



## **PART I. – INFORMATION REQUIRED IN INFORMATION STATEMENT**

### **A. GENERAL INFORMATION**

#### **Item 1. Date, time, and place of meeting**

Date	-	<b>June 16, 2026</b>
Time	-	<b>9:30 a.m.</b>
Place	-	<b>to be conducted virtually</b>
Principal Office	-	<b>Don Juan D. Nepomuceno Avenue, Nepo Mart Complex, Angeles City, Pampanga</b>

This Information Statement will be made available to the stockholders starting **May 25, 2026**.

#### **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 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 15, 2026, 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 common stockholder shall be entitled to one vote for each share of common stock held.
- (b) All stockholders of record as of May 15, 2026 (“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 15, 2026:

	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	

## 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
Ms. Maria Rita Josefina V. Chua	President and Chief Executive Officer (CEO)
Mr. Michael Angelo D. Colle	Chief Operating Officer (COO) and Senior Vice President (SVP)
Mr. Aldrin Erwin James T. Nepomuceno	Chief Finance Officer (CFO) and Senior Vice President (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 Office and In-house Legal counsel
Mr. Joseph Quiambao	Chief Risk Officer and Head of Technical Services

## 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 extensive experience in the electric power industry, serving as President of AEC from 2001 to 2019 and as 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, another private distribution utility.

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

He 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. He was also a former Vice-President and Director of the Private Electric Power Operators Association (PEPOA).

He is a graduate of the 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	RASLAG CORPORATION
	Director & Treasurer	TGN REALTY INC.
	Chairman, Treasurer & Director	TERESA WATERWORKS, INC.
	Director & Treasurer	JTEN EQUITIES, INC.
	Trustee	HOLY ANGEL UNIVERSITY
	Director	JDN SONS, INC.
	Director	WESPAN DEVELOPMENT CORPORATION
	Director	BOREALIS CORPORATION
	Director	RASLAG GERONA, INC.
Director	RASLAG LIWAYWAY, INC.	
Director	PHESI HOLDINGS CORP.	

**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 Angeles Electric Corporation. She took over the helm as President from Engr. Geromin T. Nepomuceno in December 2019. She is also the President and Director of Teresa Water Works, Inc. and Nepo Water, Inc. She is a Director of Raslag Corp. and has been with the company since its incorporation in 2013.

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

She is also a Director of TGN Realty, Inc., JDN Sons, Inc., WESPAN Development Corporation, Borealis Corp., JTEN Equities, Private Electric Power Operators Assoc. (PEPOA), Raslag Gerona Inc., Raslag Liwayway Inc., and PHESI Holdings Corp. She is a member of the Board of Trustees of the Holy Angel University.

President 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 and 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 CORPORATION
	President & Director	TERESA WATERWORKS, INC
	President & Director	NEPO WATER, INC.
	Director	CLARK ELECTRIC DISTRIBUTION CORP.
	Director	TGN REALTY, INC.
	Director	JDN SONS, INC.
	Director	WESPAN DEVELOPMENT CORPORATION
	Director	J TEN EQUITIES, INC
	Director	RASLAG CORP.
	Director	PEPOA
	Director	RASLAG GERONA, INC.
	Director	RASLAG LIWAYWAY, INC.
	Director	PHESI HOLDINGS 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 sector, being a Director of AEC (distribution utility), Angeles Power, Inc. (generator), and, in recent years, as a Director of Raslag Corp. (Solar/Renewables). He is best known for his leadership in JDN Sons, Inc. and TGN Realty Corporation, being the President of both corporations from May 2007 to February 2019. He is currently the Chairman of JDN Sons, Inc., TGN Realty Corporation, Borealis Corp, Wespan Development, and the Rockwell Nepo Development Corp.

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

He is also involved and holds key positions in various businesses, 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 was a past President.

He is a graduate of Bachelor of Science in Industrial Management Engineering from De La Salle University and holds a Master's in Business Administration from 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	JDN SONS, INC.
	Chairman & Director	ROCKWELL NEPO DEVELOPMENT CORP.
	Chairman & Director	BOREALIS CORPORATION
	Chairman & Director	WESPAN DEVELOPMENT CORP.
	Director	TERESA WATERWORKS, INC.
	Director	ANGELES POWER, INC.
	Director	RASLAG 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. Currently, he is the President and CEO of Raslag Corp.

Aside from the power industry, Director 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 at Durastress as a Supervisor in 2002 and has since helped make the company one of the largest manufacturers of concrete piles in the North. He is concurrently the President of Italfil Manufacturing Corp.

Director Rogie is also a Director of JDN 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 and Construction Committee of the Holy Angel University.

He graduated from Ateneo de Manila University in 1985 with a Bachelor of Arts degree majoring in Economics. He finished his EMBA at the Asian Institute of Management (AIM) in 2007. He also has a Diploma in Corporate Finance from the Ateneo Graduate School of Business in 2022 and is a graduate of the Chief Financial Officer Program from the AIM in 2025.

Business experience for the past five (5) years	Treasurer & Director	ANGELES ELECTRIC CORPORATION
	President & Director	DURASTRESS CORPORATION
	President & Director	ITALFIL MANUFACTURING, INC.
	President & CEO & Director	RASLAG CORP.
	Director	JDN SONS, INC.
	Director	TGN REALTY, INC.
	Director	WESPAN DEVELOPMENT CORPORATION
	Chairman	HOLY ANGEL UNIVERSITY (Bids & Awards Committee)
	Chairman	HOLY ANGEL UNIVERSITY (Const. Committee)
	Chairman	HOLY ANGEL UNIVERSITY (Ancillary Svc Advisory Board)
	Director	ANGELES INDUSTRIAL PARK, INC.
	Director	BOREALIS CORPORATION
	CFO & Director	PETGON PROPERTY MNGT. CORP.

## **RICHARD HUBERT N. WILKERSON**

*Director*

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

Director Rick has previously 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 (USA), the world’s largest maker of digital storage devices.

He graduated from Oklahoma State University with a Bachelor of Science degree, majoring in Finance.

Business experience for the past five (5) years	Director	ANGELES ELECTRIC CORP.
	Former President & CEO	JDN REALTY GROUP
	Director	JDN REALTY GROUP
	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.

Director Manny is an agency veteran, fintech alumnus, finance enthusiast, Anytime Fitness franchisee, and a technology professional focused on governance issues at the top level of management. He is the General Manager, Chief Financial Officer, and Co-founder of Abe-Abe, a digital agency based in Angeles City, 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 Steering Committee Member for the Anytime Fitness brand in Indonesia.

From 2015 to 2020, he was the General Manager and Chief Architect of Seedbox Philippines, an online platform for investment funds. In 2021, he received his Certification in the Governance of Enterprise IT from ISACA. He is also a Certified AI Security Practitioner, a Certified Mobile Application Security Professional, and a Certified Data Privacy Practitioner.

Director Manny is a graduate of the Bachelor of Arts in English Literature at Ateneo de Manila University and an MS Information Management Candidate at the Ateneo Graduate School of Business. He is also a graduate of the Professional Director’s Program of the Institute of Corporate Directors and the Chief Financial Officer Programme at the Asian Institute of Management.

Business experience for the past 5 years	Director	ANGELES ELECTRIC CORPORATION
	Director	NEPO WATER INC.
	Director	TERESA WATERWORKS INC.
	Director	JDN SONS INC.
	Director	TGN RELATY INC.
	Director	BOREALIS REALTY CORP.
	Director	WESPAN REALTY CORP.
	Director	JTEN HOLDINGS
	Chairman	MANNYTIME FITNEPS INC.
	Managing Director	NNCN HOLDINGS PTE LTD.
	Steering Committee Member	ANYTIME FITNESS ID
	Chief Financial Officer & Multi-Gym Franchise Owner	ANYTIME FITNESS PH AND ID
	General Manager & CFO	ABE-ABE MARKETING COMMUNICATIONS INC.

**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. First Tee maintains over fifty (50) Retail Accounts, including the Philippines’ best Golf Courses and Pro Shops. Raffy also handled key positions at 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.

Director Raffy is also the Chairman of the Board and Director of Dolomatrix Phils. Inc. He is a Director of Raslag Solar, JDN Sons Inc., Teresa Waterworks Inc., and Angeles Power Inc. He was also the Chairman of the Board of the Alabang Country Club Inc. He has varied experiences in International Business, Customer Relationship Management, Marketing, and Sales.

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

Business experience for the past five (5) years	Director	ANGELES ELECTRIC CORP.
	General Manager	TEE ONE INC.
	President & General Manager	JTEN SPORTS INC.
	Director	DOLOMATRIX PHILS. INC.
	Director	RASLAG SOLAR
	Director	JDN SONS INC.
	Director	TERESA WATERWORKS INC.
	Former Director	ANGELES POWER INC.
	Former Chairman of the Board	ALABANG COUNTRY CLUB INC.
	Former General Manager	PACSPORTS PHILS. INC.
	Former General Manager	NEVADA BOB’S HK LTD.
	Former General Manager	FILTON INVESTMENT LTD.

## **IVANNA G. DE LA PEÑA**

*Independent Director*

Ivanña “Ivanne” de la Peña has been an Independent Director of AEC since 2023. 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. From July 1, 2018, to June 30, 2020, she served as Meralco’s advisor for Regulatory Management and provided oversight functions in utility economics, tariff management, regulatory legal, 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 the Senate and House of Representatives.

She is a graduate of a Bachelor of Science in Statistics degree from the University of the Philippines Diliman and holds a Master’s 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	MERALCO
	Director	CLARK ELECTRIC DISTRIBUTION CORPORATION
	Board of Trustees	MFI POLYTECHNIC INSTITUTE INC.

## **HORACIO E. CEBRERO III**

*Independent Director*

Horacio “Ricky” E. Cebrero III has been an Independent Director of AEC since September 2023.

Director Ricky is currently a Senior Consultant at Rizal Commercial Banking Corp. (RCBC). He is also a Director of RCBC Trust Corp., Chairman of RCBC Forex Corp., Director of RCBC IFL Hong Kong, and Chairman/President & CEO of Frame Properties Inc.

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.

Director Ricky is a graduate of a Bachelor of Science in Commerce Major in Marketing degree at De La Salle University. He has an MBA from the De La Salle Graduate School of Business and Economics and has attended the Stanford Senior Executives Leadership Program at Stanford University, Hong Kong, 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 CORP.
	Director	RCBC IFL HONGKONG

**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-four (24) 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 Escalators, 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 & SVP, 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.

He is the nephew of the Chairman of the Board, Mr. Geromin T. Nepomuceno, and President & CEO Maria Rita Josefina V. Chua.

### **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:

<b>NAME</b>	<b>AGE</b>	<b>CITIZENSHIP</b>	<b>POSITION</b>
1. Ceferino S. Bingcang	63	Filipino	Vice President and Retail Services Department Head
2. Myra Cresencia V. Rivera	59	Filipino	Vice President and Human Resources Department Head
3. Cristina L. Arboleda	58	Filipino	Vice President and Regulatory Compliance Department Head
4. Franz Gerard C. Pulido	38	Filipino	Vice President and Finance and Accounting Department Head
5. Atty. Russel S. Alabado	48	Filipino	Vice President and In-house Legal Counsel and Data Privacy Officer
6. David S. Praza	54	Filipino	Head, Line Operations, Maintenance & Construction Section
7. Joseph Quiambao	58	Filipino	Head, Technical Services Section

**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 Head. 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 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, 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 a 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. In 2025, Engr. Quiambao was appointed Chief Risk Officer, overseeing the effectiveness of the risk management framework.

## 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 has 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 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 has 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 AND 13 <sup>TH</sup> MONTH	OTHER ANNUAL COMPENSATION
Maria Rita Josefina V. Chua <i>President &amp; Chief Executive Officer</i>	2023	4,959,556	1,151,090	693,308
	2024	5,452,058	1,319,030	307,336
	2025	6,020,735	1,456,955	264,419
Michael Angelo D. Colle <i>Chief Operating Officer</i>	2023	2,267,736	560,400	349,215
	2024	2,527,251	638,991	162,084
	2025	2,791,882	710,242	148,962
Aldrin Erwin James T. Nepomuceno <i>Chief Financial Officer</i>	2023	1,697,499	418,591	234,086
	2024	1,934,013	490,181	93,027
	2025	2,188,644	559,432	91,693
Myra Cresencia V. Rivera <i>Vice President, Human Resources</i>	2023	2,019,367	535,491	315,482
	2024	2,165,273	571,081	142,092
	2025	2,375,347	603,832	69,591
All Other Officers as a Group**	2023	6,540,839	1,596,734	824,902
	2024	8,255,769	2,111,549	599,705
	2025	9,019,662	2,288,056	264,307

\*\**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, 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 2024	Compensation for 2025
1. Geromin T. Nepomuceno	Chairman of the Board/ Director	265,000	325,000
2. Maria Rita Josefina V. Chua*	President/ Director	245,000	300,000
3. Robert Gerard B. Nepomuceno	Treasurer/ Director	265,000	300,000
4. Arsenio N. Valdés	Director	245,000	300,000
5. Richard Hubert N. Wilkerson	Director	235,000	270,000
6. Emmanuel Joseph N. Nepomuceno	Director	240,000	270,000
7. Rafael N. Mapua	Director	215,000	220,000
8. Ivanna G. de la Peña	Independent Director	435,000	465,000
9. Horacio E. Cebrero III	Independent Director	390,000	395,000

\*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, and the use of proceeds report, 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, 2025 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 17, 2025 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 18, 2024 Annual Stockholders' Meeting
- Annual Report of the President
- Approval of the Audited Financial Statements for the period ending December 31, 2024
- Ratification of the Acts of the Board of Directors
- Election of Directors for the Ensuing Year
- Appointment of External Auditors
- Adjournment

## Item 16. Matters Not Required to be Submitted

### A. Attendance Report

For the period of January to December 2025, the directors' attendance at the Board meetings are as follows:

<b>Director</b>	<b>Attendance</b>	<b>Percentage</b>
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 2025, the directors' attendance at the stockholders' meetings are as follows:

<b>Director</b>	<b>Attendance</b>	<b>Percentage</b>
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 2025, the directors' attendance at the various committee meetings are as follows:

<b>Director</b>	<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>N/A</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>N/A</u>	<u>4/4</u>	<u>3/3</u>	<u>3/3</u>	<u>100%</u>
Horacio E. Cebrero III	<u>N/A</u>	<u>4/4</u>	<u>3/3</u>		<u>100%</u>

*\*The Board Risk and Oversight Committee did not convene for January to December 2025.*

## **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).

## **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](mailto:aec_asm@angeleselectric.com.ph) on or before June 9, 2026.

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 20, 2026**.

**ANGELES ELECTRIC CORPORATION.**

By:

  
Handwritten signature of Benedict R. Tugonon in blue ink.

**BENEDICT R. TUGONON**  
*Corporate Secretary*

  
Handwritten signature of Beatriz Raine L. Bayudan in blue ink.

**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 13<sup>th</sup> 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 100<sup>th</sup> 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
<b>Total</b>	<b>48</b>	<b>230</b>	<b>230</b>

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 13<sup>th</sup> 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 GNPower 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:

<b>Supplier</b>	<b>Contracted Capacity</b>	<b>Duration of Contract</b>
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:

	<b>Supplier</b>	<b>Materials Supplied</b>	<b>Terms of Payment</b>
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

	<b>Supplier</b>	<b>Materials Supplied</b>	<b>Terms of Payment</b>
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
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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

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:

	<b>Supplier</b>	<b>Project</b>	<b>Items Purchased</b>
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%
<b>Total</b>	<b>138,488</b>	<b>100.00%</b>	<b>815,654</b>	<b>100.00%</b>

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:

<b>Date</b>	<b>Names of Related Party</b>	<b>Position or Interest in the Company</b>	<b>Type of Transaction</b>	<b>Amount of Transaction Value</b>
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, 2025 and, as disclosed in Note 20 of the December 31, 2025 audited financial statements, is presented below.

Related Party Category	Amount of Transaction				Outstanding Receivables / Payables	
	2025	2024	2023	2022	2025	2024
<b>Related parties under common ownership</b>						
Purchase of electricity	PhP 226,276,267	PhP 134,751,171	PhP 220,525,923	PhP 249,400,254	Php (17,452,501)	PhP (18,187,460)
Purchase of goods and other services	PhP 16,387,785	PhP 20,162,486	PhP 17,204,391	PhP 16,218,608	Php (24,553)	PhP (394,110)
Sales of electricity	PhP 190,601,413	PhP 191,891,784	PhP 141,128,261	PhP 151,917,860	PhP 16,716,272	PhP 16,100,273
Retirement plan asset	PhP 12,000,000	PhP 12,000,000	PhP 12,000,000	PhP 12,000,000	-	-
<b>Key management personnel</b>						
Compensation	PhP 30,154,023	PhP 27,955,022	PhP 25,177,513	PhP 21,149,910	-	-
<b>Stockholders</b>						
Purchase of goods and other services	PhP 4,075,419	PhP 2,666,667	PhP 3,777,778	PhP 5,056,560	-	-
Net advances granted / obtained	PhP 2,508,731	Php 20,136,064	-	-	Php 22,644,795	PhP 31,121,918

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 5<sup>th</sup> 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 5<sup>th</sup> Regulatory Period.

Below is the list of ERC applications with pending approvals:

	<b>ERC Case No.</b>	<b>Case Title</b>	<b>Date Submitted for Resolution</b>
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, 2025, 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 2025 which may impact the Company:

<b>ERC Resolution No.</b>	<b>Title</b>	<b>Brief Overview</b>
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 Offenses and Penalties under Republic Act No. 1123 and its Implementing Rules and Regulations for Implementation by the Energy Regulatory Commission.	A resolution that reiterates the provisions on Administrative 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 2025:

<b>Department Circular No.</b>	<b>Title</b>	<b>Brief Overview</b>
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 Obligations of Designated Establishments under the Energy Efficiency and Conservation Act.	This DC shall govern all matters relating to the 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	This Circular Prescribes the following policies and guidelines to provide

	Energy, Amending, for the Purpose, Department Circular (DC) No. DC2022-10-0022	enhancement to the Net-Metering Program in support 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:

<b>Substations</b>	<b>Permit to Operate</b>	<b>Issue Date</b>	<b>Expiry Date</b>
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, 2025, the Company has one hundred eighty-six (186) employees. One hundred twenty-three (123) of them are office employees, and sixty-three (63) are field employees.

The Company expects to hire an additional ten (10) to twelve (12) employees in 2026 to fill existing vacant positions, new technical positions, and retirements.

One hundred two (102) of AEC's employees are members of the Angeles Electric Workers' Union (the "Union") affiliated with the National Federation of Labor Union and eighty-four (84) 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 two (2) 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, 2028.

In addition to the benefits as mandated by law, the Company provides its employees with the following additional benefits:

1. Annual sick leave of fifteen (15) days. Unused sick leaves in excess of twenty-four (24) days are converted to cash at the rate of 100%.
2. Annual vacation leave of fifteen (15) days. Unused vacation leaves in excess of twenty-four (24) days are converted to cash at the rate of 100%.
3. Maternity leave to full-time female employees for live childbirth, regardless of the mode of delivery;
4. Paternity leave to full-time married male employees.
5. Bereavement leave with pay and financial assistance to a regular employee;
6. Christmas bonus to regular employees with at least one (1) year of service from an equivalent of 50% up to 100% of their monthly salary;
7. Midyear bonus to regular employees with at least one (1) year of service from an equivalent of 50% up to 100% of their monthly salary;
8. Fiesta bonus to regular employees.
9. Monthly rice allowance;
10. Dental benefits to regular employees as well as three (3) qualified dependents;
11. Hospitalization benefits through the Health Maintenance Organization, including three (3) qualified dependents for inpatient and outpatient services;
12. Free medical consultation with the company physician for regular employees and qualified dependents;
13. Energy consumption assistance; and

Retirement benefits for every year of service as provided in the CBA. The Company adopted the AEC Employees' Retirement Plan Rules and Regulations, which set forth the various benefits an employee may receive in case of retirement, death, or disability.

## *xvi. Risks Relating to the Company and Its Business*

### *Franchise Risk, Operational Risk, and Limitations of a Distribution Utility*

The Company exists by virtue of its legislative franchise, the latest of which is Republic Act No. 9381 of the 13<sup>th</sup> 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. Consequently, the Company's operations follow the economic tides of Angeles City and the upheavals in the Philippine power industry. As recently experienced, world events in the past three (3) years also affected the Company's operations.

Subject to the renewal of its franchise life, the Company strives to deliver the best customer service to its franchise area with the least cost of energy from reliable and sustainable sources. Moreover, as a recognized institution in the City of Angeles, the Company supports the projects of parish churches, hospitals, and other institutions as part of its social responsibility.

Any interruption to the Company's operation is an operational risk. To mitigate the risk, the Company is continually devising strategies to ensure uninterrupted operations to minimize cost and remain competitive in its business. Moreover, the Company operates 24/7 with highly competent and technical personnel ready to respond to any emergency.

Whatever operational risk that the Company may encounter, the robust growth of Angeles City and the ever-increasing and expanding residential, commercial, and industrial sectors guarantee the Company's sustainable growth in its capacity and energy sales in the next 100 years.

### *Regulatory Risk*

As a distribution utility, the Company is highly regulated by the ERC. It is subject to the Performance-Based Rate-Setting ("PBR") Methodology in setting and regulating the Company's distribution rates. Thus, the Company's rates are determined and approved by the ERC up to the last centavo. In setting up the Company's reasonable return on its operations, the benefit to the public is paramount. Wastage and unnecessary expenditure are avoided as much as possible.

For its regulatory compliance, the Company employs highly competent and trained personnel and professionals. The Company maintains a clockwork precision for its regulatory compliance and monitors all issuances of government agencies affecting its operations.

Aside from its regulatory compliance, the Company is also at the mercy of the ERC's voluminous applications/petitions from other industry players waiting for final approval. Pending final approval from the ERC are the following applications of the Company:

1. Relocation and upgrading of 2-layer, 13.8 KV primary lines
2. 69 KV NGCP Porac Substation connection
3. Milenyo Substation relocation
4. Various reconductoring of feeder lines
5. Provision of SCADA Backup Control Center
6. Purchase of Distribution Transformers
7. Purchase of Poles, Towers, and Fixtures
8. Purchase of Meters and Metering Instruments
9. Purchase of IT Equipment and Software
10. Purchase of testing equipment.
11. Power Purchase Agreement with SPNEC.

To address this risk, the Company has engaged highly competent external counsel to monitor and expedite its ERC filings. However, delays in getting the ERC's final approval on the foregoing projects have likewise resulted in delays in the updating of the Company's distribution rates to reflect its current operational costs and expenses. This, however, does not deter the Company from implementing operational upgrades and cost-saving measures, resulting in improvements in its operations, management, and robust financial results.

At present, the Company's distribution rates are set at its last ERC-approved rate translation for the Regulatory Year 2015. Due to the suspension of the PBR Methodology by the ERC, the Company's distribution rates have not changed since 2015. Last year, the ERC issued an order directing all private distribution utilities to file a True-Up Application of the Actual Weighted Average Tariff ("AWAT" or the actual amount billed to customers) versus the Maximum Average Price ("MAP" or the ERC allowed distribution rate) using the ERC-approved over or under recovery formula rules. This process aims to resolve and close with finality all issues relating to the lapsed regulatory periods when the ERC suspended the PBR reset process. Due to the changing customer demand mix, the AWAT versus MAP application of AEC resulted in over recoveries. Once approved by the ERC, the over recoveries will be refunded to the customers. To address this risk, the Company provides for the computed refunds monthly in the books, which are applied to the customers' bills upon approval by the ERC.

For the pass-through charges, such as the generation, transmission, and system loss charges, the ERC has issued the prescribed formula for computing the monthly rates applicable to these charges and the process of determining any over- or under-recoveries to ensure that these costs are revenue-neutral to the Company. At least 65% of a distribution utility customer's bill is composed of pass-through charges. Over recoveries, along with under recoveries, are natural occurrences caused by the difference or time gap in the billing schedules and rates. This year, the ERC issued revisions to the prescribed formula and the period of implementation of the resulting over- or under-recoveries if it breaches the threshold. From the previous three (3)-year implementation period, the ERC directed distribution utilities to implement a one-time refund for over recoveries or a six (6)-month spread for under recoveries. For AEC, the revised formula resulted in over recoveries, and the Company has already implemented the one-time refund to its customers. To address the impact of the ERC's revised formula on AEC's financials, the Company, together with other distribution utilities, filed a position paper with the ERC to amend the rules and formula.

#### *Risk of Exposure to Volatile Price of Electricity*

As a distribution utility, the Company's baseload requirements are being supplied by coal power plants, which means that the Company's electricity rate is significantly tied to world coal prices. Coal prices started to climb in January 2021 after reaching their lowest levels in 2020. The unusual spikes in prices were also experienced in other sources of fuel, such as LNG and diesel. The situation was greatly exacerbated when Russia started its invasion of Ukraine on 24 February 2022. With many countries cutting their importation of coal from Russia, the demand for coal in the world, vis-à-vis the limited supply from China and Indonesia, has seen prices of coal at an unprecedented level.

In the last two (2) to three (3) years, the dormant risk of exposure to high electricity prices started to impact the Company and ultimately, its customers. Although the net effect of the high electricity rates does not affect the Company directly since it is a pass-through cost, such occurrence would, as experienced, give rise to direct risks to the Company which include but are not limited to the following: (1) unfavorable opinion from customers, local government and

other stakeholders; (2) increase in customers that opted to use own solar panels; (3) cash flow problems because of the inability of customers to pay high electricity bills; and, (4) increase in further manpower and other costs to continuously have the customers informed properly.

In addition to this, when baseload suppliers are shut down, the Company's exposure to higher prices is shifted to the Wholesale Electricity Spot Market ("WESM") where prices are dictated by demand and supply. It should also be noted that the Company's energy imbalance requirements, or those not covered by the foregoing bilateral contracts, are sourced from the spot market.

Currently, the Company's contracts with its power suppliers are only until the maturity of the power supply agreements. The Company can only minimize its generation rates by effectively balancing the mix of supply from contracted suppliers and the electricity market. In 2022, the Company awarded a 13MW renewable energy power supply to Solar Philippines New Energy Corp. through a competitive selection process. The contract is expected to improve generation rates due to its lower cost. The power supply agreement is yet to be approved by the ERC. Moving forward, the Company will study any possible mitigating approach to minimize said risk

#### *Risk to Power Purchase Contracting*

To operate as a distribution utility, the Company's primary concern is its power source. On the other hand, the inherent risk in contracting power supply is the power's availability, price, and reliability. Moreover, the ERC will now impose limitations on the Company's freedom to enter into power purchase agreements with the objective of ensuring the lowest power cost for the consumers.

Under the new ERC Draft Guidelines for Competitive Selection Process and Power Purchase Agreement (2023-006 RM), the Company's capacity to enter into a bilateral contract for its power supply is limited and restricted as follows:

- The Company's power requirements shall be procured through a Competitive Selection Process ("CSP") under sets of procedures prescribed by the ERC.
- In conducting a CSP, the Company shall form a bids and awards committee with qualifications prescribed by the ERC. The committee shall conduct the CSP based on the guidelines and procedures prescribed by the ERC.
- Direct negotiations for a power supply shall only be allowed after at least two (2) failed CSPs.
- Within thirty (30) days from the execution of the Power Supply Agreement ("PSA") from direct negotiation, the PSA must be filed for approval with the ERC. Otherwise, the distribution utility shall undergo the same processes again.
- For the PSA, the distribution utility must specify in its terms of reference whether the PSA to be procured is a Financial PSA or a Physical PSA. At this point, however, the distribution utility is not yet certain if there will be qualified bidders for a Financial or a Physical PSA. Thus, the distribution utility may be conducting a futile CSP if there are no bidders for the type of PSA desired.
- The minimum terms and conditions of the PSA must adhere to the ERC PSA template. There are separate templates for a Physical and Financial PSA.
- The maximum term of a PSA shall only be for ten (10) years. Thus, considering the time it takes to conduct a CSP, to have a winning bidder and an executed PSA, to go through the ERC PSA approval process, to wait for the ERC to give its final approval or provisional

authority, the distribution utility may have to conduct another CSP after 5 years from the implementation of a new PSA.

All of the above regulatory requirements expose the Company to the risk of not being able to contract a new PSA for its expiring bilateral contract due to the unavailability of qualified bidders, the time it takes to complete the power procurement process, and the delay on the part of the ERC to give its final approval to the PSA application. To mitigate this risk, the Company will prepare in advance its CSP bidding activities to secure its subsequent power contracts.

#### *Risk on Sub-transmission Lines*

The power plants of the Company's baseload suppliers are located in Mariveles, Bataan, and Mabalacat, Pampanga. Power passes through the NGCP grid and enters through the Mexico – Petersville Sub-transmission Line. It is the only entry point of power to the Company's distribution system. This current system contributes to the risk of total blackout within the City of Angeles when problems affect the sub-transmission line. Any occurrence would affect the lives, businesses, education, and livelihood of the customers. Furthermore, this will significantly impact several metrics imposed by the ERC (i.e., System Average Interruption Frequency Index ["SAIFI"] and System Average Interruption Duration Index ["SAIDI"]) as indicators of the Company's reliability. Lastly, with respect to investor concerns, any occurrence of problems within the sole entry point of power would affect the Company's distribution revenues and profitability.

In response to this concern, the Company is currently in coordination with NGCP to set up a new connection from a proposed NGCP Substation in Porac, Pampanga.

#### *Leases Risk*

The Company has leases for certain land, including its main office, and equipment, as reflected in its financial statements. The Company's main office is located in a very attractive and fast-developing commercial area of Angeles City. Proof of this is the new Rockwell Land Development beside it. To mitigate the risk of having to vacate its main office in the future, the Company has put in place various termination options in its lease agreement to give it flexibility to terminate its lease before the intended expiration date. In the meantime, the Company is actively looking for other suitable locations to relocate its main office.

#### *Risk on Information Technology Systems*

The Company significantly relies on its IT systems for its day-to-day operations (i.e., billing, accounting, collections, accounts processing, inventory and supply, line asset database). The systems contribute to the efficiency of work and the rendering of service. Although such systems continue to serve their purpose, due to time and the continuous improvement in technology, risks of downtime, processing problems, and obsolescence may be present. To address these risks, data backup on all systems is done daily. Furthermore, the IT Department continues to either innovate existing systems or formulate new ones to more effectively and efficiently address identified concerns and problems from the end-users.

On the other hand, the Company also uses the systems to process a significant amount of personal data each day. This exposes the Company to hacking and data breaches, which may be considered to be a significant risk considering the related penalties and probable liabilities. In the last two (2) years, the Company's thrust has been to improve the protection of its systems through the use of firewalls and Virtual Private Networks. Furthermore, the Company engaged an external service provider that will assist in the update and review of Information Security Policies, as well as

perform gap analysis between existing IT infrastructure and IT policies. The results of this endeavor will be incorporated into the Company processes.

In securing the personal information of customers and employees, the Company engaged the services of KPMG in 2017 to conduct a full and extensive study of the company's data privacy compliance and implement measures to improve the same. The Company's Data Protection Officer constantly monitors the company's data privacy compliance, conducts regular privacy impact assessments, and mandates strict compliance with the Company's data privacy policies and procedures.

#### *Risk of Human Resources and Skills Stagnation*

A company that has existed for a hundred years may be exposed to the risk of complacency in relying on traditional methods of running the business and on the same set of skills of its personnel. To mitigate this risk, the Company maintains a competent and dynamic team of executives, managers, and professionals who are regularly trained in the industry's best practices, while constantly improving and acquiring new skill sets. Recently, the Company hired the services of a human resources consultant to update the minimum job requirements of all of its personnel, promote highly competent staff, and reorganize the entire corporate structure.

#### *Collection Risk*

The Company can maintain a high collection rate despite the challenges brought about by the pandemic and typhoons that visit the country every year.

During the pandemic, due to the financial difficulties of its consumers, the Company extended its collection period up to two (2) months by not implementing the disconnection of electricity during that period. Moreover, to further assist its consumers who are in dire need of financial relief, the Company offered installment terms for unpaid electric bills.

The pandemic also showed a shift in electricity consumption among residential and commercial consumers. In 2020 and 2021, sales per customer class leaned heavily toward residential customers and displaced commercial customers as the primary electricity consumer class. However, commercial customers resumed operations and ramped up in the latter part of 2021, which improved in 2022 as business confidence returned.

Despite the increase in retail rates, the Company's collection efficiency proceeded smoothly. Collection efficiency improved to 96.57% for 2024, while 2025 efficiency was at 93.86%.

To further enhance collections, AEC has designed strategies to ensure that its offices and business centers are available to cater to its consumers even in cases of future lockdowns. It also increased its accessibility through its service partners and the online payment facilities of its partner banks.

#### *Customer Choice Program (RCOA, GEOP & RAP)*

The RCOA allows a contestable market or electricity end-users with a demand of 1MW and above to choose a supplier of electricity. As of 31 December 2025, the Company has eight (8) customers who have switched to the RCOA and GEOP. Furthermore, 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 markets choosing their energy supplier aside from the Company.

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.

### *Climate Change Risk*

Climate change risk refers to the potential negative impacts caused by long-term shifts in temperature, weather patterns, and sea levels driven largely by human activities like burning fossil fuels and deforestation. These risks affect natural systems, economies, and human health in interconnected ways.

The risk of high temperatures due to global warming will cause the registration display of electronic meters to be vulnerable to direct sunlight exposure, or could easily get faded or blurred when directly exposed to sunlight. It can cause meter reading errors and shorten the life expectancy of meters. To mitigate this risk, the Company can convert the meter base of polyphase electronic meters into enclosed cabinet type and install modified sun-shades for single-phase electronic meters.

### *Cybersecurity Threats*

This risk includes any action, event, or condition that can harm the Company’s digital systems, data, or networks. It’s anything that tries to steal, damage, disrupt, or gain unauthorized access to the Company’s information. The common types are malware, phishing, ransomware, hacking, etc. This risk can lead to financial loss, identity theft, data breaches, and business disruption. Mitigating cybersecurity threats isn’t about one single fix; it’s about building layers of protection so that if one fails, others still protect. The company will implement mitigating measures such as enabling multi-factor authentication, regular security audits, updating procedures, and develop manual fallback.

## **Item 2. Properties**

In 2025, 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:

	<b>TCT/CCT No. /Evidence of Ownership</b>	<b>Location</b>	<b>Description</b>	<b>Lien / Mortgage / Encumbrance , if any</b>	<b>Use of property</b>
1.	TCT 11046	Bgy. Pulung Maragul	28,496 sqm	N/A	Petersville Power Plant and Substation
2.	TCT 74538	Bgy. Pulung Maragul	3,648 sqm	N/A	Petersville Power Plant and Substation
3.	TCT 111623	Bgy. Pulung Maragul	3,419 sqm	N/A	Petersville Power Plant and Substation
4.	TCT 121001	Bgy. Pulung Maragul	5,417 sqm	N/A	Petersville Power Plant and Substation

5.	TCT 045-2014001959	Bgy. Pulung Maragul	8,998 sqm	N/A	Petersville Power Plant 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.	TCT 045-2025010291	Bgy. Pampang	3000 sqm	N/A	Future Friendship Substation
16.	CCT PT-30200	Pasig City	121 sqm	N/A	Ortigas Office
17.	CCT PT-30201	Pasig City	119 sqm	N/A	Ortigas Office
18.	CCT PT-30202	Pasig City	118 sqm	N/A	Ortigas Office
19.	CCT PT-30203	Pasig City	112 sqm	N/A	Ortigas Office
20.	Deed of Assignment	Pasig City	Slot #6	N/A	Parking Slot for Unit 1901 (CCT PT-30200)
21.	Deed of Assignment	Pasig City	Slot #7	N/A	Parking Slot for Unit 1901 (CCT PT-30200)
22.	Deed of Assignment	Pasig City	Slot #8	N/A	Parking Slot for Unit 1902 (CCT PT-30201)
23.	Deed of Assignment	Pasig City	Slot #9	N/A	Parking Slot for Unit 1902 (CCT PT-30201)
24.	Deed of Assignment	Pasig City	Slot #10	N/A	Parking Slot for Unit 1903 (CCT PT-30202)
25.	Deed of Assignment	Pasig City	Slot #11	N/A	Parking Slot for Unit 1903 (CCT PT-30202)
26.	Deed of Assignment	Pasig City	Slot #12	N/A	Parking Slot for Unit 1904 (CCT PT-30203)
27.	Deed of Assignment	Pasig City	Slot #13	N/A	Parking Slot for Unit 1904 (CCT PT-30203)

The Company also owns the following vehicles as of 2025:

	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. A *Schedule of Property, Plant and Equipment* is attached in this report as ***Exhibit "A-1"***.

### 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	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.  To date, no resolution from the Court regarding the filed MR.

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, aside from the approval of the amendment of the Corporation’s Articles as mentioned previously in this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

**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 on any stock exchange but are registered with the SEC’s Markets and Securities Regulation Department in accordance with Sections 8 Requirement of Registration of Securities and Section 12 Procedure of Registration of Securities under the Securities Regulation Code and the corresponding Rules and Regulations.

**2. Holders**

As of December 31, 2025, 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, 2025.

	<b>Name of Shareholder</b>	<b>Type of Share Held</b>	<b>Number of Common / Preferred Shares Held</b>	<b>Percent of Total Issued and Outstanding Shares</b>
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	Gibbous Tech, 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 2024 and 2025.

<b>YEAR</b>	<b>DIVIDEND</b>	<b>DIVIDEND RATE</b>	<b>TYPE OF SHARE</b>	<b>RECORD DATE</b>	<b>PAYMENT DATE</b>	<b>TOTAL AMOUNT PAID (in PhP)</b>
<b>2024</b>	Cash	₱0.0234 per share	Common	31 December 2023	4 March 2024	27,585,648.00
	Cash	₱0.0055 per share	Preferred	31 December 2023	4 March 2024	1,109,243.00
	Cash	₱0.0234 per share	Common	31 December 2023	9 August 2024	27,585,648.00
	Cash	₱0.0055 per share	Preferred	31 December 2023	9 August 2024	1,109,243.00
	Cash	₱0.0234 per share	Common	31 December 2023	15 November 2024	27,585,648.00
	Cash	₱0.0055 per share	Preferred	31 December 2023	15 November 2024	1,109,243.00
<b>2025</b>	Cash	₱0.0234 per share	Common	31 December 2024	4 March 2025	27,575,693.00
	Cash	₱0.0055 per share	Preferred	31 December 2024	4 March 2025	1,109,243.00
	Cash	₱0.0234 per share	Common	31 December 2024	12 August 2025	27,575,693.00
	Cash	₱0.0055 per share	Preferred	31 December 2024	12 August 2025	1,109,243.00
	Cash	₱0.0875 per share	Common	31 December 2024	11 November 2025	103,114,236.00
	Cash	₱0.0055 per share	Preferred	31 December 2024	November 2025	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.

As of December 31, 2025, 2024 and 2023, the Company's Appropriated Retained Earnings consists of appropriations for:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
DO'TR relocation of facilities	P 462,379,452	P 291,912,569	P 291,912,569
69 KV sub transmission line	345,143,719	354,049,453	354,049,453
Other network capital expenditure	156,185,241	-	-
Pulung Cacatud 50 MVA Substation	<u>110,635,927</u>	<u>136,258,616</u>	<u>136,258,616</u>
	<u>P1,074,344,339</u>	<u>P 782,220,638</u>	<u>P 782,220,638</u>

The Company undertakes its project assessments in conjunction with its annual capital expenditure planning, which is prepared in accordance with regulatory requirements and submitted to the ERC. As the planned projects and related capital expenditures are reassessed each year and may encompass multiple initiatives, definitive implementation timelines are not established; rather, these are reviewed and adjusted on an annual basis. In 2025, the Company appropriated an additional P292.1 million from its unrestricted retained earnings.

Management expects the related projects to be completed in 2026, subject to reassessment and compliance requirements of ERC.

#### 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	BENTTEZ, 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 2023	March	Preferred Shares	MAPUA, FRANCO LUIS C.	1,906,645	1,906,645.00
24 2023	March	Preferred Shares	MAPUA, MIA ANGELINA C.	1,906,645	1,906,645.00
24 2023	March	Preferred Shares	MAPUA, ANNICA THERESE C.	1,906,645	1,906,645.00
24 2023	March	Preferred Shares	MAPUA, DIEGO MIGUEL C.	1,906,645	1,906,645.00
24 2023	March	Preferred Shares	MAPUA, JULIA CRISTINA GABRIELLE H.	2,965,892	2,965,892.00
24 2023	March	Preferred Shares	MAPUA, RAMON ANTONIO LUIS H.	2,965,892	2,965,892.00
24 2023	March	Preferred Shares	BUTIU, MICHELLE ANA MARIE	1,235,788	1,235,788.00
24 2023	March	Preferred Shares	WILKERSON, AARON H.	1,235,788	1,235,788.00
24 2023	March	Preferred Shares	WILKERSON, RICHARD ANTON H.	1,235,788	1,235,788.00
24 2023	March	Preferred Shares	WILKERSON, ANTHONY VINCENT P.	741,473	741,473.00
24 2023	March	Preferred Shares	WILKERSON, ALLANDREW P.	741,473	741,473.00
27 2023	March	Preferred Shares	WILKERSON, ARTHUR P.	741,473	741,473.00
27 2023	March	Preferred Shares	WILKERSON, MATTHEW TIMOTHY G.	741,473	741,473.00
27 2023	March	Preferred Shares	TIU, TIFFANY CRISTIN W.	741,473	741,473.00
27 2023	March	Preferred Shares	WILKERSON, DARREL CHARLES A. III	1,235,788	1,235,788.00
27 2023	March	Preferred Shares	WILKERSON, KIMBERLY NICOLE A.	1,235,788	1,235,788.00
27 2023	March	Preferred Shares	WILKERSON, KEVIN MATTHEW A.	1,235,788	1,235,788.00
27 2023	March	Preferred Shares	WILKERSON, PETER DAVID I. JR.	926,842	926,842.00
27 2023	March	Preferred Shares	WILKERSON, REBECCA ELIZABETH I.	926,841	926,841.00
27 2023	March	Preferred Shares	WILKERSON, AMY KATHRYN I.	926,841	926,841.00
27 2023	March	Preferred Shares	WILKERSON, KELSY I.	926,841	926,841.00
27 2023	March	Preferred Shares	WILKERSON, TERESITA CARNITA C.	926,842	926,842.00
27 2023	March	Preferred Shares	WILKERSON, RICHARD BLAKE C.	926,841	926,841.00
27 2023	March	Preferred Shares	WILKERSON, CATHERINE ANNE A.	926,841	926,841.00
27 2023	March	Preferred Shares	WILKERSON, GEORGE JOSEPH A.	926,841	926,841.00
27 2023	March	Preferred Shares	WILKERSON, RACHELLE MARIE V.	1,853,683	1,853,683.00
27 2023	March	Preferred Shares	WILKERSON, ALLISON ANNE V.	1,853,682	1,853,682.00
27 2023	March	Preferred Shares	WILKERSON, PAUL AUGUSTINE N.	3,707,364	3,707,364.00
27 2023	March	Preferred Shares	WILKERSON, MARTIN KYLE C.	3,707,365	3,707,365.00
27 2023	March	Preferred Shares	ANGELES, ANTON NICKLUS	3,295,435	3,295,435.00
27 2023	March	Preferred Shares	VALDES, PATRICK N.	3,295,435	3,295,435.00

27 2023	March	Preferred Shares	VALDES, THERESA N.	3,295,435	3,295,435.00
27 2023	March	Preferred Shares	VALDES, JOHN PAUL N.	3,295,435	3,295,435.00
27 2023	March	Preferred Shares	VALDES, JORELL CARLO C.	823,859	823,859.00
27 2023	March	Preferred Shares	VALDES, CAMILLE JO-ANN C.	823,859	823,859.00
27 2023	March	Preferred Shares	VALDES, JOSEPH CHRISTIAN C.	823,859	823,859.00
27 2023	March	Preferred Shares	VALDES, JAIME MIGUEL F.	1,098,478	1,098,478.00
27 2023	March	Preferred Shares	VALDES, JOHANNES LEOPOLDO F.	1,098,478	1,098,478.00
27 2023	March	Preferred Shares	VALDES, MIRJANA LOURDES FELISA S.	3,295,435	3,295,435.00
27 2023	March	Preferred Shares	VALDES, DANIELA PATRICIA F.	1,098,478	1,098,478.00
27 2023	March	Preferred Shares	CHUA, CORINNE DEANNA V.	3,295,435	3,295,435.00
27 2023	March	Preferred Shares	VALDES, ADRIENNE NOELLE R.	3,295,435	3,295,435.00
27 2023	March	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 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 P28.9 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 ₱86.4 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 ₱41.0 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

### DISCUSSION ON CHANGES IN FINANCIAL POSITION

#### As of December 31, 2025, and December 31, 2024

##### **Assets**

The Company's total assets grew by P536.4 million, mainly driven by the company's net profit for the year.

##### *Property, plant and equipment*

Property, plant, and equipment increased by P195.7 million, net of annual depreciation expense amounting to P267.3 million. The Company has consistently acquired essential assets to enhance the effectiveness and efficiency of service to customers. Various issues being addressed in these asset acquisitions include, but are not limited to, the reliability of the distribution system and the reduction of system losses. However, the most significant addition for the year is the acquisition of a parcel of land in Brgy. Pampang, Angeles City, with a total cost of P154.3 million. This will be used as a future substation due to an identified increase in electricity demand within the area.

##### *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 during the year. The Company has continuously recorded the amortization of the right-of-use asset and the repayment of lease liabilities. The repayment of lease liabilities consists of monthly rental payments to lessors, minus the related interest expense as required by PFRS 16.

##### *Deferred tax assets – net*

Deferred tax assets grew by P9.5 million because of temporary differences that can be deducted from future taxable income. The primary reason for the increase remains the recognition of provisions for customer refunds during the year. Accruals of provisions are not yet deductible for income tax purposes until consummated. Please see the analysis of the Provisions account in the liability section.

##### *Retirement benefit assets - net*

The Company contributes P12.0 million annually to its retirement fund. The decrease in the account is due to updates in the retirement plan offered by the Company to its employees. In 2025, the Company's management and the labor union signed their latest collective bargaining agreement, which includes improvements in the retirement plan, as mentioned.

##### *Other Non-current Assets*

Other non-current assets as of December 31, 2024, include a P75.0 million advance payment for the land acquisition in Brgy. Pampang, which was mentioned earlier in this analysis. It was reclassified to the Property, Plant, and Equipment account in 2025. On the other hand, the Other Non-current Assets account as of December 31, 2025, mainly consists of costs for the

construction of a new substation in Brgy. Pulung Cacutud, Angeles City. These costs consist of (a) advances for importing a 50-megavolt-ampere substation transformer; (b) advances for importing a medium-voltage substation switchgear; and (c) advances to contractors for the construction.

#### *Cash and cash equivalents*

Cash and cash equivalents decreased by P264.9 million. This decrease, as shown in the statement of cash flows, mainly results from (a) the increase in trade and other receivables due to costs advanced for a government project (please see the analysis of the Trade and Other Receivables Account); (b) the acquisition of investment securities during the year; (c) the significantly higher capital asset acquisition because of the 50% final payment for the land purchased; and (d) the higher dividends declared during the year.

Regarding letter (b) above, as directed by the Board of Directors, a portion of cash and cash equivalents is invested in time deposits and investment schemes that earn higher rates of return than the current bank savings rate.

#### *Investment Securities (Current and Non-current)*

As mentioned in the analysis of the Cash and Cash Equivalents account, the Company's excess operating funds are invested in various forms of investments that generate higher passive income, either through fixed interest and dividends or through fair value appreciation. The interest rates for some of these investments range from 3.8% to 6.8% per year.

#### *Trade and other receivables*

Trade receivables increased by P165.7 million. However, this increase is due to other receivables, not trade receivables. Trade receivables actually decreased by P18.0 million, which is related to the decrease in power rates and sales. The rise in other receivables results from a memorandum of agreement the Company entered into with the Department of Transportation (DOTr) and the Philippine National Railways (PNR). This agreement was made for the relocation of the Company's electric distribution facilities along the track of PNR's Malolos-Clark Railway Project, with all related relocation costs fully reimbursable by the DOTr and PNR. PNR is an agency of the DOTr. In connection with the MOA, the Company reported total advances of P194.4 million as of December 31, 2025.

#### *Prepayments and other current assets*

The decrease in prepayments and other current assets is attributable to (a) the decrease in prepaid expense, which is usually affected by the timing of payments to suppliers and the needs of the Company; (b) the collection of advances from related parties; and (c) the amortization of input VAT from capital goods arising from previous periods. All these causes of decrease were compensated by an increase in supplies inventory amounting to P12.0 million.

### **Liabilities**

The Company's liabilities increased by P131.1 million.

#### *Refundable deposits*

The P52.6 million rise in refundable deposits is due to new customers and deposit updates for those who increased their consumption throughout the year.

### *Trade and other payables*

The Company's trade payables increased as of December 31, 2025, despite a decrease in power prices billed by power generation companies, due to a higher unutilized contracted capacity discount provided by a power supplier by the end of 2024.

### *Provisions*

Provisions continued to increase due to the expected customer refunds resulting from an ERC directive. The refund to customers is already probable, as the ERC recently formalized the rules and calculations for potential refunds. The Company recognized the expense and liability for the refund based on the calculation issued by the ERC. This will be recorded as part of the Company's liabilities until the ERC requires the implementation of the refunds to the customers.

The source of the refund is the difference between the actual average rate billed to customers and the maximum allowed average rate set by the ERC in 2015. Due to fluctuations in the sales mix and activities within the coverage area, the actual average rate billed to customers has been higher than the maximum allowed average rate. This results in an obligation to refund the excess to the customers.

### *Income and other tax liabilities*

Income and other tax liabilities decreased because of lower income tax expense during the period.

## **Stockholders' Equity**

The increase in the Company's equity, amounting to P405.2 million, represents the current year's results of operations as reported in the statement of comprehensive income, reduced by the amounts of dividends declared. There are no other equity transactions during the year that affected total equity.

## **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 P28.9 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 ₱86.4 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 the 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 the current bank savings rate. The interest rates for these investments range between 5% to 6% per annum.

In addition, the Board of Directors and Management decided to liquidate its mark-to-market investments due to the 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 in 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 ₱41.0 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 whose 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 based on 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 of 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 of 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.

## **DISCUSSION ON FINANCIAL OPERATION**

### **For the Years Ended December 31, 2025, and December 31, 2024**

#### **Revenues**

The Company's electricity sales decreased by ₱304.5 million, or 4%.

	<u>2025</u>	<u>2024</u>
Pass-through revenues	P 5,954,741,667	P 6,257,453,578
Distribution revenues	<u>1,329,124,929</u>	<u>1,330,873,374</u>
	<u>P 7,283,866,596</u>	<u>P 7,588,326,952</u>

The net decrease resulted from the following factors:

- (a) Pass-through revenues declined by ₱302.7 million, a 5% drop. These revenues refer to the amounts charged by power suppliers, which are then billed by the Company to the end users at the same rates. Most of the Company's power providers are coal plants, and coal prices have been falling since the pandemic and the conflict between Russia and Ukraine. This decrease in coal prices will likely lead to lower or more favorable power rates since fuel costs are variable in calculating the price. Throughout the year, the average generation rates continued to decrease from ₱6.64/kWh in 2024 to ₱5.98/kWh in 2025.

Although the generation rates haven't dropped to pre-pandemic levels or before the rise in international conflicts, the improvement in these rates has provided some relief to consumers.

- (b) Distribution revenues increased by P1.7 million, mainly due to growth in gWh sold (from 816 gWh in 2024 to 826 gWh in 2025). The lower increase in peso amount when compared to the increase in gWh sold was impacted by a P10.0 million reduction in amounts billed to customers for a refund of technical fees. These technical fees were included by the ERC in the billing rates of the Company, but the related services were not provided, so they should be refunded to customers. Additionally, local taxes passed on to customers and included in distribution revenues also decreased because of lower taxes billed by the Local Government. Local taxes are based on actual revenues, which, as noted in letter (a) above, are declining.

## 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 P226.5 million, which is related to the decrease in average generation rates mentioned above. Conversely, the transmission charges component of the cost increased by P250.7 million during the period due to higher ancillary charges and additional costs approved by the ERC to be billed by the NGCP. Please refer to Note 17 of the notes to the financial statements.

### *General and Administrative Expenses*

General and administrative expenses increased by P42.4 million.

Depreciation and amortization expenses increased by P33.1 million due to capital asset additions, as discussed in the analysis of the Property, Plant, and Equipment, and Right-of-Use Asset accounts. Additionally, since the Company is terminating one of its major land lease agreements in 2028, the depreciation of leasehold improvements on that property was accelerated.

Salaries and employee benefits increased by P8.5 million due to the enhancement of employee benefits following the signing of the collective bargaining agreement in 2025.

Taxes and licenses increased by P3.8 million due to real property taxes on recently acquired parcels of land (acquisitions before 2025).

Repairs and maintenance decreased due to one-time maintenance expenses incurred on the Company's distribution lines.

Outside services rose because of higher demand for outsourced services, such as security guards, meter readers, bill handlers, and utility workers. This relates to the increase in the Company's operations.

Professional fees rose because of new consultants hired during the period.

#### *Other Income and Charges*

Other operating income decreased because of accumulated pole rental revenues received in 2024 after finalizing related pole rental agreements. The completion of the pole count in 2024 led to a large amount of unbilled revenues, which were only collected during that year.

Finance income continues to grow due to investments of excess funds in high-yield financial assets. Please refer to the analysis of cash and cash equivalents and investment securities. The provisions expense in 2025 is lower than in 2024 due to over-accruals or over-estimation of refund amounts. In 2025, the ERC officially adopted the rules regarding customer refunds as well as the expected calculation method. Following the same, the Company has calculated the aggregate liability and recognized the deficiency as an expense and liability during the year.

#### *Tax Expense*

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

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

#### **Revenues**

The Company's sales of electricity decreased by P83.5 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 P196.5 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**

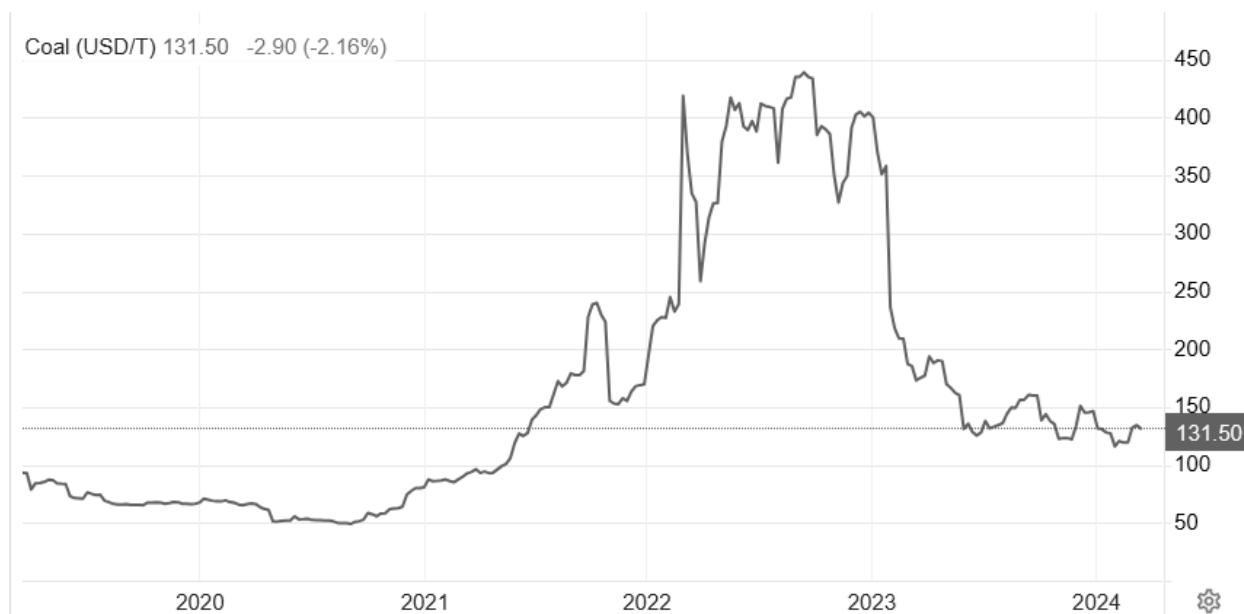
#### **Revenues**

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 will have 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 100<sup>th</sup> 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 are 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.

**KEY PERFORMANCE INDICATORS (Years 2025, 2024 & 2023)**

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

	2025	2024	2023	2022
Return on Equity <i>Net Profit divided by Total Equity</i>	14.40%	17.61%	16.49%	15.35%
Return on Assets <i>Net Profit divided by Average Assets</i>	8.91%	11.23%	9.86%	7.86%
Debt to Equity Ratio <i>Total Liabilities divided by Total Equity</i>	0.62	0.65	0.75	0.95
Current Ratio <i>Total Current Assets divided by Total Current Liabilities</i>	2.80	2.91	2.63	2.10
Average Collection Period	47.45 days	44.47 days	48.69 days	47.88 days

*Average Accounts Receivable divided by  
Average Sales per day (Sales of Electricity  
divided by 365 days)*

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## 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 December 31, 2025.

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, or 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 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.

## COMMITMENTS AND CONTINGENCIES

### Provisions

The Company estimates liabilities for various obligations arising from the normal course of business. However, its most significant exposure relates to the over-recoveries of distribution charges billed to customers (i.e., the excess of amounts billed and collected, or of the Actual Weighted Average Tariff (AWAT), over the Maximum Average Price (MAP) approved by the ERC). Resolution No. 23, Series of 2025, entitled A Resolution Directing All Private Distribution Utilities to File their Respective Supplemental AWAT Application for the regulatory years October 2022 to December 2025, provides for the procedures for filing the AWAT versus MAP.

Subsequently, on January 14, 2026, the ERC issued Resolution No. 1, Series of 2026, prescribing the lapsed periods applicable to the Company from October 1, 2015, to December 31, 2027. Furthermore, the Company is required to file its AWAT versus MAP application in March 2026.

Following the Company's filing and submissions to the ERC in March 2026, the Company shall await the ERC's decision for its implementation.

### **Facility Relocation Commitment**

In 2025, the Company entered into an agreement with the DOTr and the PNR for the relocation of its electric distribution facilities, including electric lines, poles, metering facilities, and related appurtenances, located within the areas covered by its franchise and situated along PNR's existing right-of-way.

Under the terms of the agreement, the full cost of the relocation activities that have been initially advanced by the Company shall be reimbursed by DOTr. Upon completion of the relocation project, the Company shall submit a final milestone billing to DOTr and shall be entitled to draw the corresponding amount from a Government Financial Institution escrow account. The release of the final reimbursement is subject to the issuance of a Certificate of Completion by DOTr.

Based on the aforementioned, the Company has recognized a non-interest receivable amounting to P193.4 million, which is presented as part of Others under Trade and Other Receivables – net in the 2025 statement of financial position (see Note 11). The amount is due to be collected in 2026.

### **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, 2025, and 2024, management thinks 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, 2025, and 2024, 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, 2025, and December 31, 2024, 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, 2025, and December 31, 2024.

## 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	71	Filipino	Chairman of the Board/ Director	1 year
Maria Rita Josefina V. Chua	61	Filipino	President and Chief Executive Officer/ Director	1 year
Arsenio N. Valdes	71	Filipino	Director	1 year
Robert Gerard B. Nepomuceno	62	Filipino	Treasurer/ Director	1 year
Richard Hubert N. Wilkerson	66	American	Director	1 year
Emmanuel Joseph M. Nepomuceno	50	Filipino	Director	1 year
Rafael N. Mapua	55	Filipino	Director	1 year
Ivanna G. de la Peña	71	Filipino	Independent Director	1 year
Horacio E. Cebrero III	63	Filipino	Independent Director	1 year
Atty. Benedict R. Tugonon	50	Filipino	Corporate Secretary	1 year
Atty. Beatriz Raine L. Bayudan	33	Filipino	Asst. Corp. Secretary	1 year
Michael Angelo D. Colle	63	Filipino	Chief Operating Officer and Senior Vice President	1 year
Aldrin Erwin James T. Nepomuceno	43	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 AND 13 <sup>TH</sup> MONTH	OTHER ANNUAL COMPENSATION
Maria Rita Josefina V. Chua <i>President &amp; Chief Executive Officer</i>	2023	4,959,556	1,151,090	693,308
	2024	5,452,058	1,319,030	307,336
	2025	6,020,735	1,456,955	264,419
Michael Angelo D. Colle <i>Chief Operating Officer</i>	2023	2,267,736	560,400	349,215
	2024	2,527,251	638,991	162,084
	2025	2,791,882	710,242	148,962
Aldrin Erwin James T. Nepomuceno <i>Chief Financial Officer</i>	2023	1,697,499	418,591	234,086
	2024	1,934,013	490,181	93,027
	2025	2,188,644	559,432	91,693
Myra Cresencia V. Rivera <i>Vice President, Human Resources</i>	2023	2,019,367	535,491	315,482
	2024	2,165,273	571,081	142,092
	2025	2,375,347	603,832	69,591
All Other Officers as a Group**	2023	6,540,839	1,596,734	824,902
	2024	8,255,769	2,111,549	599,705
	2025	9,019,662	2,288,056	264,307

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\*\*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 2024	Compensation for 2025
1. Geromin T. Nepomuceno	Chairman of the Board/ Director	265,000	325,000
2. Maria Rita Josefina V. Chua*	President/ Director	245,000	300,000
3. Robert Gerard B. Nepomuceno	Treasurer/ Director	265,000	300,000
4. Arsenio N. Valdés	Director	245,000	300,000
5. Richard Hubert N. Wilkerson	Director	235,000	270,000
6. Emmanuel Joseph N. Nepomuceno	Director	240,000	270,000
7. Rafael N. Mapua	Director	215,000	220,000
8. Ivanna G. de la Peña	Independent Director	435,000	465,000
9. Horacio E. Cebrero III	Independent Director	390,000	395,000
10. Atty. Benedict R. Tugonon	Corp. Secretary	-	-

*\*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, 2026, 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 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 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, 2026, 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. Related Party Transaction Policy
5. Anti-Bribery and Anti-Corruption Policy
6. Alternative Dispute Resolution Policy
7. Board Charter
8. Corporate Governance Committee Charter
9. Audit Committee Charter
10. Board Risk Oversight Committee Charter
11. Executive Committee Charter
12. Internal Audit Charter

The Company is still in the process of establishing other 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 imposable penalty for such violation, subject to further review and approval.