 17Q_Q2 2024

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-- 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://efast.sec.gov.ph/user/login.

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

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://efast.sec.gov.ph/user/login :

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

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

COVER SHEET

			1	7	5	2	2	2			

S.E.C. Registration Number

P.S.E. Control Number

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

(Company's Full Name)

9 T H   F L R .   O A K R I D G E   I T   C E N T E R   3
O A K R I D G E   B U S I N E S S   P A R K   A . S .
F O R T U N A   S T   M A N D A U E   C I T Y ,   C E B U

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

Atty. Maila Lourdes G. De Castro	(032) 232-0283, 234-2256 and 234-2285
Contact Persons	Telephone Number of the Contact Person

1 2	3 1	**SEC FORM 17-Q** **2nd Quarterly Report 2024**	0 6	2 0
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

N/A

Secondary license Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

1,403	1,023,430,965	25,733
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = Pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **June 30, 2024**

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

Vivant Corporation
4. Exact name of issuer as specified in its charter

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

6. Industry Classification Code: [ ] (SEC Use Only)

9th Floor, Oakridge IT Center 3, Oakridge Business Park, A.S. Fortuna Street, Brgy. Banilad, Mandaue City, Cebu **6014**
7. Address of issuer's principal office Postal Code

(032) 234-2256; (032) 234-2285
8. Issuer's telephone number, including area code

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

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares at Php 1.00 per share	**Php 1,023,456,698**
Amount of debt outstanding	**Php 10,343,751,435**

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

Yes [✓] No [ ]

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

Philippine Stock Exchange **Common Stock**

12. Indicate by check mark whether the registrant:

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

Yes [✓] No [ ]

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

Yes [✓] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to attached financial statements and schedules.

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

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

The following is a discussion and analysis of the Company's consolidated financial condition and results of operations for the interim period ended June 30, 2024 compared with the interim period ended June 30, 2023, as restated.This report should be read in conjunction with the unaudited consolidated financial statements and the notes thereto.

KEY PERFORMANCE INDICATORS

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

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

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

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

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

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

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 Calamian Islands Power Corporation (CIPC), Delta P, Inc. (Delta P), La Pampanga Energy Corporation (LPEC), Culna Renewable Energy Corporation (CREC) and Isla Norte Power Corporation (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 and as of end-June 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. In June 2024, the Company has completed the valuation, which resulted to the following:

1. Final fair value of property plant and equipment of Php 1.4 billion (bn), an increase of Php 340.8 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 98.6 mn, goodwill decreased by Php 12.2 mn, and gain on bargain purchase increased by Php 46.1 mn.

The end-December 2023 and as of end-June 2023 comparative consolidated financial statements are restated to reflect the adjustments to the provisional amounts. Moreover, the Company's financial statements as of June 30, 2024 account for the full consolidation of the 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 as of end-May 2023. Meanwhile, the acquisition of the additional 35% equity stake in Isla Norte did not affect the accounting for this investment under PFRS 10.

The table below shows the comparative figures of the key performance indicators for the periods ended June 30, 2024 and June 30, 2023, as restated.

Key Performance Indicators *Amounts in Php '000, except for ratios*	**YTD June 2024**	**YTD June 2023 (Restated)**	**YE 2023 (Unaudited, Restated)**
Equity in Net Earnings of Associates and Joint Ventures	1,049,429	1,333,187	
EBITDA	1,495,501	1,814,991	
Net increase (decrease) in cash and cash equivalents	(492,401)	(981,597)	
Net cash flows from (used in) operating activities	(411,999)	(254,355)	
Net cash flows from (used in) investing activities	667,010	(277,205)	
Net cash flows from (used in) financing activities	(747,411)	(450,037)	
Debt-to-Equity Ratio (x)	0.51	0.52	0.53[1]
Current Ratio (x)	2.35	1.81[2]	1.76[1]

The Company's share in net earnings of associates and joint ventures as of June 30, 2024 amounted to Php 1.0 bn, representing a 21% year-on-year (YoY) decrease from Php 1.3 bn. This was a result of the following:

1. Visayan Electric Company (VECO), the Company's electricity distribution utility, posted Php 593.7 mn in income contribution as of end-June 2024, recording a 13% YoY decline. Despite a strong electricity sales growth of 13% YoY for the period in review, the utility's gross profit saw a 9% YoY reduction as a result of the company's change in the recognition method of generation cost in its books. Moreover, the increase in operating expenses due to non-recurring manpower costs and taxes on real property acquisition further contributed to the earnings reduction for the first semester of 2024.

2. 40%-owned Abovant Holdings, Inc. (AHI) posted Php 185.5 mn in income contribution, which is lower by 30% YoY. This was driven by the decrease in profitability of its associate, Cebu Energy Development Corporation (CEDC). During the semester in review, CEDC saw YoY drop in the profits from bilateral contracts and ancillary services by 11% and 100%, respectively. This was on account of the non-renewal of customer contracts that expired in various periods in 2023. Moreover, the 37% YoY drop in the volume of energy sold to the Wholesale Electricity Spot Market (WESM) and costs incurred for the major repair of Unit 3 of the plant facility in the first quarter of 2024 also contributed to the earnings contraction.

3. 40%-owned Minergy Power Corporation (MPC) shored in Php 102.5 mn in earnings contribution as of first half (1H) 2024, 42% lower YoY. MPC saw a 24% YoY decline in gross profit, a consequence of the termination of its Power Supply Agreement (PSA) involving Unit 3[3] of its plant facility. Moreover, its operating and administrative costs rose by 9% YoY.

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[1] DER and current ratio were reported at 0.52x and 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] Reported at 1.85x in the SEC 17-Q2 2024 report. The change is attributed to the final fair value resulting from the business acquisition, as described above.

[3] 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,

4. 40%-owned Cebu Private Power Corporation (CPPC) brought in Php 7.7 mn in loss contribution as of end-June 2024 vis-a-vis Php 13.2 mn in income contribution as of end-June 2023. CPPC saw a 99% YoY reduction in the volume of energy sold to the WESM which was partially countered by the recognition of a non-recurring revenue pertaining to the collection of additional compensation for WESM sales in 2023, and a 49% YoY reduction in total generation and operating expenses.

5. 40%-owned Prism Energy, Inc. (Prism Energy), a RES company, posted a net loss contribution of Php 6.6 mn as of end-June 2024 from Php 0.1 mn in net loss contribution as of end-June 2023. Prism Energy saw a 100% YoY decline in the volume of energy sold due to the non-renewal of customer contracts.

6. 100%-owned Delta P and CIPC are fully consolidated starting June 1, 2023. Thus, there are no equity earnings contribution recognized for the semester in review. This compares to the equity earnings contribution of Php 23.7 mn and Php 15.8 mn from CIPC and Delta P, respectively, as of end-May 2023.

However, the decline in earnings contribution was tempered by the contributions of the following:

1. 45%-owned Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS), through its 89.6%-owned subsidiary, Puerto Princesa Water Reclamation and Learning Center Inc (PPWRLC), booked a 130% YoY increase in income contribution at Php 4.5 mn. This was mainly attributed to the impact of the adoption of the concession accounting treatment of its service agreement with the local government of Puerto Princesa starting July 2023. Furthermore, PPWRLC's reduced operating costs contributed to the profit expansion during the semester in review.

2. 20%-owned Therma Visayas, Inc. (TVI) recorded an income contribution of Php 182.3 mn as of end-June 2024, a 17% YoY rise from Php 156.3 mn as of end-June 2023. The earnings generated from ancillary services, through an Ancillary Services Procurement Agreement (ASPA) that started in September 2023 and its participation in the reserves market[4] that started in February 2024, offset the decrease in volume of energy sold to the WESM (down by 28% YoY) and bilateral contracts (down by 8% YoY), and higher operating expenses (up by 35% YoY).

EBITDA as of end-June 2024 was at Php 1.5 bn, 18% lower than Php 1.8 bn as of end-June 2023. This was mainly an outcome of the 32% YoY contraction in operating income, which stemmed from:

1. Management and service fees was 48% lower YoY at Php 23.4 mn as of end-June 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-June 2024, the

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.

[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.

service billings were eliminated for financial reporting purposes while as of end-June 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 an associate also contributed to the revenue contraction.

2. 21% YoY contraction in equity earnings as income contributions from five associates went down as of end-June 2024. The non-recognition of the equity earnings from Delta P and CIPC resulting from the change in accounting for these investments from associates to subsidiaries starting June 2023 also contributed to the decline.

3. Generation cost rose by 107% YoY to Php 3.8 bn due to the following:

   Oil-fired Power Plants

   - Take-up of the generation costs of Delta P and CIPC in the amount of Php 994.6 mn and Php 347.2 mn, respectively. This was a result of the acquisition of the 50% equity stake of the joint venture partner in both investee-companies last June 2023.

   - 55.2%-owned 1590 Energy Corporation's (1590 EC) generation cost went up by 36% YoY as a result of its bilateral contract with a third party.

   - 100%-owned Isla Norte incurred higher generation cost (up by 19% YoY) as it posted a 12% YoY increase in volume of energy sold.

   - 100%-owned Meridian Power, Inc. (MPI) recognized generation costs of Php 265.1 mn given its energy sales in the WESM starting February 2024.

   - 90%-owned Bukidnon Power Corporation (BPC) saw a 90% YoY increase in generation cost on the back of a 1136% YoY rise in the volume of energy sold.

   - 90%-owned North Bukidnon Power Corporation (NBPC) incurred higher generation cost (up by 21% YoY) driven by significantly higher volume sold.

   Retail Electricity Supply

   - Increased customer base and volume sales of Corenergy's RES business (up by 26% YoY) led to higher cost of purchased power (up by 30% YoY).

   Solar Rooftop

   - 100%-owned Corenergy Solar Solutions Corporation (CSSC) posted a 33% YoY increase in direct costs on account of increased depreciation costs.

   - 100%-owned Vivant Solar Corporation (VSC) recorded a 36% YoY rise in its cost of services on the back of an 11% YoY growth in energy sales volume.

- The solar rooftop operations of Corenergy booked higher depreciation expense as of end-June 2024. This was on account of the increased number of operational solar facilities and tools starting in the second quarter of 2023 to service additional customers.

4. Operating expenses rose by 47% YoY.

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

1. Sale of power rose to Php 4.4 bn from Php 2.5 bn, which was primarily from the improved revenue contribution of the Company's investments in oil-fired power plants, RES and solar rooftop businesses.

   Oil-fired Power Plants

   - Wholly-owned Delta P brought in a revenue contribution of Php 1.1 bn, which was mainly driven by the 59% YoY increase in the volume of energy sold as of end-June 2024. Prior to June 1, 2023, Delta P was not consolidated and was accounted by the Company through its equity share in net earnings.

   - Wholly-owned CIPC posted a revenue contribution of Php 354.0 mn during the period in review. Its volume of energy sold was 21% higher YoY. The Company started to consolidate CIPC in its books on June 1, 2023.

   - 100%-owned Isla Norte contributed a revenue of Php 450.5 mn (up by 16% YoY) driven by a 12% YoY increase in the volume of energy sold.

   - 100%-owned MPI shored in fresh revenue contribution of Php 385.4 mn coming from its energy sales to the WESM.

   - 90%-owned BPC posted a revenue contribution of Php 57.5 mn, which was on the back of a 1136% increase in volume sold.

   - 90%-owned NBPC posted a 9% YoY increase in revenue contribution of Php 39.5 mn, with its plant getting dispatched during the period in review.

   Retail Electricity Supply (RES)

   - 100%-owned Corenergy, Inc. (Corenergy) showed higher RES revenue (up by 27% YoY) as of end-June 2024. This was a result of a 34% YoY increase in energy sales backed by an improved customer base.

   Solar Rooftop

   - 100%-owned CSSC, posted a 7% YoY expansion in its topline performance on account of an improved customer base during the period in review.

   - 100%-owned VSC contributed Php 2.8 mn in revenue as of end-June 2024 from Php 2.5 mn as of end-June 2023 as energy volume sales grew by 11% YoY.

- The solar rooftop business of 100%-owned Corenergy contributed revenue of Php 6.6 mn, 129% higher YoY. This was mainly attributed to the 76% YoY rise in volume sold on the back of increased number of customers.

2. Engineering service income went up to Php 9.6 mn as of end-June 2024 from Php 2.7 mn as of end-June 2023. The topline contribution of 60%-owned Watermatic Philippines Corporation (WMP) rose by 443% YoY at Php 7.8 mn, which was generated from service engineering contracts with non-related parties. Corenergy's engineering solutions business, which booked Php 1.8 mn in revenues during the period in review (up by 45% YoY), further contributed to the revenue expansion. In the same period last year, Corenergy did not have billable charges, as services for new contracts with customers were still on-going.

3. Interest income went up to Php 80.4 mn from Php 61.6 mn, which was driven by higher interest rates for short-term money market placements.

4. Engineering service fees incurred for the period was at Php 15.6 mn, lower by 70% YoY. This was attributed to lower direct costs incurred by WMP (down by 73% YoY) and Corenergy (down by 57% YoY) for on-going third-party service contracts during the period in review.

Before considering the effect of changes in the foreign exchange rates, the Company ended the semester in review with a net decrease in cash in the amount of Php 492.4 mn, vis-à-vis Php 981.6 mn as of end-June 2023. As of end-June 2024, the Company used cash for financing activities in the amount of Php 747.4 mn and operating activities in the amount of Php 412.0 mn. The reduction in the cash level was mitigated by the net cash inflow generated from investing activities of Php 667.0 mn.

Operating activities showed a net cash outflow of Php 412.0 mn as of end-June 2024, 62% higher than the net cash outflow of Php 254.4 mn as of end-June 2023. This was mainly attributed to the 12% YoY drop in operating results before working capital changes, coupled with the purchase of inventories (mainly by 100%-owned MPI on the back of its energy sales to the WESM starting February 2024 and by six other power operating subsidiaries), and rise in trade and other receivables (mainly booked by 1590 EC pertaining to revenue for energy sold through the WESM[5], accrual of revenue from its participation in the reserves market and a non-recurring revenue pertaining to the collection of additional compensation on its sale of energy to the WESM in 2024, and by MPI for revenue on energy sold through the WESM). Payment of trade and other payables (mainly by 1590 EC for accrued purchased power and fuel liabilities, and Vivant Energy Corporation's (Vivant Energy) payment for a share purchase transaction in 2023 wherein the amount due was accrued as of year-end 2023), and increase in prepayments from higher creditable withholding taxes (CWTs) and input VAT booked by the Company, Vivant Energy, Isla Norte, and Corenergy, and input value-added tax (VAT) booked by 100%-owned Isla Mactan-Cordova Corporation (IMCC) from importation and domestic purchase of goods and services related to the development of a seawater desalination facility also contributed to the spending during the period in review.

The semester in review ended with a net cash inflow of Php 667.0 mn from investing activities. The dividends received from three associates offset the investment spending during the period in review.

[5] In June 2024, ERC promulgated ERC Case No. 2024-017 MC, *In the Matter of the Declaration of Market Suspension during Red Alerts During the Summer Months of 2024*, which directed the Independent Electricity Market Operator of the Philippines (IEMOP) to divide the bill of all distribution utilities with electricity purchased from the WESM for the period April 26 to May 25, 2024 in four (4) equal amortizations from June to September 2024, without default interest.

The Company, through its subsidiaries, incurred the following: (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. Meanwhile, the Company recorded a net cash outflow of Php 277.2 mn as of end-June 2023, which was mainly attributed to the investment in a solar plant facility in Bulacan.

Financing activities as of end-June 2024 showed a net cash outflow of Php 747.4 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 Delta P, Isla Norte, BPC and NBPC, and payment of the short-term loans of Vivant Energy, 1590 EC and CIPC. Moreover, dividend payment by the Company, payment of advances by a subsidiary to a minority shareholder, and finance lease payments by the Company, WMP, Delta P and CIPC contributed to the use of cash as of end-June 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-June 2023 was lower at Php 450.0 mn.

Debt-to-Equity ratio went down to 0.51x as of end-June 2024, vis-à-vis as of end-2023 level of 0.53x. Total equity increased by 2%, which was mainly attributed to the earnings, net of the dividends declared and paid by the Company as of the semester in review. Meanwhile, total liabilities went down by 1%, which stemmed from the following:

1. Payment of long-term loans by the Company and four subsidiaries;
2. Payment of short-term loans by three subsidiaries;
3. Payment by a subsidiary to a minority shareholder for working capital advances; and
4. Periodic amortizations of finance lease liability by the Company, Delta P and WMP.

The Company's current ratio went up to 2.35x as of the semester in review from end-2023 level of 1.76x. Current assets increased by 2% while current liabilities decreased by 24% brought by the following:

1. Payment of trade and other payables which were accrued as of year-end 2023 (mainly payment to the joint venture partner for the acquisition of shares in subsidiaries, and payment of accrued purchased power and fuel liabilities by 1590 EC);
2. Payment of the current portion of the long-term loans by the Company and four subsidiaries;
3. Payment of short-term loans by three subsidiaries;
4. Payment by a subsidiary to a minority shareholder for working capital advances; and
5. Periodic amortizations of finance lease liability by the Company, Delta P and WMP.

Material Changes in Line Items of Registrant's Income Statement
(YTD June 2024 vs. YTD June 2023, as restated)

As of end-June 2024, the Company's total revenues amounted to Php 5.6 bn, recording a 42% YoY increase from Php 3.9 bn. The topline performance of the Company was attributable to the following:

1. Sale of power rose by 77% YoY to Php 4.4 bn, which was primarily from the improved revenue contribution of the Company's investments in oil-fired power plants, RES and solar rooftop businesses.

   Oil-fired Power Plants

   - Wholly-owned Delta P brought in a revenue contribution of Php 1.1 bn, which was mainly driven by the 59% YoY increase in the volume of energy sold as of end-June 2024. Prior to June 1, 2023, Delta P was not consolidated and was accounted by the Company through its equity share in net earnings.

   - Wholly-owned CIPC posted a revenue contribution of Php 354.0 mn during the period in review. Its volume of energy sold was 21% higher YoY. The Company started to consolidate CIPC in its books on June 1, 2023.

   - 100%-owned Isla Norte contributed a revenue of Php 450.5 mn (up by 16% YoY) driven by a 12% YoY increase in the volume of energy sold.

   - 100%-owned MPI shored in fresh revenue contribution of Php 385.4 mn coming from its energy sales to the WESM.

   - 90%-owned BPC posted a revenue contribution of Php 57.5 mn, which was on the back of a 1136% increase in volume sold.

   - 90%-owned NBPC posted a 9% YoY increase in revenue contribution of Php 39.5 mn, with its plant getting dispatched during the period in review.

   Retail Electricity Supply (RES)

   - 100%-owned Corenergy showed higher RES revenue (up by 27% YoY) as of end-June 2024. This was a result of a 34% YoY increase in energy sales backed by an improved customer base.

   Solar Rooftop

   - 100%-owned CSSC, posted a 7% YoY expansion in its topline performance on account of improved customer base during the period in review.

   - 100%-owned VSC contributed Php 2.8 mn in revenue as of end-June 2024 from Php 2.5 mn as of end-June 2023 as energy volume sales grew by 11% YoY.

   - The solar rooftop business of 100%-owned Corenergy contributed revenue of Php 6.6 mn, 129% higher YoY. This was mainly attributed to the 76% YoY rise in volume sold on the back of increased number of customers.

2. Management and service fees was 48% lower YoY at Php 23.4 mn as of end-June 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-June 2024, the service billings were eliminated for financial reporting purposes while as of end-June 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 an associate also contributed to the revenue contraction.

3. Engineering service income went up to Php 9.6 mn as of end-June 2024 from Php 2.7 mn as of end-June 2023. The topline contribution of 60%-owned WMP rose by 443% lower YoY at Php 7.8 mn, which was generated from service engineering contracts with non-related parties. Corenergy's engineering solutions business, which booked Php 1.8 mn in revenues during the period in review (up by 45% YoY), further contributed to the revenue expansion. In the same period last year, Corenergy did not have billable charges as services for new contracts with customers were still on-going.

4. The Company's share in net earnings of associates and joint ventures as of end-June 30, 2024 amounted to Php 1.0 bn, representing a 21% YoY decrease from Php 1.3 bn. This was a result of the following:

   - VECO, the Company's electricity distribution utility, posted Php 593.7 mn in income contribution as of end-June 2024, recording a 13% YoY decline. Despite a strong electricity sales growth of 13% YoY for the period in review, the utility's gross profit saw a 9% YoY reduction as a result of the company's change in the recognition method of generation cost in its books. Moreover, the increase in operating expenses due to non-recurring manpower costs and taxes on real property acquisition further contributed to the earnings reduction for the first semester of 2024.

   - 40%-owned AHI posted Php 185.5 mn in income contribution, which is lower by 30% YoY. This was driven by the decrease in profitability of its associate, CEDC. During the semester in review, CEDC saw YoY drop in the profits from bilateral contracts and ancillary services by 11% and 100%, respectively. This was on account of the non-renewal of customer contracts that expired in various periods in 2023. Moreover, the 37% YoY drop in the volume of energy sold to the WESM and costs incurred for the major repair of Unit 3 of the plant facility in the first quarter of 2024 also contributed to the earnings contraction.

   - 40%-owned MPC shored in Php 102.5 mn in earnings contribution as of 1H of 2024, 42% lower YoY. MPC saw a 24% YoY decline in gross profit, a consequence of the termination of its PSA involving Unit 3 of its plant facility. Moreover, its operating and administrative costs rose by 9% YoY.

   - 40%-owned CPPC brought in Php 7.7 mn in loss contribution as of end-June 2024 vis-a-vis Php 13.2 mn in income contribution as of end-June 2023. CPPC saw a 99% YoY reduction in the volume of energy sold to the WESM which was partially countered by the recognition of a non-recurring revenue pertaining to the collection of additional compensation for WESM sales in 2023, and a 49% YoY reduction in total generation and operating expenses.

- 40%-owned Prism Energy, a RES company, posted a net loss contribution of Php 6.6 mn as of end-June 2024 from Php 0.1 mn in net loss contribution as of end-June 2023. Prism Energy saw a 100% YoY decline in the volume of energy sold due to the non-renewal of customer contracts.

- 100%-owned Delta P and CIPC are fully consolidated starting June 1, 2023. Thus, there are no equity earnings contribution recognized for the semester in review. This compares to the equity earnings contribution of Php 23.7 mn and 15.8 mn from CIPC and Delta P, respectively, as of end-May 2023.

However, the decline in earnings contribution was tempered by the contributions of the following:

- 45%-owned FLOWS, through its 89.6%-owned subsidiary, PPWRLC, booked a 130% YoY increase in income contribution to Php 4.5 mn. This was mainly attributed to the impact of the adoption of the concession accounting treatment of its service agreement with the local government of Puerto Princesa starting July 2023. Furthermore, PPWRLC's reduced operating costs contributed to the profit expansion during the semester in review.

- 20%-owned TVI recorded an income contribution of Php 182.3 mn as of end-June 2024, a 17% YoY rise from Php 156.3 mn as of end-June 2023. The earnings generated from ancillary services through an ASPA that started in September 2023 and its participation in the reserves market that started in February 2024, offset the decrease in volume of energy sold to the WESM (down by 28% YoY) and bilateral contracts (down by 8% YoY), and higher operating expenses (up by 35% YoY).

5. Interest income went up to Php 80.4 mn from Php 61.6 mn, which was driven by higher interest rates for short-term money market placements.

Total cost of services and operating expenses as of end-June 2024 went up by 92% YoY to Php 4.5 bn from Php 2.3 bn.

1. Total cost of services rose by 102% YoY to Php 3.8 bn. This was mainly attributed to the following:

   a) Generation cost rose by 107% YoY to Php 3.8 bn due to the following:

      Oil-fired Power Plants

      - Take-up of the generation costs of Delta P and CIPC in the amount of Php 994.6 mn and Php 347.2mn, respectively. This was a result of the acquisition of the 50% equity stake of the joint venture partner in both investee-companies last June 2023.

      - 55.2%-owned 1590 EC's generation cost went up by 36% YoY as a result of its bilateral contract with a third party.

      - 100%-owned Isla Norte incurred higher generation cost (up by 19% YoY) as it posted a 12% YoY increase in volume of energy sold.

      - 100%-owned MPI recognized generation costs of Php 265.1 mn as of end-June 2024 given its energy sales in the WESM starting February 2024.

- 90%-owned BPC saw a 90% YoY increase in generation cost on the back of a 1136% YoY rise in the volume of energy sold.

- 90%-owned NBPC incurred higher generation cost (up by 21% YoY) driven by significantly higher volume sold.

Retail Electricity Supply

- Increased customer base and volume sales of Corenergy's RES business (up by 26% YoY) led to higher cost of purchased power (up by 30% YoY).

Solar Rooftop

- 100%-owned CSSC posted a 33% YoY increase in direct costs on account of increased depreciation costs.

- 100%-owned VSC recorded a 36% YoY rise in its cost of services on the back of an 11% YoY growth in energy sales volume.

- The solar rooftop operations of Corenergy booked higher depreciation expense as of end-June 2024. This was on account of the increased number of operational solar facilities and tools starting in the second quarter of 2023 to service additional customers.

b) Engineering service fees incurred for the period was at Php 15.6 mn, lower by 70% YoY. This was attributed to lower direct costs incurred by WMP (down by 73% YoY) and Corenergy (down by 57% YoY) on on-going third-party service contracts during the period in review.

2. Salaries and employee benefits went up by 36% YoY to Php 329.0 mn from Php 241.5 mn. Increase in headcount mainly accounted for the cost expansion.

3. Taxes and licenses were higher by 57% YoY to Php 73.7 mn, which was mainly due to a timing difference in the cost recognition. The Company, through a wholly-owned power operating subsidiary, recognized the cost for the current year's real property taxes during the first quarter of the period in review. Meanwhile, real property taxes for the year 2023 were incurred and recognized by the said subsidiary in the fourth quarter in 2023. Further, the Company, through Vivant Energy, saw higher local business taxes with the take-up of the said taxes incurred by Delta P and CIPC as a result of the business combination.

4. Outside services significantly grew by 243% to Php 48.2 mn from Php 14.1 mn. This can be attributed to increased costs for third party providers of various services (e.g., manpower sourcing, administrative tasks) incurred by the Company and two wholly owned subsidiaries, marketing services incurred by a subsidiary, and security services and outsourced personnel incurred by two power operating subsidiaries.

5. Professional fees increased by 34% YoY to Php 42.9 mn. This was mainly attributed to project development costs and the take-up of costs incurred by Delta P and CIPC as a result of the business combination.

6. Depreciation and amortization went up by 22% to Php 35.4 mn. This was mainly attributed to fixed assets purchased starting in the second quarter of 2023.

7. Travel expenses were higher by 49% YoY to Php 18.3 mn from Php 12.3 mn. This can be mainly attributed to the increased frequency of business travels for meetings with partners and stakeholders, and site visits for project development. Furthermore, fuel expenses for fleet cars went up with the higher number of vehicles, frequency of fieldwork and fuel cost during the semester in review.

8. Management and directors' fees decreased by 32% YoY to Php 8.4 mn from Php 12.4 mn due to lesser number of meetings during the period in review.

9. Communication and utilities expenses rose by 47% YoY to Php 7.6 mn from Php 5.2 mn. This was attributed to the increased communication costs and utilities consumption by the Company, and two holding subsidiaries on account of increased headcount. Also, the take-up of the communication and utilities expenses of two operating subsidiaries resulting from the business combination contributed to the cost expansion during the semester in review.

10. Rent and association dues were higher by 125% YoY to Php 5.3 mn, which was driven by a subsidiary's foreshore lease and escalated common use service area fees incurred by the Company for its offices as of end-June 2024.

11. Representation expenses was posted at Php 2.9 mn, 9% lower YoY. This was mainly attributed to reduced spending for the period in review.

12. Other operating expenses went up to Php 76.0 mn, posting a 79% YoY increase. This was mainly attributed to higher insurance premium (significantly from 1590 EC), higher cost of subscriptions to work management and communication tools, and higher consumption of office supplies due to increase in headcount. The take up of expenses of two subsidiaries furthered the cost expansion.

Vivant booked Php 136.7 mn in other charges as of end-June 2024, recording a reversal from Php 96.7 mn in other income booked in the same period last year. The following account for the movement:

1. Finance costs on loans was 17% higher YoY to Php 183.3 mn. Debt servicing of three subsidiaries accounted for the cost expansion, namely:
    a. Vivant Energy's long-term loans drawn in December 2023, and outstanding short-term loans as of January 2024.
    b. Take-up of the finance costs of the term loans of Delta P starting June 2023.
    c. Long-term loan drawn by Corenergy.

2. Finance costs on finance leases increased by 97% brought by the extension of the Company's lease contract for its satellite office in November 2023.

3. Restated one-time gains recognized as of end-June 2023 that relate to the acquisition of four subsidiaries:

    - Gain on fair value remeasurement of investment in associates amounting to Php 143.7 mn;
    - Gain on bargain purchase amounting to Php 110.8 mn.

These were offset by the following:

1. Other income rose to Php 42.5 mn as of end-June 2024 from Php 11.5 mn as of end-June 2023. This was mainly attributed to the ancillary income recognized by Vivant Energy for a third-party lease arrangement involving certain facilities.

2. Unrealized foreign exchange gain as of end-June 2024 amounted to Php 5.7 mn, a reverse of the unrealized foreign exchange loss of Php 12.1 mn as of end-June 2023. This pertains to the translation of the US Dollar and Euro cash balances of the Company and its subsidiaries.

As of end-June 2024, the Company booked a consolidated provision for income tax of Php 60.8 mn, which was 41% lower than the previous year's Php 103.9 mn. This was mainly due to the lower taxable income of 1590 EC, Corenergy, BPC, and NBPC, which offset the impact of the take-up of the accrued income taxes of Delta P and CIPC starting June 1, 2023[6].

Taking all of the above into account, the Company recorded a total net income of Php 871.9 mn for the period ending June 30, 2024, which was 45% lower than end-June 2023's net income of Php 1.6 bn[7]. Net income attributable to parent amounted to Php 877.4 mn as of end-June 2024 from Php 1.5[8] bn as of end-June 2023.

Changes in Registrant's Consolidated Resources, Liabilities and Shareholders' Equity
(End-June 2024 vs. Year-end 2023, as restated)

The Company's total assets as of end-June 2024 amounted to Php 30.4 bn, which was marginally lower than end-2023's level of Php 30.2 bn. The following are the material movements in the consolidated assets of the Company during the semester in review.

1. Cash and cash equivalents decreased to Php 3.9 bn as of end-June 2024. This was mainly on account of the spending for financing activities amounting to Php 747.4 mn for the period in review, 888% higher than Php 75.7 mn as of end-2023. Also, cash used for operating activities amounted to Php 412.0 mn as of end-June 2024, which was a reverse of the net cash inflow of Php 195.9 mn as of end-2023. These were tempered by the cash generated from investing activities amounting to Php 667.0 mn, a reverse of the spending of Php 621.5 mn as of end-2023.

2. Trade and other receivables increased by 17% to Php 1.9 bn. This was mainly attributed to the revenue booked by 1590 EC pertaining to energy sold through the WESM, accrual of revenue from its participation in the reserve market and a non-recurring revenue pertaining to the collection of additional compensation on its sale of energy to the WESM in 2024. Trade receivables recognized by MPI for its energy sold through the WESM starting February 2024 also contributed to the asset expansion.

[6] This was a result of the acquisition of the 50% equity stake from the joint venture partner, as described above.
[7] Reported at Php 1.4 bn in the SEC 17-Q2 2024 report. The change is attributed to the final fair value resulting from the business acquisition, as described above.
[8] Reported at Php 1.3 bn in the SEC 17-Q2 2024 report. The change is attributed to the final fair value resulting from the business acquisition, as described above.

3. Inventories increased by 48% to Php 539.9 mn as of end-June 2024. This was mainly attributed to fuel purchases by MPI on the back of its energy sales to the WESM starting February 2024, and by six other power operating subsidiaries.

4. Prepayments rose by 20% to Php 935.0 mn. This hike was mainly on account of increased input VAT attributed to the development of ongoing projects and purchase of real properties.

5. Right-of-use assets (ROU) decreased by 37% to Php 15.4 mn due to the depreciation for the period.

Total consolidated liabilities amounted to Php 10.3 bn as of end-June 2024, just 1% lower than the end-2023 level of Php 10.4 bn. This was mainly attributed to the following:

1. Short-term notes payable declined by 48% to Php 1.0 bn. This was mainly attributed to principal payments made by Vivant Energy and 1590 EC.

2. Payment by a subsidiary to a minority shareholder for working capital advances;

3. Current and non-current portion of finance lease liabilities went down by 30% to Php 20.8 mn. This was due to the amortization expense recognized by the Company, Delta P and WMP.

These were offset by the following:

1. Current and non-current portion of long-term notes payable increased by 15% to Php 5.8 bn as of the semester in review. This was mainly attributed to the additional loans drawn by Vivant Energy and Corenergy. This was offset by the loan amortization payments for the loans of the Company, Delta P, Isla Norte, BPC and NBPC during the period in review.

2. Income tax payable rose by 48% to Php 51.5 mn from Php 34.7 mn. This was mainly attributed to the accruals for the second quarter's income taxes of BPC, NBPC, CIPC and 1590EC. This was offset by the payment of income taxes for yearend 2023 and first quarter 2024.

3. Pension liability posted an 8% increase to Php 200.2 mn as of the end-June 2024. Accrual of pension expenses booked by the Company, and six wholly-owned subsidiaries mainly accounted for the expansion of this account.

As a result of net income generated, net of dividends declared, total stockholders' equity increased by 2% to Php 20.1 bn as of end-June 2024. Meanwhile, equity attributable to parent was at Php 18.7 bn as of end-June 2024, marginally up by 2% vis-à-vis end-2023's Php 18.4[9] bn.

[9] Reported at Php 17.4 bn in the SEC 17-Q2 2024 report. The change is attributed to the final fair value resulting from the business acquisition, as described above.

Material Changes in the Consolidated Liquidity and Cash Reserves of Registrant (End-June 2024 vs. End-June 2023)

Cash and cash equivalents was flat at Php 3.9 bn as of end-June 2024 and end-June 2023.

Before considering the effect of changes in the foreign exchange rates, the Company ended the semester in review with a net decrease in cash in the amount of Php 492.4 mn, vis-à-vis Php 981.6 mn as of end-June 2023. As of end-June 2024, the Company used cash for financing activities in the amount of Php 747.4 mn and operating activities in the amount of Php 412.0 mn. The reduction in the cash level was mitigated by the net cash inflow generated from investing activities of Php 667.0 mn.

Operating activities showed a net cash outflow of Php 412.0 mn as of end-June 2024, 62% higher than the net cash outflow of Php 254.4 mn as of end-June 2023. This was mainly attributed to the 12% YoY drop in operating results before working capital changes, coupled with the purchase of inventories (mainly by MPI on the back of its energy sales to the WESM starting February 2024 and by six other power operating subsidiaries), and rise in trade and other receivables (mainly booked by 1590 EC pertaining to revenue for energy sold through the WESM, accrual of revenue from its participation in the reserves market and a non-recurring revenue pertaining to the collection of additional compensation on its sale of energy to the WESM in 2024, and by MPI for revenue on energy sold through the WESM). Payment of trade and other payables (mainly by 1590 EC for accrued purchased power and fuel liabilities, and Vivant Energy's payment for a share purchase transaction in 2023 wherein the amount due was accrued as of year-end 2023), and increase in prepayments from higher CWTs and input VAT booked by the Company, Vivant Energy, Isla Norte, and Corenergy, and input VAT booked by IMCC from importation and domestic purchase of goods and services related to the development of a seawater desalination facility also contributed to the spending during the period in review.

The semester in review ended with a net cash inflow of Php 667.0 mn from investing activities. The dividends received from three associates offset the investment spending during the period in review. The Company, through its subsidiaries, incurred the following: (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. Meanwhile, the Company recorded a net cash outflow of Php 277.2 mn as of end-June 2023, which was mainly attributed to the investment in a solar plant facility in Bulacan.

Financing activities as of end-June 2024 showed a net cash outflow of Php 747.4 mn. This was attributed to the principal amortization of the Company's FRCN, principal amortization of the long-term loans of Delta P, Isla Norte, BPC and NBPC, and payment of the short-term loans of Vivant Energy, 1590 EC and CIPC. Moreover, dividend payment by the Company, payment of advances by a subsidiary to a minority shareholder, and finance lease payments by the Company, WMP, Delta P and CIPC contributed to the use of cash as of end-June 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-June 2023 was lower at Php 450.0 mn.

Financial Ratios

Debt-to-Equity ratio went down to 0.51x as of end-June 2024, vis-à-vis as of end-2023 level of 0.53x. Total equity increased by 2%, which was mainly attributed to the earnings, net of the dividends declared and paid by the Company as of the semester in review. Meanwhile, total liabilities went down by 1%, which stemmed from the following:

1. Payment of long-term loans by the Company and four subsidiaries;
2. Payment of short-term loans by three subsidiaries;
3. Payment by a subsidiary to a minority shareholder for working capital advances; and
4. Periodic amortizations of finance lease liability by the Company, Delta P and WMP.

The Company's current ratio went up to 2.35x as of the semester in review from end-2023 level of 1.76x. Current assets increased by 2% while current liabilities decreased by 24% brought by the following:

1. Payment of trade and other payables which were accrued as of year-end 2023 (mainly payment to the joint venture partner for the acquisition of shares in subsidiaries, and payment of accrued purchased power and fuel liabilities by 1590 EC);
2. Payment of the current portion of the long-term loans by the Company and four subsidiaries;
3. Payment of short-term loans by three subsidiaries;
4. Payment by a subsidiary to a minority shareholder for working capital advances; and
5. Periodic amortizations of finance lease liability by the Company, Delta P and WMP.

Material Events and Uncertainties

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

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

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

  None.

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

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

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

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

  POWER GENERATION

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

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

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

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

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

- SIAEC is the project company that will operate a solar power plant facility in San Ildefonso, Bulacan. The facility is undergoing construction with a target capacity of 22 MWp and ancillary facilities. SIAEC is targeting to start commercial operations within the second half of 2024. Vivant Energy has an effective ownership of 100% in SIAEC.

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

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

WATER INFRASTRUCTURE

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

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

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

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

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

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

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

  None.

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

  None.

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

  None.

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

  None

PART II--OTHER INFORMATION

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

SIGNATURES

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

VIVANT CORPORATION

By:

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

DYAN RAMONA S. OLEGARIO
Assistant Vice President – Accounting

August 13, 2024

VIVANT CORPORATION AND SUBSIDIARIES

Unaudited Consolidated Financial Statements
As of June 30, 2024 (with Comparative Consolidated Figures as of
December 31, 2023, as Restated) and for the Six Months Ended June 30, 2024

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(With Comparative Figures as of December 31, 2023)
(Amounts in Philippine Pesos)

	Notes	**June 30, 2024 (Unaudited)**	December 31, 2023 (Unaudited Restated)
ASSETS			
Current Assets			
Cash and cash equivalents	1	**₱3,895,851,436**	₱4,382,540,776
Trade and other receivables	2	**1,923,908,535**	1,647,660,999
Advances to associates, joint ventures and stockholders	2	**161,429,616**	162,204,796
Inventories – at cost		**539,928,909**	364,692,217
Prepayments and other current assets	3	**935,017,922**	778,251,105
Total Current Assets		**7,456,136,418**	7,335,349,893
Noncurrent Assets			
Investments in associates and joint ventures	4	**10,437,859,408**	10,595,855,907
Property, plant and equipment	5	**8,880,418,814**	8,580,084,481
Right-of-use assets		**15,380,886**	24,539,068
Investment properties	6	**1,045,469,800**	1,045,469,800
Deferred income tax assets		**30,462,245**	30,485,788
Other noncurrent assets	7	**2,563,037,440**	2,606,014,377
Total Noncurrent Assets		**22,972,628,593**	22,882,449,421
TOTAL ASSETS		**₱30,428,765,011**	₱30,217,799,314

	Notes	June 30, 2024 (Unaudited)	December 31, 2023 (Unaudited Restated)
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables		**₱2,007,756,622**	₱ 1,942,183,949
Short-term notes payable		**1,026,000,000**	1,963,546,959
Current portion of long-term notes payable		**82,938,627**	210,300,979
Current portion of lease liabilities		**8,874,058**	17,928,869
Advances from related parties		**50**	2,350,050
Income tax payable		**51,497,031**	34,696,280
Total Current Liabilities		**3,177,066,388**	4,171,007,086
Noncurrent Liabilities			
Long-term notes payable - net of current portion		**5,722,362,346**	4,838,054,596
Lease liabilities – net of current portion		**11,912,090**	11,912,090
Pension liability		**200,160,177**	185,506,597
Deferred income tax liabilities		**371,586,002**	382,515,066
Other noncurrent liabilities – net of current portion		**860,664,432**	844,587,453
Total Noncurrent Liabilities		**7,166,685,047**	6,262,575,802
Total Liabilities		**10,343,751,435**	10,433,582,888
Equity Attributable to Equity Holders of the Parent			
Capital stock	8	**1,023,456,698**	1,023,456,698
Additional paid-in capital		**8,339,452**	8,339,452
Other components of equity:			
Share in remeasurement losses on - employee benefits of associates and a joint venture		**(125,169,500)**	(125,169,500)
Remeasurement gain on employee benefits		**(79,876,405)**	(79,876,405)
Unrealized valuation gain on financial assets at fair value through other comprehensive income (FVOCI)		**51,053,039**	51,053,039
Equity reserves		**(30,252,298)**	(30,252,298)
Retained earnings:			
Appropriated for business expansion		**7,354,810,254**	7,354,810,254
Unappropriated		**10,530,778,202**	10,224,480,806
Equity Attributable to Equity Holders of the Parent		**18,733,139,442**	18,426,842,046
Equity Attributable to Non-controlling Interests		**1,351,874,134**	1,357,374,380
Total Equity		**20,085,013,576**	19,784,216,426
TOTAL LIABILITIES AND EQUITY		**₱30,428,765,011**	₱30,217,799,314

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD JANUARY 1 TO JUNE 30, 2024
(With Comparative Figures for the same period in 2023)
(Amounts in Philippine Pesos)

	2024	2023 (Restated)
REVENUE		
Revenue from contracts with customers		
Sale of power	**₱4,394,372,046**	2,476,024,631
Management and service fees	**23,449,999**	44,933,330
Engineering service income	**9,591,603**	2,690,836
	4,427,413,648	2,523,648,797
Equity in net earnings of associates and joint ventures	**1,049,429,078**	1,333,187,192
Interest income	**80,374,727**	61,597,145
	5,557,217,453	3,918,433,134
COST OF SERVICES		
Generation costs	**3,824,444,146**	1,845,048,642
Engineering service fees	**15,609,793**	52,805,609
	3,840,053,939	1,897,854,251
OPERATING EXPENSES		
Salaries and employee benefits	**328,979,709**	241,504,448
Taxes and licenses	**73,730,875**	46,977,014
Outside services	**48,247,538**	14,065,558
Professional fees	**42,902,411**	32,037,699
Depreciation and amortization	**35,445,399**	28,978,307
Travel	**18,255,295**	12,256,076
Management and directors fees	**8,444,444**	12,395,000
Communication and utilities	**7,596,349**	5,167,182
Rent and association dues	**5,299,309**	2,360,304
Representation	**2,918,939**	3,220,515
Other operating expenses	**76,012,504**	42,366,883
	647,832,772	441,328,986
INCOME FROM OPERATIONS	**1,069,330,742**	1,579,249,897
OTHER INCOME (CHARGES)		
Finance costs on loans	**(183,343,171)**	(156,319,819)
Foreign exchange gain (loss) – net	**5,711,271**	(12,124,789)
Finance costs on lease liabilities	**(1,576,913)**	(799,798)
Gain on fair value remeasurement on investment in joint ventures	**—**	143,650,891
Gain on bargain purchase	**—**	110,787,173
Other income - net	**42,528,472**	11,526,671
	(136,680,341)	96,720,329
INCOME BEFORE INCOME TAX	**932,650,401**	1,675,970,226
PROVISION FOR INCOME TAX	**60,764,412**	103,860,503
NET INCOME	**871,885,989**	1,572,109,723
OTHER COMPREHENSIVE LOSS	**—**	879
TOTAL COMPREHENSIVE INCOME	**₱871,885,989**	₱1,572,108,844
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent	**₱877,386,235**	₱1,467,160,070
Non-controlling interests	**(5,500,246)**	104,949,653
	₱871,885,989	₱1,572,109,723
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent	**₱877,386,235**	₱1,467,159,191
Non-controlling interests	**(5,500,246)**	104,949,653
	₱871,885,989	₱1,572,108,844
Basic and diluted earnings per share, for net income for the year attributable to equity holders of the Parent (see Note 9)	**₱0.86**	₱1.43

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED JUNE 30, 2024
(With Comparative Figures for the same period in 2023)
(Amounts in Philippine Pesos)

	2024	2023 (Restated)
REVENUE		
Revenue from contracts with customers		
Sale of power	**₱2,857,437,821**	₱1,518,726,691
Management and service fees	**23,299,999**	20,128,330
Engineering service income	**7,588,836**	1,883,141
	2,888,326,656	1,540,738,162
Equity in net earnings of associates and joint ventures	**700,095,263**	708,213,963
Interest income	**43,015,307**	34,939,507
	3,631,437,226	2,283,891,632
COST OF SERVICES		
Generation costs	**2,494,572,915**	1,197,385,620
Engineering service fees	**9,922,560**	28,866,352
	2,504,495,475	1,226,251,972
OPERATING EXPENSES		
Salaries and employee benefits	**200,047,510**	154,706,829
Professional fees	**26,119,330**	10,479,300
Outside services	**24,919,334**	8,557,270
Taxes and licenses	**12,539,109**	8,924,065
Travel	**10,186,823**	8,307,054
Depreciation and amortization	**17,995,178**	15,339,499
Management and directors fees	**4,175,000**	5,551,667
Communication and utilities	**4,087,412**	2,427,781
Rent and association dues	**3,862,565**	522,660
Representation	**1,463,801**	2,494,891
Other operating expenses	**44,905,773**	13,400,920
	350,301,835	230,711,936
INCOME FROM OPERATIONS	**776,639,916**	826,927,724
OTHER INCOME (CHARGES)		
Finance costs on loans	**(81,426,509)**	(94,519,332)
Finance costs on lease liabilities	**(244,839)**	(590,808)
Foreign exchange gain (loss) – net	**5,143,501**	9,446,565
Gain on fair value remeasurement on investment in joint ventures	**—**	143,650,891
Gain on bargain purchase	**—**	110,787,173
Other income - net	**9,304,815**	6,516,474
	(67,223,032)	175,290,963
INCOME BEFORE INCOME TAX	**709,416,884**	1,002,218,687
PROVISION FOR INCOME TAX	**43,758,371**	62,495,521
NET INCOME	**665,658,513**	939,723,166
OTHER COMPREHENSIVE LOSS		879
TOTAL COMPREHENSIVE INCOME	**₱665,658,513**	₱939,722,287
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent	**₱652,181,124**	₱888,496,591
Non-controlling interests	**13,477,389**	51,226,575
	₱665,658,513	₱939,723,166
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent	**₱652,181,124**	₱888,495,712
Non-controlling interests	**13,477,389**	51,226,575
	₱665,658,513	₱939,722,287
Basic and diluted earnings per share, for net income for the year attributable to equity holders of the Parent (see Note 9)	**₱0.58**	₱0.87

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2024
(With Comparative Figures for the same period in 2023)
(Amounts in Philippine Pesos)

	Capital Stock	Additional Paid-in Capital	Remeasurement Losses on Employee Benefits	Share in Remeasurement Losses on Employee Benefits of Associates and a Joint Venture	Unrealized Valuation Gain on Financial Assets at FVOCI	Equity Reserves	Retained Earnings		Total	Equity Attributable to Non-Controlling Interests	Total Equity
							Appropriated	Unappropriated			
Balances at January 1, 2024 (Restated)	**₱1,023,456,698**	**₱8,339,452**	**(₱79,876,405)**	**(₱125,169,500)**	**₱51,053,039**	**(₱30,252,298)**	**₱7,354,810,254**	**₱10,224,480,806**	**₱18,426,842,046**	**₱1,357,374,380**	**₱19,784,216,426**
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**877,386,235**	**877,386,235**	**(5,500,246)**	**871,885,989**
Dividends declared	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(571,088,839)**	**(571,088,839)**	**–**	**(571,088,839)**
Balances at June 30, 2024	**₱1,023,456,698**	**₱8,339,452**	**(₱79,876,405)**	**(₱125,169,500)**	**₱51,053,039**	**(₱30,252,298)**	**₱7,354,810,254**	**₱10,530,778,202**	**₱18,733,139,442**	**₱1,351,874,134**	**₱20,085,013,576**
Balances at January 1, 2023	₱1,023,456,698	₱8,339,452	₱7,123,993	(₱94,016,067)	₱26,517,514	(₱25,128,554)	₱6,820,897,482	₱8,727,306,176	₱16,494,496,694	₱1,414,199,094	₱17,908,695,788
Total comprehensive income (loss)	–	–	–	–	–	–	–	1,467,160,070	1,467,160,070	104,949,653	1,572,109,723
Dividends declared	–	–	–	–	–	–	–	(398,841,075)	(398,841,075)	–	(398,841,075)
Acquisition of new subsidiaries	–	–	–	–	–	(5,123,744)	–	(1,380,110)	(6,503,854)	(164,501,590)	(171,005,444)
Cumulative translation adjustment of a subsidiary	–	–	–	–	–	–	–	(879)	(879)	–	(879)
Balances at June 30, 2023 (Restated)	₱1,023,456,698	₱8,339,452	₱7,123,993	(₱94,016,067)	₱26,517,514	(₱30,252,298)	₱6,820,897,482	₱9,794,244,182	₱17,556,310,956	₱1,354,647,157	₱18,910,958,113

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2024
(With Comparative Figures for the same period in 2023)
(Amounts in Philippine Pesos)

	Notes	**2024**	2023 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱932,650,401**	₱1,675,970,226
Adjustments for:			
Equity in net earnings of associates and joint ventures		**(1,049,429,078)**	(1,333,187,192)
Depreciation and amortization		**383,641,873**	224,214,495
Finance costs on loans		**183,343,171**	156,319,819
Interest income		**(80,374,727)**	(61,597,145)
Pension expense		**11,446,995**	9,067,358
Unrealized foreign exchange losses (gains)		**(5,711,271)**	12,124,789
Finance costs on lease liabilities		**1,576,913**	799,798
Gain on sale of disposal of property and equipment		**(1,251,479)**	(650,297)
Gain on fair value remeasurement of investment in associates		**—**	(143,650,891)
Gain on bargain purchase		**—**	(110,787,173)
Operating income before working capital changes		**375,892,798**	428,623,787
Decrease (increase) in:			
Trade and other receivables	2	**(285,875,980)**	396,931,856
Inventories		**(175,236,692)**	10,324,191
Prepayments and other current assets	3	**(156,766,817)**	(826,602,623)
Decrease in trade and other payables		**(44,622,641)**	(47,981,966)
Net cash used in operations		**(286,609,332)**	(38,704,755)
Income taxes paid		**(69,970,414)**	(156,726,574)
Interest paid		**(55,419,376)**	(58,923,410)
Net cash flows used in operating activities		**(411,999,122)**	(254,354,739)

	Notes	2024	2023(Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates and joint ventures		**1,207,425,578**	1,164,199,039
Additions to property, plant, and equipment	5	**(659,107,348)**	(846,318,227)
Interest received		**90,003,172**	62,193,891
Increase in other noncurrent assets		**28,688,431**	(390,546,121)
Net cash outflow from acquisition of shares of a subsidiary, associates &		**—**	(268,304,542)
Proceeds from disposal of property and equipment		**—**	1,570,748
Redemption of an equity interest in an associate		**—**	475
Net cash flows from (used in) investing activities		**667,009,833**	(277,204,737)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Loans		**(1,094,582,528)**	(1,122,069,446)
Cash dividends paid		**(554,542,816)**	(522,601,550)
Lease liabilities		**(10,692,126)**	(16,214,198)
Proceeds from loans		**913,980,967**	1,064,102,985
Net proceeds (payments) on advances to / from related parties		**(1,574,819)**	146,744,958
Net cash flows used in financing activities		**(747,411,322)**	(450,037,251)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(492,400,611)**	(981,596,727)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**5,711,271**	(12,124,789)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD			
Cash and cash equivalents		**4,382,540,776**	4,893,357,226
Restricted cash		**2,003,880**	2,003,319
		4,384,544,656	4,895,360,545
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
Cash and cash equivalents		**3,895,851,436**	3,899,635,710
Restricted cash		**2,003,880**	2,003,119
		₱3,897,855,316	₱3,901,638,829

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
June 30, 2024

1. Cash and Cash Equivalents

This account consists of:

	June 30, 2024	December 31, 2023
Cash on hand and in banks	**₱377,595,796**	₱898,772,610
Short-term investments	**3,518,255,640**	3,483,768,166
	₱3,895,851,436	₱4,382,540,776

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

This account consists of:

	June 30, 2024	December 31, 2023
Trade receivables	**₱1,842,063,485**	₱1,575,969,109
Advances to officers and employees	**19,437,427**	5,694,516
Accrued interest	**10,925,418**	20,945,817
Accounts receivable	**57,033**	182,598
Others	**88,319,876**	81,273,031
	1,960,803,239	1,684,065,071
Less allowance for impairment loss	**36,894,704**	36,404,072
	₱1,923,908,535	₱1,647,660,999

Advances to associates, joint ventures and stockholders	**₱161,429,616**	₱162,204,796

2.1 Aging of Trade and Other Receivables

	June 30, 2024				December 31, 2023			
	0-30 DAYS	**31-60 DAYS**	**OVER 60 DAYS**	**TOTAL**	0-30 DAYS	31-60 DAYS	OVER 60 DAYS	TOTAL
Trade receivables, advances, and other current receivables	**₱1,108,921,570**	**₱399,076,183**	**₱452,805,486**	**₱1,960,803,239**	₱1,083,971,022	₱92,003,989	₱508,090,060	₱1,684,065,071
Less: Allowance for impairment loss			**36,894,704**	**36,894,704**			36,404,072	36,404,072
	₱1,108,921,570	**₱399,076,183**	**₱415,910,782**	**₱1,923,908,535**	₱1,083,971,022	₱92,003,989	₱471,685,988	₱1,647,660,999

3. Prepayments and Other Current Assets

The composition of this account is shown below:

	June 30, 2024	December 31, 2023
Input VAT - current	**₱597,691,094**	₱431,774,396
Prepaid expenses	**141,674,877**	205,891,052
Creditable withholding taxes - current	**86,861,897**	47,380,505
Security deposit	**51,522,053**	42,421,520
Advances to suppliers and other parties	**44,518,159**	43,910,119
Others	**12,749,842**	6,873,513
	₱935,017,922	₱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 7).

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 7).

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 period.

"Others" include cash restricted amounting to Php 2.0 (million) mn as of June 30, 2024 and December 31, 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.

4. Investments in Associates and Joint Ventures

The Company's associates and joint ventures, which are all incorporated in the Philippines, and the corresponding equity ownership as of June 30, 2024 and June 30, 2023 follow:

		Percentage of Ownership	
	Nature of Business	**2024**	2023
Associates:			
Visayan Electric Company, Inc. (VECO)	Power distribution	**34.81**	34.81
Lunar Power Core Inc. (LPCI)	Power generation	**42.50**	42.50
Global Luzon Energy Development Corporation (GLEDC)	Power generation	**42.50**	42.50
Cebu Private Power Corporation (CPPC)	Power generation	**40.00**	40.00
Prism Energy Inc (Prism Energy)	Power generation	**40.00**	40.00
Abovant Holdings Inc. (AHI)	Holding company	**40.00**	40.00
Minergy Power Corporation (MPC)	Power generation	**40.00**	40.00
Therma Visayas Inc. (TVI)	Power generation	**20.00**	20.00

		Percentage of Ownership	
Culna Renewable Energy Corp. (CREC)	Power generation	**-**	35.00
Lihangin Wind Energy Corporation (LWEC)	Power generation	**40.00**	40.00
Faith Lived Out Visions 2 Ventures Holdings, Inc. (FLOWS)	Holding company	**45.00**	45.00
Puerto Princesa Water Reclamation and Learning Center, Inc. (PPWRLC)	Sewage and septage facility	**40.31**	40.31
Joint ventures:			
Calamian Islands Power Corp. (CIPC)	Power generation	**-**	50.00
Delta P, Inc. (DPI)	Power generation	**-**	50.00
La Pampanga Energy Corp. (LPEC)	Power generation	**-**	50.00

On June 1, 2023, 100%-owned VEC signed an SSPA to acquire all of the shareholdings of its joint venture partner in 50%-owned CIPC, DPI, LPEC. On the same date, VEC and 100%-owned Vivant Renewable Energy Corporation (VREC) signed an SSPA to acquire from the partner the latter's 50% equity stake in CREC. As a result, DPI, CIPC, LPEC and CREC are classified as 100%-owned subsidiaries *(see Note 7)*.

The components of the carrying values of investments in associates and joint ventures as of end-June 2024 and end-2023 are as follows:

	June 30, 2024	December 31, 2023
Investment in VECO:		
Acquisition Cost	**₱840,393,111**	₱840,393,111
Accumulated Equity Earnings-net	**477,170,596**	879,402,070
Carrying Value	**1,317,563,707**	1,719,795,181
Investment in LPCI:		
Acquisition Cost	**114,750,000**	114,750,000
Accumulated Equity Earnings-net	**(726,499)**	(713,322)
Carrying Value	**114,023,501**	114,036,678
Investment in GLEDC:		
Acquisition Cost	**-**	-
Accumulated Equity Earnings-net	**(46,185,852)**	(44,954,575)
Carrying Value	**(46,185,852)**	(44,954,575)
Investment in CPPC:		
Acquisition Cost	**305,119,049**	305,119,049
Accumulated Equity Earnings-net	**(190,792,756)**	(182,809,331)
Carrying Value	**114,326,293**	122,309,718
Investment in Prism Energy:		
Acquisition Cost	**8,432,400**	8,432,400
Accumulated Equity Earnings-net	**19,707,347**	26,277,158
Carrying Value	**28,139,747**	34,709,558
Investment in AHI:		
Acquisition Cost	**976,784,699**	976,784,699
Accumulated Equity Earnings-net	**556,617,225**	582,302,367
Carrying Value	**1,533,401,924**	1,559,087,066
Investment in MPC:		
Acquisition Cost	**2,756,240,000**	2,756,240,000
Accumulated Equity Earnings-net	**937,232,621**	834,739,356
Carrying Value	**3,693,472,621**	3,590,979,356

	June 30, 2024	December 31, 2023
Investment in TVI:		
Acquisition Cost	**2,155,304,701**	2,155,304,701
Accumulated Equity Earnings-net	**1,127,925,011**	945,607,638
Carrying Value	**3,283,229,712**	3,100,912,339
Investment in LWEC:		
Acquisition Cost	**₱334,499,690**	83,330,910
Additional investment	**-**	251,169,255
Redemption of shares	**-**	(475)
Accumulated Equity Earnings-net	**(16,272,780)**	(12,711,949)
Carrying Value	**318,226,910**	321,787,741
Investment in FLOWS:		
Acquisition Cost	**65,000,000**	65,000,000
Accumulated Equity Earnings-net	**(19,942,143)**	(16,615,009)
Carrying Value	**45,057,857**	48,384,991
Investment in PPWRLC:		
Acquisition Cost	**-**	-
Accumulated Equity Earnings-net	**36,602,988**	28,807,855
Carrying Value	**36,602,988**	28,807,855
Total Carrying Value of Investments	**₱10,437,859,408**	₱10,595,855,907

5. Property, Plant and Equipment

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

	June 30, 2024								
	Land	Plant Machineries and Equipment	Condominium Units, Building and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Tools and Other Assets	Leasehold and Land Improvements	Construction in Progress	Total
Cost									
At January 1	**₱688,780,421**	**₱5,622,755,917**	**₱316,259,543**	**₱131,331,388**	**₱ 118,866,698**	**₱ 336,902,500**	**₱ 109,658,213**	**₱ 2,638,666,130**	**₱9,963,220,810**
Additions	**45,152,087**	**1,856,112**	**330,623,040**	**21,516,931**	**5,250,495**	**10,397,369**	**–**	**244,311,314**	**659,107,348**
Reclassification	**–**	**5,252,328**	**–**	**–**	**–**	**–**	**–**	**(5,252,328)**	**–**
At June 30	**733,932,508**	**5,629,864,357**	**646,882,583**	**152,848,319**	**124,117,193**	**347,299,869**	**109,658,213**	**2,877,725,116**	**10,622,328,158**
Accumulated Depreciation and Amortization									
At January 1	**–**	**1,032,263,106**	**58,339,305**	**69,758,166**	**96,140,825**	**56,641,529**	**69,993,398**	**–**	**1,383,136,329**
Depreciation	**–**	**294,802,158**	**17,932,613**	**7,895,402**	**4,201,966**	**11,722,243**	**22,218,633**	**–**	**358,773,015**
At June 30	**–**	**1,327,065,264**	**76,271,918**	**77,653,568**	**100,342,791**	**68,363,772**	**92,212,031**	**–**	**1,741,909,344**
Net Book Value	**₱733,932,508**	**₱4,302,799,093**	**₱570,610,665**	**₱75,194,751**	**₱23,774,402**	**₱278,936,097**	**₱17,446,182**	**₱2,877,725,116**	**₱8,880,418,814**

	December 31, 2023, as Restated								
	Land	Plant Machineries and Equipment	Condominium Units, Building and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Tools and Other Assets	Leasehold and Land Improvements	Construction in Progress	Total
Cost									
At January 1	₱494,239,355	₱3,924,340,981	₱177,839,711	₱98,667,326	₱108,398,180	₱184,912,042	₱94,500,050	₱1,678,110,000	₱6,761,007,645
Business Combinations	37,908,966	1,197,230,844	104,503,000	3,714,944	1,059,000	5,785,000	15,002,000	1,449,839	1,366,653,593
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	5,622,755,917	316,259,543	131,331,388	118,866,698	336,902,500	109,658,213	2,638,666,130	9,963,220,810
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	–	421,508,570	19,156,633	18,325,157	11,893,038	20,205,866	12,772,487	–	503,861,751
Disposal	–	–	–	(4,138,593)	(39,553)	–	–	–	(4,178,146)
At December 31	–	1,032,263,106	58,339,305	69,758,166	96,140,825	56,641,529	69,993,398	–	1,383,136,329
Net Book Value	₱688,780,421	₱4,361,465,310	₱163,991,137	₱59,739,911	₱22,389,375	₱278,589,524	₱24,721,482	₱2,638,666,130	₱8,580,084,481

6. Investment Properties

	June 30, 2024	December 31, 2023
Land		
Cost	**₱1,018,548,067**	₱1,018,548,067
Condominium Units		
Cost	**26,921,733**	26,921,733
Total Investment Properties	**₱1,045,469,800**	₱1,045,469,800

Some of the Company's investment properties are leased out to outside parties to earn rental income, for a lease period of three years. Total rental income amounting to Php 0.99 mn and Php 1.0 mn as of end-June 2024 and end-June 2023, respectively, were recorded as part of "Other income" in the consolidated statements of comprehensive income.

In 2023, an appraisal was performed on the Company's investment properties which resulted to an increase in the fair value amounting to Php 121.4 mn.

Direct costs pertain to real property taxes amounting to Php 1.5 mn and Php 1.4 mn as of end-June 2024 and 2023, respectively, are included under "Taxes and licenses" account in the consolidated statements of comprehensive income.

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

7. Other Noncurrent Assets

The details of this account are shown below:

	June 30, 2024	December 31, 2023, as restated
Advances to suppliers and other parties	**₱1,158,447,673**	₱1,226,593,466
Financial assets at FVOCI	**426,600,000**	426,600,000
Creditable withholding taxes - noncurrent	**377,733,064**	401,840,334
Input VAT - noncurrent	**252,637,666**	189,414,330
Customer contracts	**201,468,230**	215,374,032
Goodwill	**129,843,626**	129,843,626
Software cost – net	**500,362**	639,585
Pension asset	**474,348**	376,533
Others - net of allowance for impairment loss of Php 46.01 mn	**15,332,471**	15,332,471
	2,563,037,440	₱2,606,014,377

Acquisition of Delta P and CIPC in 2023
On June, 1, 2023, VEC entered into an SSPA with a joint venture partner to acquire its common and preferred shares in Delta P and CIPC for a consideration of Php 272.9 mn and Php 172.0 mn, respectively. This 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 constitutes a business and has accounted for the acquisition as a business combination.

By the date the 2023 financial statement 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, and good will was subject to change within one (1) year of measurement period after the acquisition date.

In June 2024, the Parent Company has completed the valuation, and the final fair value of property, plant and equipment was determined to be Php 1.4 billion (bn), an increase of Php 340.8 mn over the provisional value. In addition, the fair value of intangible assets from customer contracts was determined to be Php 53.5 mn. As a result of the fair value adjustments, deferred income tax liabilities increased by Php 98.6 mn, goodwill decreased by Php 12.2mn, and gain on bargain purchase increased by Php 46.1 mn. 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.

The following is the final purchase price allocation for the business combinations:

	Delta P	**CIPC**	**Total**
Cash and cash equivalents	152,095,091	28,328,008	180,423,099
Trade and other receivables	519,634,451	250,461,149	770,095,600
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	963,539,000	402,291,647	1,365,830,647
Intangible assets – customer contracts	12,738,996	40,711,454	53,450,450
Other noncurrent assets	92,754,540	8,825,143	101,579,683
Total assets	1,918,537,827	813,857,372	2,732,395,199
Less: Trade and other payables	395,894,704	244,999,554	640,894,259
Long-term notes payables	851,597,731	29,939,155	881,536,886
Deferred tax liabilities	44,907,558	53,657,715	98,565,273
Total net assets	**626,137,834**	**485,260,948**	**1,111,398,781**
Fair value of the investment in associate before acquisition	313,068,917	242,630,473	555,699,390
Purchase consideration transferred	272,879,854	172,032,365	444,912,219
Total	**585,948,771**	**414,662,838**	**1,000,611,609**
Gain on bargain purchase	**40,189,063**	**70,598,110**	**110,787,173**

8. Capital Stock

The details of the capital stock account are as follows:

	June 30, 2024	December 31, 2023
Authorized Capital Stock – ₱1.00 par value		
Authorized - 2,000,000	**₱2,000,000,000**	₱2,000,000,000
Issued – 1,023,456,698 shares	**1,023,456,698**	1,023,456,698

9. Earnings Per Share (EPS)

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

	June 30, 2024	December 31, 2023
Net income attributable to the shareholders of the Parent company	**₱877,386,235**	₱2,430,360,912
Weighted average number of outstanding common shares	**1,023,456,698**	1,023,456,698
Basic EPS	**₱0.857**	₱2.375

10. OTHER DISCLOSURES

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

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

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

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

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

The Company entered into a Notes Facility Agreement (Agreement) to issue Php 3.0 bn in Fixed Rate Corporate Notes (FRCN or the Notes) on January 29, 2014 to fund its equity investments in power generation 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 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 Company signed an Agreement to issue Php 3.0 bn 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 Company issued an FRCN last January 27, 2021 amounting to Php 3.0 bn 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 Php 50.0 mn for the first four years and a balloon payment of Php 1.8 bn on maturity. On January 27, 2023, the first tranche on the loan matured and was settled. As of end-June 2024 Php 50.0 mn of the total principal amount was settled upon maturity.

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

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

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

Financial Instruments and Financial Risk Management

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

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

Credit Risk

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

Generally, the maximum credit risk exposure of financial assets is their carrying amount as shown in the balance sheets. Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset’s carrying amount. The Group’s receivables are actively monitored to avoid significant concentrations of credit risk. Please refer to the Note 2.1 of the Notes to the interim Financial Statements as of June 30, 2024 or the aging analysis of the Group’s receivables.

Liquidity Risk

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

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

Foreign Currency Risk

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

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

	June 30, 2024
Loan Receivables	USD –
Trade Receivables	USD –
Cash	USD 1,317,237
	Euro 583,816
Trade Payables	USD –
	Euro –
Gross Exposure	USD 1,317,237
	Euro 583,816

The average exchange rates for the quarter ended June 30, 2024 are as follows:

US Dollar-Philippine Peso	US$1 = Php 57.85
Euro-Philippine Peso	Eu€1 = Php 62.25

The exchange rates applicable as of June 30, 2024 are the following:

US Dollar-Philippine Peso	US$1 = Php 58.61
Euro-Philippine Peso	Eu€1 = Php 63.02

Sensitivity Analysis

A 10% strengthening of the Philippine Peso against US Dollar and European Euro as of June 30, 2024 would have decreased equity and profit by Php 11.4 mn. A 10% weakening of the Philippine Peso against the US Dollar and European Euro as of June 30, 2024 would have an equal but opposite effect, on the basis that all other variables remain constant.

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

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

The Company does not have investments in foreign securities.

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

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