

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT
of
ANGELES ELECTRIC CORPORATION
(the “Company” or “AEC”)

Pursuant to Section 20 of the Securities Regulation Code (the “Code” or “SRC”)

1. Check the appropriate box:
 - i. ☐ Preliminary Information Statement
 - ii. ☒ Definitive Information Statement
2. Name of Registrant as specified in its charter: **ANGELES ELECTRIC CORPORATION**
3. Province, country or other jurisdiction of incorporation or organization: **ANGELES CITY, PAMPANGA, PHILIPPINES**
4. SEC Identification Number **4620**
5. BIR Tax Identification Code **000-088-802**
6. Address of principal office: **Don Juan corner Doña Teresa Nepomuceno Avenue, Bgy. Cutcut, Angeles City, Pampanga, 2009**
7. Registrant’s telephone number, including area code **+639088803567 / (632)8636-6485**
8. Date, time and place of the meeting of security holders
 - i. Date – **June 17, 2025**
 - ii. Time – **9:30 a.m.**
 - iii. Place – **Angeles City, Pampanga (To be conducted virtually)**
9. Approximate date on which the Information Statement is first to be sent or given to stockholders: **May 27, 2025**

10. In case of Proxy Solicitation:

Name of Person Filing the Statement/Solicitor	<u>Not applicable</u>
Address and Telephone Number	<u>Not applicable</u>

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

a. Title of Each Class	Number of Shares of Common Stock Outstanding ¹
b. Common	1,178,448,402

12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes _____ No **X**

PART I. – INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time, and place of Meeting

Date	-	June 17, 2025
Time	-	9:30 a.m.
Place	-	Angeles City, Pampanga (To be conducted virtually)
Principal Office	-	Don Juan D. Nepomuceno Avenue, Nepo Mart Complex, Angeles City, Pampanga

This Information Statement will be made available to the stockholders starting **May 27, 2025**.

Item 2. Dissenters' Right of Appraisal

A stockholder has a right to dissent and demand payment of the fair value of his share:

- (i) in case amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- (ii) in case any sale, lease, exchange, mortgage, pledge or disposition of all or substantially all the corporate property and assets as provided in the Revised Corporation Code of the Philippines;
- (iii) in case of merger or consolidation; and
- (iv) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The Company is not aware of any action or matter to be taken up at the Annual Stockholders' Meeting that will give rise to the exercise by a shareholder of the right of appraisal.

However, if any time after the Information Statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any dissenting stockholder who votes against the proposed action may exercise such the right of appraisal by making a written demand on the Corporation for the payment of the fair value of shares held within 30 days

¹ As of May 22, 2025

from the date on which the vote was taken. The failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon the surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

If within 60 days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within 30 days after such award is made. However, no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment. Upon payment by the corporation of the agreed or awarded price, the stockholder shall transfer the shares to the corporation.

From the time of demand for payment of the fair value until either the abandonment of the corporate action or the purchase of the shares by the corporation, all rights accruing to the shares including voting and dividend rights shall be suspended in accordance with the provisions of the Revised Corporation Code, except the right of the stockholder to receive payment of the fair value thereof. If the dissenting stockholder is not paid the value of the shares within 30 days after an award, the voting and dividend rights shall immediately be restored.

No demand for payment may be withdrawn unless the corporation consents thereto. The costs of appraisal shall be borne by the corporation unless the fair value ascertained by the appraisers is approximately the same as the price which the corporation may have offered to pay the stockholder, in which case the costs and expenses shall be borne by the stockholder.

Within ten days after demanding payment for the shares held, a dissenting stockholder shall submit the certificates of stock representing the shares to the corporation for notations that such shares are dissenting shares. Failure to do so, shall at the option of the corporation, terminate the right of appraisal of the stockholder. If the shares represented by the certificates bearing such notation are transferred and the certificates consequently cancelled, the rights of appraisal of the transferor ceases and the transferee shall have all the rights of a regular stockholder, and all dividend distributions which would have accrued on the shares shall be paid to the transferee.

Item 3. Interest of Certain Persons in or Opposition to Matters to be acted upon.

No director, nominee for election as a director, officer or associate of directors, nominees and officers has any substantial interest, direct or indirect, in any matter to be acted upon during the Annual Stockholder's Meeting, other than the election to office of the directors.

The Company has not received any information that an officer, director or stockholder intends to oppose any action to be taken at the Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) The Company has an authorized capital stock of Two Billion Pesos (PhP 2,000,000,000.00) divided and classified into: Five Hundred Million (500,000,000) shares of voting redeemable preferred stock with a par value of One Peso (PhP 1.00) per share, or an aggregate value of Five Hundred Million Pesos (PhP 500,000,000.00) and One Billion Five Hundred Million (1,500,000,000) shares of common stock with a par value of One Peso (PhP 1.00) per share, or an aggregate value of One Billion Five Hundred Million Pesos (PhP 1,500,000,000.00). As of May 22, 2025, a total of 1,178,448,402 shares of common stock and 201,680,632 shares of preferred stock are subscribed and outstanding. Each common stockholder shall be entitled to one vote for each share of common stock held, and each preferred stockholder shall be entitled to one vote for each share of preferred stock held.
- (b) All stockholders of record as of April 30, 2025 (“Record Date”) shall have the right to vote at the annual stockholders’ meeting.
- (c) With respect to the election of directors, the stockholders may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected or he may distribute them on the same principle among as many candidates as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.
- (d) Pursuant to Article III, Section 5 of the By-Laws of the Company, the presence in person or by proxy of a majority of the outstanding capital stock of the Company shall constitute a quorum for the transaction of corporate business, except in those cases where the Revised Corporation Code otherwise provides.

Voting upon all questions at all meetings of the stockholders shall be by shares of stock. One share has one vote. The stockholders may vote at all meetings the number of shares registered in their respective names either in person or by proxy duly represented to the Secretary for inspection and record.

(e) Security Ownership of Certain Record and Beneficial Owners:

The following are the top 20 stockholders of the Company as of May 22, 2025:

	Name of Shareholder	Type of Share Held	Number of Common / Preferred Shares Held	Citizenship	Percent of Total Issued and Outstanding Shares
1	Nicholas Carmelo P. Nepomuceno	Preferred	14,829,458	Filipino	4.42%
		Common	46,173,600		
2	Taylor Amanda P. Nepomuceno	Preferred	14,829,458	Filipino	4.29%
		Common	44,377,100		
3	Patrick P. Nepomuceno	Common	52,306,400	Filipino	3.79%
4	Cristina Research Foundation, Inc.	Common	50,000,000	Filipino	3.62%
5	Me-Ka Corporation	Common	49,000,000	Filipino	3.55%
6	ETM Incorporated	Common	47,000,000	Filipino	3.41%
7	GibbousTech, Inc.	Common	40,000,000	Filipino	2.90%
8	Salud Isabel M. Nepomuceno	Common	28,571,500	Filipino	2.64%
		Preferred	7,909,045		
9	Emmanuel Joseph M. Nepomuceno	Common	23,614,300	Filipino	2.18%
		Preferred	6,536,836		
10	Justine Shayne Ashley A. Nepomuceno	Common	23,809,600	Filipino	2.08%
		Preferred	4,943,153		
11	Bernadette M. Nepomuceno	Common	28,571,400	Filipino	2.07%
12	Angela Regina M. Nepomuceno	Common	18,657,100	Filipino	1.73%
		Preferred	5,164,600		
13	Peter Walter S. Nepomuceno	Common	16,256,000	Filipino	1.61%
		Preferred	5,931,783		
14	Paul Wilhelm S. Nepomuceno	Common	16,256,000	Filipino	1.61%
		Preferred	5,931,783		
15	Bianca M. Benitez	Common	17,092,000	Filipino	1.61%
		Preferred	5,084,385		
16	Paul Augustine N. Wilkerson	Common	17,857,100	American	1.56%
		Preferred	3,707,364		
17	Jeffrey Neil S. Nepomuceno	Common	15,872,966	Filipino	1.39%
		Preferred	3,295,435		
18	Cristina Carisse S. Nepomuceno	Common	15,872,965	Filipino	1.39%
		Preferred	3,295,436		
19	Geromin S. Nepomuceno III	Common	15,872,966	Filipino	1.39%
		Preferred	3,295,435		
20	Patrick N. Valdes	Common	15,872,900	Filipino	1.39%
		Preferred	3,295,435		

Security Ownership of the Company's Directors and Management

The security ownership of the Management and Directors of the Company are as follows:

Name of Beneficial Owner	Title of Share Held	Number of Preferred / Common Shares and Nature of Beneficial Ownership	Citizenship	Percent Ownership of Type of Share
Maria Rita Josefina V. Chua* *	Common	8,698,400; direct ownership	Filipino	0.63%
Aldrin Erwin James T. Nepomuceno*	Common	9,523,800; direct ownership	Filipino	0.83%
	Preferred	1,977,261; direct ownership	Filipino	0.98%
Geromin T. Nepomuceno**	Common	3; direct ownership	Filipino	0.00%
Robert Gerard B. Nepomuceno**	Common	11,375,100; direct ownership	Filipino	0.82%
Arsenio N. Valdes**	Common	5,706,300; direct ownership	Filipino	0.41%
Richard Hubert N. Wilkerson**	Common	7,852,600; direct ownership	American	0.57%
Emmanuel Joseph N. Nepomuceno**	Common	23,614,300; direct ownership	Filipino	2.18%
	Preferred	6,536,836; direct ownership	Filipino	3.24%
Rafael N. Mapua**	Common	11,183,700; direct ownership	Filipino	0.81%
Ivanna G. de la Peña**	Common	1; direct ownership	Filipino	0.00%
Horacio E. Cebrero III**	Common	1; direct ownership	Filipino	0.00%

* *Executive Officer*

** *Director*

(f) Voting Trust Holders of 5% or More

The Company is not aware of persons holding more than 5% of the outstanding common shares under a voting trust or similar agreement.

(g) Changes in Control

The Company is not aware of any arrangement which have resulted in a change in control of the Company during the period covered by this report. The Company is not aware of the existence of any voting trust arrangement among shareholders.

Item 5. Directors and Executive/Corporate Officers

The directors of the Company have a term of one year and are elected at the annual stockholders' meeting, to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

The present directors and officers of the Company are as follows:

Directors:

Mr. Geromin T. Nepomuceno, Jr., Filipino
Mrs. Maria Rita Josefina V. Chua, Filipino
Mr. Arsenio N. Valdes, Filipino
Mr. Rafael N. Mapua, Filipino
Mr. Emmanuel Joseph M. Nepomuceno, Filipino
Mr. Richard Hubert N. Wilkerson, American
Mr. Robert Gerard B. Nepomuceno, Filipino
Ms. Ivanna G. De La Peña, Filipino
Mr. Horacio E. Cebrero III, Filipino

Executive / Corporate Officers:

Mr. Geromin T. Nepomuceno, Jr	Chairman
Mrs. Maria Rita Josefina V. Chua	President & CEO
Mr. Michael Angelo D. Colle	Chief Operating Officer & SVP
Mr. Aldrin Erwin James T. Nepomuceno	Chief Finance Officer & SVP
Mr. Robert Gerard B. Nepomuceno	Treasurer
Atty. Benedict R. Tugonon	Corporate Secretary
Atty. Beatriz Raine L. Bayudan	Assistant Corporate Secretary
Ms. Cristina L. Arboleda	Compliance Officer
Atty. Russel S. Alabado	Investor Relations Officer & In-House Legal Counsel

Committees

Board Risk and Oversight Committee

Ivanna G. De La Peña
Horacio E. Cebrero III
Rafael N. Mapua

Audit Committee

Horacio E. Cebrero III
Richard Hubert N. Wilkerson
Ivanna G. De La Peña

Corporate Governance Committee

Ivanna G. De La Peña
Horacio E. Cebrero III
Emmanuel Joseph M. Nepomuceno

Executive Committee

Geromin T. Nepomuceno, Jr.
Ma. Rita Josefina V. Chua
Arsenio N. Valdes
Robert Gerard B. Nepomuceno
Ivanna G. De La Peña

The following biographies describe the respective director's or officer's most recent business experience for the last five years:

GEROMIN T. NEPOMUCENO, JR.,

Chairman of the Board/ Director

Geromin “Gerry” T. Nepomuceno, Jr. has been the Chairman of the Board of AEC since December 2019. He has vast experience in the electric power industry having been the President of AEC from 2001 to 2019, and the Treasurer and Director of Raslag Corporation.

His leadership led AEC to become one of the biggest distribution utilities in the country. He is also a Director of Clark Electric Distribution Corporation.

Gerry is also involved in other industries being the Chairman of Angeles Industrial Park, Inc., Crismin Realty and MSN Food. He is also the President of Angeles Ice Plant, Treasurer and Director of TGN Realty, Teresa Water Works, Inc. and JTEN Equities, and a Director of JDN Sons, Inc. and Wespan Development Corporation.

Gerry is an active member of the Executive Committee of the Board of Trustees of Holy Angel University where he became the interim President from 2014 to 2015.

Gerry is a graduate of Bachelor of Science in Mechanical Engineering from De La Salle University and is a licensed mechanical engineer. He holds a Master's Degree in Business Management from the Asian Institute of Management.

Business experience for the past five (5) years	Chairman & Director	ANGELES ELECTRIC CORPORATION
	Chairman & Director	ANGELES INDUSTRIAL PARK, INC.
	Chairman	CRISMIN REALTY CORPORATION
	Chairman	M.S.N. FOODS INC.
	President	ANGELES ICE PLANT, INC.
	Director	CLARK ELECTRIC DISTRIBUTION CORP.
	Director & Treasurer	TGN REALTY CORP.
	Director & Treasurer	TERESA WATERWORKS, INC.
	Director & Treasurer	JTEN EQUITIES, INC.
	Trustee	HOLY ANGEL UNIVERSITY
	Director	JDN SONS, INC.
	Director	WESPAN DEVELOPMENT CORPORATION
	Director	BOREALIS CORPORATION
	Director and Treasurer	RASLAG CORPORATION

MARIA RITA JOSEFINA V. CHUA*President and Chief Executive Officer/ Director*

Maria Rita Josefina “Marijo” V. Chua is currently the President and Chief Executive Officer of AEC. She took over the helm as President from Engr. Geromin T. Nepomuceno in December 2019. She is also the President of Teresa Water Works, Inc. She is a Director of RASLAG Corp. and has been with the company since its incorporation in 2013.

Aside from AEC, Marijo also serves as a Director of Clark Electric Distribution Corporation, also private distribution utility.

She is also a Director of TGN Realty, Inc., JDN Sons, Inc., Wespan Development Corporation, and JTEN Equities. She is a member of the Board of Trustees of the Holy Angel University.

Marijo is a graduate of two (2) courses from St. Scholastica’s College, namely Bachelor of Science in Commerce Major in Accounting and Major in Hotel Restaurant Management. She also holds a Master’s Degree in Business Administration from the Ateneo Graduate School of Business. She is a Certified Public Accountant.

Business experience for the past five (5) years	President and CEO/ Director	ANGELES ELECTRIC CORP.
	President & Director	TERESA WATERWORKS, INC
	Director	CLARK ELECTRIC DISTRIBUTION CORP.
	Director	TGN REALTY, INC.
	Director	JDN SONS, INC.
	Director	WESPAN DEVELOPMENT CORPORATION
	Director	JTEN EQUITIES, INC
	Director	RASLAG CORP.
	Trustee	HOLY ANGEL UNIVERSITY
	Director	BOREALIS CORPORATION

ARSENIO N. VALDES

Director

Arsenio “Arni” N. Valdes is one of the Directors of AEC. His experience in the power industry spans from the distribution to the generation sectors, being a Director of AEC (distribution utility), Raslag Corp. (Solar/Renewables), and Angeles Power, Inc. (generator). He is best known for his leadership in Juan D. Nepomuceno Sons, Inc. and TGN Realty Corporation, being the President of both corporations from February 2007 to February 2019. He is currently the Chairman of Juan D. Nepomuceno Sons, Inc., TGN Realty Corporation, Borealis Corp, Wespan Development, and the Rockwell Nepo Development Corp.

Arni is the President and CEO of Dolomatrix Philippines, Inc. He is also a Director of Teresa Water Works, Inc., Angeles Industrial Park, Inc., and JTEN Equities, Inc.

Arni is also involved and holds key positions in various business, socio-civic, and cause-oriented organizations. He is presently a Director and Chairman of the Metro Angeles Chamber of Commerce & Industry, Inc. (MACCII) where he was the former President. He is currently a Director of the Metro Clark Information & Communication Technology Council (MCICT). He is also a Senior Adviser to the Environmental Practitioners Association, where he formerly held the position of President.

Arni is a graduate of Bachelor of Science in Industrial Management Engineering from the De La Salle University and holds a Masters in Business Administration degree from the Ateneo De Manila University. He is a Fellow of the Institute of Corporate Directors (FICD).

Business experience for the past five (5) years	Director	ANGELES ELECTRIC CORP.
	President & CEO /Director	DOLOMATRIX PHILS., INC.
	Chairman & Director	TGN REALTY, INC.
	Chairman & Director	JUAN D. NEPOMUCENO SONS, INC.
	Director	TERESA WATERWORKS, INC.
	Chairman & Director	BOREALIS CORPORATION
	Chairman & Director	WESPAN DEVELOPMENT CORP.
	Director	ANGELES POWER, INC.
	Director	RASLAG CORP.
	Chairman & Director	ROCKWELL NEPO DEVELOPMENT CORP.
	Director	ANGELES INDUSTRIAL PARK INC.
	Director	JTEN EQUITIES INC.
	Director	JTEN SPORTS INC.

ROBERT GERARD B. NEPOMUCENO*Treasurer/ Director*

Robert Gerard “Rogie” B. Nepomuceno has been the Treasurer and Director of AEC since 2018. He is also the current President and CEO of Raslag Corp.

Aside from the power industry, Rogie is also involved in the manufacturing industry. He is presently the President of Durastress Corporation, a manufacturer of pre-cast concrete products and a supplier of ready-mix concrete. He started his career in Durastress as a Supervisor in 2002 and has since made the company one of the largest manufacturers of concrete piles in the North. He is concurrently the President of Italfil Manufacturing Corp.

Rogie is a Director of Juan D Nepomuceno Sons, Inc., Borealis Corp., Angeles Industrial Park Inc., Wespan Development Corp., and TGN Realty Corp. He is also the Chairman of the Bids and Awards Committee of Holy Angel University.

Rogie graduated from the Ateneo de Manila University in 1985 with a Bachelor of Arts degree majoring in Economics. He finished his EMBA and completed the Chief Financial Officer (CFO) Program at the Asian Institute of Management in 2007 and 2025 respectively.

Business experience for the past five (5) years	Treasurer & Director	ANGELES ELECTRIC CORPORATION
	President & Director	DURASTRESS CORPORATION
	President & Director	ITALFIL MANUFACTURING, INC.
	President & CEO	RASLAG CORP.
	Director	JUAN D. NEPOMUCENO SONS, INC.
	Director	TGN REALTY, INC.
	Director	WESPAN DEVELOPMENT CORPORATION
	Chairman	HOLY ANGEL UNIVERSITY (Bids & Awards Committee)
	Chairman	HOLY ANGEL UNIVERSITY (Construction Committee)
	Director	ANGELES INDUSTRIAL PARK, INC.
	Director	BOREALIS CORPORATION
	CFO & Director	PETGON PROPERTY MANAGEMENT CORP.

RICHARD HUBERT N. WILKERSON

Director

Richard Hubert “Rick” N. Wilkerson has been a Director of AEC since 2018. He is a Director and formerly the President and CEO of JDN Realty Group. He also serves as Director of JTen Equities, Inc. He is the President and CEO of Wilkersons and Sons and the Treasurer and Director of Teresa Waterworks Inc.

Rick has held key positions in various multi-national organizations in the Oil and Gas and Hi-Tech Industries, most notably as Senior Director of Finance with Western Digital Corporation, the world’s largest maker of digital storage devices.

Rick holds a Bachelor of Science degree in Finance from Oklahoma State University.

Business experience for the past five (5) years	Director	JDN REALTY GROUP
	Former President & CEO	JDN REALTY GROUP
	Director	ANGELES ELECTRIC CORPORATION
	Director	J TEN EQUITIES, INC.
	President & CEO	WILKERSON AND SONS
	Treasurer & Director	TERESA WATERWORKS INC.

EMMANUEL JOSEPH M. NEPOMUCENO

Director

Emmanuel Joseph “Manny” M. Nepomuceno has been a Director of AEC since 2013.

Manny is a technology professional focused on governance issues at the top level of management. He is the Head of Digital, Chief Financial Officer, and Co-founder of Abe-Abe, a digital agency based in Pampanga. He is the Chief Financial Officer and Multi-Gym Franchise Owner of several Anytime Fitness franchises in the Philippines and Indonesia. He is also a member of the Steering Committee of Anytime Fitness brand in Indonesia.

From 2015 to 2020, he ran Seedbox Philippines, the country’s first online platform devoted to distributing mutual funds and other investment products. In 2021, he received his Certified in the Governance of Enterprise IT certification from ISACA. He is also a Certified Anti-Money Laundering Specialist with a certification from ACAMS.

Manny is a graduate of Bachelor of Arts in English Literature at the Ateneo de Manila University and a candidate for MS Information Management at the Ateneo Graduate School of Business. He is also a graduate of the Professional Directors Program of the Institute of Corporate Directors.

Business experience for the past 5 years	Director	ANGELES ELECTRIC CORPORATION
	Director	NEPOMUCENO REALTY GROUP
	Director	TERESA WATERWORKS INC.
	Steering Committee Member	ANYTIME FITNESS ID
	Chief Financial Officer & Multi-Gym Franchise Owner	ANYTIME FITNESS PH AND ID
	General Manager and Chief Architect	SEEDBOX PHILIPPINES

RAFAEL N. MAPUA*Director*

Rafael “Raffy” N. Mapua has been a Director of AEC since 2005. He is a golf enthusiast and presently the President and General Manager of Tee One Inc. and J-Ten Sports Inc., the exclusive Philippine distributors of premium Japanese golf equipment. Tee One maintains over fifty (50) Retail Accounts, including the Philippines’ best Golf Courses and Pro Shops. Raffy also handled key positions from several companies. He served as General Manager of Pacsports Phils. Inc., Nevada Bob’s HK Ltd., and Filton Investment Ltd. He had a stint at The Peninsula Manila Hotel as an Account Manager for Sales and Marketing.

He has varied experience in International Business, Customer Relationship Management, Marketing and Sales.

Raffy is a graduate of Bachelor of Science in Business Management from Ateneo de Manila University and an EMBA candidate for a Master’s in Business Administration degree from the Asian Institute of Management.

Business experience for the past five (5) years	Director	ANGELES ELECTRIC CORP.
	General Manager	TEE ONE INC.
	President and General Manager	J-TEN SPORTS INC.

IVANNA G. DE LA PEÑA

Independent Director

Ivanna “Ivanne” de la Peña is an Independent Director of AEC.

Director Ivanne started as a Junior Analyst in Meralco’s Utility Economics Division in 1978. She rose through the ranks and retired as the First Vice President and Head of the Regulatory Management Office in 2018. She served as Meralco’s advisor for Regulatory Management and provided oversight functions in tariff management, regulatory affairs, and compliance.

She has varied experiences in rate design, compliance with various government regulations and franchise requirements, engaging with other industry stakeholders on various issues confronting the industry and representations in hearings in both Senate and House of Representatives.

Ivanne is a graduate of Bachelor of Science in Statistics from the University of the Philippines Diliman and holds a Master’s Degree in Business Administration also from UP Diliman.

Business experience for the past five (5) years	Independent Director	ANGELES ELECTRIC CORP.
	Former First VP and Head of Regulatory Management Office	MANILA ELECTRIC COMPANY
	Director	CLARK ELECTRIC DISTRIBUTION CORPORATION
	Board of Trustees	MFI POLYTECHNIC INSTITUTE INC.
	Treasurer	SOLVRE INC.

HORACIO E. CEBRERO III

Independent Director

Horacio “Ricky” E. Cebrero III is one of the Independent Directors of AEC.

Ricky is currently a Senior Consultant at RCBC. Previously, he held the position of Senior Executive Vice President and Treasurer of RCBC from 2018 to 2022. He also served as the Executive Vice President Treasury Sector Head of the Philippine National Bank (PNB). His extensive experience in the banking industry spans from his previous key positions in RCBC, East West Banking Corp., Citibank, and Asian Bank Corporation among others.

Ricky is a graduate of Bachelor of Science in Commerce Major in Marketing at the De La Salle University. He has MBA units from the De La Salle Graduate School of Business and Economics and has attended the Stanford Senior Executives Leadership Program at Stanford University Hongkong and the Professional Directors Program at the Institute of Corporate Directors.

Business experience for the past five (5) years	Independent Director	ANGELES ELECTRIC CORP.
	Senior Consultant	RIZAL COMMERCIAL BANKING CORP.
	Director	RCBC TRUST CORP.
	Chairman & President	FRAME PROPERTIES INC.
	Chairman	RCBC FOREX CORPORATION
	Director	RCBC IFL HONGKONG
	Director	RIZAL EQUITIES
	EVP Treasury Sector Head	PHILIPPINE NATIONAL BANK

ATTY. BENEDICT R. TUGONON*Corporate Secretary*

Atty. Benedict Tugonon has been the Corporate Secretary of Angeles Electric Corp. since 2019. He is a practicing lawyer, a senior partner, and currently the Head of the Tax Department of the Law Firm of Quiason Makalintal. He has more than twenty-three (23) years of experience in tax and corporate law practice in the Philippines. He acquired both his Bachelor's Degree in Philosophy and Law at San Beda University.

He previously served as the Corporate Secretary of International Elevators and Equipment Inc. from 2012 to 2020. In 2016, he served as the President of the Tax Management Association of the Philippines.

He has advised numerous clients on the tax aspect of major transactions, including property acquisitions and transfers, corporate mergers and reorganization, tax audits, and estate tax planning.

ATTY. BEATRIZ RAINE L. BAYUDAN*Assistant Corporate Secretary*

Atty. Beatriz Bayudan has served as the Company's Assistant Corporate Secretary since 2024. She is currently an Associate at the Law Firm of Quiason Makalintal.

She graduated from the University of the Philippines College of Law in 2019 with the Degree of Juris Doctor and earned her Economics Degree from the same university.

MICHAEL ANGELO D. COLLE*Chief Operating Officer & Senior Vice President, Head of Network and Retail Services Division*

Engr. Michael Angelo D. Colle is the Chief Operating Officer and Head of the Network and Retail Services Division. He is also the Head of the Distribution & Network Services Department. He has been the Distribution Manager since 2015. He joined the Company in 1987 as a Ground Man in the Line Maintenance and Construction Section of AEC.

As Chief Operating Officer, his key performance objective is to take the management lead to plan, direct, coordinate, and oversee the operations and activities of the Company. Under the supervision of the CEO, he manages the day-to-day operations of the Company, ensuring the efficient execution of strategies set by the CEO. He ensures operations are aligned with customer needs and delivers excellent customer service.

As Head of the Distribution & Network Services Dept., he is responsible for the overall management and safety of the distribution system, network projects, and assets. He is also directly responsible for the overall efficient management and maintenance of the sub-transmission and distribution system in accordance with the utility industry and national standards.

ALDRIN ERWIN JAMES T. NEPOMUCENO

Chief Financial Officer and Senior Vice President, Head of Support Services Division

Mr. Aldrin Erwin James T. Nepomuceno is the Chief Financial Officer & SVP and Head of the Support Services Division. He joined the Company in 2010.

As Chief Financial Officer, he manages the Company's financial health by overseeing functions like financial planning and analysis, cash flow management, risk assessment, and strategic decision-making. He also acts as the key advisor to the CEO on financial matters.

As Support and Services Division Head, he is responsible for the overall management of the Company's support services such as the Information Technology and Communications Services section and the General Services Section.

1. Significant Employees

The following persons are the significant employees of the Company who are expected to make significant contributions to the business of AEC:

CEFERINO S. BINGCANG Jr.

Vice President, Retail Services Division Head

Engr. Ceferino S. Bingcang is the Vice President and Head of the Retail Services Department. Previously, he held the position of Network Support Manager since 2019. He joined the Company in 1987 as a Lineman.

As Retail Services Department Head, he ensures that the Company is responsibly performing administrative functions directly involving consumer welfare from new meter application, meter reading, billing, collection, and disconnection/reconnection, and can establish quality relationships with customers. His Department ensures that all customer-related concerns are met with efficient operational procedures.

MYRA CRESENCIA V. RIVERA

Vice President and Human Resources Department Head

Ms. Myra V. Rivera is the Vice President and Human Resources Department Head. She joined the Company in 2003.

She handles all human resource-related operations and helps the Company identify needs, develop action plans, and facilitate change to improve organization performance, employee acquisition, engagement, retention, morale, and communication.

She also conducts, plans, and facilitates organizational workshops and training for employee development.

CRISTINA L. ARBOLEDA

Vice President and Regulatory Compliance Department Head

Ms. Cristina L. Arboleda is the Vice President and Regulatory Compliance Department. She was also appointed as Compliance Officer in 2023. Her responsibilities include ensuring full adherence and compliance by the Company, its Directors, and Officers with the relevant laws, industry regulations, the Code of Corporate Governance for Registered Issuers, and other regulatory reportorial requirements of various agencies.

She joined the Company in 1993 and held various positions in Finance and Accounting. She started as an Accounting Associate. She rose through the ranks and was previously appointed as Finance Manager in 2020. She held the positions of Finance Manager and Regulatory Compliance Officer.

FRANZ GERARD C. PULIDO

Vice President and Finance & Accounting Department Head

Mr. Franz Gerard Pulido is the Vice President and Head of Finance and Accounting. He was an Audit Manager at Punongbayan & Araullo before joining the Company in 2020.

He is responsible for the efficient and effective implementation of controls and procedures involving the recording of financial transactions and the timely preparation of financial statements and related analyses and reports.

He ensures that the Company has efficient liquidity planning and controls related to the company's financial activities. He leads the preparation of the annual budget, the plans required for cash flows, and liquidity requirements. He also manages the handling of funds and balances the risks and rewards of making investments for income opportunities.

ATTY. RUSSEL S. ALABADO

Vice President, In-House Counsel and Data Protection Officer

Atty. Russel Alabado joined the Company in 2022 as the In-House Counsel and Data Protection Officer.

He's been a practicing lawyer since 2004 and has previous experience in filing Power Supply Agreements before the Energy Regulatory Commission for various electric cooperatives.

As Vice President and In-House Counsel, he reviews contracts and existing processes and proposes improvements. He examines and interprets laws and legal documents and assists in handling customer complaints filed in court or with the ERC.

DAVID S. PRAZA

Head of Line Operations, Maintenance, and Construction Section

Engr. David S. Praza is the Head of the Line Operations, Maintenance, and Construction Section. Previously, he was appointed as Distribution Engineer for Implementation in 2015. He joined the Company in 1994 as Groundman 1.

He coordinates and implements the plans, designs, and construction as well as maintains a reliable and well-protected distribution network and 69 KV sub-transmission line system.

JOSEPH QUIAMBAO

Head of Technical Services Section

Engr. Joseph Quiambao was appointed as the Technical Services Section Head in 2024. Before his appointment, he was the Supervisor in the Meter Laboratory Unit and facilitated Net Metering Programs.

As Technical Services Section Head, he ensures the efficiency and alignment with the Company's overall direction of the operations of the Meter Laboratory Unit, Energy Audit and Inspection

Unit, and the implementation of the Open Access and Retail Competition programs such as the RCOA, Net Metering, DER and Green Energy Options Program for qualified customers.

A certification that no director or officer and none of the above-named significant employees are connected with any government agencies or its instrumentalities is attached hereto as **Annex A**.

Under the current provisions of the by-laws, the Governance Committee shall promulgate and issue guidelines to govern the conduct of nominations to the Board of Directors, and to review and evaluate the qualifications of the persons nominated to the Board of Directors.

Only nominees whose names appeared on the final list of candidates are eligible for election as directors. No nominations shall be entertained or allowed on the floor during the annual stockholders' meeting. Nominees who receive the highest number of votes shall be declared elected pursuant to Section 23 of the Revised Corporation Code. The Governance Committee is set to release the final list of nominees to the Board of Directors on May 17, 2025.

Officers are appointed annually by the Board of Directors at its first meeting following the annual meeting of stockholders, each to hold office until a successor shall have been appointed.

2. Family Relationships

AEC's President and Director Maria Rita Josefina V. Chua is the sister of Director Arsenio N. Valdes. On the other hand, Directors Chua and Valdes, Directors Engr. Geromin T. Nepomuceno, Robert Gerard B. Nepomuceno, Richard Hubert N. Wilkerson and Rafael N. Mapua are first-degree cousins.

Director Emmanuel Joseph M. Nepomuceno and the Chief Financial Officer, Mr. Aldrin Erwin James T. Nepomuceno, are nephews of the abovementioned Directors.

Aside from the foregoing, there are no other family relationships between other directors, executive officers, or other persons nominated or chosen by the Company to become directors or executive officers.

3. Involvement of Directors and Executive Officers in Certain Legal Proceedings

Within the past five (5) years from the date of this Report, there has been no bankruptcy petition filed by or against any business of which any of the foregoing named directors or executive officers have been a general partner or executive officer at the time of the bankruptcy or within two (2) years prior to that time.

None of the foregoing directors or executive officers have been convicted by final judgment in any criminal proceeding nor involved in any pending criminal proceeding, whether domestic or foreign in the past five (5) years from the date of this Report.

None of the foregoing directors or executive officers have been found by a domestic or foreign court or tribunal of competent jurisdiction in a civil action, domestic or foreign exchange, or other market or self-regulatory organization to have violated a securities or commodities law or regulation in the past five (5) years from the date of this Report.

None of the foregoing directors or executive officers have been subject to any order, judgment, or decree by any domestic or foreign court of competent jurisdiction, permanently or temporarily barring, suspending, or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities in the past five (5) years from the date of this Report.

None of the foregoing directors or executive officers have been found by a domestic or foreign court or tribunal of competent jurisdiction in a civil action, domestic or foreign exchange, or other market or self-regulatory organization to have violated a securities or commodities law or regulation in the past five (5) years from the date of this Report.

4. Certain Relationships and Related Transactions

There are no transactions with or involving the Company in which a Director, executive officer, stockholder owns ten percent (10%) or more of the total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

5. Resignation of Directors

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders meeting of the Company because of a disagreement with the Company on matters relating to the Company's operations, policies and practices.

Item 6. Compensation of Directors and Executive Officers

(a) Compensation of Executive Officers

Information as to the aggregate compensation during the last three (3) fiscal years paid to the Company's highly compensated executive officers, and all other officers and directors, as a group, are as follows:

NAME AND PRINCIPAL POSITION	FISCAL YEAR COVERED	SALARY	BONUS	OTHER ANNUAL COMPENSATION
Maria Rita Josefina V. Chua <i>President & Chief Executive Officer</i>	2022	4,282,077	706,982	611,223
	2023	4,959,556	1,151,090	693,308
	2024	5,452,058	1,319,030	307,336
Michael Angelo D. Colle <i>Chief Operating Officer</i>	2022	2,089,317	348,189	301,320
	2023	2,267,736	560,400	349,215
	2024	2,527,251	638,991	162,084
Aldrin Erwin James T. Nepomuceno <i>Chief Financial Officer</i>	2022	1,531,079	255,149	210,131
	2023	1,697,499	418,591	234,086
	2024	1,934,013	490,181	93,027
Myra Cresencia V. Rivera <i>Vice President, Human Resources</i>	2022	2,065,678	344,249	296,810
	2023	2,019,367	535,491	315,482
	2024	2,165,273	571,081	142,092
All Other Officers as a Group**	2022	5,638,111	854,305	554,045
	2023	6,540,839	1,596,734	824,902
	2024	8,255,769	2,111,549	599,705

***Apart from the standard arrangements set forth in the succeeding section, the Company's directors do not receive any compensation as such.*

Employment Contracts and Termination of Employment and Change-in-Control Arrangement

There are no special arrangements on the employment contract of any executive officer. The said officer will be compensated upon his resignation, retirement or other termination from the Company or its subsidiaries, or as may result from a change-in-control in accordance with the provisions of the law.

(b) Compensation of Directors

Standard Arrangements

The Directors receive a per diem of Fifteen Thousand Pesos (₱15,000.00) for each meeting attended.

Pursuant to the Company's Manual on Corporate Governance which was approved by the Company on October 11, 2023, the Company shall have three (3) committees namely, the Corporate Governance Committee, Board Risk & Oversight Committee and Audit Committee. The Committee chairpersons shall be entitled to a per diem of Fifteen Thousand Pesos (₱15,000.00) for each meeting attended while Committee members shall be entitled to a per diem of Ten Thousand Pesos (₱10,000.00) for each meeting attended.

Except for discretionary mid-year and year-end bonuses shown in the table below, no other compensation, in any form, is paid to them for the services they provide as directors of the Company. All figures set forth below shall be in Philippine Peso.

Name	Position	Compensation for 2023	Compensation for 2024	Estimated Compensation for 2025
1. Geromin T. Nepomuceno	Chairman of the Board/ Director	371,111	265,000	265,000
2. Maria Rita Josefina V. Chua*	President/ Director	407,059	245,000	245,000
3. Robert Gerard B. Nepomuceno	Treasurer/ Director	381,111	265,000	265,000
4. Arsenio N. Valdes	Director	371,111	245,000	245,000
5. Richard Hubert N. Wilkerson	Director	371,111	235,000	235,000
6. Emmanuel Joseph N. Nepomuceno	Director	371,111	240,000	240,000
7. Rafael N. Mapua	Director	356,111	215,000	215,000
8. Ivanna G. de la Peña	Independent Director	150,000	435,000	435,000
9. Horacio E. Cebrero III	Independent Director	155,000	390,000	390,000

**Amounts excluded from the Executive Compensation Table above*

Item 7. Independent Public Accountants

The Company first engaged Punongbayan and Araullo as its external auditor in 2002. The appointment of Punongbayan and Araullo as external auditors is approved every year during the annual stockholders' meeting. Moreover, in compliance with the Company's Manual on Good Corporate Governance, Punongbayan and Araullo's handling partner is rotated every five (5) years or earlier.

The accounting firm of Punongbayan and Araullo has been the Company's Independent Public Accountants for the last nine (9) years. Representatives of Punongbayan and Araullo will be present during the annual meeting and will be given the opportunity to make a statement if they desire to do so. They are also expected to respond to appropriate questions if needed.

Pursuant to SRC Rule 68(3)(b)(ix) (Rotation of External Auditors), the Company has not engaged a Punongbayan and Araullo partner for more than seven years straight. Ms. Jonavell Santiago, replacing Mr. Renan Piamonte, is the partner assigned to the Company since audit year 2024.

The Company has had no disagreements with its independent auditors on any matter of accounting principles or practices, financial statements disclosure, or auditing scope or procedure from the periods ended 2020 to December 31, 2024.

The Company's Board of Directors approved the following professional services rendered to the Company by Punongbayan and Araullo and the related aggregate fees for each of the years ended December 31, 2024, December 31, 2023, June 30, 2023, December 31, 2022, and December 31, 2021, excluding fees directly related to the Offer (amounts in Philippine Peso):

Nature	Fees paid to Auditor For the periods ended				
	December 31, 2024	December 31, 2023	June 30, 2023	December 31, 2022	31 December 2021
Audit of Financial Statements	700,000	650,000	650,000	575,000	525,000

The fees presented above exclude out-of-pocket expenses incidental to the services of the foregoing independent auditors and VAT.

Except for the abovementioned services and the services rendered in relation to the Offer, the independent auditors provided no other type of services to the Company.

The Board of Directors, upon the endorsement of the Audit Committee, recommends to the stockholders the engagement of the external auditors of the Company. The Audit Committee, in turn, as mandated by its charter, recommends to the Board of Directors the appointment, reappointment, removal, and fees of the external auditors duly accredited by the SEC. Other functions of the Audit Committee include assisting the Board of Directors in its oversight capability over the AEC's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

Punongbayan and Araullo is willing to stand for re-appointment. Except for other review and agreed-upon procedures that does not impact auditor independence, P&A has not been engaged for any non-audit services since 2002.

Item 8. Compensation Plans

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

No action is to be taken with respect to any authorization or issuance of securities other than for exchange.

Item 10. Modification or Exchange of Securities

No action is to be taken with respect to any modification or exchange of securities.

Item 11. Financial and Other Information

The Company's audited financial statements for the calendar year ended December 31, 2024 as well as the Management's discussion and analysis and plan of operations for the same period are provided for in the Annual Report.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken with respect to any mergers, consolidations, acquisitions and or similar matters.

Item 13. Acquisition or Disposition of Property

No action is to be taken with respect to any acquisitions or dispositions of property.

Item 14. Restatement of Accounts

No action is to be taken with respect to any restatement of accounts.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The minutes of the previous annual stockholders' meeting held on June 18, 2024 will be submitted to the stockholders for approval. The said minutes contain discussions of the following items:

- Certification of the Service of Notice and the Presence of Quorum
- Approval of the minutes of the June 20, 2023 Annual Stockholders' Meeting
- Annual Report of the President
- Approval of the Audited Financial Statements for the period ending December 31, 2023
- Ratification of the Acts of the Board of Directors
- Election of Directors for the Ensuing Year
- Appointment of External Auditors
- Adjournment

Below is a list of the acts of the Board of Directors and Management from June 18, 2024 to June 17, 2025, to be approved and/or ratified by the stockholders:

1. Organization of AEC's Corporate Governance, Audit, Board Risk Oversight, and Executive Committees;
2. Approval of the authority of Engr. Michael Angelo Colle to sign in connection with AEC's processing of the switching and/or WESM registration of qualified contestable customers as may be required by the Central Registration Board;
3. Approval for the Corporation to enter into a distribution wheeling service agreement with the GEOP customers;
4. Declaration of cash dividend of Php0.0234 per share to holders of common shares, and Php 0.0055 per share to holders of preferred shares to stockholders of record as of December 31, 2023, payable on March 8, 2024;
5. Execution of a Market Participation Agreement as a Wholesale Metering Service Provider and authorizing Maria Rita Josefina V. Chua to execute and deliver said agreement;
6. Designation of Philippine Commercial Capital Inc. – Trust and Investment Group as designated Investment Manager of AEC's funds;
7. Engagement of Peridou Inc. for 2024-2025 office uniform requirements, with the VP for HR authorized to sign the contract with suppliers;
8. Approval for AEC to act as the metering service provider with regard to the Retail Supply Contract between JAD Savers Development Company and Shell Energy Philippines; and
9. Approval for AEC to enter into a Service Contract with Main Shopping Princess Philippines and Mercantile Stores Group Inc., and authorizing Mr. Aldrin Erwin James T. Nepomuceno to execute the contract;
10. Approval of the renewal of the authority of MVC and AEJTN to sign in connection with ECPAY;
11. Approval of the authority of Engr. Joseph Quiambao to facilitate renewal of Certificate of Authority with the ERC;
12. Approval of the authority of AEC to enter into a Renewable Distributed Energy Resources Supply Agreement with Fortunetown Properties and authority of MVC to negotiate and sign;
13. Approval of the authority of Geromin T. Nepomuceno, Maria Rita Josefina V. Chua, and Aldrin Erwin James T. Nepomuceno to transact with BPI Asset Management and Trust Corporation in behalf of AEC;
14. Approval of the authority of AEC to apply for and obtain Cash Management Services with Maybank Philippines, with authority of any of two Set A signatories for transactions

- above PhP 500,000, and authority of any one from Set A signatories for transactions PhP 500,000 and below, and all of the Set B signatories for transactions PhP 250,000 and below;
15. Construction of a 50MVA substation at Pulung Cacutud and authority of Michael Angelo Colle to sign plans, requirements, and permits;
 16. Approval of the authority of Rizaldo Sampana to receive on behalf of AEC the refunds of previous deposits to LTO in relation to RFID tracking units of vehicles;
 17. Declaration of Dividends to Stockholders Declares Cash dividend of P0.0234 per share of Common Stock and P0.0055 per share of Preferred Stock of record as of December 31, 2023, payable on August 12, 2024;
 18. Approval of the authority in favor of Mr. Salvador Cabasag to facilitate the transfer of the properties covered by TCT Nos. 138201, 138205, and 13820641 in the name of Angeles Electric Corporation;
 19. Approval of the Contract of Lease between AEC and Robinsons Land and the authority in favor of Maria Rita Josefina Chua to represent AEC in the Contract of Lease;
 20. Approval of the authority in favor of Mr. Joel Reyes to apply for a water connection with the Balibago Waterworks Systems Inc.;
 21. Approval of the submission of AEC's 2024-2033 Distribution Development Plan to the DOE;
 22. Approval of the authority in favor of Mr. Aldrin Erwin James Nepomuceno to act as an additional signatory for transactions with ECPAY;
 23. Approval of the application with the Energy Regulatory Board for the renewal of AEC's Certificate of Authority to maintain a meter shop;
 24. Approval of the Renewal Distribution Energy Resources Supply Agreement with Fortunetown Properties Corporation;
 25. Donation of bells to the Holy Rosary Parish;
 26. Approval of the opening of an investment account with BPI Asset Management Trust Corporation;
 27. Approval of cash management services, electronic banking services, and foreign exchange transactions with Maybank;
 28. Approval of the closing of the Maybank passbook account and transfer of the proceeds;
 29. Approval of the construction of a 50MVA substation at Pulung Cacutud;
 30. Approval of the designation of Betina Kay Yumul to transact on behalf of AEC in connection with obtention of permits for an acquired parcel of land in Pulung Cacutud; and
 31. Collection Agreement with CIS Bayad Center;
 32. Approval of the Change of Color of Mitsubishi Manlift Truck and execution of the relevant affidavit;
 33. Appointment of Engr. Joseph Quiambao as Chief Risk Officer;
 34. Authorization of AEC's officers to transact with the BIR regarding the registration of AEC's new facilities in Angeles City;
 35. Reappointment of Atty. Russel Alabado as Data Protection Officer and renewal of registration with the National Privacy Commission;
 36. Approval and ratification of the Term Sheet for Supply of Replacement Power with Greentech Solar Energy, Inc., according to the Renewable Energy Power Supply Contract between AEC and Solar Philippines New Energy Corporation (SPNEC)
 37. Declaration of Dividends to Stockholders Declares Cash dividend of P0.0234 per share of Common Stock and P0.0055 per share of Preferred Stock of record as of December 31, 2024, payable on March 8, 2025
 38. Approval of the authority of AEC to enter into a Comprehensive Maintenance Agreement with Messaging Solutions Provider, Inc. (MSPI);
 39. Recognition of the inimitable contribution of Solar Philippines New Energy Corporation (SPNEC) through its President and Chief Executive Officer, Mr. Emmanuel V. Rubio;

40. Approval of the Audited Financial Statements for the period ending 31 December 2024;
41. Setting of the schedule of the 2025 Annual Stockholders' Meeting of AEC;
42. Delegation of the authority to set the date of the submission of the proxies, ballot forms, and questions to the President;
43. Confirmation of the authority of the Corporate Governance Committee to set the deadline and period and other procedures for nominations in connection with the election of Directors;
44. Setting of the deadline to submit nominations in connection with the election of directors;
45. Approval of the amendment of the Articles of Incorporation to increase the number of directors from nine (9) to eleven (11)
46. Designation of Cristina L. Arboleda as an additional signatory to represent the Corporation and act for it in the submission of reportorial requirements with the SEC through its Electronic Filing and Submission Tool;
47. Approval of the closing of AEC's Chinabank Account No. 118100000890 and the transfer of its proceeds to Chinabank Account No. 2810003211, with Geromin T. Nepomuceno, Maria Rita Josefina V. Chua, and Aldrin Erwin James T. Nepomunceno as authorized signatories;
48. Renewal of AEC's Customs Processing and Risk System registration with the Bureau of Customs with Mr. Franz Gerard C. Pulido as the authorized signatory
49. Approval of the authority of AEC to enter into a Collection Service Agreement with AMR'S Payment Center, with Mr. Aldrin Erwin James T. Nepomuceno and Mr. Ceferino S. Bingcang, Jr., as authorized signatories; and
50. Confirmation of the report of the Bids and Awards Committee (BAC) that the 2nd round of bidding for the competitive selection process on the AEC-CSP-2005 – Lot 2 has failed and that the BAC will conduct another round of bidding for the 3rd round.

Item 16. Matters Not Required to be Submitted

A. Attendance Report

For the period of January to December 2024, the directors' attendance at the Board meetings are as follows:

Director	Attendance	Percentage
Geromin T. Nepomuceno, Jr.	8/8	100%
Maria Rita Josefina V. Chua	8/8	100%
Arsenio N. Valdes	8/8	100%
Rafael N. Mapua	8/8	100%
Emmanuel Joseph M. Nepomuceno	8/8	100%
Richard Hubert N. Wilkerson	8/8	100%
Robert Gerard B. Nepomuceno	8/8	100%
Ivanna G. De La Peña	8/8	100%
Horacio E. Cebrero III	8/8	100%

For the period of January to December 2024, the directors' attendance at the stockholders' meetings are as follows:

Director	Attendance	Percentage
Geromin T. Nepomuceno, Jr.	1/1	100%
Maria Rita Josefina V. Chua	1/1	100%
Arsenio N. Valdes	1/1	100%
Rafael N. Mapua	1/1	100%

Emmanuel Joseph M. Nepomuceno	1/1	100%
Richard Hubert N. Wilkerson	1/1	100%
Robert Gerard B. Nepomuceno	1/1	100%
Ivanna G. De La Peña	1/1	100%
Horacio E. Cebrero III	1/1	100%

For the period of January to December 2024, the directors' attendance at the various committee meetings are as follows:

Director	<u>Board Risk and Oversight Committee</u>	<u>Audit Committee</u>	<u>Corporate Governance Committee</u>	<u>Executive Committee</u>	<u>Percentage</u>
Geromin T. Nepomuceno, Jr.				<u>3/3</u>	<u>100%</u>
Maria Rita Josefina V. Chua				<u>3/3</u>	<u>100%</u>
Arsenio N. Valdes				<u>3/3</u>	<u>100%</u>
Rafael N. Mapua	<u>1/1</u>				<u>100%</u>
Emmanuel Joseph M. Nepomuceno			<u>3/3</u>		<u>100%</u>
Richard Hubert N. Wilkerson		<u>4/4</u>			<u>100%</u>
Robert Gerard B. Nepomuceno				<u>3/3</u>	<u>100%</u>
Ivanna G. De La Peña	<u>1/1</u>	<u>4/4</u>	<u>3/3</u>	<u>3/3</u>	<u>100%</u>
Horacio E. Cebrero III	<u>1/1</u>	<u>4/4</u>	<u>3/3</u>		<u>100%</u>

B. Appraisals and Performance Reports for the Board and Criteria and Procedure for Assessment

The Company intends to prepare the criteria and procedure for the assessment of the performance of the Board of Directors.

Item 17. Amendments of Charter, By-Laws and Other Documents

The Board of Directors, in its Regular Meeting last March 18, 2025, approved the amendment of the Article VI of its Articles of Incorporation to increase the number of directors from nine (9) to eleven (11).

Current Article VI of the Amended Articles of Angeles Electric Corporation	Proposed Amendment
“SIXTH: That the number of Directors of the said corporation shall be <u>nine (9)</u> xxx”	“SIXTH: That the number of Directors of the said corporation shall be <u>eleven (11)</u> xxx”

Item 18. Voting Procedures

(a) *Vote Required*

A quorum for any meeting of stockholders shall consist of the majority of the outstanding capital stock of the Company, and a majority of such quorum shall decide any question in the meeting except those matters which the Revised Corporation Code requires a greater proportion of affirmative vote.

Regarding the election of members of the Board of Directors, nominees who receive the highest number of votes shall be declared elected pursuant to Section 23 of the Revised Corporation Code of the Philippines. Likewise, the nominee for the Company's external auditor who receives the highest number of votes shall be declared elected.

(b) The Method by which the votes will be counted

A stockholder may vote by appointing the Company's Chairman as proxy by registering in accordance with the procedures and complying with the documentary requirements set out in Annex B of the Notice of the Stockholders Meeting.

Item 19. Participation of Stockholders by Remote Communication

The Company has elected to conduct the meeting remotely for practical reasons. Stockholders may attend and participate in the meeting only by remote communication, voting *in absentia* and appointing the Chairman of the meeting as their proxy. The procedure and requirements for online registration for remote communication and voting *in absentia* are explained in the Information Statement.

In order for the Company to properly conduct validation procedures, stockholders who wish to participate in the meeting via remote communication and/or vote by proxy must register by sending an email to aec_asm@angeleselectric.com.ph on or before June 9, 2025.

Details of the requirements and process are provided in Annex B to the Notice of Meeting.

In the election of directors, the top nine (9) nominees with the most number of votes will be elected as directors. If the number of nominees does not exceed the number of directors to be elected all the shares present or represented at the meeting will be cast in favor of the nominees. On the election of directors, each stockholder may vote such number of shares for as many person (s) as there are directors to be elected or he may cumulate such shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as may candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

Except as to the election of directors, the manner of voting is non-cumulative and each stockholder shall have one vote for each share entitled to vote and registered in his name. Voting shall be done by proxy wherein the stockholders shall appoint the Chairman of the Company as attorney-in-fact and proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder. The Corporate Secretary shall count and/or validate the votes.

Other than the nominees' election as directors, no director, executive officer, nominee or associate of the nominees has any substantial interest, direct or indirect by security holdings or otherwise in any way of the matters to be taken upon during the meeting.

Upon the written request of a stockholder, the Company undertakes to furnish the said stockholder a copy of the Company's annual report on SEC Form 17-A free of charge. Such written request shall be addressed to Atty. Benedict Tugonon and/or Atty. Beatriz Raine Bayudan, the Corporate Secretary and Assistant Corporate Secretary respectively of Angeles Electric Corporation. At the discretion of management, a charge may be made for exhibits, provided that such charge is limited to reasonable expenses incurred by the Company in furnishing such exhibits.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete, and correct. This report is signed in Pasig City on **May 22, 2025**.

ANGELES ELECTRIC CORPORATION.

By:

BENEDICT R. TUGONON
Corporate Secretary

BEATRIZ RAINE L. BAYUDAN
Assistant Corporate Secretary

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Description of Business

1. Business Development

a. Organization history

Angeles Light and Power Plant, which formally started operating on July 10, 1923, grew to become the third largest private electric company in Luzon.

Later, Angeles Light and Power Plant came to be known as **Angeles Electric Corporation (“AEC” or “the Company”)** when it was incorporated and registered with the Securities and Exchange Commission (“SEC”) in 1959. It was initially granted a franchise to construct, maintain, and operate an electric, heat, and power system in Angeles City under the Republic Act (“R.A.”) No. 2341 on June 20, 1959 which provided for a twenty-five (25)-year franchise period. On June 18 1964, R.A. No. 2341 was amended by R.A. No. 4079, extending AEC’s franchise period to fifty (50) years, until the year 2009. Then on March 9, 2007, the 13th Congress of the Philippines passed R.A. No. 9381 and granted AEC an extension to its existing franchise of another twenty-five (25) years.

Further, in compliance with the requirement of the Franchise, the Company has applied for the necessary Certificate of Public Convenience and Necessity (“CPCN”) from the Energy Regulatory Commission (“ERC”) to continue operating the electric light, heat, and power system in Angeles City, Pampanga, under ERC Case No. 2008-060 MC in its decision dated September 15, 2008, which shall be valid for a period of twenty-five (25) years from June 19, 2009.

AEC holds the distinction of being the first electric utility company to achieve 100% electrification of all areas within its franchise coverage. This was achieved in 1969 with the conversion of distribution voltage from 2,400V to 13,800V which enabled the Company to extend its power lines to the remotest barangay of Angeles City. In 1996, the company was adjudged “Outstanding Countryside Investor (Large-Scale Category) of the Year” by the Philippine Chamber of Commerce and Industry, Inc. (“PCCI”) in recognition of AEC’s contribution to hasten the economic recovery of Angeles City.

The Company recently celebrated its 100th anniversary showing its resilience amidst the challenges of running a power distribution utility while facing head-on the changes in the Philippine power industry.

Initially, the Company’s market was mostly residential. Through the years, as its franchise area developed from a town to a city, its market was likewise transformed into a mix of residential, commercial, and industrial consumers.

As of December 31, 2024, AEC distributes electricity to One Hundred Thirty-Eight Thousand Four Hundred Eighty-eight (138,488) customers in Angeles City.

b. SEC registration process

AEC's authorized capital stock is at Two Billion Pesos (PhP 2,000,000,000.00) divided and classified into: Five Hundred Million (500,000,000) shares of voting redeemable preferred stock with a par value of One Peso (PhP 1.00) per share, or an aggregate value of Five Hundred Million Pesos (PhP 500,000,000.00) and One Billion Five Hundred Million (1,500,000,000) shares of common stock with a par value of One Peso (PhP 1.00) per share, or an aggregate value of One Billion Five Hundred Million Pesos (PhP 1,500,000,000.00).

On October 26, 2023, AEC filed with the Securities and Exchange Commission (SEC) the Registration Statement and attached documents in compliance with Republic Act No. 9136 or the Electric Power Industry Reform Act ("EPIRA"), which states that generation companies shall offer and sell to the public a portion not less than 15% of their common shares.

On December 14, 2023, the SEC resolved to render effective AEC's Registration Statement relating to the registration of Two Hundred One Million Six Hundred Eighty Thousand Six Hundred Thirty-Two (201,680,632) issued and outstanding preferred shares with a par value of One Peso (PhP 1.00) per share and One Billion One Hundred Seventy-Eight Million Four Hundred Forty-Eight Thousand Four Hundred (1,178,448,400) common shares with a par value of One Peso (PhP 1.00) per share.

A public offer was made on December 18 to 22, 2023, for Two Hundred Seven Million Twenty Thousand (207,020,000) primary common shares at an offer price of Three Pesos and Forty-Two Centavos (PhP 3.42) per share, representing 17.6% of AEC's issued and outstanding common shares. All of the Two Hundred Seven Million Twenty Thousand (207,020,000) primary common shares offered for sale to the general public were fully subscribed as of December 22, 2023, with 6,020,000 common shares sold to individual investors and 201,000,000 common shares sold to corporate investors.

2. Business of Issuer

a. Description of Company

i. Principal Services

The Company's primary business is the distribution and sale of electric power through its distribution network facilities in Angeles City, Pampanga.

ii. Distribution

Circumscribing AEC's Franchise Area is the 69 kV Subtransmission System that interconnects five (5) load-end substations namely Petersville Substation, Milenyo Substation, Calibu Substation, Pampang Substation, and Nepo Center Substation. The radial to each substation is 13.8 kV, three-phase primary distribution feeder lines. This primary voltage is then stepped down to utilization voltages 230/115 V on three (3)-wire, secondary distribution lines.

The Company's five (5) substations have a total capacity of two hundred thirty megavolt amperes (230 MVA), as shown in the table below:

Substation Name	Number of Feeders Connected	Power Transformer Capacity (MVA)	Total Capacity (MVA)
Petersville	10	40	40
Milenyo	9	50	50
Calibu	11	40	40
Pampang	10	50	50
Nepo Center	8	50	50
Total	48	230	230

The circuit lengths of the lines in the distribution system are shown in the table hereunder:

Circuit Description	Unit	As of Dec. 2022	As of Dec. 2023	As of Dec. 2024
Subtransmission (69 KV)	km	79.93	79.93	79.93
Primary (13.8 KV)	km	497.73	505.43	509.10
Secondary (115/230V)	km	813.36	816.25	816.81

iii. Percentage of foreign sales

The Company does not derive any income from foreign sales.

iv. Status of publicly announced service

The Company has no publicly announced product or service in any stage of development.

v. *Competition*

AEC has a captured market in the power distribution business in Angeles City, Pampanga being the sole franchise grantee for the covered franchise area. The Company exists by virtue of its legislative franchise, the latest of which is Republic Act No. 9381 of the 13th Congress of the Philippines which extended the Company's corporate existence for another twenty-five (25) years. The Company's franchise is both a monopoly and a limitation to operate a power distribution system in the City of Angeles, Pampanga.

The Retail Competition and Open Access ("RCOA") allows a contestable market or electricity end-users with a demand of 1MW and above to choose a supplier of electricity. As of December 31, 2024, the Company has four (4) customers who have switched to the contestable market. Moreover, the threshold for the contestable market will gradually be lowered to the household level as mandated under Section 31 of the EPIRA and this may result in more contestable customers choosing their energy supplier aside from the Company. However, delivery or the conveyance of electricity to these contestable customers remains the function of distribution utilities such as AEC.

The Company, however, is confident that it will maintain, and even increase, its captive market due to the expected economic growth of Angeles City. In the meantime, the Company continues to source cheap and reliable energy to sustain its captive market.

Further, under Republic Act No. 9513, otherwise known as the Renewable Energy Act ("RE Act") of 2008, the Department of Energy ("DOE") mandated the establishment of the Green Energy Option Program ("GEOP"), which provides customers with a threshold of 100 KW and above, for the past twelve (12) months, the option to choose renewable energy resources as their supplier of electricity. As of December 31, 2024, AEC has three (3) customers who have already switched to an RE Supplier under the GEOP and has eighty-two (82) customers who were qualified to join the program.

On May 27, 2013, the ERC issued Resolution No. 9 Series of 2013 or the Net Metering Rules. Under this program, customers have the option to install renewable energy generation facilities in their premises provided that the capacity of the generation facility shall not exceed one hundred kilowatts (100kW). The Net-metering Program has a slight impact in AEC's distribution business considering the threshold capacity limit for the net-metering installations. As of December 31, 2024, AEC has one thousand five hundred nine (1,509) active net-metering customers.

On November 9, 2022, the ERC has promulgated Resolution No. 11, Series of 2022 entitled. "A Resolution Adopting the Rules Governing Distributed Energy Resources ("DER"). DER rules shall only be applicable to DER utilizing RE for end-user consumption and export to the distribution system of the DUs with nameplate capacity of which shall be greater than 100kW and up to one megawatt (1MW) and to DER whose supply is for end-user consumption only, regardless of technology, capacity, and grid location (on or off-grid), wherein the DER owner and end-user are not one and the same entity. Energy exported by DERs may affect DU's contracted capacity. As such, DER Rules provided remedies to address any resulting displaced contracted

capacity by DUs. As of December 31, 2024, AEC has one (1) customer who installed a DER facility.

Retail services to both Captive, Contestable, and GEOP Customers likewise remain to be the function of distribution utilities.

Distribution utilities such as AEC shall also be the sole Metering Service Provider (“MSP”) for the retail market until such time that the ERC determines that the provision of metering services at the retail level is competitive.

Nonetheless, the Company strives to deliver the best customer service to its franchise area with the least cost of energy from reliable and sustainable sources and is committed to comply with all regulatory compliances and other reports or submissions as may be required by the government and regulatory agencies.

vi. ***Suppliers***

Power Supply Contracts

AEC’s major power source comes from GNPowder Mariveles Energy Center Ltd. Co. (“GMEC”) formerly GNPOWER Limited Company. The power delivery commenced on January 26, 2014 and will expire on January 25, 2029. AEC also has Power Supply Agreements with Anda Power Corporation (“ANDA”) and with Angeles Power, Inc. (“API”). As for the DOE’s Renewable Portfolio Standards (“RPS”) compliance, AEC has entered into a Renewable Power Supply Agreement (RPSA) with Solar Philippines New Energy Corporation (SPNEC). On August 21, 2024, the ERC issued an Order granting the Interim Relief for the SPNEC RPSA. The Order stated that it was promulgated on June 6, 2023 and the effectivity shall be valid for 12 months from the issuance. Since the SPNEC power plant is still under construction, SPNEC nominated Greentech Solar Energy Inc. (GSEI) as the source of replacement power. On November 26, 2024, SPNEC commenced the supply of replacement power to AEC.

Below are the details of AEC’s power supply contracts:

Supplier	Contracted Capacity	Duration of Contract
GNPower Mariveles Energy Center Ltd. Co. (GMEC)	75MW	January 26, 2014 to January 25, 2029
Anda Power Corporation (ANDA)	15MW	September 26, 2016 to October 25, 2026
Angeles Power Inc. (API)	22MW	December 26, 2016, to December 25, 2026 (with ERC-issued Interim Relief Order)
Solar Philippines New Energy Corp. (SPNEC)	13 MW	November 26, 2024 to November 25, 2034

For the net metering exports, as of December 31, 2024, the net-metering qualified end-users (QEU) exported a total of 8,748,602 kWh of energy to AEC representing 1% of AEC’s total energy input.

For the energy imbalances, these are sourced through the Wholesale Electricity Spot Market (“WESM”) and AEC has been a direct member of WESM since August 2013.

Transmission and Metering Service Agreements

AEC has renewed agreements with the National Grid Corporation of the Philippines (“NGCP”) for Transmission and Metering Services. Currently, the five (5)-year renewal has been approved and will be effective until December 25, 2028. AEC is dependent on NGCP for its transmission and metering services because it is the sole provider of the country’s transmission services.

Materials for Distribution and Metering

Below are the Company’s top regular suppliers for materials for distribution and metering:

	Supplier	Materials Supplied	Terms of Payment
1.	First Philec Inc.	Distribution Transformers	30 days
2.	AC Harris Cable Corp.	Wires	30 days
3.	Hom-Cor Mktg. and Constr. Services Inc.	Substation Equipment	30 days
4.	Phelps Dodge Phils. Energy	Wires	30 days
5.	Jocelyn Forge Inc.	Line and Metering Materials	30 days
6.	Cepalco Energy Services Corporation	Meters	30 days
7.	Celeasco	Line and Metering Materials	30 days
8.	FTB Power Industries Services Corp.	Line and Metering Materials	30 days
9.	NTA Energy Solutions Corp.	Substation Equipment	30 days
10.	Dura-Poles Inc.	Poles	30 days

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7.	Celeasco	Line and Metering Materials	30 days
8.	FTB Power Industries Services Corp.	Line and Metering Materials	30 days
9.	NTA Energy Solutions Corp.	Substation Equipment	30 days
10.	Dura-Poles Inc.	Poles	30 days

AEC is not dependent on the foregoing suppliers for the supply of the above-listed distribution and metering materials.

In 2024, the Company made significant purchases from the following suppliers for supplies needed in its ongoing projects:

	Supplier	Project	Items Purchased
1.	Teh Hsin Enterprises Phils. Corp.	Construction of 69KV Porac Connection	Poles
2.	Jocelyn Forge Inc.	Construction of 69KV Porac Connection	Line Materials
3.	AC Harris Cable Corp.	Construction of 69KV Porac Connection	Wires
4.	Brich Industry Phils. Corp	Proposed 50MVA Pulung Cacutud Substation	Substation Equipment

5.	Siemens Energy Inc.	Proposed 50MVA Pulung Cacutud Substation	Substation Equipment
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The choice of suppliers is based on the suppliers' track record and market history, compatibility with the Company's existing facilities, system design and country of origin (to determine the related importation costs and taxes, warranty and after-sales service).

The Company is not limited or dependent only upon the foregoing suppliers for any of its supply needs and may contract with other suppliers provided they meet the criteria set forth above.

vii. Customers

AEC's franchise area is in Angeles City in the Province of Pampanga. It has a total land area of 62.17 sq. km. and is composed of 33 barangays.

The Company currently services five (5) customer classes, consisting of Residential, Commercial (General Services 1 to 5), Industrial (Small and Large), Flat (Streetlights), and certain large commercial/industrial customers under the RCOA/GEOP customer choice programs.

As of December 31, 2024, Residential customers comprise 89% of AEC's consumer base and contribute 52% of its energy sales. This customer class covers all residential customers for domestic purposes in single-family dwelling units, individual apartments, condominiums, and boarding houses.

Commercial customers comprise 11% of AEC's consumer base and contribute 40% of its energy sales. This customer class covers all commercial and other non-residential customers.

Industrial customers comprise 0.40% of AEC's consumer base and contribute 1% of its energy sales.

The Flat/Streetlights customers comprise 0.25% of AEC's consumer base and 1% of its energy sales.

RCOA/GEOP customers comprise 0.01% of AEC's consumer base and contribute 6% of its energy sales. They have the option to choose their supplier of electricity, however, the delivery or the conveyance of electricity remains the function of AEC. RCOA pertains to customers with an average monthly peak demand of 750KW and up while GEOP pertains to customers with a threshold of 100 kW and above and can choose renewable energy sources as their electricity supplier.

AEC's energy sales for the period ending December 31, 2024 reached 815,654 MWh. The Company has a total of One Hundred Thirty-Eight Thousand Four Hundred Eighty-Eight (138,488) customers. The table below shows the total number of customers and energy sales per class:

Customer Class	Number of Customers	%	Energy Sales in MWh	%
Residential	122,593	89%	425,971	52%
Commercial	14,988	11%	321,759	40%
Industrial	552	0.40%	9,417	1%
Flat/Streetlights	348	0.25%	6,129	1%
RCOA/GEOP	7	0.01%	52,378	6%
Total	138,488	100.00%	815,654	100.00%

The Company generates its revenues primarily from (1) Generation, Transmission, and System Loss, which are pass-through charges; (2) Distribution Charges consisting of Distribution, Supply, and Metering Charges; and (3) Other charges related to its services such as reconnection fees and pole rentals.

Pass-through charges are revenue-neutral to the Company. The ERC evaluates these charges every three (3) years for any over or under-recoveries. Upon ERC's approval, the over or under-recoveries are either refunded to or collected from AEC's customers.

Distribution charges are based on the last approved rates of the Company for the regulatory year 2015 under the Performance-Based Rate-Making ("PBR") Methodology. This is the Company's main line of business and source of revenue. No changes to distribution charges can be made by the Company without ERC's approval.

viii. Dependence on Single or Few Customers

The Company is not dependent on any one or group of customers for at least 20% of its distribution revenues. The loss of a single customer or a few customers will not have a material adverse effect on AEC.

ix. Related Party Transactions

In the last 2 years, the Company has entered into the following transactions with its Director:

Date	Names of Related Party	Position or Interest in the Company	Type of Transaction	Amount of Transaction Value
2024	Geromin T. Nepomuceno	Chairman of the Board, Stockholder	Technical Consultancy Agreement	₱2,666,667
2023	Geromin T. Nepomuceno	Chairman of the Board, Stockholder	Technical Consultancy Agreement	₱2,666,667

A summary of the Company's transactions with its related parties as of and for the years ended December 31, 2024 and, as disclosed in Note 20 of the December 31, 2024 audited financial statements, is presented below.

Related Party Category	Amount of Transaction			Outstanding Receivables / Payables	
	2024	2023	2022	2024	2023
Related parties under common ownership					
Purchase of electricity	PhP 134,751,171	PhP 220,525,923	PhP 249,400,254	Php 18,187,460	PhP 17,381,844
Purchase of goods and other services	PhP 20,162,486	PhP 17,204,391	PhP 16,218,608	Php 394,110	PhP 46,461
Sales of electricity	PhP 191,891,784	PhP 141,128,261	PhP 151,917,860	PhP 16,100,273	PhP 14,082,043
Retirement plan asset	PhP 12,000,000	PhP 12,000,000	PhP 12,000,000	-	-
Key management personnel					
Compensation	PhP 27,955,022	PhP 25,177,513	PhP 21,149,910	-	-
Stockholders					
Purchase of goods and other services	PhP 2,666,667	PhP 3,777,778	PhP 5,056,560	-	-
Net advances granted / obtained	Php 20,136,064	-	-	Php 20,136,064	-

x. ***Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements***

AEC received its franchise to operate as a private electric distribution utility to serve the electric power requirements of Angeles City for a period of twenty-five (25) years under Republic Act No. 2341 on June 20, 1959. It was later amended by Republic Act No. 4079 on June 18, 1964, extending the franchise period to fifty (50) years until 2009. Currently, AEC is operating under Republic Act No. 9381 which extended AEC's franchise period for another twenty-five (25) years.

On June 28, 2022, the Company applied for registration with the Intellectual Property Office ("IPO") of the Philippines, the trademark of the company name Angeles Electric Corporation. The IPO issued a certificate of registration dated December 10, 2022 for a period of ten (10) years.

The Company does not own any patent, copyright, franchise (other than the legislative franchise mentioned above), concession or royalty agreement.

xi. ***Regulatory Approvals***

The Company has several pending applications with the ERC for the approval of its various applications.

Applications for capital expenditures, cases involving rates, power supply agreements and other matters that the ERC may require must be filed in compliance with the Rules of Practice promulgated by the ERC. Prior to its formal filing, the applicant must provide all relevant documentations, go through a pre-filing process, adhere to publishing rules, and meet other requirements. After its filing, the application will be scheduled for an expository and judicial public hearing.

During the COVID-19 pandemic, ERC Resolution No. 8 Series of 2020, entitled "Guidelines Governing Electronic Application, Filings, and Virtual Hearing Before the Energy Regulatory Commission" was issued and established the standard operating procedures for the submission and approval of ERC applications.

In line with the distribution rate filing of private distribution utilities, last December 2021, the ERC issued Resolution No. 10 Series of 2021 or the Revised Rules for Setting Distribution Wheeling Rates ("RDWR") for the 5th Regulatory Period Reset of Group A DU entrant. AEC belongs to Group D entrants and will enter the PBR reset process six (6) months before the start of the Group D 5th Regulatory Period.

Below is the list of ERC applications with pending approvals:

	ERC Case No.	Case Title	Date Submitted for Resolution
1	2016-006 RC	For Approval of RY 2016 CAPEX Projects	26 June 2016
2	2017-053 RC	For Approval of RY 2017 CAPEX Projects	02 November 2017
3	2017-106 RC	For Approval of the Contingency & Regular CAPEX Projects for RY 2018	17 May 2018
4	2019-013 RC	For Approval of the CAPEX Projects for RY 2019	07 June 2019
5	2019-091 RC	For Approval of the CAPEX Projects for RY 2020	16 October 2020

6	2022-011 RC	For Approval of the CAPEX Projects for RY 2021-2022	27 July 2022
7	2020-034 CF	For Confirmation of True-up Calculations of Over/Under Recovery of Pass-Thru Charges Implemented from Jan. 2017 to Dec. 2019	03 February 2021
8	2023-031 CF	For Confirmation of True-up Calculations of Over/Under Recovery of Pass-Thru Charges Implemented from Jan. 2020 to Dec. 2022	02 August 2023
9	2017-015 MC	Application for Approval of Increase in Capital Stock	20 December 2017
10	2010-051 MC	Dispute Resolution on DWSA Charges (AEC vs PSALM)	27 August 2010
11	2011-097 RC	Application for Approval of ESC (AEC and San Miguel Energy Corporation)	12 July 2011
12	2022-087 RC	For Confirmation of True Up Calculations of Actual Weighted Average Tariff (“AWAT”) vs. Maximum Average Price (“MAP”) for the Lapsed Regulatory Periods	06 March 2023
13	2024-004 RC	For Approval of the CAPEX Projects for RY 2023	08 March 2024

On the other hand, the ERC issued Provisional Authorizations/Interim Relief to implement the following applications, subject to ERC’s final evaluation:

ERC Case No.		Case Title	Date Submitted for Resolution
1	2014-038 CF	For Confirmation of True-up Calculations of Over/Under Recovery of Pass-Thru Charges Implemented from Jan. 2011 to Dec. 2013	23 Jul 2014
2	2017-044 CF	For Confirmation of True-up Calculations of Over/Under Recovery of Pass-Thru Charges Implemented from Jan. 2014 to Dec. 2016	27 September 2017
3	2015-091 RC	Joint Application for Approval of PSA (AEC and Angeles Power Inc.)	07 August 2015
4	2023-004 RC	Joint Application for Approval of Power Supply Agreement between SP New Energy Corporation (AEC and SPNEC).	30 March 2023

The Company has not undergone any bankruptcy, receivership, or other similar proceeding in the past three (3) years from the date of this report.

xii. *Effect of existing or probable government regulations on the business*

The Company belongs to a highly regulated industry, bound by the following laws and rules set in place to ensure uninterrupted enjoyment of reliable and reasonably priced electricity by the public.

The passage of the Electric Power Industry Reform Act of 2001 (“EPIRA”) has paved the way for new reforms aimed at privatizing and deregulating certain aspects of the power industry.

Under the said law, the distribution of electricity to end-users shall be a regulated business requiring a national franchise. The distribution of electric power to all end-users may be undertaken by private distribution utilities, cooperatives, local government units presently undertaking this function, and other duly authorized entities, subject to regulation by the ERC. Section 23 of the EPIRA likewise provides that “A distribution utility shall have the obligation to supply electricity in the least cost manner to its captive market, subject to the collection of retail rate duly approved by the ERC.”

On February 26, 2021, ERC Resolution No. 12, Series of 2020 took effect, which further expanded the coverage of the Retail Competition and Open Access (“RCOA”) to include electricity end-users with an average monthly demand of five hundred kilowatts (500kW) effective February 26, 2021 per ERC Resolution No. 12, Series of 2020. The coverage of RCOA will gradually be expanded to the household level as mandated under Section 31 of the EPIRA. The initial implementation of RCOA covered electricity end-users with a demand of one megawatt (1MW) and above, making them eligible to migrate to other Retail Electricity Suppliers (RES).

As of December 31, 2024, AEC is servicing four (4) Contestable Customers who have switched to retail competition and with the RCOA's 3rd phase of implementation on February 26, 2021, an additional nine (9) customers became qualified to switch to retail competition.

On August 19, 2021, ERC promulgated ERC Resolution No. 8, Series of 2021 entitled “Rules for the Green Energy Option Program (GEOP)”. The program encourages end users to choose renewable energy resources. Said program may be availed by: (1) end-users with an average peak demand of one hundred kilowatts (100kW) and above for the past twelve months; (2) those newly connected end-users whose estimated average monthly peak demand of three hundred kilowatts (300kW) and above for the next twelve (12) months based on load profiling; and (3) those newly connected end-users with an average peak demand of one hundred kilowatts (100kW) and above for three (3) consecutive months.

As of December 31, 2024, AEC has three (3) customers who have already switched to an RE Supplier under the GEOP and has eighty-two (82) customers who were eligible to join the program.

The continuous migration of eligible consumers to RCOA and GEOP will likely result in additional stranded contracted capacity. However, with the consistent growth in the Company's energy sales, any displaced capacity resulting from the migration of qualified customers to RCOA and GEOP may be absorbed by the growth in the energy sales of its remaining captive market.

To further expand the base of end-users having the ability to choose their suppliers of electricity, ERC has promulgated ERC Resolution No. 4, Series of 2020, entitled “Rules for the Electric Retail Aggregation Program” on June 24, 2022. The rules for the aggregation of the electricity requirements of end-users, whose monthly average peak demand is at least 500kW and are located within a contiguous area is effective beginning December 26, 2022.

On August 14, 2024, the ERC issued Resolution 13 Series of 2024 or the Omnibus Rules for Customer Choice Programs in the Retail Market. This aims to consolidate and amend all the rules governing the various Customer Choice Programs such as the RCOA, GEOP and RAP. The ERC's conducting information campaign series for the Omnibus Rules.

As of December 31, 2024, no customer has signified their interest to join the Electric Retail Aggregation Program.

The Company intends to manage this risk by renegotiating its contracted capacity with its power suppliers, and consulting with the ERC to prevent any dispute that may result from the renegotiation. Offer the excess capacity to RES, or sell the excess capacity to the WESM in accordance with the pertinent rules and regulations.

The Company intends to manage this risk by renegotiating its contracted capacity with its power suppliers, and consulting with the ERC to prevent any dispute that may result from the renegotiation, offer the excess capacity to RES, or sell the excess capacity to the WESM in accordance with the pertinent rules and regulations.

Below are other relevant resolutions promulgated by ERC in 2024 which may impact the Company:

ERC Resolution No.	Title	Brief Overview
1. ERC Resolution No. 1, Series of 2024	A Resolution adopting the lifting of the suspension of the collection of Feed-In Tariff Allowance (FIT-ALL).	A resolution adopting the lifting of the suspension of the collection of Feed-In Tariff Allowance (FIT-ALL) typically indicates that the regulatory body or relevant authority has decided to resume the collection of the FIT-ALL charge.
2. Resolution No. 2 Series of 2024	A Resolution Setting the Installed Generating Capacity and Market Share Limitation Per Grid and National Grid for 2024.	A resolution setting the installed generating capacity and market share limitation per grid and the national grid for 2024 is a formal decision or directive issued by the relevant regulatory body or authority overseeing the energy sector. This resolution typically outlines the maximum allowed installed generating capacity and market share that each grid or the national grid can have within a specified timeframe, in this case, for the year 2024.
3. ERC Resolution No. 8, Series of 2024	A Resolution adopting the Renewable Energy Certificate (REC) Price Cap.	A resolution adopting the rules on the determination of the Renewable Energy Certificate (REC) Price Cap.
4. ERC Resolution No. 9, Series of 2024	A Resolution reiterating the Provisions on Administrative	A resolution that reiterates the provisions on Administrative

	Offenses and Penalties under Republic Act No. 1123 and its Implementing Rules and Regulations for Implementation by the Energy Regulatory Commission.	Offenses and Penalties under Republic Act No. 11234 and its Implementing rules and regulations, for implementation by the Energy Regulatory Commission.
5. ERC Resolution No. 12, Series of 2024	A Resolution Governing the Cost Recovery Mechanism of the On-Grid Distribution Utilities in Compliance with the Renewable Portfolio Standards	A resolution that approves and adopts the Rules Governing the Cost Recovery Mechanism of the On-Grid Distribution Utilities in compliance with the Renewable Portfolio Standards (RPS).
6. ERC Resolution No. 13, Series of 2024	A Resolution Adopting the Omnibus Rules for Customer Choice Programs in the Retail Market.	These rules shall be known as the Omnibus Rules for Customer Choice Programs in the Retail Market. It shall be hereinafter referred to as the Omnibus Rules.
7. ERC Resolution 16, Series of 2024	A Resolution Setting the Interim Offer Price Cap and Floor Price as Mitigating Measures for the Trading of Reserves in the Wholesale Electricity Spot Market.	A resolution that approves and adopts an Interim Offer Price Cap and Floor Price.
8. ERC Resolution 18, Series of 2024	A Resolution directing distribution utilities to refund all collected and unutilized regulatory reset costs and cease any future collection thereof.	A resolution that mandates Du's to refund all collected and unutilized regulatory reset costs and cease any future collection thereof.
9. ERC Resolution No. 19, Series of 2024	A Resolution Adopting the Price Determination Methodology (PDM) for Non-Fit-Eligible Renewable Energy Technologies in the Green Energy Auction Program (GEAP).	A resolution that approves and adopts the Price Determination Methodology (PDM) for Non-Fit Eligible Renewable Energy Technologies in the Green Energy Auction Program (GEAP).

The Company is likewise covered by the following issuances from the Department of Energy (DOE) in 2024:

Department Circular No.	Title	Brief Overview
1. DC2024-01-0002	Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Manual on Dispute Resolution Regarding Disputes Under the Retail Rules.	Section 30 and 37(f) of Republic Act (RA) No. 9136 or the Electric Power Industry Reform Act (EPIRA) provide that the Department of Energy (DOE), jointly with the electric power industry participants, shall establish the WESM and formulate the detailed rules governing the operations.
2. DC2024-01-0003	Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Rules and Various WESM Manuals.	Section 30 and 37(f) of Republic Act (RA) No. 9136 or the Electric Power Industry Reform Act (EPIRA) provide that the Department of Energy (DOE), jointly with the electric power industry participants, shall establish the WESM and formulate the detailed rules governing the operations.
3. DC2024-01-0004	Adopting Further Amendments to the Wholesale Electricity Spot Market (WESM) Rules and the WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures (Provisions on Preferential Dispatch of Renewable Energy Generating Units)	Section 30 and 37(f) of Republic Act (RA) No. 9136 or the "Electric Power Industry Reform Act of 2001" (EPIRA), provide that the Department of Energy (DOE), jointly with the electric power industry participants, shall establish the WESM and formulate the detailed rules governing the operations
4. DC2024-03-0010	Amendment to Department Circular No. DC2023-10-0029 Providing Specific Auction Policy and Guidelines for Non-Fit-Eligible Renewable Energy Technologies in the Green Energy Auction Program	WHEREAS, on 12 December 2023, the Department of Energy (DOE) issued Department Circular (DC) No. DC2023-10-0029 titled, "Providing Specific Auction Policy and Guidelines for Non-Fit-Eligible Renewable Energy Technologies in the Green Energy Auction Program"
5. DC2024-05-0011	Rules on the Administration and Enforcement of the	This DC shall govern all matters relating to the

	Obligations of Designated Establishments under the Energy Efficiency and Conservation Act.	inspection and enforcement power of the DOE under the EEC Act, EEC-IRR, and other relevant issuances.
6. DC 2024-05-0015	Rules of Procedure in Administration Cases for Violations under Republic Act No.11285 (Energy Efficiency and Conservation Act)	These rules shall apply to all pleadings, practices, and procedures before the DOE in all matters concerning the inquiry, investigation, hearing, or any other proceedings for cases involving violations of EEC Act, the EEC-Implementing Rules and Regulations (IRR), DOE Circulars, and Implementing Guidelines (IG) issued pursuant to the forgoing.
7. DC2024-06-0018	Revised Omnibus Guidelines Governing the award and Administration of Renewable Energy Contracts and the Registration of Renewable Energy Developers.	This Circular shall prescribe the guidelines and procedures on: The pre-application, application, and award of RE Contracts; The conversion of existing service contracts to RE contracts for the exploration, development or utilization of RE resources with the DOE, subject to Section 39, Rule 13 of the IRR of the RE Act; The issuance by the DOE of Certificates of Registration (COR) for RE Developers of projects with or without RE Contracts; and The administration of RE Contracts.
8. DC2024-06-0019	Adopting further Amendments to the Wholesale Electricity Spot Market (WESM) Rules and WESM Manual on Dispatch Protocol, and Creation of WESM Manual on Ancillary Services Monitoring Regarding Reserve Market Compliance and Related Enforcement and Actions.	This Manual and the enforcement proceeding and actions set herein apply to the conformance of the Ancillary Services Providers with the rules pertaining to submission of the reserve offers and to compliance with reserve schedules and dispatch implementation.
9. DC2024-08-0025	Prescribing further Policies to Enhance the Net-Metering Program for Renewable Energy, Amending, for the	This Circular Prescribes the following policies and guidelines to provide enhancement to the Net-Metering Program in support

	Purpose, Department Circular (DC) No. DC2022-10-0022	of ERC Resolution No. 06, Series of 2029.
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xiii. Research and Development

The Company has no research and development department, nor has it been involved in any research and development activity. This is due to the fact that changes in the electric distribution industry have been relatively slow compared to other industries. The current infrastructures and systems have generally been sufficient to meet the growing market's demand for safe and efficient distribution of power. Hence, there has been no need for research and development up to the present.

This is still true even with the emergence of technology and the government's implementation of a national smart grid policy framework for the Philippine electric power industry and roadmap for distribution utilities due to the sufficiency of the available products and technologies in the market.

xiv. Costs and Effects of Compliance with Environmental Laws

The Company's substations require compliance with the Department of Environment and Natural Resources ("DENR") Administrative Order No. 30, Series of 2003 of Presidential Decree No. 1586 and Rule XIX of the Rules and Regulations of RA. 8749. These substations are required to secure Permits to Operate ("PTO") and violations of the conditions of the Act shall be subject to penalties ranging from Ten Thousand Pesos (₱10,000.00) to One Hundred Thousand Pesos (₱100,000.00).

The table below shows the issued PTOs for the substations:

Substations	Permit to Operate	Issue Date	Expiry Date
1. Petersville	PTO-OL-R03-2022-04201	16 June 2022	16 June 2027
2. Calibu	CNC-OL-R-03-2022-04-01965	06 April 2022	-
3. Milenyo	PTO-OL-R03-2022-03854	10 June 2022	10 June 2027
4. Pampang	PTO-OL-R03-2022-03862	10 June 2022	10 June 2027
5. Cutcut (Nepo Center)	PTO-OL-R03-2022-04486	27 June 2022	26 June 2027

The Company is required to hire an accredited treater and transporter of hazardous materials. The accredited treater and transporter will then issue the Company a Hazardous Waste Generator Registration Certificate indicating that the hazardous waste was properly treated and disposed of.

xv. Employees and labor relations

As of December 31, 2024, the Company has one hundred eighty (180) employees. One hundred eighteen (118) of them are office employees and sixty-two (62) are field employees.

The Company expects to hire an additional ten (10) to twelve (12) employees in 2025 due to the opening of the Balibago Office and retirements this year.

One hundred (100) of AEC's employees are members of the Angeles Electric Workers' Union (the "Union") affiliated with the National Federation of Labor Union and eighty (80) employees are non-union.

In recent years, the Company has not had any issues when it comes to bargaining with the Union since the Collective Bargaining Agreement ("CBA") negotiations are always amicably concluded. The employees of the Company have good labor relations with the management and owners of the

Company.

In the past three (3) years, the Union has neither conducted any strikes nor has it picketed against the Company. The Company's existing CBA will expire on October 25, 2025.

In addition to the benefits as mandated by law, the Company provides its employees with additional benefits as disclosed in its Prospectus dated November 30, 2023.

xvi. Risks Relating to the Company and Its Business

The Company identified the following risks discussed in detail in its Prospectus dated November 30, 2023, *pages 17 to 26*. The Prospectus is attached to this report as **Annex B**.

- Franchise Risk, Operational Risk and Limitations of a Distribution Utility
- Regulatory Risk
- Risk of Exposure to Volatile Price of Electricity
- Risk to Power Purchase Contracting
- Risk on Subtransmission Lines
- Leases Risk
- Risk on Information Technology Systems
- Risk of Human Resources and Skills Stagnation
- Collection Risk
- Customer Choice Program (RCOA, GEOP & RAP)

Item 2. Properties

The following real properties are duly registered under the Company's name, as evidenced by the Transfer Certificates of Title ("TCT") and Condominium Certificate of Title ("CCT") listed below:

	TCT/CCT No. /Evidence of Ownership	Location	Description	Lien Mortgage Encumbrance , if any	Use of property
1.	TCT 11046	Bgy. Pulung Maragul	28,496 sqm	N/A	Petersville Power and Substation
2.	TCT 74538	Bgy. Pulung Maragul	3,648 sqm	N/A	Petersville Power and Substation
3.	TCT 111623	Bgy. Pulung Maragul	3,419 sqm	N/A	Petersville Power and Substation
4.	TCT 121001	Bgy. Pulung Maragul	5,417 sqm	N/A	Petersville Power and Substation
5.	TCT 045-2014001959	Bgy. Pulung Maragul	8,998 sqm	N/A	Petersville Power and Substation
6.	TCT 155378	Bgy. Pampang	600 sqm	N/A	Pampang Substation
7.	TCT 155379	Bgy. Pampang	600 sqm	N/A	Pampang Substation
8.	TCT 155380	Bgy. Pampang	600 sqm	N/A	Pampang Substation
9.	TCT 155381	Bgy. Pampang	600 sqm	N/A	Pampang Substation
10.	TCT 045-2018003332	Clarkview Subdivision	1,548 sqm	N/A	New Milenyo Substation
11.	TCT 045-2018003036	Bgy. Pulung Cacutud	10,000 sqm	N/A	Future Pulung Cacutud Substation

12.	TCT 045-2022001374	Bgy. Balibago	800 sqm	N/A	Future Balibago Substation
13.	TCT 045-2022001375	Bgy. Balibago	800 sqm	N/A	Future Balibago Substation
14.	TCT 045-2022001376	Bgy. Balibago	800 sqm	N/A	Future Balibago Substation
15.	CCT PT-30200	Pasig City	121 sqm	N/A	Ortigas Office
16.	CCT PT-30201	Pasig City	119 sqm	N/A	Ortigas Office
17.	CCT PT-30202	Pasig City	118 sqm	N/A	Ortigas Office
18.	CCT PT-30203	Pasig City	112 sqm	N/A	Ortigas Office
19.	Deed of Assignment	Pasig City	Slot #6	N/A	Parking Slot for Unit 1901 (CCT PT-30200)
20.	Deed of Assignment	Pasig City	Slot #7	N/A	Parking Slot for Unit 1901 (CCT PT-30200)
21.	Deed of Assignment	Pasig City	Slot #8	N/A	Parking Slot for Unit 1902 (CCT PT-30201)
22.	Deed of Assignment	Pasig City	Slot #9	N/A	Parking Slot for Unit 1902 (CCT PT-30201)
23.	Deed of Assignment	Pasig City	Slot #10	N/A	Parking Slot for Unit 1903 (CCT PT-30202)
24.	Deed of Assignment	Pasig City	Slot #11	N/A	Parking Slot for Unit 1903 (CCT PT-30202)
25.	Deed of Assignment	Pasig City	Slot #12	N/A	Parking Slot for Unit 1904 (CCT PT-30203)
26.	Deed of Assignment	Pasig City	Slot #13	N/A	Parking Slot for Unit 1904 (CCT PT-30203)

The Company also owns the following vehicles:

	Description	Quantity	Unit of Measure	Liens, Mortgages, Encumbrances, if any	Use of Property
1.	Crane Truck	1	Unit	N/A	Used as a service vehicle
2.	Boom Truck	4	Units	N/A	Used as a service vehicle
3.	Boom Truck with Borer	1	Unit	N/A	Used as a service vehicle
4.	Man lift Truck	9	Units	N/A	Used as a service vehicle
5.	Pick-up with Ladder Carrier	13	Units	N/A	Used as a service vehicle
6.	Utility Van	4	Units	N/A	Used as a service vehicle
7.	Utility Van with Ladder Carrier	3	Units	N/A	Used as a service vehicle
8.	Pick-up with Camper Shell	4	Units	N/A	Used as a service vehicle
9.	Passenger Van	2	Units	N/A	Used as a service vehicle
10.	Pick-up Van	2	Units	N/A	Used as a service vehicle
11.	Multi-Purpose Vehicle	1	Units	N/A	Used as a service vehicle
12.	SUV	4	Unit	N/A	Used as a service vehicle
13.	Pick-up 1	1	Unit	N/A	Used as a service vehicle
14.	Light Duty Truck	2	Units	N/A	Used as a service vehicle
15.	Motorcycle	1	Unit	N/A	Used as a service vehicle
16.	Forklift	1	Unit	N/A	Used as a service vehicle

The Company also owns equipment and other properties such as power transformers and other substation equipment, sub-transmission and distribution lines including poles and attachments, distribution transformers, meters and other metering equipment which are installed within the Company's franchise area, as described in its Prospectus dated November 30, 2023, *pages 105 to 110*, attached to this report as **Annex B**.

Item 3. Legal Proceedings

Aside from the following, and the applications pending with the ERC as stated above, the Company has no ongoing legal proceedings involving it and any of its properties, whether material or non-material.

Case No., Title, and Parties	Pending Before/Venue	Brief Description
Case No. R-QZN-14-01829-CV, In the Matter of Declaratory Relief Against Revenue Memorandum Circular No. 16-2013, Angeles Electric Corp. Et. Al.	Quezon City Regional Trial Court, Branch 104	<p>A Petition for Declaratory Relief with prayer for the issuance of a TRO and writ of injunction, praying that RMC No. 16-2013 be declared null and void and unconstitutional. A Decision was issued on 20 June 2017 and a Motion for Reconsideration (“MR”) was filed by the BIR on 12 July 2017.</p> <p>To date, no resolution from the Court regarding the filed MR.</p>

The Company has not undergone any bankruptcy, receivership, or other similar proceeding in the past three (3) years from the date of this report.

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

There is no matter submitted to the vote of security holders, through solicitation of proxies or otherwise, from the time the Registration Statement was approved until the fourth quarter of the fiscal year.

Item 5. Market for Issuer’s Common Equity and related Stockholders Matters

A. Market Price and Dividends on Registrant’s Common Equity and Related Stockholder Matters

1. Market Information

a. Principal Market

The shares of the Company are not traded in any stock exchange.

2. Holders

As of December 31, 2024, the Company has a total of 1,178,448,402 issued and outstanding common shares, along with 201,680,632 issued and outstanding preferred shares distributed among its stockholders.

Below is a list of the top twenty (20) stockholders of the Company as of December 31, 2024.

	Name of Shareholder	Type of Share Held	Number of Common / Preferred Shares Held	Percent of Total Issued and Outstanding Shares
1	Nicholas Carmelo P. Nepomuceno	Preferred	14,829,458	4.42%
		Common	46,173,600	
2	Taylor Amanda P. Nepomuceno	Preferred	14,829,458	4.29%
		Common	44,377,100	
3	Patrick P. Nepomuceno	Common	52,306,400	3.79%
4	Cristina Research Foundation, Inc.	Common	50,000,000	3.62%
5	Me-Ka Corporation	Common	49,000,000	3.55%
6	ETM Incorporated	Common	47,000,000	3.41%
7	GibbousTech, Inc.	Common	40,000,000	2.90%
8	Salud Isabel M. Nepomuceno	Common	28,571,500	2.64%
		Preferred	7,909,045	
9	Emmanuel Joseph M. Nepomuceno	Common	23,614,300	2.18%
		Preferred	6,536,836	
10	Justine Shayne Ashley A. Nepomuceno	Common	23,809,600	2.08%
		Preferred	4,943,153	
11	Bernadette M. Nepomuceno	Common	28,571,400	2.07%
12	Angela Regina M. Nepomuceno	Common	18,657,100	1.73%
		Preferred	5,164,600	
13	Peter Walter S. Nepomuceno	Common	16,256,000	1.61%
		Preferred	5,931,783	
14	Paul Wilhelm S. Nepomuceno	Common	16,256,000	1.61%
		Preferred	5,931,783	
15	Bianca M. Benitez	Common	17,092,000	1.61%

		Preferred	5,084,385	
16	Paul Augustine N. Wilkerson	Common	17,857,100	1.56%
		Preferred	3,707,364	
17	Jeffrey Neil S. Nepomuceno	Common	15,872,966	1.39%
		Preferred	3,295,435	
18	Cristina Carisse S. Nepomuceno	Common	15,872,965	1.39%
		Preferred	3,295,436	
19	Geromin S. Nepomuceno III	Common	15,872,966	1.39%
		Preferred	3,295,435	
20	Patrick N. Valdes	Common	15,872,900	1.39%
		Preferred	3,295,435	

3. Dividends

Limitations and Requirements

Under Philippine law, dividends may be declared out of a corporation's unrestricted retained earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose. From time to time, the Company may reallocate capital among subsidiaries, if any, depending on its business requirements.

The Revised Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividend without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

The Revised Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (i) when justified by definite expansion plans approved by the board of directors of the corporation, (ii) when distribution is prohibited under any loan agreement with any financial institution or creditor without its consent, and such consent has not been secured, (iii) when retention is necessary under special circumstances, such as when there is a need for special reserves for probable contingencies, or (iv) when the non-distribution of dividends is consistent with the policy or requirement of a government office.

a. Dividends declared

The table below shows the Company's dividend history for the years 2023 and 2024.

YEAR	DIVIDEND	DIVIDEND RATE	TYPE OF SHARE	RECORD DATE	PAYMENT DATE	TOTAL AMOUNT PAID (in PhP)
2023	Cash	₱0.2488 per share	Common	28 February 2023	19 March 2023	241,691,386.00
	Cash	₱0.1790 per share	Common	30 April 2023	21 June 2023	173,931,459.00
	Cash	₱2.0131 per share	Preferred	30 April 2023	21 June 2023	405,998,560.00
	Cash	P0.0204 per share	Common	30 June 2023	29 November 2023	19,817,139.00
	Cash	P0.0204 per share	Preferred	30 June 2023	29 November 2023	4,114,285.00
2024	Cash	₱0.0234 per share	Common	31 December 2024	4 March 2024	27,585,648.00
	Cash	₱0.0055 per share	Preferred	31 December 2024	4 March 2024	1,109,243.00
	Cash	₱0.0234 per share	Common	31 December 2024	9 August 2024	27,585,648.00
	Cash	₱0.0055 per share	Preferred	31 December 2024	9 August 2024	1,109,243.00
	Cash	₱0.0234 per share	Common	31 December 2024	15 November 2024	27,585,648.00
	Cash	₱0.0055 per share	Preferred	31 December 2024	15 November 2024	1,109,243.00

b. Appropriated Retained Earnings

The Company, through the approval of the Board of Directors, periodically appropriates a portion of its retained earnings for planned capital asset acquisitions. These restrictions limit the Company from declaring dividends and ensure that sufficient net assets are available to finance the planned acquisitions.

The planned capital asset acquisitions are classified into (a) Network; (b) Other network; and, (c) Non-network. Acquisitions for the Network classification mostly include substation equipment. Acquisitions for the Other network classification pertain to primary and secondary line equipment. Acquisitions for the Non-network classification include office and administrative assets.

In 2024, the Company did not appropriate a portion of its retained earnings as management believes that the current appropriation is sufficient for its existing projects. Furthermore, there were no reversals of appropriations during that same year.

On October 4, 2023, the Board of Directors approved the appropriation of PhP 174,564,841 for future capital asset acquisitions identified during the year. On the other hand, a reversal of appropriation totaling PhP 24,200,280, in relation to certain projects that have been completed, was made during the same year. The appropriations and reversals in prior years are presented in the Company's audited statements of changes in equity and the accompanying notes to the financial statements.

4. Recent sale of unregistered securities

In March 2023, the Company issued Two Hundred One Million Six Hundred Eighty Thousand Six Hundred Thirty-Two (201,680,632) preferred shares from its unissued authorized preferred shares at par value to the following shareholders:

Date	Type of Share	Name of Shareholder	Number of Shares Sold	Amount and Consideration (in Php)
16 March 2023	Preferred Shares	NEPOMUCENO, PETER WALTER S.	5,931,783	5,931,783.00
16 March 2023	Preferred Shares	NEPOMUCENO, PAUL WILHELM S.	5,931,783	5,931,783.00
16 March 2023	Preferred Shares	NEPOMUCENO, KRISTEN MARIE	5,931,783	5,931,783.00
16 March 2023	Preferred Shares	NEPOMUCENO, CELINA MARIE	5,931,783	5,931,783.00
16 March 2023	Preferred Shares	NEPOMUCENO, RAVEN JENKI G.	5,931,783	5,931,783.00
16 March 2023	Preferred Shares	NEPOMUCENO, NICHOLAS CARMELO P.	14,829,458	14,829,458.00
16 March 2023	Preferred Shares	NEPOMUCENO, TAYLOR AMANDA P.	14,829,458	14,829,458.00
22 March 2023	Preferred Shares	JUSTIN SHANE ASHLEY A. NEPOMUCENO	4,943,153	4,943,153.00
22 March 2023	Preferred Shares	NEPOMUCENO, JEAN POLO E.	4,943,152	4,943,152.00
22 March 2023	Preferred Shares	NEPOMUCENO, JEFFREY NEIL S.	3,295,435	3,295,435.00

22 March 2023	Preferred Shares	NEPOMUCENO, CRISTINA CARISSE S.	3,295,436	3,295,436.00
22 March 2023	Preferred Shares	NEPOMUCENO, GEROMIN S. III	3,295,435	3,295,435.00
22 March 2023	Preferred Shares	NEPOMUCENO, RICHARD ADRIAN FIRMO T.	1,977,262	1,977,262.00
22 March 2023	Preferred Shares	NEPOMUCENO, ALDRIN ERWIN JAMES T.	1,977,261	1,977,261.00
22 March 2023	Preferred Shares	NEPOMUCENO, NICHOLAS EVAN	1,977,261	1,977,261.00
22 March 2023	Preferred Shares	NEPOMUCENO, SHERRIE ANTONETTE	1,977,261	1,977,261.00
22 March 2023	Preferred Shares	NEPOMUCENO, JOSEPHINE CRISTINE	1,977,261	1,977,261.00
22 March 2023	Preferred Shares	NEPOMUCENO, EMMANUEL JOSEPH	6,536,836	6,536,836.00
22 March 2023	Preferred Shares	NEPOMUCENO, ANGELA REGINA	5,164,600	5,164,600.00
22 March 2023	Preferred Shares	NEPOMUCENO, SALUD ISABEL M.	7,909,045	7,909,045.00
22 March 2023	Preferred Shares	NEPOMUCENO, MA. ELIGIA G.	1,372,209	1,372,209.00
22 March 2023	Preferred Shares	CONCEPCION, KEVIN ALPHONSUS L.	2,744,445	2,744,445.00
22 March 2023	Preferred Shares	BENITEZ, BIANCA M.	5,084,385	5,084,385.00
22 March 2023	Preferred Shares	OSMEÑA, RAMON LUIS M.	5,931,783	5,931,783.00
22 March 2023	Preferred Shares	MAPUA, MONICA ISABEL	5,084,385	5,084,385.00
22 March 2023	Preferred Shares	MAPUA, FRANCO LUIS C.	1,906,645	1,906,645.00
24 March 2023	Preferred Shares	MAPUA, MIA ANGELINA C.	1,906,645	1,906,645.00
24 March 2023	Preferred Shares	MAPUA, ANNICA THERESE C.	1,906,645	1,906,645.00
24 March 2023	Preferred Shares	MAPUA, DIEGO MIGUEL C.	1,906,645	1,906,645.00
24 March 2023	Preferred Shares	MAPUA, JULIA CRISTINA GABRIELLE H.	2,965,892	2,965,892.00
24 March 2023	Preferred Shares	MAPUA, RAMON ANTONIO LUIS H.	2,965,892	2,965,892.00
24 March 2023	Preferred Shares	BUTIU, MICHELLE ANA MARIE	1,235,788	1,235,788.00
24 March 2023	Preferred Shares	WILKERSON, AARON H.	1,235,788	1,235,788.00
24 March 2023	Preferred Shares	WILKERSON, RICHARD ANTON H.	1,235,788	1,235,788.00
24 March 2023	Preferred Shares	WILKERSON, ANTHONY VINCENT P.	741,473	741,473.00
24 March 2023	Preferred Shares	WILKERSON, ALLANDREW P.	741,473	741,473.00

27 March 2023	Preferred Shares	WILKERSON, ARTHUR P.	741,473	741,473.00
27 March 2023	Preferred Shares	WILKERSON, MATTHEW TIMOTHY G.	741,473	741,473.00
27 March 2023	Preferred Shares	TIU, TIFFANY CRISTIN W.	741,473	741,473.00
27 March 2023	Preferred Shares	WILKERSON, DARREL CHARLES A. III	1,235,788	1,235,788.00
27 March 2023	Preferred Shares	WILKERSON, KIMBERLY NICOLE A.	1,235,788	1,235,788.00
27 March 2023	Preferred Shares	WILKERSON, KEVIN MATTHEW A.	1,235,788	1,235,788.00
27 March 2023	Preferred Shares	WILKERSON, PETER DAVID I. JR.	926,842	926,842.00
27 March 2023	Preferred Shares	WILKERSON, REBECCA ELIZABETH I.	926,841	926,841.00
27 March 2023	Preferred Shares	WILKERSON, AMY KATHRYN I.	926,841	926,841.00
27 March 2023	Preferred Shares	WILKERSON, KELSIE I.	926,841	926,841.00
27 March 2023	Preferred Shares	WILKERSON, TERESITA CARNITA C.	926,842	926,842.00
27 March 2023	Preferred Shares	WILKERSON, RICHARD BLAKE C.	926,841	926,841.00
27 March 2023	Preferred Shares	WILKERSON, CATHERINE ANNE A.	926,841	926,841.00
27 March 2023	Preferred Shares	WILKERSON, GEORGE JOSEPH A.	926,841	926,841.00
27 March 2023	Preferred Shares	WILKERSON, RACHELLE MARIE V.	1,853,683	1,853,683.00
27 March 2023	Preferred Shares	WILKERSON, ALLISON ANNE V.	1,853,682	1,853,682.00
27 March 2023	Preferred Shares	WILKERSON, PAUL AUGUSTINE N.	3,707,364	3,707,364.00
27 March 2023	Preferred Shares	WILKERSON, MARTIN KYLE C.	3,707,365	3,707,365.00
27 March 2023	Preferred Shares	ANGELES, ANTON NICKLUS	3,295,435	3,295,435.00
27 March 2023	Preferred Shares	VALDES, PATRICK N.	3,295,435	3,295,435.00
27 March 2023	Preferred Shares	VALDES, THERESA N.	3,295,435	3,295,435.00
27 March 2023	Preferred Shares	VALDES, JOHN PAUL N.	3,295,435	3,295,435.00
27 March 2023	Preferred Shares	VALDES, JORELL CARLO C.	823,859	823,859.00
27 March 2023	Preferred Shares	VALDES, CAMILLE JO-ANN C.	823,859	823,859.00
27 March 2023	Preferred Shares	VALDES, JOSEPH CHRISTIAN C.	823,859	823,859.00
27 March 2023	Preferred Shares	VALDES, JAIME MIGUEL F.	1,098,478	1,098,478.00

27 March 2023	Preferred Shares	VALDES, JOHANNES LEOPOLDO F.	1,098,478	1,098,478.00
27 March 2023	Preferred Shares	VALDES, MIRJANA LOURDES FELISA S.	3,295,435	3,295,435.00
27 March 2023	Preferred Shares	VALDES, DANIELA PATRICIA F.	1,098,478	1,098,478.00
27 March 2023	Preferred Shares	CHUA, CORINNE DEANNA V.	3,295,435	3,295,435.00
27 March 2023	Preferred Shares	VALDES, ADRIENNE NOELLE R.	3,295,435	3,295,435.00
27 March 2023	Preferred Shares	VALDES, JONATHAN CHRISTOPHER	823,859	823,859.00

The foregoing is exempt from registration with the SEC pursuant to Section 10(e) of the Securities Regulation Code, except with respect to the sale of securities to George Joseph A. Wilkerson and Anton Nicklaus Angeles, which were isolated transactions under Section 10(c) of the Code.

Apart therefrom, the Company has not, within the past three (3) years from December 31, 2023, sold any other exempt or unregistered shares, including sales of reacquired securities, securities issued in exchange for property, services, or other securities, or new securities resulting from the modification of outstanding securities.

B. Description of the Issuer's Securities

On October 21, 2022, the SEC approved the Company's amendment to its Articles of Incorporation which included a 1:100 stock split.

In March 2023, the Company issued Nine Hundred Seventy-One Million Four Hundred Twenty-Eight Thousand Four Hundred (1,173,109,032) common shares and Two Hundred One Million Six Hundred Eighty Thousand Six Hundred Thirty-Two (201,680,632) preferred shares from its unissued authorized common and preferred shares respectively, with both common and preferred shares at PhP 1.00 par value each.

The SEC, in an Order dated December 14, 2023, issued a Certificate of Permit to Offer Securities for Sale in favor of the Company, authorizing the sale and distribution of 207,020,000 common shares.

The Company has no debt securities, stock options, securities subject to redemption or call, warrants and other securities other than the common shares described above.

Item 6. Management's Discussion and Analysis or Plan of Operations

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's Audited Financial Statements for the period ended December 31, 2024, as well as the notes thereto included in this report.

DISCUSSION ON CHANGES IN FINANCIAL POSITION

As of 31 March 2025 and as of 31 December 2024

Assets

The Company's total assets increased by ₱17.2 million due to the net profit generated during the period.

Property, plant and equipment

Property, plant, and equipment decreased by ₱2.7 million, as the additions during the year were lower than the recognized depreciation expense. Additions during this period include ongoing improvements to substations and distribution lines to meet the growing demands of customers. There is also an existing construction project in progress related to a transmission line that will connect the Company's distribution system to a new NGCP substation in Porac, Pampanga. This will enhance the reliability of the Company's system.

Right-of-use assets and Lease liabilities

Right-of-use assets and the related lease liabilities remained the same. Management deemed that the amortization of the right-of-use assets is immaterial to the financial statements. There were no new and renewed lease contracts during the period.

Deferred tax assets – net

Deferred tax assets account has remained the same. Management deemed that the recognition and derecognition of temporary items to income tax are not material to the financial statements.

Retirement benefit assets - net

The increase in retirement benefit assets is due to the Company's contributions to the retirement fund exceeding the recognized retirement expense. The Company consistently invests P1.0 million a month in the retirement fund.

Other non-current assets

Other non-current assets rose by P84.2 million due to additional advances for land acquisition and for certain switchgears and transformers needed for a planned substation in Pulung Cacutud, Angeles City. The land to be acquired will also be used as a substation.

Cash and cash equivalents and Investment Securities

Cash and cash equivalents, along with investment securities, increased due to cash inflow from operating activities. The surplus of fund inflow over net profit during the period relates to the timing of trade payable payments, which occurred after the end of the reporting period.

Trade and other receivables

The significant decrease in trade and other receivables is primarily due to the timing of payments by customers. In 2025, customers settled their bills ahead of schedule due to the Holy Week holiday celebrations.

Prepayments and other current assets

The increase in prepayments and other current assets pertains to the delivery of a significant volume of materials that are intended for the ongoing projects of the Company.

Liabilities

The Company's liabilities increased as a result of the movement of various accounts, as discussed below.

Refundable deposits

The ₱8.8 million increase in refundable deposits results from new customers' deposits and the necessary updates for customers who increased their consumption during the period. There were 934 new customers in the first quarter of 2025.

Trade and other payables

The Company's trade and other payables increased due to the deliveries of inventories and a rise in transmission fees. These are settled in the subsequent months of April and May.

Provisions

Provisions have slightly increased due to the expected customer refunds. The estimation of losses is based on the computation promulgated by the ERC.

Income and other tax liabilities

The decrease is related to the payment of the 2024 annual income tax, which was made before the deadline and the end of the reporting period.

Stockholders' Equity

The change in the Company's equity is solely due to the net results of operations (i.e., net profit and other comprehensive income) minus the dividends declared. No other transactions affected the Company's equity.

For the Periods Ended 31 March 2025 and 31 March 2024

Revenues

The Company's sales of electricity decreased by ₱3.0 million.

	2024	2023
Pass-through revenues	P 1,254,538,125	P 1,251,294,391
Distribution revenues	<u>272,994,763</u>	<u>279,218,605</u>
	<u>P 1,527,532,888</u>	<u>P 1,530,512,996</u>
<i>Kilo-watt hours sold</i>	<u>172,279,544</u>	<u>170,076,897</u>

The net decrease was brought about by the following factors:

(a) Pass-through revenues increased by 1%, which correlates with the increase in kWh sold. In previous years, there was a significant decline in pass-through revenues due to the decrease in generation rates. During these comparative periods, however, average generation rates remained nearly the same. (P6.09 in 2025 and P6.34 in 2024). Therefore, the movement in pass-through revenues can be considered to be solely affected by the increase in kWhs sold.

(b) Despite an increase in kWh sold, distribution revenues fell by 2% due to a refund mandated by the ERC. This refund, amounting to approximately P10.8 million, was provided to customers as a reduction on their bills in February and March 2025.

Costs and Operating Expenses

Purchased Power and Transmission Charges

The cost of electricity increased by 5%, which is higher than the increase in pass-through revenues. This is due to the increasing trend of consumption from January to March. Furthermore, additional ancillary charges from NGCP were approved by the ERC, increasing the billed costs. This can be recovered in subsequent periods.

General and Administrative Expenses

General and administrative expenses increased by ₱18.1 million. The details are as follows:

Depreciation and amortization expense increased due to the continuous improvements in the Company's distribution line system.

Salaries and employee benefits rose by ₱5.0 million due to the annual salary increase and the rise in government agency contributions (e.g., SSS, Philhealth, and HDMF).

Taxes and licenses decreased due to lower local taxes imposed by the Angeles City Local Government Unit.

Other operating expenses rose due to deficiency tax payments made for the taxable year 2022. Other notable expenses showed no significant changes.

Impairment losses rose due to the increase in overdue accounts; however, these are expected to be collected in subsequent periods. This is supported by the fact that, despite the decrease in receivables, the average collection period has increased.

Other Income and Charges

Other operating income decreased because the 2024 balance included back charges for late pole rental payments, while the 2025 balance includes only the contracted pole rental amounts.

Provisions for losses decreased as estimates have changed because of the changes in amounts billed to customers during the period (i.e., affected by the refund instructed by the ERC).

Finance income has increased due to investments in short-term, high-yield financial assets.

Tax Expense

Tax expense increased alongside the profit before tax due to minimal permanent tax differences in the company's income and expense accounts.

KEY PERFORMANCE INDICATORS

The relevant key performance indicators of the Company are shown below:

	March 2025	March 2024
Return on Equity <i>Net Profit divided by Total Equity</i>	0.73%	2.59%
Return on Assets <i>Net Profit divided by Total Assets</i>	0.44%	1.50%

	March 2025	December 2024
Debt to Equity Ratio <i>Total Liabilities divided by Total Equity</i>	0.65	0.65
Current Ratio <i>Total Current Assets divided by Total Current Liabilities</i>	2.84	2.91
Average Collection Period <i>Average Accounts Receivable divided by Average Sales per day (Sale of Electricity divided by number of sales days)</i>	48 days	44 days

LIQUIDITY RISKS

The Company's liquidity requirements pertaining to trade and other receivables and refundable deposits are disclosed in Note 4 of the March 31, 2025 unaudited condensed financial statements.

The Company is not aware of any event that will trigger direct or contingent financial obligations that are material to the Company, including default or acceleration of any obligations. All known obligations or probable exposures are included in the Company's provisions and other liability accounts.

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

Other than those arising from new ERC directives, the Company is not aware of any trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales, revenues, income from continuing operations.

The Company does not have any note, loan, lease, or other indebtedness or financing arrangement requiring it to make payments.

The Company is not aware of any known trend, event, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on its net sales or revenues apart from what is disclosed in this Prospectus.

The Company does not have any significant elements of income or loss that did not arise from its continuing operations.

The Company does not have any seasonal aspects that had a material effect on the financial conditions or results of operations.

The Company's commitments with respect to significant capital expenditures (e.g., new substations and transmission lines to connect with NGCP Porac Substation) can be financed by existing funds.

COMMITMENTS

Other than those arising from regular operations and upgrading of sub-transmission and distribution lines, from capital asset expenditures filed with the ERC and from planned construction of additional substations, the Company does not have any future commitments that will significantly affect the Company's financial position and financial performance.

As of December 31, 2024 and December 31, 2023

Assets

The Company's total assets increased by ₱587.5 million, primarily due to the Company's net profit for the year.

Property, plant, and equipment

Property, plant, and equipment increased by ₱41.8 million, net of the annual depreciation expense amounting to ₱235.3 million. Additions during the year are concentrated on the continuous improvement of substations and distribution and transmission lines to meet the increasing demand of customers. During the height of the summer season, the Company required significant additions of transformers due to an unforeseen rise in power demand. In addition, the Company also incurred an additional ₱28.9 million capital investment in construction work in progress for a project aimed at connecting to a proposed new NGCP substation in Porac, Pampanga.

Right-of-use assets and Lease liabilities

Right-of-use assets and the associated lease liabilities increased due to the renewal of certain contracts that expired in 2023 and 2024.

Deferred tax assets – net

Deferred tax assets increased by ₱19.0 million due to temporary differences that are deductible from future taxable income. The main part of the increase still relates to the recognition of provisions for customer refunds during the year. Please see the analysis of the related account.

Retirement benefit assets - net

The increase in retirement benefit assets is brought about by the excess of the Company's contributions to the retirement fund over the retirement expense computed by the actuaries. The Company consistently invests P12.0 million annually in the retirement fund.

Other Non-current Assets

The increase in other non-current assets resulted from a P75.0 million advance payment made by the Company for the acquisition of land that is intended to be used as a future substation.

Cash and cash equivalents

Cash and cash equivalents increased by P86.4 million. This increase, as shown in the statement of cash flows, primarily results from operating activities amounting to P660.7 million less amounts utilized for investment purposes and dividend declarations. The amounts from operating activities are supported by the increase in net profit during the year.

A portion of cash and cash equivalents is invested in time deposits and investment schemes that earn higher interest rates than current bank savings rate. The average interest rates are the same as those of the investment securities disclosed below.

Investment Securities

The increase in investment securities results from the Board of Directors' decision to invest the Company's excess operating funds into investments that generate higher income than current bank savings rate. The interest rates for these investments ranges between 5% to 6% per annum.

In addition, the Board of Directors and Management decided to liquidate its marked to market investments due to identified lower rate of return.

Trade and other receivables

Trade receivables increased by P69.6 million. This increase, despite a decline in revenues, is affected solely by timing differences. In December 2024, management decided to move the billing due dates that were originally set from December 23, 2024 to December 31, 2024 to after the new year. This resulted to a lower collection during the last two weeks of December. This is further supported by the fact that the average collection period for 2024 decreased to 45 days from 49 days in 2023. Please refer to the revenue analysis of revenues in the financial performance comparison portion of this report.

Prepayments and other current assets

The increase in prepayments and other current assets is attributable to the acquisition of materials and supplies during the latter part of the year. The bulk of materials and supplies delivered in December 2024 is intended for two projects – the sub-transmission line that will connect the Company to the proposed NGCP Porac Substation and the new substation that will be constructed in Brgy. Pulung Cacutud, Angeles City.

Liabilities

The Company's liabilities increased by P41.0 million from additional provisions and additional customer deposits.

Refundable deposits

The ₱22.6 million increase in refundable deposits results from new customers and the necessary updates for those who increased their consumption throughout the year.

Trade and other payables

The Company's trade payables have consistently decreased due to lower generation charges billed by its power suppliers. Most of the Company's power requirements are supported by coal power plants and their rates fluctuate based on the market price of coal and foreign currency exchange rates. This led to a reduction in trade payables as of December 31, 2024, along with the pass-through revenues and associated receivables. Please refer to the analysis of revenue changes.

Provisions

Provisions increased because of the anticipated customer refunds resulting from the ERC's directive. The refund to customers is already likely, as the ERC recently instructed a certain distribution utility to implement a refund. The Company recognized the expense and liability for the refund based on its internal calculation. This will be accounted for as part of the Company's liabilities until ERC requires the implementation of the refund to the customers.

Income and other tax liabilities

Income and other tax liabilities decreased, even with the rise in income tax expense, because of the timing of the payments on these liabilities. Most income tax obligations for the year were settled in the earlier quarters.

Stockholders' Equity

The increase in the Company's equity, amounting to ₱546.5 million, represents the current year's results of operations as reported in the statement of comprehensive income, reduced by the amounts of dividends declared.

As of December 31, 2023, and December 31, 2022

Assets

The Company's total assets increased by ₱488.6 million because of the inflow of cash from the Company's public offering in December 2023.

Property, plant and equipment

Property, plant and equipment increased by ₱35.8 million, net of the annual depreciation expense amounting to ₱226.5 million. Additions during the year include the acquisition of a parcel of land intended for a substation. It also includes the continuous improvement of substations and distribution lines to meet the increasing demand of customers.

Right-of-use assets and Lease liabilities

Right-of-use assets and the related lease liabilities decreased due to the monthly amortization and rental payments, respectively. New and renewed lease contracts during the year have minimal impact on the right-of-use asset and lease liabilities accounts.

Deferred tax assets – net

Deferred tax assets increased by ₱9.7 million from temporary differences that are deductible from future taxable income. The main portion of these relates to additional provisions for customer refunds that were recognized during the year.

Retirement benefit assets - net

The increase in retirement benefit assets is brought about by the excess of the Company's contributions to the retirement fund over the retirement expense computed by the actuaries. The Company consistently invests P12.0 million a year in the retirement fund.

Cash and cash equivalents and Short-term placements

Cash and cash equivalents increased by ₱715.3 million. This increase is the net result of cash dividends declared during the year and the proceeds received from the public offering in December 2023. The proceeds received from the public offering are restricted to the projects identified in the Company's Prospectus.

Trade and other receivables

Trade receivables significantly decreased by ₱284.9 million because of the declining generation sales during the year. This is further supported by the fact that the average collection period for 2023 and 2022 consistently remained at around 48 to 49 days. Please refer to the analysis of revenues in the comparison of the financial performance portion of this report.

Prepayments and other current assets

The increase in prepayments and other current assets is attributable to the acquisition of materials and supplies and certain financial investments made during the year. The former is for stock replenishment and the latter is for mutual funds that are subject to a favorable return.

Liabilities

The Company's liabilities decreased by ₱74.9 million which is significantly caused by the decrease in trade and other payables.

Refundable deposits

The ₱57.4 million increase in refundable deposits is the result of new customers and the required updating for customers who their increased consumption during the year.

Trade and other payables

The Company's trade payables significantly decreased because of the decrease in generation charges billed by the Company's power suppliers. The actual rates billed by power suppliers are the same rates used to bill the Company's end consumers without any markup (pass-through).

Most of the Company's power requirements are supported by coal power plants. Their rates are variable to the price of coal in the market and the foreign currency exchange rates. This resulted in a decrease in trade payables as of December 31, 2023, as well as the pass-through revenues and related receivables. Please refer to the analysis of changes in revenues.

Provisions

Provisions increased due to the expected customer refunds arising from the directive of the ERC. On 25 April 2022, the Company received a letter from the ERC that formalizes the scheme and formula for computing the excess of the Company's actual billings to customers against the maximum amount allowed for the Company. The estimated amount of refund as of 31 December 2023 has been recognized by the Company as an obligation until such time that ERC will require implementation of the refund to the customers.

Income and other tax liabilities

Income and other tax liabilities decreased despite the increase in income tax expense due to the timing of payment of income tax liabilities. The majority of the income tax obligations during the year were paid in the earlier quarters of the year.

Stockholders' Equity

The increase in the Company's equity amounting to ₱563.6 million represents the effect of the public offering, the current year's results of operations as reported in the statement comprehensive income, reduced by the amounts of dividends declared.

In compliance with the requirements of the ERC for securities registration of at least 15% of a distribution utility's common shares of stock, the Company filed with the Securities and Exchange Commission (SEC) its application for the registration of its shares and a public offering 207.0 million primary common shares at an offer price of ₱3.42 per share. This was subsequently approved by the SEC in December 2023. In the same month, the Company was able to raise a total of P708.0 million from this public offer.

As of December 31, 2022 and December 31, 2021

Assets

The Company's total assets increased by ₱595.6 million, mainly arising from its current assets.

Property, plant and equipment

Property, plant and equipment increased by ₱34.5 million, net of the annual depreciation expense amounting to ₱199.6 million. A significant portion of the additions during the year pertain to the construction and completion of the Company's New Petersville and New Milenyo Substations. Petersville is the Company's main entry point of power from NGCP. The New Petersville Substation is intended to be an improved version of the Old Petersville Substation with additional bays that can transmit power to more substations within the franchise area. The New Milenyo Substation, on the other hand, is constructed on acquired land after the maturity of the Old Milenyo's land lease contract. Other additions to the Company's property and equipment would include meter and transformer installations, pole erections and improvement of the Company's distribution lines to serve the rising demand and the increasing number of customers.

Right-of-use assets and Lease liabilities

Right-of-use assets and the related lease liabilities decreased due to the monthly amortization and rental payments. The additions include only the renewal of agreements that matured during the year.

Deferred tax assets – net

Deferred tax assets increased by ₱29.1 million from temporary differences that are deductible from future taxable income. The main portion of these relates to additional provisions recognized during the year.

Retirement benefit assets - net

The decrease in retirement benefit assets is brought about by the excess of the retirement expense and other comprehensive losses during the year against the Company's contributions to the retirement fund.

Other non-current assets

Other non-current assets decreased by ₱75.7 million due to certain advances related to the construction of the 2 new substations. These were reversed and recognized as part of property and equipment upon receipt of the goods or actual performance of services.

Cash and cash equivalents and Short-term placements

Cash and cash equivalents increased by ₱797.9 million mainly from the Company's results of operations. Moreover, the Company's short-term placements in 2021 which has a maturity of more than 90 days are classified during the year as part of cash and cash equivalents.

Trade and other receivables

Trade receivables increased by ₱169.0 million mainly because of the increase in sales during the year. This is supported by the fact that the percentage of receivables that are overdue for more than 180 days decreased from 8% in 2021 to 5% in 2023.

Prepayments and other current assets

The increase in prepayments and other current assets is attributable to the acquisition of materials and supplies and certain financial investments made during the year. The former is for stock replenishment and the latter is for some mutual funds that are subject to a favorable return.

Liabilities

The Company's liabilities increased by ₱269.5 million. The increase was derived from three (3) major accounts: refundable deposits, provisions and income and other tax liabilities.

Refundable deposits

The ₱87.3 million increase in refundable deposits is the result of new customers and the required updating for customers who increased their consumption during the year.

Provisions

Provisions increased due to the expected customer refunds arising from the directive of the ERC. On April 25, 2022, the Company received a letter from the ERC regarding the treatment of the lapsed periods for distribution utilities under the Performance Based Regulation. This letter formalizes the scheme and formula for computing the excess of the Company's AWAT over MAP. The estimated amount of refund as of December 31, 2022 has been recognized by the Company as an obligation until such time that ERC will require implementation of the refund to the customers.

Trade and other payables

The Company's trade payables had a modest increase despite the significant increase in purchased power for comparative years. The main reason for this is the balance of the Generation Rate Adjustment Mechanism and Incremental Currency Exchange Rate Adjustment ("GRAM/ICERA") recovery scheme as of 31 December 2021, in the amount of ₱110.7 million. This recovery scheme pertains to adjustment recovery mechanisms for costs in fuel, purchased power, and foreign exchange rates that have been incurred by the NPC in the previous years and were approved by the ERC in 2017 for PSALM. These recovery schemes will be billed to customers and remitted to PSALM by AEC every month. Following the provisions of the Philippine Financial Reporting Standards, AEC recognized the related receivable and payable from this transaction in the financial statements. It matured on 31 December 2022 and is at nil as of the said date.

The Company's accrued expenses increased by ₱6.6 million due to the increase in customers who acquired solar panels to augment their power needs and reduce their electric utility payments. Customers' excess capacity can be applied to subsequent power bills and is included in the Company's monthly accruals.

Income and other tax liabilities

Income and other tax liabilities increased due to the increase in annual income tax for 2022. In addition to the increase in total taxable income for 2022, the Company does not have any income tax payable as of 31 December 2021 because of the over-remittances of the Company during that year.

Stockholders' Equity

The increase in the Company's equity amounting to ₱326.1 million represents the current year's results of operations as reported in the statement comprehensive income, reduced by the amounts of dividends declared

DISCUSSION ON FINANCIAL OPERATION

For the Years Ended December 31, 2024 and December 31, 2023

Revenues

The Company's sales of electricity decreased by ₱83.5 million or 1%.

	2024	2023
Pass-through revenues	P 6,257,453,578	P 6,453,916,538
Distribution revenues	<u>1,330,873,374</u>	<u>1,217,941,771</u>
	<u>P 7,588,326,952</u>	<u>P7,671,858,309</u>

The net decrease resulted from the following factors:

- (c) Pass-through revenues decreased by ₱196.5 million, representing a 3% decline. These revenues refer to the amounts charged by power suppliers, which are then billed to the end users at the same rate by the Company. As discussed in the analyses above, most of the Company's power providers are coal plants. Throughout the year, the average generation rates continued to decrease from ₱8.03/kWh in 2023 to ₱6.64/kWh in 2024, due to the identified decline or normalization of coal prices in the world market. This is further supported by the decrease in the trade and other payables account as of December 31, 2024.

While the generation rates have not yet fallen to the levels seen before the pandemic or before the rise in international conflicts, the improvement in these rates has brought some relief to consumers.

- (d) Distribution revenues rose by 9%, primarily due to the growth in gWh sold (from 731 gWh in 2023 to 816 gWh in 2024).

Costs and Operating Expenses

Purchased Power and Transmission Charges

The Company's main cost is its purchased power and transmission charges.

The cost of power purchased during the year decreased by P378.3 million. This is related to the decrease in average generation rates stated above. On the other hand, the transmission charges portion of the cost increased during the period by P183.7 million due to the significant rise in temperatures last summer, which led to a depleted power supply across the country and the increase in ancillary charges by the NGCP. Please refer to Note 16 of the 2024 audited financial statements.

General and Administrative Expenses

General and administrative expenses decreased by ₱5.7 million.

Depreciation and amortization expense increased by ₱9.0 million due to capital asset additions as discussed in the analysis of the Property, Plant and Equipment and Right-of-Use Asset accounts.

Salaries and employee benefits rose by ₱13.2 million due to the enhancement of employee benefits following the signing of the collective bargaining agreement in April 2024.

Taxes and licenses fell by P3.6 million due to reduced business taxes paid to the local government unit. The business taxes are calculated based on the Company's revenues from the previous year.

Repairs and maintenance declined due to one-time maintenance costs incurred in the Company's substations in 2023.

Stationery and office supplies increased owing to the acquisition of power bill envelopes aimed at protecting the data of the company's customers.

Professional fees dropped significantly due to legal costs associated with the Company's public offering in 2023.

Others increased due to a deficiency tax payment made in 2024 totaling P13.0 million.

Other Income and Charges

Other operating income rose because of the renewal of pole rental agreements in 2023 and the related update of the pole rental rates.

Finance income is already expected to increase in 2024 due to cash inflow from the Company's public offering and the investment of these funds in short-term, high-yield financial assets. Please refer to the analysis of cash and cash equivalents and investment securities.

The provisions expense in 2024 is higher than that in 2023 due to the increase in electricity sold and the corresponding rise in distribution revenues. The provisions recognized relate to the calculated monthly excess of actual amounts billed over the maximum allowable price set by the ERC. In 2015, the ERC established a set of distribution rates and a maximum allowable price for the Company. Due to fluctuations in electrical consumption among each customer class, the total amounts billed to customers exceeded the maximum allowable price. Refunds for excess billed amounts are required to be made to customers upon the ERC's instruction.

Tax Expense

Tax expense increased along with the profit before tax as there were minimal permanent tax differences in the Company's income and expense accounts.

For the Years Ended December 31, 2023 and December 31, 2022

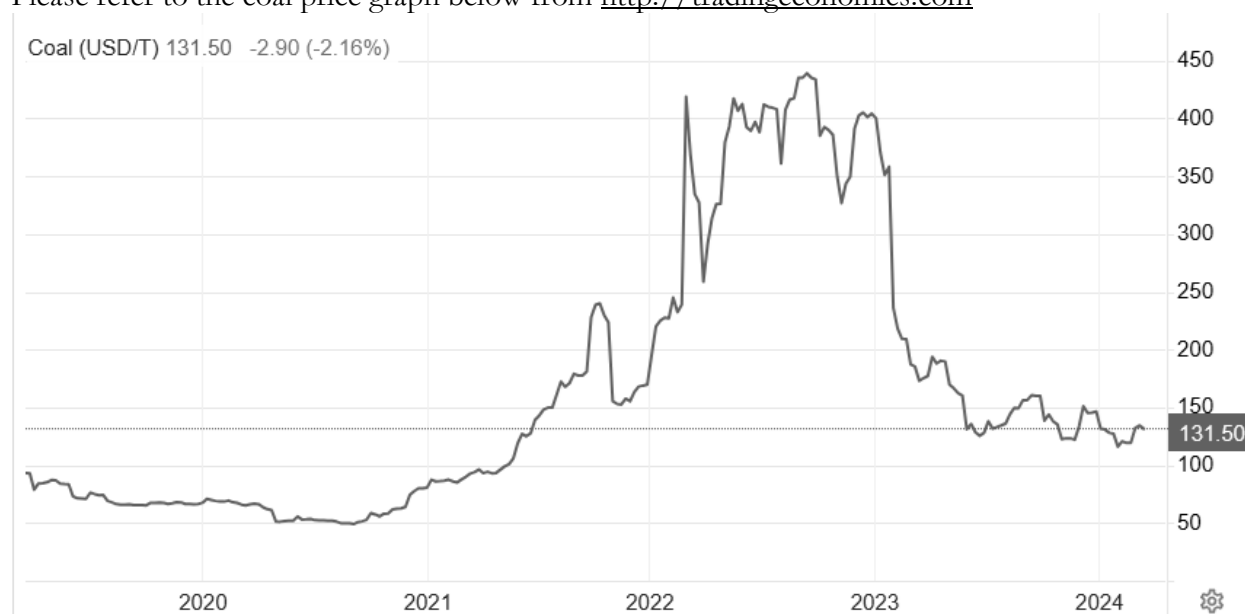
Revenues

The Company's sales of electricity decreased by ₱513.1 million or 6%.

	2023	2022
Pass-through revenues	P 6,453,916,539	P 7,067,746,239
Distribution revenues	<u>1,217,941,770</u>	<u>1,117,184,533</u>
	<u>P 7,671,858,309</u>	<u>P 8,184,930,772</u>

The net decrease was brought about by the following factors:

(a) Pass-through revenues decreased by ₱613.8 million or 9%. Pass-through revenues pertain to the amount billed by power suppliers which is subsequently billed by the Company at the same rate to the end users. As previously discussed, the majority of the Company's power providers are coal plants. During the year average generation rates decreased from ₱9.08/kWh in 2022 to ₱8.03/kWh in 2023 due to the identified decrease or normalization of the price of coal in the world market. Coal prices started to increase by the end of 2020 and reached their peak during the second half of 2022. By the second half of 2023, the effect of the decline in coal prices has already been noticeable in the amounts billed by the power suppliers. This, in turn, resulted in lower amounts billed to the Company's customers and the resulting receivables as of December 31, 2023. This is further supported by the decline in trade and other payables accounts as of the same date. Please refer to the coal price graph below from <http://tradingeconomics.com>



(b) Distribution revenues increased by 9% mainly attributable to the increase in kWh which increased by 8% to 731.3 million kWh.

Costs and Operating Expenses

Purchased Power and Transmission Charges

The Company's main cost is its purchased power and transmission charges.

Purchased power and transmission charges decreased by 10% approximating the decrease in pass-through revenues of 9%. This can be solely attributable to the decrease in average generation rates. Furthermore, transmission charges also decreased during the period as the power supply of the national power grid is more stable than in 2022.

General and Administrative Expenses

General and administrative expenses increased by ₱108.2 million.

Depreciation and amortization expenses increased by ₱26.9 million due to capital asset additions, specifically the completion of the New Petersville and New Milenyo Substations in August of 2022.

Salaries and employee benefits increased by ₱12.2 million because of bonuses and benefits provided to the Company's employees during the Company's 100th Anniversary Celebration on August 12, 2023.

Taxes and licenses increased due to the increase in gross revenues for the year 2022, the base amount of the annual business and local franchise tax being charged by the Angeles City Local Government Unit.

The Company's outside services are in the form of security, meter reading and bill handling services outsourced from various providers. The increase in outside services is attributable to the new office and warehouse locations, to the increase in rates charged by the service providers, and to the increase in the number of our customers.

Professional fees increased to ₱28.4 million due to professional fees paid in relation to the Company's ten (10) years distribution development plan and the legal fees incurred for the Company's planned public offering.

Other Income and Charges

Other operating income increased due to the renewal of pole rental agreements in 2023 and the related updating of the pole rental rates.

Provisions expense in 2022 is higher than in 2023. In April 2022, ERC issued a formal notice on the computation of the AWAT vs. MAP refund scheme. The Company updated its previous computations and recognized the differences in 2022. The 2023 provisions solely pertain to the computed monthly excess of actual amounts billed over the maximum allowable price provided by ERC.

Finance income is higher in 2023 due to the investments made in short-term, high-yield financial assets.

Finance costs is lower in 2023 due to the maturity of the GRAM/ICERA recovery scheme in December 2022. The interest expense arising from the unwinding of the discount of the related liability is included as part of the finance cost in the 2022 financial statements.

Tax Expense

Tax expense increased along with the profit before tax as there were minimal permanent tax differences in the Company's income and expense accounts.

For the Years Ended December 31, 2022 and December 31, 2021

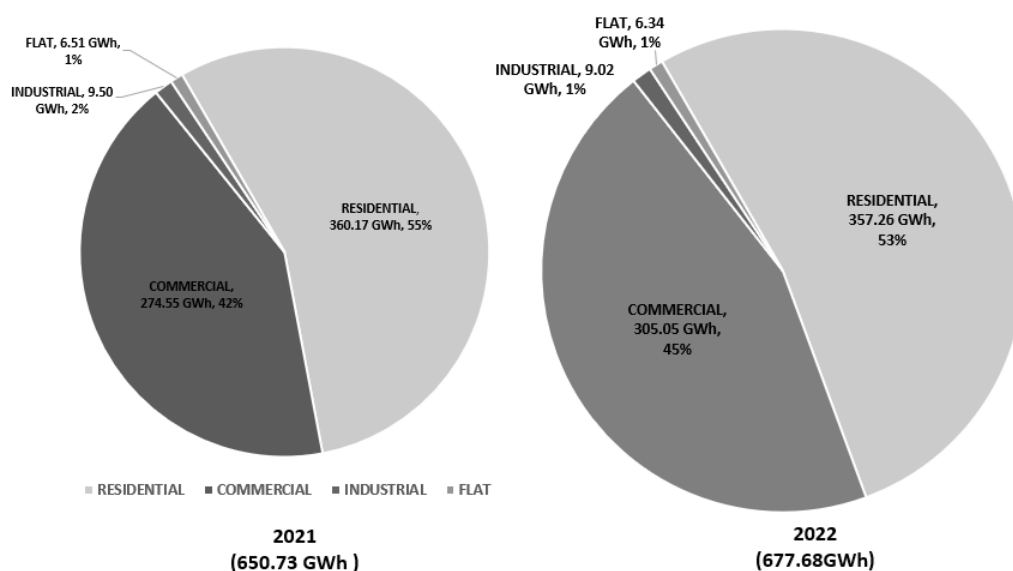
Revenues

The Company's sales of electricity increased by ₱2.6 billion or 46%:

	2022	2021
Pass-through revenues	P 7,067,746,239	P 4,529,259,051
Distribution revenues	<u>1,117,184,533</u>	<u>1,062,398,296</u>
	<u>P 8,184,930,772</u>	<u>P 5,591,657,347</u>

The increase was brought about by the following factors:

- (a) KWh sales increased by 27.0 million or 4% from 650.7 million as of December 2021 to 677.7 million as of December 2022. This increase in customer consumption is attributable to the increase in customer numbers by 3% and the almost complete opening of the economy. Continuous vaccination drives within municipalities and cities provided immunity to the population and enabled them to live in the new normal. While the work-from-home system had indeed been an acceptable practice, the Company's commercial customers, especially restaurants and service-oriented businesses were able to re-open. The graph below shows that the increase in the consumption of commercial customers approximates the increase in kilowatt hour sales for the year.



- (b) Pass-through revenues increased by 56% from ₱4.5 billion to ₱7.1 billion mainly from the increase in generation rates. Average generation rates increased from ₱5.69/kWh in 2021 to ₱9.08/kWh in 2022. This significant increase in generation rates is the effect of the increase in the price of coal, as aforementioned in the June 2023 analysis of the increase in revenues. Coal prices started to increase in late 2020. It was greatly affected by conflicts within international players with China banning coal imports from Australia and other countries banning imports from Russia at the height of the Ukraine war.

- (c) Distribution revenues increased by 5%. As the distribution rate remained the same since 2015, the increase is brought about by the increase in kilowatt-hour with minimal effect from the increase in local government taxes that are also billed from customers. Local government taxes increased in 2022 as gross revenues increased from year to year.

Costs and Operating Expenses

Purchased Power and Transmission Charges

Purchased power and transmission charges increased by 49% with the increase in generation rates and kilowatt-hour consumption. The percentage increase is lower than the percentage increase in pass-through revenues because of the credits received from one of our power suppliers. In 2022, the Company received a ₱159.9 million reduction in its power bills from the Unutilized Contracted Capacity of the Buyer (“UCCB”). UCCB pertains to the excess or unutilized contracted power that was sold by the power supplier to the electricity market, the proceeds of which are shared with the Company. On the other hand, transmission charges increased by 24% in 2022 from ancillary charges required to maintain the reliability of the national grid.

General and Administrative Expenses

General and administrative expenses increased by ₱18.6 million. The significant contributors are as follows:

Depreciation and amortization expense increased by ₱13.4 million due to capital asset additions and the completion of the New Petersville and New Milenyo Substations in August of 2022. Depreciation of constructed assets starts upon completion.

Salaries and employee benefits increased by ₱0.9 million due to a special bonus given during the 99th anniversary celebration of the Company. The effects of resignations, retirements and hiring of new employees are minimal.

Taxes and licenses increased due to the increase in business taxes and local franchise taxes which are based on gross revenues for the year 2021.

Repairs and maintenance for the year 2022 are regular costs of maintaining the Company’s assets. Repairs and maintenance for 2021 include certain one-time costs incurred on substations and IT software.

Professional fees increased to ₱15.3 million due to professional fees paid to the Company’s external legal counsel for services rendered on a legal case.

Annual supervisory fees paid to the ERC are fixed at ₱10.0 million. Other various ERC charges usually arise based on need (*e.g.*, meter testing and calibration and certain permit fees on the Company’s filings and applications). In 2021, the Company incurred ₱2.8 million on a filed capital asset acquisition application.

Communication, light and water increased due to the increased electricity cost as discussed in the pass-through revenues and purchased power sections of this analysis. The Company’s own-used electricity is billed at the same rate charged to customers.

Insurance expense increased due to an increase in rates that are induced by inflation. Transportation and travel increased due to the increased mobility of personnel.

Impairment loss on trade and other receivables decreased as collection improved. Upon expiration of the directive of the ERC to extend grace periods to customers on account of the pandemic, the Company immediately reinforced its collection of receivables to manage its cashflows. Customers were provided with options to be able to cope with their obligations.

Rent payments that are excluded in the recognition of right-of-use assets and lease liabilities increased due to additional short-term leases of equipment.

Other operating expenses are lower in 2022 due to a deficiency tax payment in 2021 amounting to ₱19.5 million.

Other Income and Charges

Other operating income increased due to the increase in pole rentals and miscellaneous income. Pole rentals are higher due to new attachments of lessees while miscellaneous income is significantly higher because of a payment received for the requested relocation of our power lines and the recognition of income from the sale of excess purchased power to the electricity market. On the other hand, there was no gain in the reversal of provisions during the year.

Provisions expense in 2022 pertains to the recognition of customer refunds on distribution charges. In April 2022, ERC issued a formal notice on the computation of the AWAT vs. MAP refund scheme.

Finance income and finance costs decreased due to the collection and repayment of the GRAM/ICERA recovery scheme. The related receivables and payables are carried at fair value. The collection and repayment reduced the interest from the unwinding of the discount on the accounts.

Tax Expense

Tax expense increased along with the profit before tax as there were only very minimal permanent differences in the Company's income and expense accounts.

KEY PERFORMANCE INDICATORS (Years 2024, 2023 & 2022)

The relevant key performance indicators of the Company are shown below:

	2024	2023	2022	2021
Return on Equity <i>Net Profit divided by Total Equity</i>	17.61%	16.49%	15.35%	11.43%
Return on Assets <i>Net Profit divided by Average Assets</i>	11.23%	9.86%	7.86%	5.80%
Debt to Equity Ratio <i>Total Liabilities divided by Total Equity</i>	0.65	0.75	0.95	0.97
Current Ratio <i>Total Current Assets divided by Total Current Liabilities</i>	2.91	2.63	2.10	1.90
Average Collection Period <i>Average Accounts Receivable divided by Average Sales per day (Sale of Electricity divided 365 days)</i>	44.47 days	48.69 days	47.88 days	63.70 days

LIQUIDITY RISKS

The Company's liquidity requirements related to trade and other payables, as well as refundable deposits, are detailed in Note 4 of the financial statements for the period ending December 31, 2024.

The Company is unaware of any event that would result in direct or contingent financial obligations that are significant to the Company, including the default or acceleration of any obligations. All known obligations or potential exposures are accounted for in the Company's provisions and other liability accounts.

The Company does not engage in any off-balance sheet transactions, arrangements, obligations—including contingent obligations—or other relationships with unconsolidated entities or other individuals created during the relevant period.

Other than those arising from new ERC directives, the Company is not aware of any trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales, revenues, income from continuing operations.

The Company is not in default or breach of any note, loan, lease, or other indebtedness or financing arrangement requiring it to make payments.

The Company is not aware of any known trend, event, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on its net sales or revenues

apart from what is disclosed in this report and in its Prospectus, attached to this report as Annex B.

The Company does not have any significant elements of income or loss that did not arise from its continuing operations.

The Company does not have any seasonal aspects that had a material effect on the financial conditions or results of operations.

The Company does not have any material commitments for capital expenditures other than those described under Exhibit “A-1” under the “*Use of Proceeds*” Section of the Prospectus.

COMMITMENTS AND CONTINGENCIES

Provisions

ERC Resolution No. 16 requires all distribution utilities to file their consolidated applications to address any over/under recoveries on generation, transmission, system loss, and other pass-through charges, as well as with the lifeline and senior citizen subsidies. The Company filed its application for confirmation of its over and under-recoveries of its automatic pass-through cost adjustments for the billing periods January 2011 to December 2013 in 2014, for the billing periods January 2014 to December 2016 in 2017, for the billing periods January 2017 to December 2019 in 2020 and for the billing periods January 2020 to December 2022 in 2023. In 2020, the Company received provisional authority orders from the ERC to refund and collect the over and under-recoveries from the applications filed in 2014 and 2017. The Company is still awaiting the confirmation and final resolution of the ERC.

The Company also estimated certain over-recoveries on distribution charges, the refund of which to customers is identified to be probable based on orders issued by the ERC to other distribution utilities. As of December 31, 2024, the Company’s application for approval of these refunds is still under evaluation by the ERC. In addition, the Company is also involved in certain cases as a defendant and for which provisions were made in prior years. There are no developments yet to such cases as of December 31, 2024.

Based on the assessed outcome of the aforementioned, the Company has recognized a provision for probable losses amounting to 53.4 million and P40.1 million in 2024 and 2023 respectively. The related expense is presented as Provisions under Other Income (Charges)-Net section in the statements of profit and loss.

The outstanding liability arising from these provisions as of December 31, 2024 and 2023 amounting to P478.4 million and P426.6 million, respectively, is presented as Provisions in the statements of financial position.

Others

There are other commitments and contingent liabilities that arise in the normal course of the Company’s operations which are not reflected in the financial statements. As of December 31, 2024 and 2023, management is of the opinion that losses, if any, from these commitments and contingencies will not have a material effect on the Company’s financial statements.

Item 7. Financial Statements

The Audited Financial Statements (“AFS”) of the Company as of and for the years ended December 31, 2024 and 2023 and the schedules listed in the accompanying index to Supplementary Schedules are filed as part of this report *(see Exhibit A-2)*.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The AFS of the Company, for the years ended December 31, 2024, and December 31, 2023, have been audited by P&A Grant Thornton, an independent or external auditor.

The Company has had no disagreements with its independent or external auditor on any matter of accounting principles or practices, financial statements disclosure, or auditing scope or procedure from the periods ending December 31, 2024, and December 31, 2023.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Disclosures on Directors and Executive Officers

Directors and Executive Officers

The overall management and supervision of the Company is undertaken by its Board of Directors. The Board of Directors is empowered to direct, manage, and supervise the affairs of the Company. Pursuant to the Articles of Incorporation, the Company shall have 9 members of the Board, namely:

NAME	AGE	CITIZENSHIP	POSITION	TERM
Geromin T. Nepomuceno	70	Filipino	Chairman of the Board/ Director	1 year
Maria Rita Josefina V. Chua	60	Filipino	President and Chief Executive Officer/ Director	1 year
Arsenio N. Valdes	70	Filipino	Director	1 year
Robert Gerard B. Nepomuceno	61	Filipino	Treasurer/ Director	1 year
Richard Hubert N. Wilkerson	65	American	Director	1 year
Emmanuel Joseph M. Nepomuceno	49	Filipino	Director	1 year
Rafael N. Mapua	54	Filipino	Director	1 year
Ivanna G. de la Peña	70	Filipino	Independent Director	1 year
Horacio E. Cebrero III	62	Filipino	Independent Director	1 year
Michael Angelo D. Colle	62	Filipino	Chief Operating Officer and Senior Vice President	1 year
Aldrin Erwin James T. Nepomuceno	42	Filipino	Chief Financial Officer and Senior Vice President	1 year

Involvement in Certain Legal Proceedings

Within the past five (5) years from the date of this Report, there has been no bankruptcy petition filed by or against any business of which any of the foregoing named directors or executive officers have been a general partner or executive officer at the time of the bankruptcy or within two (2) years prior to that time.

None of the foregoing directors or executive officers have been convicted by final judgment in any criminal proceeding nor involved in any pending criminal proceeding, whether domestic or foreign in the past five (5) years from the date of this Report.

None of the foregoing directors or executive officers have been found by a domestic or foreign court or tribunal of competent jurisdiction in a civil action, domestic or foreign exchange, or other market or self-regulatory organization to have violated a securities or commodities law or regulation in the past five (5) years from the date of this Report.

None of the foregoing directors or executive officers have been subject to any order, judgment, or decree by any domestic or foreign court of competent jurisdiction, permanently or temporarily barring, suspending, or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities in the past five (5) years from the date of this Report.

None of the foregoing directors or executive officers have been found by a domestic or foreign court or tribunal of competent jurisdiction in a civil action, domestic or foreign exchange, or other market or self-regulatory organization to have violated a securities or commodities law or regulation in the past five (5) years from the date of this Report.

Item 10. Executive Compensation

The table below shows the compensation received by the Company's top executives. All figures set forth below shall be in Philippine pesos.

NAME AND PRINCIPAL POSITION	FISCAL YEAR COVERED	SALARY	BONUS	OTHER ANNUAL COMPENSATION
Maria Rita Josefina V. Chua <i>President & Chief Executive Officer</i>	2022	4,282,077	706,982	611,223
	2023	4,959,556	1,151,090	693,308
	2024	5,452,058	1,319,030	307,336
Michael Angelo D. Colle <i>Chief Operating Officer</i>	2022	2,089,317	348,189	301,320
	2023	2,267,736	560,400	349,215
	2024	2,527,251	638,991	162,084
Aldrin Erwin James T. Nepomuceno <i>Chief Financial Officer</i>	2022	1,531,079	255,149	210,131
	2023	1,697,499	418,591	234,086
	2024	1,934,013	490,181	93,027
Myra Cresencia V. Rivera <i>Vice President, Human Resources</i>	2022	2,065,678	344,249	296,810
	2023	2,019,367	535,491	315,482
	2024	2,165,273	571,081	142,092
All Other Officers as a Group**	2022	5,638,111	854,305	554,045
	2023	6,540,839	1,596,734	824,902
	2024	8,255,769	2,111,549	599,705

***Apart from the standard arrangements set forth in the succeeding section, the Company's directors do not receive any compensation as such.*

COMPENSATION OF DIRECTORS

Standard Arrangements

The Directors receive a per diem of Fifteen Thousand Pesos (₱15,000.00) for each meeting attended.

Pursuant to the Company's Manual on Corporate Governance which was approved by the Company on October 11, 2023, the Company shall have three (3) committees namely, the Corporate Governance Committee, Risk Management & Oversight Committee, and Audit Committee. In 2024, the Company formed the Executive Committee, the Audit Committee, and the Governance Committee. The Committee chairpersons shall be entitled to a per diem of Fifteen Thousand Pesos (₱15,000.00) for each meeting attended while Committee members shall be entitled to a per diem of Ten Thousand Pesos (₱10,000.00) for each meeting attended.

Except for discretionary mid-year and year-end bonuses shown in the table below, no other compensation, in any form, is paid to them for the services they provide as directors of the Company. All figures set forth below shall be in Philippine Peso.

Name	Position	Compensation for 2023	Compensation for 2024
1. Geromin T. Nepomuceno	Chairman of the Board/ Director	371,111	265,000
2. Maria Rita Josefina V. Chua*	President/ Director	407,059	245,000
3. Robert Gerard B. Nepomuceno	Treasurer/ Director	381,111	265,000
4. Arsenio N. Valdes	Director	371,111	245,000
5. Richard Hubert N. Wilkerson	Director	371,111	235,000
6. Emmanuel Joseph N. Nepomuceno	Director	371,111	240,000
7. Rafael N. Mapua	Director	356,111	215,000
8. Ivanna G. de la Peña	Independent Director	150,000	435,000
9. Horacio E. Cebrero III	Independent Director	155,000	390,000

**Amounts excluded from the Executive Compensation Table above*

EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS

Employment Contract with Executive Officers

There are no written employment contracts between the Company and its President, Chief Operating Officer and Chief Financial Officer.

Compensatory Plan or Arrangement

The Company has no existing compensatory plan or arrangement with any of its named executive officers, that will result from the resignation, retirement, or any other termination of such executive officer, a change-in-control of the Company, or a change in said executive officers' responsibilities following a change in Company control that will exceed an aggregate sum of Two Million Five Hundred Thousand Pesos (₱2,500,000.00).

WARRANTS AND OPTIONS OUTSTANDING

There are no outstanding warrants or options held by the Company's President, named executive officers, and all its officers and directors as a group.

Item 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

On December 14, 2023, the SEC approved AEC's application pursuant to the requirements of Sections 8 and 12 of the Securities Regulation Code, for the registration of Two Hundred One Million Six Hundred Eighty Thousand Six Hundred Thirty-Two (201,680,632) issued and outstanding preferred shares and One Billion One Hundred Seventy-Eight Million Four Hundred Forty-Eight Thousand Four Hundred (1,178,448,400) common shares, covered under MSRD Order No. 69 Series of 2023.

A public offer was made, pursuant to the Certificate of Permit to Offer issued, for Two Hundred Seven Million Twenty Thousand (207,020,000) primary common shares. All of the Two Hundred Seven Million Twenty Thousand (207,020,000) primary common shares offered for sale to the general public were fully subscribed as of December 22, 2023. AEC now has one hundred thirty-nine (139) common stockholders and sixty-eight (68) preferred stockholders.

Security Ownership of Certain Record and Beneficial Owners

As of April 30, 2025, there are no stockholders or beneficial owners of more than 5% of the Company's voting shares.

Security Ownership of Management

The security ownership of the Management and Directors of the Company are as follows:

Name of Beneficial Owner	Title of Share Held	Number of Preferred / Common and Nature of Beneficial Ownership	Citizenship	Percent Ownership of Type of Share
Maria Rita Josefina V. Chua* *	Common	8,698,400; direct ownership	Filipino	0.63%
Aldrin Erwin James T. Nepomuceno*	Common	9,523,800; direct ownership	Filipino	0.83%
	Preferred	1,977,261; direct ownership	Filipino	0.98%
Geromin Nepomuceno**	T. Common	3; direct ownership	Filipino	0.00%
Robert Gerard B. Nepomuceno**	Common	11,375,100; direct ownership	Filipino	0.82%
Arsenio N. Valdes**	Common	5,706,300; direct ownership	Filipino	0.41%
Richard Hubert N. Wilkerson**	Common	7,852,600; direct ownership	American	0.57%
Emmanuel Joseph N. Nepomuceno**	Common	23,614,300; direct ownership	Filipino	2.18%
	Preferred	6,536,836; direct ownership	Filipino	3.24%
Rafael N. Mapua**	Common	11,183,700; direct ownership	Filipino	0.81%
Ivanna G. de la Peña**	Common	1; direct ownership	Filipino	0.00%
Horacio E. Cebrero III**	Common	1; direct ownership	Filipino	0.00%

* *Executive Officer*

** *Director*

VOTING TRUST

There are no voting trust holders in respect of more than five percent (5%) of the Company's voting shares.

CHANGE IN CONTROL ARRANGEMENTS

There are no contracts, agreements, or arrangements with respect to the issued and outstanding shares which will result in a change in control of the Company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

There are no transactions with or involving the Company in which a director, executive officer, or stockholder owns ten percent (10%) or more of the total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

ITEM 13. CORPORATE GOVERNANCE

As of April 30, 2025, the company established the following corporate governance policies as approved by the BOD:

1. Board Diversity Policy
2. Corporate Disclosure and Transparency Policy
3. Board Performance Assessment Policy and Form
4. Board Charter
5. Executive Committee Charter
6. Related Party Transaction Policy
7. Board Risk Oversight Committee Charter
8. Audit Committee Charter
9. Corporate Governance Committee Charter

The Company is still in the process of establishing the policies and procedures required under its Manual on Corporate Governance (the “Manual”).

The Company, as adopted from its Manual and as approved by its Board of Directors, has already established its Corporate Governance Committee as of December 31, 2023. In 2024, the Board established the Audit Committee, Risk Oversight Committee, and Executive Committee.

The Company is dedicated to conducting business in compliance with all relevant laws, rules, and regulations, as well as the highest levels of professionalism, ethics, and business conduct. The Company upholds its core business values of integrity, innovation, commitment, accountability, responsiveness, excellence and social and environmental responsibility, to promote adherence to the principles of good corporate governance.

The Directors and Officers of the Company consistently participate in training sessions and seminars to stay up to date on the latest developments and modifications in governance. The details of the said seminars and other efforts undertaken by the company to ensure that its directors and officers are well-informed and that all of its corporate governance practices are up to date shall be reflected in the company's Annual Corporate Governance Report (SEC Form ACGR).

MONITORING AND ASSESSMENT

1. The Board of Directors shall conduct an annual self-assessment of its performance, including the performance of the Chairperson, Individual Members, and Committees.
2. The Board should have in place a system that provides criteria and processes to determine the performance of the Board, the individual Directors, and the Committees which would allow for a feedback mechanism from AEC's Shareholders.
3. Each Committee shall report regularly to the Board of Directors.
4. The Compliance Officer shall establish an evaluation system to determine and measure compliance with the Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under the Manual.
5. The establishment of the evaluation system, including the features thereof, shall be disclosed in AEC's Annual Report or in such form of report that is applicable to AEC. The adoption of such a performance evaluation system must be approved by the Board of Directors.
6. The Manual shall be reviewed by the Board of Directors as needed unless the Board of Directors determines that it should be reviewed at more frequent intervals. The Manual may be amended as determined by the Board of Directors from time to time.
7. All business processes and practices being performed within any department or business unit of AEC that are not consistent with any portion of the Manual shall be discontinued unless they are changed to the extent necessary to be compliant with the Manual.

PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

- A. To strictly observe and implement the provisions of the Manual, the following penalties shall, after notice and hearing, be imposed on AEC's Directors, Officers, and Staff in case of violation of any of the provisions of this Manual:
 1. In case of the first violation, the subject person shall be reprimanded.
 2. Suspension from office shall be imposed in case of a second violation. The duration of the suspension shall depend on the gravity of the violation.
 3. For the third violation, the maximum penalty of removal from office shall be imposed.
- B. The commission of a third violation of the Manual by any Director of AEC shall be a sufficient cause for removal as a Director.
- C. The Compliance Officer shall be responsible for determining violation/s after notice and hearing and shall recommend to the Chairman of the Board of Directors the impossible penalty for such violation, subject to further review and approval.