



SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.: 0000004620

Company Name: ANGELES ELECTRIC CORP.

Industry Classification: E40100

Company Type: Stock Corporation

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COVER SHEET

for

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

SEC Registration Number

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Company Name

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								E	L	E	C	T	R	I	C					
								C	O	R	P	O	R	A	T	I	O	N		

Principal Office (No./Street/Barangay/City/Town)Province)

D	O	N	J	U	A	N	D	N	E	P	O	M	U	C	E	N	O	A	V	E	C	O	R		
D	O	Ñ	A	T	E	R	E	S	A	A	V	E	N	E	P	O	M	A	R	T					
C	O	M	P	L	E	X	A	N	G	E	L	E	S	C	I	T	Y	P	A	M	P	A	N	G	A

Form Type

1	7	-	Q
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Department requiring the report

M	S	R	D
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Secondary License Type, If Applicable

Permit to Sell Securities

COMPANY INFORMATION

Company's Email Address

otp_ortigas@angeleselectric.com.ph
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Company's Telephone Number/s

(02)86366483

Mobile Number

09088803567

No. of Stockholders

142

Annual Meeting
Month/Day

Every 3rd Tuesday of June

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Cristina L. Arboleda

Email Address

cristie.arboleda@angeleselectric.com.ph
--

Telephone Number/s

(02)86366491

Mobile Number

09088894463

Contact Person's Address

19F Robinsons Equitable Tower, ADB cor. Poveda Avenues, Ortigas Center, Pasig City
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Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF
THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(B) THEREUNDER

1. For the quarterly period ended 31 MARCH 2026
2. SEC Identification Number 4620
3. BIR Tax Identification No. 000-088-802
4. Exact name of issuer as specified in its charter ANGELES ELECTRIC CORPORATION
5. Province, country or other jurisdiction of incorporation or organization ANGELES CITY, PAMPANGA, PHILIPPINES
6. Industry Classification Code (SEC Use Only)
7. Address of issuer's principal office Postal Code
NEPOMART COMPLEX, ANGELES CITY, PAMPANGA 2009
8. Issuer's telephone number, including area code +639088803567/ (632)8636-6485
9. N/A
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding |
|----------------------|--|
| <u>COMMON SHARES</u> | <u>1,178,448,402</u> |

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

Yes [] No [X]

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

12. Indicate by check mark whether the registrant:

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

Yes [/] No []

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

Yes [/] No []

PART 1: FINANCIAL INFORMATION

Item 1. Financial Statements

The Unaudited Interim Condensed Financial Statements of Angeles Electric Corporation (“AEC” or the “Company”) as of and for the period ended March 31, 2026 (with comparative figures as of December 31, 2025, and for the period March 31, 2025) and selected Notes to the Interim Condensed Financial Statements are attached hereto as **Annex “A”**.

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

The information required by Part III, Paragraph (A)(2)(b) of “Annex C” is attached hereto as **Annex “B”**.

PART II: OTHER INFORMATION

The following other information is attached hereto as **Annex “C”**:

- a. Schedules required under Annex 68-J of the Revised Securities Regulation Code Rule 68
- b. Supplemental Schedule of Financial Soundness Indicators
- c. Aging of Accounts Receivable.

SIGNATURES

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

ANGELES ELECTRIC CORPORATION

Issuer

By:



MARIA RITA JOSEFINA V. CHUA

President and CEO



ALDRIN ERWIN JAMES T. NEPOMUCENO

Chief Financial Officer

Date: May 12, 2026

ANGELES ELECTRIC CORPORATION
INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2026 AND DECEMBER 31, 2025
(Amounts in Philippine Pesos)

	Notes	<u>March 31, 2026</u> (Unaudited)	<u>December 31, 2025</u> (Audited)
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment - net	6	P 1,958,002,437	P 1,942,420,320
Right-of-use assets - net	7	31,814,389	31,814,389
Deferred tax assets - net	19	167,952,462	167,952,462
Retirement benefit asset - net		12,862,792	9,862,792
Investment securities	10	229,300,000	244,453,344
Other non-current assets	8	<u>100,278,996</u>	<u>110,103,150</u>
Total Non-current Assets		<u>2,500,211,076</u>	<u>2,506,606,457</u>
CURRENT ASSETS			
Cash and cash equivalents	9	2,411,535,391	2,241,606,101
Investment securities	10	448,288,086	458,377,350
Trade and other receivables - net	11	731,175,709	999,452,287
Prepayments and other current assets	8	<u>349,981,455</u>	<u>260,761,623</u>
Total Current Assets		<u>3,940,980,641</u>	<u>3,960,197,361</u>
TOTAL ASSETS		<u>P 6,441,191,717</u>	<u>P 6,466,803,818</u>
<u>LIABILITIES AND EQUITY</u>			
NON-CURRENT LIABILITIES			
Refundable deposits	12	P 1,020,318,087	P 1,017,169,063
Lease liabilities	7	<u>33,056,784</u>	<u>33,056,784</u>
Total Non-current Liabilities		<u>1,053,374,871</u>	<u>1,050,225,847</u>
CURRENT LIABILITIES			
Trade and other payables	13	775,142,519	807,403,630
Provisions	23	522,895,207	504,353,611
Lease liabilities	7	11,768,246	11,768,246
Income and other tax liabilities		<u>59,280,951</u>	<u>90,699,628</u>
Total Current Liabilities		<u>1,369,086,923</u>	<u>1,414,225,115</u>
Total Liabilities		<u>2,422,461,794</u>	<u>2,464,450,962</u>
EQUITY			
Capital stock	14	1,408,700,432	1,408,700,432
Additional paid-in capital	14	497,343,200	497,343,200
Treasury shares	14	(62,857,080)	(62,857,080)
Revaluation reserves		(25,352,963)	(25,352,963)
Retained earnings	14	<u>2,200,896,334</u>	<u>2,184,519,267</u>
Total Equity		<u>4,018,729,923</u>	<u>4,002,352,856</u>
TOTAL LIABILITIES AND EQUITY		<u>P 6,441,191,717</u>	<u>P 6,466,803,818</u>

See Notes to Financial Statements.

ANGELES ELECTRIC CORPORATION
INTERIM CONDENSED STATEMENTS OF PROFIT OR LOSS
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(Amounts in Philippine Pesos)
(Unaudited)

	Notes	Year-to Date		For the Quarter	
		2026	2025	2026	2025
SALE OF ELECTRICITY	15	P 1,582,005,769	P 1,527,532,889	P 1,582,005,769	P 1,527,532,889
COST OF POWER DISTRIBUTED	16, 17	1,383,403,316	1,327,045,245	1,383,403,316	1,327,045,245
GROSS PROFIT		198,602,453	200,487,644	198,602,453	200,487,644
GENERAL AND ADMINISTRATIVE EXPENSES	17	(170,245,174)	(181,372,523)	(170,245,174)	(181,372,523)
IMPAIRMENT LOSSES	11, 17	-	(3,288,443)	-	(3,288,443)
OTHER OPERATING INCOME	18	8,864,168	9,094,142	8,864,168	9,094,142
OPERATING PROFIT		37,221,447	24,920,820	37,221,447	24,920,820
OTHER INCOME (CHARGES) – Net					
Provisions	23	(18,541,596)	(282,455)	(18,541,596)	(282,455)
Finance income	9, 10	7,286,917	12,683,742	7,286,917	12,683,742
Dividend income	10	299,676	-	299,676	-
Fair value gain on financial assets at fair value through profit or loss	8	-	761	-	761
		(10,955,003)	12,402,048	(10,955,003)	12,402,048
PROFIT BEFORE TAX		26,266,444	37,322,868	26,266,444	37,322,868
TAX EXPENSE		(9,889,377)	(11,232,026)	(9,889,377)	(11,232,026)
NET PROFIT		P 16,377,067	P 26,090,842	P 16,377,067	P 26,090,842
Earnings Per Share – Basic and Diluted	21	P 0.01	P 0.02	P 0.01	P 0.02

See Notes to Financial Statements.

ANGELES ELECTRIC CORPORATION
INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(Amounts in Philippine Pesos)
(Unaudited)

	Year-to-Date		For the Quarter	
	2026	2025	2026	2025
NET PROFIT	<u>P 16,377,067</u>	<u>P 26,090,842</u>	<u>P 16,377,067</u>	<u>P 26,090,842</u>
OTHER COMPREHENSIVE INCOME (LOSS)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u><u>P 16,377,067</u></u>	<u><u>P 26,090,842</u></u>	<u><u>P 16,377,067</u></u>	<u><u>P 26,090,842</u></u>

See Notes to Financial Statements.

ANGELES ELECTRIC CORPORATION
INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(Amounts in Philippine Pesos)
(Unaudited)

	Capital Stock (Note 14)	Additional Paid-in Capital Stock (Note 14)	Treasury Shares (Note 14)	Revaluation Reserves	Retained Earnings (Note 14)		Total	Total Equity
					Appropriated	Unappropriated		
Balance at January 1, 2026	P 1,408,700,432	P 497,343,200	(P 62,857,080)	(P 25,352,963)	P 1,074,344,339	P 1,110,174,928	P 2,184,519,267	P 4,002,352,856
Total comprehensive income for the period	-	-	-	-	-	16,377,067	16,377,067	16,377,067
Balance at March 31, 2026	P 1,408,700,432	P 497,343,200	(P 62,857,080)	(P 25,352,963)	P 1,074,344,339	P 1,126,551,995	P 2,200,896,334	P 4,018,729,923
Balance at January 1, 2025	P 1,408,700,432	P 497,343,200	(P 62,857,080)	(P 15,857,614)	P 782,220,638	P 987,579,452	P 1,769,800,090	P 3,597,129,028
Cash dividends during the period	-	-	-	-	-	(28,684,936)	(28,684,936)	(28,684,936)
Total comprehensive income for the period	-	-	-	-	-	26,090,842	26,090,842	26,090,842
Balance at March 31, 2025	P 1,408,700,432	P 497,343,200	(P 62,857,080)	(P 15,857,614)	P 782,220,638	P 984,985,358	P 1,767,205,996	P 3,594,534,934

See Notes to Financial Statements.

ANGELES ELECTRIC CORPORATION
INTERIM CONDENSED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
(Amounts in Philippine Pesos)
(Unaudited)

	Notes	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 26,266,444	P 37,322,868
Adjustments for:			
Depreciation and amortization	6, 7	58,870,482	62,401,319
Provision	23	18,541,596	282,455
Finance income	9, 10	(7,286,917)	(12,683,742)
Impairment losses on trade and other receivables	10	-	3,288,443
Fair value gain on financial assets at fair value through profit or loss	8	-	(761)
Gain on reversal of impairment losses on trade and other receivables	18	(<u>5,299,475</u>)	<u>-</u>
Operating profit before working capital changes		91,092,130	90,610,582
Increase in retirement benefit asset		(3,000,000)	(3,000,000)
Decrease (increase) in other non-current assets		9,824,154	(84,170,940)
Decrease in trade and other receivables		273,576,053	290,840,480
Increase in prepayments and other current assets		(89,219,832)	(46,984,365)
Increase in refundable deposits		3,149,024	8,752,964
Increase (decrease) in trade and other payables		(32,261,111)	50,614,037
Decrease in income and other tax liabilities		(<u>1,403,962</u>)	(<u>35,029,746</u>)
Cash generated from operations		251,756,456	271,633,012
Cash paid for income taxes		(<u>39,904,092</u>)	(<u>16,073,872</u>)
 Net Cash From Operating Activities		 <u>211,852,364</u>	 <u>255,559,140</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in securities	10	25,242,608	(342,505,421)
Acquisitions of property and equipment	6	(74,452,599)	(59,744,819)
Interest received	9, 10	<u>7,286,917</u>	<u>12,683,742</u>
 Net Cash Used in Investing Activities		 (<u>41,923,074</u>)	 (<u>389,566,498</u>)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid	14	<u>-</u>	(<u>28,684,936</u>)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		 <u>169,929,290</u>	 <u>(162,692,294)</u>
 CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		 <u>2,241,606,101</u>	 <u>2,506,547,528</u>
 CASH AND CASH EQUIVALENTS AT END OF PERIOD		 <u>P 2,411,535,391</u>	 <u>P 2,343,855,234</u>

See Notes to Financial Statements.

ANGELES ELECTRIC CORPORATION
NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2026 AND 2025 AND DECEMBER 31, 2025
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Angeles Electric Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 6, 1949. The Company has a franchise to install, operate and maintain an electric light, heat and power system in Angeles City, Pampanga by virtue of Republic Act (R.A.) No. 2341, as amended by R.A.No. 4079, for a period of 50 years from its approval on June 18, 1964. On July 24, 2006, by virtue of RA No. 9381, the franchise was extended for another 25 years from its expiration on June 18, 2014. The Company also services portions of Dau, Mabalacat and San Fernando in Pampanga, for which service waivers were obtained from utility companies servicing those areas.

On February 28, 2022 and March 18, 2022, the Company's Board of Directors (BOD) and majority of the stockholders, respectively, approved the one for one hundred (1:100) stock split through amendment of the Company's Articles of Incorporation and By-laws, which was subsequently approved by the SEC on October 21, 2022 (see Note 14.3).

On October 23, 2023, the Company filed an application with the SEC for the registration of its common shares in compliance with Republic Act No. 9136, *the Electric Power Industry Reform Act*, which requires distribution utilities to offer and sell to the public a portion of not less than 15% of their common shares. On December 11, 2023, the SEC approved the Company's registration of its common shares (see Note 14.2).

The Company is registered with the Energy Regulatory Commission (ERC) and has been issued a Certificate of Public Convenience and Necessity to operate as a public utility company.

The registered office address of the Company, which is also its principal place of business, is located at Don Juan and Doña Teresa Nepomuceno Avenue, Nepomart Complex, Angeles City, Pampanga.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The interim condensed financial statements have been prepared in accordance with the accounting policies adopted by the Company in its recent annual audited financial statements for the year ended December 31, 2025. These policies have been consistently applied to all the years presented, unless otherwise stated.

The December 31, 2025 statement of financial position accounts presented in the notes to the financial statements are audited balances while the March 31, 2026 and 2025 balances are unaudited.

The basis of preparation of financial statements are as follows:

(a) *Statement of Compliance with Philippine Financial Reporting Standards*

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents statement of comprehensive income separate from the statement of profit or loss.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of office premises, substations and payment centers, the factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract.

Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

(b) Distinction Between Operating and Finance Leases for Contracts as a Lessor

The Company has entered into lease agreements as a lessor. Critical judgment was exercised by management to distinguish the lease agreement as either an operating or finance lease by looking at the transfer of significant risk and rewards of ownership of the property covered by the agreement. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(c) Determination of Timing of Satisfaction of Performance Obligations

The Company determines that its revenues from sale and distribution of electricity, and service fees are recognized over time. The Company recognizes revenue at the amount to which it has a right to invoice, which corresponds directly to the value of services rendered to date to the customers.

(d) Evaluating Principal Versus Agent Consideration

The Company exercises judgment to determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e., the Company is a principal) or to arrange for the other party to provide those goods or services (i.e., the Company is an agent). Failure to make the right judgment will result in misstatement of revenues and expenses accounts. The Company assessed that in all revenue arrangements, the Company is acting as a principal.

(e) Determination of ECL on Trade and Other Receivables

The Company uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due groupings of various receivables.

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's trade and other receivables are disclosed in Notes 4.2 and 11.

(f) *Evaluation of Business Model Applied in Managing Financial Instruments*

The Company developed business models which reflect how it manages its portfolio of financial instruments. The Company's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Company) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument, the Company evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Company (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Company's investment and trading strategies.

(g) *Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model*

In determining the classification of financial assets under PFRS 9, the Company assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Company assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Company considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Company considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Company can explain the reasons for those sales and why those sales do not reflect a change in the Company's objective for the business model.

(b) *Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 23.

3.2 Key Sources of Estimation Uncertainty

Presented below and in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 4.2.

(c) *Estimating Useful Lives of Property, Plant and Equipment, and Right-of-use Assets*

The Company estimates the useful lives of property, plant and equipment, and right-of-use assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and right-of-use assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets. The carrying amounts of property, plant and equipment, and right-of-use assets are analyzed in Notes 6 and 7, respectively.

Based on management's assessment as at March 31, 2026 and 2025, no changes were noted in the estimated useful lives of property, plant and equipment, and right-of-use assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(d) *Determining Net Realizable Value of Supplies Inventory*

In determining the net realizable value of supplies inventory (presented under the Prepayments and Other Current Assets account), management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of supplies inventory is affected by price changes in the market segments of the fuel, lubricants and other chemicals. This aspect is considered as a source of estimation uncertainty which may cause possible adjustments to the Company's supplies inventory within the next reporting period.

No loss on write-down of the Company's supplies inventory was recognized in 2026 and 2025 since the management determined that the carrying value of supplies inventory is lower than the net realizable value (see Note 8.2).

(e) *Determining Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The carrying value of deferred tax assets as of March 31, 2026 and December 31, 2025, which management assessed to be recoverable, is disclosed in Note 19.

(f) *Impairment of Non-financial Assets*

Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management's evaluation, no impairment loss was recognized on the Company's non-financial assets in 2026 and 2025.

(g) *Valuation of Post-Employment Defined Benefit Obligation*

The determination of the Company's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions as described in the annual audited financial statements include, among others, discount rates and salary rate increase. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

(h) *Fair Value Measurement for Financial Instruments*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Company's financial assets at FVTPL and FVOCI and the amounts of fair value changes recognized on those assets are disclosed in Note 10.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial and operational risks which result from both its operating and investing activities. The Company's BOD focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

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

4.1 Liquidity Risk

The ability of the Company to finance its operations and to meet obligations as these become due is extremely crucial to its viability as a business entity. The Company adopts a prudent liquidity risk management where it maintains sufficient cash to meet maturing obligations and trade payables as they fall due. This policy aims to honor all cash requirements on an ongoing basis and to avoid raising funds above market rates or through forced sale of assets.

As of March 31, 2026, and December 31, 2025, the Company's financial liabilities (excluding lease liabilities—see Note 7) have contractual maturities which are presented below.

	Notes	Current		Non-current	
		Within 6 Months	6 to 12 Months	1 to 5 Years	Beyond 5 Years
March 31, 2026:					
Refundable deposits	12	P -	P -	P -	P1,020,828,246
Trade and other payables	13	<u>700,071,917</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>P 700,071,917</u>	<u>P -</u>	<u>P -</u>	<u>P1,020,828,246</u>
December 31, 2025:					
Refundable deposits	12	P -	P -	P -	P1,017,598,225
Trade and other payables	13	<u>749,492,191</u>	<u>19,060,436</u>	<u>-</u>	<u>-</u>
		<u>P 749,492,191</u>	<u>P 19,060,436</u>	<u>P -</u>	<u>P1,017,598,225</u>

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

4.2 Credit Risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting receivables to customers and placing deposits in banks and service providers.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets shown in the statement of financial position or in the detailed analysis provided in the notes to financial statements, as summarized on the below.

	<u>Notes</u>	<u>September 30, 2025</u>	<u>December 31, 2025</u>
Cash and cash equivalents	9	P 2,411,194,391	P 2,241,278,101
Short-term investments	10	594,318,811	618,924,220
Trade and other receivables - net	11	731,175,709	999,452,287
Guarantee deposits	10	<u>3,808,448</u>	<u>3,780,193</u>
		<u>P 3,740,497,359</u>	<u>P 3,863,434,801</u>

As part of Company policy, bank deposits and short-term investments are only maintained with reputable financial institutions. Cash and cash equivalents and short-term investments with banks, which are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum insurance coverage of P0.5 million per depositor per banking institution, as provided for under RA No. 9576, *Amendment to Charter of PDIC*, are still subject to credit risk. The Company does not identify significant credit risks on guarantee deposits as the same are made with a related party under common ownership with sound financial condition.

The credit risk for guarantee deposits are also considered negligible as the Company has ongoing agreements with the counterparties and the latter are considered to be with sound financial condition. Management also considered the counterparties' ability to repay the refundable deposit taking into consideration historical defaults.

As of March 31, 2026 and December 31, 2025, the Company's trade receivables include certain accounts with top 40 customers which represent 14.0% and 12.6%, respectively, of the total outstanding balance indicating significant concentration of credit risk. The remaining trade receivable accounts consist of a large number and type of customers classified by the Company based on power consumption which are spread in various industries and households in Angeles City, Pampanga and nearby locations. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good. Moreover, deposits required from customers can be offset against the receivables in cases of default (see Notes 4.1 and 12).

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets).

The expected loss rates are based on the provision matrix as determined by management. The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the Company has recognized expected credit losses in its financial statements as follows (see Note 10):

	<u>Current</u>	<u>Past due</u>		<u>Total</u>
	<u>Within 1 month</u>	<u>1 month to 3 months</u>	<u>More than 3 months</u>	
March 31, 2026:				
Trade receivables	P457,034,736	P 187,676,765	P 73,921,017	P 718,632,518
Loss allowance	-	62,411,409	73,921,017	136,332,426
December 31, 2025:				
Trade receivables	P 686,631,103	P 186,357,265	P 72,909,380	P 945,897,748
Loss allowance	-	68,722,521	72,909,380	141,631,901

4.3 Operational Risk

Operational risks refer to the risk of loss of the Company that may incur from unexpected interruptions of operations, inability to deliver services and possible loss of key suppliers and customers. The Company is continually devising strategies to ensure uninterrupted operations to minimize cost and remain competitive in its business.

5. CATEGORIES AND FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.1 Carrying Amounts and Fair Values by Category

For the Company's financial assets and financial liabilities as of March 31, 2026 and December 31, 2025, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term nature. Effect of discounting is deemed immaterial for those instruments with maturities greater than one year. Hence, a comparison of carrying amounts and fair values is no longer presented.

The accounting policies for each category of financial instruments including the determination of fair values are consistent with the annual audited financial statements. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is required to be disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

5.3 Financial Instruments Measured at Fair Value

The Company's financial instruments measured at fair value pertains to financial assets amounting to P83.3 million and P83.9 million as of March 31, 2026 and December 31, 2025, respectively, and presented as Financial Assets at FVOCI and Financial Assets at FVTPL under the Investment Securities accounting the statements of financial position (see Note 10).

As of March 31, 2026 and December 31, 2025, instruments included in Level 2 comprise of equity securities classified as financial assets at FVTPL while the financial assets at FVOCI is classified under Level 1. The fair value of the Company's financial assets at FVTPL is derived by reference to published net asset value at the end of the reporting period. Management believes that the carrying value of the Company's financial assets approximates its fair value as of March 31, 2026 and December 31, 2025.

The Company has no financial liabilities measured at fair value as of March 31, 2026 and December 31, 2025.

5.4 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

Management considers that cash and cash equivalents and investment securities at amortized cost are classified under Level 1, while guarantee deposits, trade and other receivables as well as the financial liabilities are classified under Level 3.

Except for long-term investment in debt securities and refundable deposits, the Company's financial assets and financial liabilities have short-term maturities. As such, management considers that the carrying amounts approximate their fair values.

6. PROPERTY, PLANT AND EQUIPMENT

The gross carrying amounts and accumulated depreciation of property, plant and equipment at the beginning and end of the first quarter of 2026 and the year 2025 are shown below.

	Subtransmission and Distribution Line and Equipment	Substations Plant, Meters, Poles, and Small Tools and Equipment	Buildings, Leasehold Improvements and Office Improvements	Land Improvements	Construction in Progress	Land	Total
March 31, 2026							
Cost	P 2,335,838,387	P 2,267,034,752	P 371,423,650	P 2,338,104	P 142,365,804	P 342,990,802	P 5,461,991,499
Accumulated depreciation	(1,607,620,410)	(1,571,185,687)	(323,348,530)	(1,843,435)	-	-	(3,503,989,062)
Net Carrying Amount	P 728,217,977	P 695,849,065	P 48,075,120	P 503,669	P 142,365,804	P 342,990,802	P 1,958,002,437
December 31, 2025							
Cost	P2,317,704,021	P 2,256,439,431	P 370,173,817	P 2,338,104	P 97,892,725	P 342,990,802	P5,387,538,900
Accumulated depreciation	(1,580,433,122)	(1,545,789,851)	(317,068,400)	(1,827,207)	-	-	(3,445,118,580)
Net Carrying Amount	P 737,270,899	P 710,649,580	P 53,105,417	P 510,897	P 97,892,725	P 342,990,802	P1,942,420,520
December 31, 2024							
Cost	P2,187,056,744	P 2,177,718,273	P 337,371,420	P 2,338,104	P 38,199,838	P 188,665,712	P4,931,350,091
Accumulated depreciation	(1,458,005,308)	(1,444,778,168)	(280,035,638)	(1,798,294)	-	-	(3,184,617,408)
Net Carrying Amount	P 729,051,436	P 732,940,105	P 57,335,782	P 539,810	P 38,199,838	P 188,665,712	P1,746,732,683

A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the first quarter of 2026 and the year 2025 are shown below.

	Subtransmission and Distribution Line and Equipment	Substations Plant, Meters, Poles, and Small Tools and Equipment	Buildings, Leasehold Improvements and Office Improvements	Land Improvements	Construction in Progress	Land	Total
Balance at January 1, 2025 net of accumulated depreciation	P 737,270,899	P 710,649,580	P 53,105,417	P 510,897	P 97,892,725	P 342,990,802	P1,942,420,520
Additions	18,134,366	10,595,321	1,249,833	-	44,473,079	-	74,452,599
Depreciation charges for the period	(27,187,288)	(25,395,836)	(6,280,130)	(7,228)	-	-	(58,870,482)
Balance at March 31, 2026, net of accumulated depreciation	P 728,217,977	P 695,849,065	P 48,075,120	P 503,669	P 142,365,804	P 342,990,802	P 1,958,002,437
Balance at January 1, 2025 net of accumulated depreciation	P 729,051,436	P 732,940,105	P 57,335,782	P 539,810	P 38,199,838	P 188,665,712	P1,746,732,683
Additions	128,095,356	68,036,992	32,802,397	-	44,617,257	79,325,090	352,877,092
Reclassification	8,683,151	11,311,966	-	-	15,075,630	75,000,000	110,070,747
Depreciation charges for the period	(128,559,044)	(101,639,483)	(37,032,762)	(28,913)	-	-	(267,260,202)
Balance at December 31, 2025, net of accumulated depreciation	P 737,270,899	P 710,649,580	P 53,105,417	P 510,897	P 97,892,725	P 342,990,802	P 1,942,420,520

Depreciation is presented as part of Depreciation and amortization under General and Administrative Expenses account in the statements of profit or loss (see Note 17).

7. LEASES

The Company has leases for certain land and equipment. Each lease is reflected on the statements of financial position as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Company is prohibited from selling or pledging the underlying leased assets as security.

7.1 Right-of-use Assets

The gross carrying amounts and accumulated amortization of right-of-use assets at the beginning and end of the reporting periods are shown below.

	<u>Land and Building</u>	<u>Equipment</u>	<u>Total</u>
<u>March 31, 2026</u>			
<i>Cost:</i>			
Balance at beginning and end of period	P 69,165,722	P 2,942,652	P 73,548,101
<i>Accumulated amortization:</i>			
Balance at beginning and end of period	38,187,434	3,546,278	41,733,712
Carrying amount at March 31, 2026	<u>P 30,978,288</u>	<u>P 836,101</u>	<u>P 31,814,389</u>
<u>December 31, 2025</u>			
<i>Cost:</i>			
Balance at beginning of year	P 62,856,641	P 2,942,652	P 65,799,293
Additions	7,221,554	2,447,173	9,668,727
Derecognition	(912,473)	(1,007,446)	(1,919,919)
Balance at the end of the year	<u>69,165,722</u>	<u>4,382,379</u>	<u>73,548,101</u>
<i>Accumulated amortization:</i>			
Balance at beginning of year	31,608,729	P 2,858,698	P 34,467,427
Additions	7,491,178	1,695,026	9,186,204
Derecognition	(912,473)	(1,007,446)	(1,919,919)
Balance at the end of the year	<u>38,187,434</u>	<u>3,546,278</u>	<u>41,733,712</u>
Carrying amount at December 31, 2025	<u>P 30,978,288</u>	<u>P 836,101</u>	<u>P 31,814,389</u>

The amount of amortization on right-of-use assets is presented as part of Depreciation and amortization under General and Administrative Expenses in the statements of profit or loss (see Note 17).

7.2 Lease Liabilities

The Company's lease liabilities are presented under the liabilities section of the statements of financial position.

The use of termination options gives the Company added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term

The undiscounted maturity analysis of lease liabilities as at December 31, 2025 are as follows:

Within 1 year	P 14,684,816
1 to 2 years	14,484,073
2 to 3 years	13,295,383
3 to 4 years	3,196,346
4 or more years	<u>6,229,532</u>
	<u>P 51,890,150</u>

Interest expense incurred on the lease liabilities is presented as part of Finance costs in the statements of profit or loss. Management believes that the recognition of transactions related to PFRS 16 for the period ended March 31, 2026 is not material to the financial statements.

7.3 Lease Payments not Recognized as Liabilities

The Company has elected not to recognize lease liabilities for short-term leases. Payments made under such leases are charged expenses on a straight-line basis. The expenses relating to short-term leases is presented as Rent under General and Administrative Expenses in the statements of profit or loss (see Note 17).

8. OTHER ASSETS

8.1 Other Non-current Assets

This account is composed of the following:

	March 31, 2026	December 31, 2025
Advances to suppliers	P 95,850,388	P 105,702,797
Guarantee deposits	3,808,448	3,780,193
Others	<u>620,160</u>	<u>620,160</u>
	<u>P 100,278,996</u>	<u>P 110,103,150</u>

Advances to suppliers mainly pertain to payments made in advance to contractors and suppliers pertaining to various projects that include but is not limited to: (i) the importation of a 50 megavolt-amperes substation transformer, (ii) the construction of a new substation in Brgy. Pulung Cacusud, Angeles City, and (iii) the importation of a medium voltage switchgear (see Note 6). The medium voltage switchgear was delivered and included as part of property, plant and equipment in the first quarter of 2026.

8.2 Prepayments and Other Current Assets

This account is broken down as follows:

	March 31, 2026	December 31, 2025
Supplies inventory	P 272,376,998	P 213,214,008
Prepaid expenses	76,515,578	22,983,613
Advances to related parties (see Note 20.6)	-	22,644,795
Deferred input VAT	1,088,879	1,919,207
	<u>P 349,981,455</u>	<u>P 260,761,623</u>

Supplies inventory pertain to materials, wires, substation circuit breakers, distribution transformers and parts used in distribution lines and substations and the Company's overall operations. These inventories are carried at cost, which is lower than their net realizable values. Based on the evaluation of management, no impairment on inventories is required to be recognized during the periods (see Note 18).

Prepaid expenses mostly include prepaid local government taxes that are being amortized to expense every month until December of a specific year and several advances related to the operations.

9. CASH AND CASH EQUIVALENTS

This account consists of the following:

	March 31, 2026	December 31, 2025
Cash in banks	P 568,685,206	P 680,876,243
Short-term placements	1,842,509,185	1,560,401,858
Cash on hand	341,000	328,000
	<u>P2,411,535,391</u>	<u>P2,241,606,101</u>

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements pertain to time deposits that are made for varying period of less than 90 days and earn effective interest ranging from 3.40% to 5.30% in 2026 and 2025. Interest earned from Cash and Cash Equivalents is presented as part of Finance income under Other Income (Charges)– Net section in the statements of profit or loss.

10. INVESTMENT SECURITIES

This account consists of the following:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Non-current:		
Investment securities at amortized cost	P 179,300,000	P 193,816,145
Financial assets at FVOCI	<u>50,000,000</u>	<u>50,637,199</u>
	<u>229,300,000</u>	<u>244,453,344</u>
Current:		
Investment securities at amortized cost	415,018,811	425,108,075
Financial assets at FVTPL	<u>33,269,275</u>	<u>33,269,275</u>
	<u>448,288,086</u>	<u>458,377,350</u>
	<u>P 677,588,086</u>	<u>P 702,830,694</u>

The investment securities are invested in debt securities, equity securities, mutual funds and UITF.

Investment securities at amortized cost consist of corporate bonds which are held for an average term of 140 days to 4 years and earn effective interest rates ranging from 4.2% to 6.8% in 2026 and 2025. Interest income from these placements is presented as part of Finance Income under Other Income (Charges) – Net.

Financial assets at FVTPL pertains to mutual funds and unit investment trust funds. The Company fair value gains or loss is presented as Fair value gain on financial assets at FVTPL under Other Income (Charges) - Net in the statements of profit or loss.

In 2025, the Company subscribed to 50,000 non-participating, cumulative dividend preferred shares of Raslag Corp. (Raslag), a related party under common ownership, for P50.0 million. The shares are non-voting and are redeemable at the option of the issuer. The Company earned dividend income from this equity investment classified as financial assets at FVOCI. Such is presented as Dividend Income under Other Income (Charges) – Net section in the statements of profit or loss (see Note 20). No fair value gain was recognized in relation to this investment in both periods.

11. TRADE AND OTHER RECEIVABLES – Net

This account is broken down as follows:

	<u>Note</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Trade	20.3	P 718,632,518	P 945,897,748
Others		<u>148,875,617</u>	<u>195,186,440</u>
		867,508,135	1,141,084,188
Allowance for impairment		<u>(136,332,426)</u>	<u>(141,631,901)</u>
		<u>P 731,175,709</u>	<u>P 999,452,287</u>

In 2023, the Company entered into a Memorandum of Agreement (MOA) with the Department of Transportation (DOTr) for the relocation of its electric distribution facilities along the track of Philippine National Railways' (PNR) Malolos-Clark Railway Project, with all related relocation costs fully reimbursable by the DOTr and PNR. PNR is an agency of the DOTr (see Note 23.2). In connection with the MOA, the Company reported total advances of P194.4 million as of December 31, 2025 and recorded as part of Others under Trade and Other Receivables account in the 2025 statement of financial position. In 2026, the Company advanced an additional P22.7 million but received a partial repayment from DOTR amounting to P76.6 million.

All of the Company's trade and other receivables are subject to credit risk. Based on the management's assessment, as the result of the calculated ECL, certain trade and other receivables were found to be impaired using the loss rate approach; as such, adequate amount of allowance for impairment have been recognized.

A reconciliation of the allowance for impairment is shown below.

	<u>Notes</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Balance at beginning of period		P 141,631,901	P 134,089,556
Reversal of allowance	18	(5,299,475)	
Impairment losses	17	<u>-</u>	<u>7,542,345</u>
Balance at end of period		<u>P 136,332,426</u>	<u>P 141,631,901</u>

Trade receivables also include pass-through receivables related to output VAT, universal charges, feed-in-tariff charges for renewable energy sources, lifeline subsidies, green energy allowance and other receivables from customers which are to be subsequently remitted to the government and to the Company's various suppliers (see Note 13). Pass-through charges pertaining to generation and transmission charges are also billed to customers covering the cost of the purchased power and is similarly included in the trade receivables balance.

12. REFUNDABLE DEPOSITS

This account consists of:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Customers' deposits	P 958,568,890	P 954,773,393
Accrued interest on refundable deposits	57,808,605	58,455,078
Installation deposits	<u>3,940,592</u>	<u>3,940,592</u>
	<u>P1,020,318,087</u>	<u>P1,017,169,063</u>

Customers' deposits are first applied to the unpaid balance of the customer at the time of termination of service before a refund is given. These bear interest equal to the prevailing interest rate for savings deposits as approved by the Bangko Sentral ng Pilipinas. Annual interest earned by customers on deposits are applied to the customer's current bill at the beginning of each year and any unapplied interest, although remote in occurrence, is included in the amount refunded to customers upon termination of their service agreements. Unpaid interest at the end of the reporting period on refundable deposit is presented in the statements of financial position as part of the Refundable Deposits Account.

13. TRADE AND OTHER PAYABLES

This account consists of:

	<u>Notes</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Trade payables	20.1, 20.2	P 640,296,455	P 715,647,730
Universal charges and other pass-through payables		74,070,602	38,955,619
Accrued expenses		44,527,855	36,733,737
Advances from customers		1,155,848	1,155,848
Others		<u>15,091,759</u>	<u>14,910,696</u>
		<u>P 775,142,519</u>	<u>P 807,403,630</u>

Trade payables are usually noninterest-bearing and due within 30 days. These comprise the total obligations that arise from the following contracts that were entered into by the Company for a stable source of electricity:

- The amount includes pass-through VAT payable to suppliers awaiting collection from customers (see Note 10).
- The Company had an Electricity Purchase Agreement (EPA) with Angeles Power, Inc. (API), a related party under common ownership, which expired in 2016 (see Note 20.1). The contract is undergoing its renewal process as at December 31, 2025. In lieu of the EPA, the parties agreed to enter into a renewable short-term Power Supply Agreement (PSA) which governs the electricity purchase transactions of the parties. The latest PSA is effective until August 2026, subject to renewal upon mutual agreement of the parties.
- On June 26, 2006, the Company entered into a Transmission Service Agreement (the Agreement) with the National Grid Corporation of the Philippines (NGCP), formerly, National Transmission Commission (Transco). The Agreement is a support to the contract entered into by the Company with National Power Corporation (NAPOCOR). Based on the Agreement, NGCP shall assume the transmission functions of NAPOCOR and the latter's authority and responsibility for the planning, construction, and centralized operation and maintenance of its high-voltage transmission facilities, including grid interconnection and other ancillary services.

Universal charges are amounts passed on and collected monthly from customers as imposed by the Electric Power Industry Reform Act of 2001 to support the government's power-related projects and initiatives. The Company remits the collections from universal charges monthly to PSALM which administers the funds and disburses the same in accordance with its intended purposes. The amount presented as Universal charges payable pertains to unremitted collections as at March 31, 2026 and December 31, 2025, which is expected to be remitted upon collection in the subsequent months.

Other pass-through payables include liabilities for feed-in-tariff and green energy auction allowances. These allowances are billed to customers and remitted to TransCo which will be used to encourage investment in renewable power sources. It also includes the excess of billed life-line subsidy over the subsidies provided to entitled consumers. The amount when collected from customers will be remitted to PSALM for safe-keeping.

Accrued expenses include accruals for professional fees, rentals, utilities and other cost accruals. It also includes accruals for purchased power pertaining to the excess electricity generated by households and establishments that have solar power generating panels in their rooftops.

14. EQUITY

14.1 Capital Management Objectives, Policies and Procedures

The Company's capital management objectives are to provide adequate return to its stockholders and to ensure the Company's ability to continue as a going concern.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized below.

	March 31, 2026	December 31, 2025
Total liabilities	P2,422,461,794	P2,464,450,962
Total equity	<u>4,018,729,923</u>	<u>4,002,352,856</u>
Debt-to-equity ratio	<u>0.60 : 1.00</u>	<u>0.62 : 1.00</u>

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

14.2 Capital Stock, Additional Paid-in Capital and Treasury Shares

Capital stock consists of:

	Shares		Amount	
	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025
Authorized – P1 par value				
Common stock	1,500,000,000	1,500,000,000	P1,500,000,000	P1,500,000,000
Preferred stock – cumulative, non-participating	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
	<u>2,000,000,000</u>	<u>2,000,000,000</u>	<u>P2,000,000,000</u>	<u>P2,000,000,000</u>
Subscribed shares:				
Common stock –				
Balance at beginning and end of period	<u>1,207,019,800</u>	<u>1,207,019,800</u>	<u>P1,207,019,800</u>	<u>P1,207,019,800</u>
Preferred stock –				
Balance at beginning and end of period	<u>201,680,632</u>	<u>201,680,632</u>	<u>201,680,632</u>	<u>201,680,632</u>
Total capital stock	<u>1,408,700,432</u>	<u>1,408,700,432</u>	<u>P1,408,700,432</u>	<u>P1,408,700,432</u>
Additional paid-in capital–				
Balance at beginning and end of period			<u>P 497,343,200</u>	<u>P 497,343,200</u>
Treasury shares:				
Balance at beginning and end of period	<u>28,571,400</u>	<u>28,571,400</u>	<u>(P 62,857,080)</u>	<u>(P 62,857,080)</u>
Total capital stock, additional paid-in capital and treasury shares			<u>P1,843,186,552</u>	<u>P1,843,186,552</u>

The Company's preferred shares are voting and redeemable at the option of the Company. Holders of the redeemable preferred shares are entitled to receive cumulative dividends at P0.0164 per share out of the unrestricted retained earnings but can no longer participate with the holders of the common shares for any dividends to be further declared.

On December 11, 2023, the Company, by way of a primary offering, sold 207,020,000 common stocks (Offer Share) at an offer price of P3.42 per Offer Share (P708.0 million in total). As a result, the Company recognized additional paid-in capital amounting to P501.0 million, arising from the excess of subscription price over par value related to the issuance of the Offer Share. Transaction costs from the issuance amounting to P3.6 million was charged against the additional paid-in capital relating to this issuance.

14.3 Stock Split

In 2022, the majority of the company's BOD and stockholders approved the execution of one for one hundred (1:100) stock split through amendment of Articles of Incorporation and By-laws, which was subsequently approved by the Philippine Securities Exchange Commission (SEC) on October 21, 2022. Accordingly, everyone (1) share held prior to the split have become one hundred (100) shares after the split (subject to adjustment for fractional shares). The individual purchase price per share was decreased by a factor of 100 to maintain the total value invested (see Note 1). Furthermore, the shares have been classified into common and preferred shares (see Note 14.2).

14.4 Dividends

The Company did not declare any dividends in 2026. The Company's BOD declared the following cash dividends in 2025:

<u>Date of Declaration</u>	<u>Record Date</u>	<u>Total Cash Dividends</u>	<u>Dividend Per Share</u>
<i>(in millions of Php)</i>			
<u>2025</u>			
Common stock:			
March 4, 2025	December 31, 2024	27,575,693	0.0234
August 12, 2025	December 31, 2024	27,575,693	0.0234
November 11, 2025	December 31, 2024	103,114,236	0.0875
Preferred stock:			
March 4, 2025	December 31, 2024	1,109,243	0.0055
August 12, 2025	December 31, 2024	1,109,243	0.0055
November 11, 2025	December 31, 2024	1,109,243	0.0055
		<u>161,593,351</u>	

There were no unpaid dividends as of March 31, 2026 and December 31, 2025. Retained earnings is restricted in the amount of P62.9 million for 28,571,400 shares held in treasury as of March 31, 2026 and December 31, 2025 (see Note 14.2).

14.5 Appropriation of Retained Earnings

In prior years, the Company's BOD approved the appropriation of retained earnings for various planned capital expenditures as presented below and in detail in the December 31, 2025 audited notes to the financial statements. 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.

List of Projects Appropriated For:

- DOTR relocation of facilities
- 69 KV Subtransmission line
- Other network capital expenditure
- Pulung Cacutud 50 MVA Substation

Management expects the related projects to be completed within 2026 to 2028, subject to reassessment and compliance requirements of ERC.

15. SALE OF ELECTRICITY

This account consists of:

	March 31, 2026	March 31, 2025
Generation and transmission charges	P1,293,752,999	P 1,254,538,125
Distribution charges	275,310,626	255,177,149
Recoveries of pass-through local taxes	<u>12,942,144</u>	<u>17,817,614</u>
	<u>P1,582,005,769</u>	<u>P 1,527,532,888</u>

The Company's distribution activity, which is its core revenue generating activity, involves the regulated delivery of electricity to end-users. Power generation and transmission, which involves the production of electricity, are distinct from distribution; however, the Company does not operate any generation assets. The generation and transmission charges, along with the rechargeable local taxes billed to customers are entirely pass-through costs.

As the Company's revenue arises solely from its regulated distribution service, revenue is presented as a single revenue stream in the statements of profit or loss.

Sales are recognized based on the meter readings on a particular period. These are billed to customers within 31 days after meter reading is conducted and the amount is due within nine days from the date of billing. The rates charged to customers are based on the actual purchase price of energy and recent rates approved by the ERC.

The Company has only one reportable revenues segment which pertains to the sale and distribution of electricity recognized over time. Further, the Company has only one geographical segment as its operations are based in Pampanga Province.

16. COST OF POWER DISTRIBUTED

This consists of:

	<u>Notes</u>	March 31, 2026	March 31, 2025
Purchased power	20.1	P1,113,257,948	P1,122,905,367
Prompt payment and other discounts		(<u>10,434,513</u>)	(<u>11,063,849</u>)
Net purchased power	17	1,102,823,435	1,111,841,518
Transmission charges	17	<u>280,579,881</u>	<u>215,203,727</u>
		<u>P1,383,403,316</u>	<u>P1,327,045,245</u>

Several power suppliers provided prompt payment discount based on a set formula agreed by the parties.

17. COSTS AND OPERATING EXPENSES BY NATURE

Costs and operating expenses classified by nature are as follows:

	<u>Notes</u>	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Net purchased power	16, 20.1	P1,102,823,435	P1,111,841,518
Transmission charges	16	280,579,881	215,203,727
Depreciation and amortization	6, 7.1	58,870,482	62,401,319
Salaries and employee benefits		41,291,658	44,688,570
Taxes and licenses		22,206,534	23,610,709
Repairs and maintenance		13,454,348	6,904,155
Supervisory fees		5,845,665	5,097,054
Outside services		9,080,853	6,745,042
Stationery and office supplies		3,087,054	1,784,178
Insurance		3,327,369	2,132,149
Communication, light and water		2,306,823	2,542,900
Professional fees and legal services		3,024,438	3,150,060
Rent	7.3	4,232,889	3,475,082
Transportation and travel		688,004	630,222
Impairment losses on trade and other receivables	11	-	3,288,443
Others	12	2,829,057	18,211,083
		<u>P1,553,648,490</u>	<u>P1,511,706,211</u>

These expenses are classified in the statements of profit or loss as follows:

	<u>Notes</u>	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Cost of power distributed	16	P1,383,403,316	P 1,327,045,245
General and administrative expenses		170,245,174	181,372,523
Impairment losses	11	-	3,288,443
		<u>P1,553,648,490</u>	<u>P 1,511,706,211</u>

18. OTHER OPERATING INCOME

Other operating income includes the following:

	Note	<u>March 31, 2026</u>	<u>March 31, 2025</u>
Pole rentals		P 74,970	P 5,895,256
Gain on reversal of allowance for impairment	11	5,299,475	-
Service fees		259,712	278,471
Miscellaneous		<u>3,230,011</u>	<u>2,920,415</u>
		<u>P 8,864,168</u>	<u>P 9,094,142</u>

Pole rentals arise from the recognition of rental income from third parties for the use of the Company's poles in which the rate charged is based on the number of the poles used by the lessees. These are short-term leases and there are no related contractual future minimum lease payments as of March 31, 2026 and December 31, 2025.

Service fees arise from new line connections as well as reconnection fees for previously disconnected accounts.

Miscellaneous income pertains to income from penalty of damaged or broken glass meter, unmetered connections, sale of excess purchased power to the electricity market, gain on sale of assets and excess of VAT from sale to government.

19. DEFERRED TAX ASSETS - Net

The net deferred tax assets in the statements of financial position relates to the following:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
<i>Deferred tax assets:</i>		
Provisions	P 126,088,403	P 126,088,403
Allowance for impairment	35,407,975	35,407,975
Lease liabilities	11,206,258	11,206,258
Unamortized past service cost	<u>8,915,419</u>	<u>8,915,419</u>
	<u>181,618,055</u>	<u>181,618,055</u>
<i>Deferred tax liabilities:</i>		
Right of use asset	(7,953,597)	(7,953,597)
Revaluation reserve on property, plant and equipment	(2,465,699)	(2,465,699)
Retirement benefit asset	<u>(3,246,297)</u>	<u>(3,246,297)</u>
	<u>(13,665,593)</u>	<u>(13,665,593)</u>
	<u>P 167,952,462</u>	<u>P 167,952,462</u>

There were no significant temporary differences for the period ended March 31, 2026.

20. RELATED PARTY TRANSACTIONS

A summary of the Company's transactions with its related parties, which include related parties under common ownership, the Company's key management personnel and stockholders, as of March 31, 2026 and December 31, 2025 and for the periods ended March 31, 2026 and 2025 is presented below.

Related Party Category	Notes	Amount of Transaction		Outstanding Balance	
		March 31, 2026	March 31, 2025	March 31, 2026	December 31, 2025
Related parties under common ownership:					
Purchase of electricity	20.1	P 54,075,999	P 57,407,067	(P 1,354,861)	(P 17,452,501)
Sales of electricity	20.3	48,561,094	42,112,823	16,098,353	16,716,272
Investment securities	10	-	-	50,000,000	50,637,199
Purchase of goods and other services	20.2	4,877,070	4,193,356	(1,161,524)	(24,553)
Retirement plan asset	20.4	3,000,000	3,000,000	171,257,917	168,257,917
Dividend income	10	299,676	-	-	-
Key management personnel –					
Compensation	20.5	6,514,846	7,789,397	-	-
Stockholders –					
Purchase of goods and other services	20.2	666,667	666,667	-	-
Advances obtained	20.6	-	(10,985,854)	-	-
Advances granted	20.6	-	(8,477,123)	22,644,795	22,644,795

Details of the foregoing transactions are discussed below and in the succeeding page.

20.1 Purchase of Electricity

Total purchases of electricity from API based on rates approved by the ERC are represented as part of Purchased power under Cost of Power Distributed in the statements of profit or loss (see Note 16). The related outstanding liabilities to API as of March 31, 2026 and December 31, 2025 are shown as part of Trade payables under Trade and Other Payables in the statements of financial position (see Note 13). The liability is unsecured, noninterest-bearing and payable in cash within 30 days.

20.2 Purchase of Goods and Other Services

Related parties under common ownership and certain stockholders provide rental, utilities, meals and various goods, and consultancy and other services to the Company. Moreover, API also provides support services for security and maintenance of the Company's switchyard located near the power generation plant of API in Bacolor, Pampanga. Total expenses arising from these transactions are presented as part of various expenses accounts under General and Administrative Expenses in the statements of profit or loss (see Note 17). The related outstanding liabilities as of March 31, 2026 and December 31, 2025 are shown as part of Trade payables under Trade and Other Payables in the statements of financial position (see Note 13).

20.3 Sale of Electricity

Total sales of electricity of the Company to its related parties under common ownership are presented as part of Sale of Electricity in the statements of profit or loss (see Note 15). The outstanding receivables from these transactions are presented as part of Trade and Other Receivables in the statements of financial position (see Note 11).

20.4 Retirement Plan Asset Investment

The Company has a formal retirement plan established separately for each significant component. These plans are defined benefit post-employment plan maintained for qualified employees, administered and managed by trustee banks.

Plan assets do not comprise any financial instruments issued by or any assets occupied and/or used in operations by the Company or any of its related parties. The retirement fund neither provides any guarantee or surety for any obligation of the Company nor its investments covered by any restrictions or liens.

20.5 Key Management Personnel Compensation

The compensation of key management personnel for employee services is shown below.

20.6 Advances to and from Related Parties

In the normal course of business, the Company obtains and grants noninterest-bearing cash advances to and from stockholders, which are unsecured and generally payable on demand, for financing and working capital requirements, and other purposes.

21. EARNINGS PER SHARE

Earnings per share were computed as follows:

	March 31, 2026	March 31, 2025
Net profit*	P 15,550,176	P 25,263,951
Divided by the weighted average number of outstanding common shares	<u>1,178,448,400</u>	<u>1,178,448,400</u>
Earnings per Share	<u>P 0.01</u>	<u>P 0.02</u>

**Net profit excludes dividends attributable to cumulative preferred shares for both periods (see Note 14).*

Earnings per share are determined by dividing net profit by the weighted average number of shares subscribed and issued during the period.

Basic and diluted earnings per share are the same as there were no potentially dilutive shares as at March 31, 2026 and 2025.

22. REGULATORY MATTERS

On June 8, 2001, the Philippine Congress approved RA No. 9136 – *Electric Power Industry Reform Act of 2001*, providing for restructuring of the electric power industry. Among the significant provisions of RA No. 9136 are presented below.

22.1 Functions and Powers of the ERC with Respect to Distribution Utilities

Among others, the functions of the ERC include the following under the act:

- (a) The ERC shall establish and enforce a methodology for setting transmission and distribution wheeling rates and retail rates for the captive market of distribution utilities, taking into account all relevant considerations, including the efficiency or inefficiency of the regulated entities;
- (b) Review and approve any changes on the terms and conditions of service of any distribution utility;
- (c) Amend or revoke, after due notice and hearing, the authority to operate of any person or entity which fails to comply with the provisions hereof, the Implementing Rules and Regulations or any order or resolution of the ERC;
- (d) Monitor the activities in the generation and supply of the electric power industry with the end view of promoting free market competition and ensuring that the allocation or pass-through of bulk purchase cost by distributors is transparent, non-discriminatory and that any existing subsidies shall be divided pro rata among all retail suppliers; and,
- (e) Perform such other regulatory functions as are appropriate and necessary in order to ensure the successful restructuring and modernization of the electric power industry.

22.2 De-monopolization and Shareholding Dispersal

Unless the distribution utility or the company holding the shares or its controlling stockholders are already listed in the Philippine Stock Exchange, Section 28 of RA No. 9136, provides that holdings of persons, natural or juridical, including directors, officers, stockholders and related interests, in a distribution utility and their respective holding companies shall not exceed 25% of the voting shares of stock. As of March 31, 2026 and December 31, 2025 the Company has complied with this requirement.

22.3 Performance-Based Regulation

The Company entered Performance Based Regulation at the fourth entry point, as originally described in Annex B of ERC Resolution No. 12-02 Series of 2004 “Adopting a Methodology for Setting Distribution Wheeling Rates,” dated December 10, 2004, and later amended by the ERC to make provision for four entry points.

On July 6, 2011, ERC issued the Final Determination of the price control arrangements that will apply to the Company as contained in its decision for the approval of the Company's application for its Annual Revenue Requirement and Performance Incentive Scheme for the Second Regulatory Period. This Second Regulatory Period commenced on October 1, 2011 and was terminated on September 30, 2015. Subsequent to the Second Regulatory Period, ERC initiated a review of the rules to govern the filing of Regulatory Period Reset.

On October 16, 2025, the ERC, through Resolution No. 24, Series of 2025, *A Resolution Adopting the Rationalized Rules for Setting the Distribution Wheeling Rates (RRDWR) for Privately Owned Distribution Utilities Under Performance-Based Regulation (PBR)*, formally adopted the new rules, which set the methodology and timelines for determining the maximum allowable distribution, supply, and metering charges of privately owned distribution utilities operating under the PBR system.

The Company falls within the Fourth Entry Group, with the First Regulatory Period commencing on January 1, 2028 until December 31, 2031. All periods from October 1, 2015 to January 1, 2028 will be considered lapsed periods. As of December 31, 2025, the Company is already preparing its data and manpower to meet the necessary filings and submissions due on April 1, 2027.

23. COMMITMENTS AND CONTINGENCIES

23.1 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 the Actual Weighted Average Tariff (AWAT) over the Maximum Average Price (MAP) approved by the ERC). Pursuant to ERC Resolution No. 24, Series of 2025, and the earlier Resolution No. 23, Series of 2025, *A Resolution Directing All Private Distribution Utilities to File Their Respective AWAT Applications for the Lapsed Period*, the procedures for filing the excess of AWAT versus MAP were formally adopted.

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.

As of December 31, 2025, the Company has completed its review and estimation of probable customer refunds for the excess of AWAT over MAP, using the methodologies prescribed in Resolutions No. 23 and 24. Following the Company's filing and submissions to the ERC in March 2026, the Company expects the ERC to issue instructions for customer refunds sometime in 2026 to 2027.

Based on the assessed outcome of the aforementioned, the Company has recognized additional provision for probable losses. The related expense is presented as Provisions under Other Income (Charges) - Net section in the statements of profit or loss.

In addition, the Company is also involved in certain cases as defendant and for which provisions were made in prior years.

The changes in provisions during the periods are as follows:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Balance at beginning of period	P 504,353,611	P 478,396,084
Additional provisions	<u>18,541,596</u>	<u>25,957,527</u>
Balance at end of period	<u>P 522,895,207</u>	<u>P 504,353,611</u>

23.2 Others

There are other commitments, including the relocation of facilities under the MOA with DOTR (see Note 11) and contingent liabilities that arise in the normal course of the Company's operations which are not reflected in the financial statements. As of March 31, 2026 and December 31, 2025, management is of the opinion that losses, if any, from these commitments and contingencies will not have a material effect on the Company's financial statements.

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

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's condensed financial statements for the period ended March 31, 2026, and the Company's latest audited financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF CHANGES IN FINANCIAL POSITION

As of 31 March 2026 and as of 31 December 2025

Assets

The Company's total assets decreased by P25.6 million.

Property, plant and equipment

Property, plant, and equipment rose by P15.5 million due to the net effect of additions and depreciation during the year. Additions during this period primarily involve network improvements to meet growing customer demand. These include new consumer meters, distribution transformers and wires. However, the additions during the year are lower than previous years due to the above 85% completion of re-wiring projects, which were initiated by the Company years ago.

Right-of-use assets and Lease liabilities

Right-of-use assets and the related lease liabilities pertain to the Company's long-term contracts. Management believes that the impact of the recognition of PFRS 16, *Leases*, is not significant to the interim financial statements.

Deferred tax assets – net

There were no significant temporary differences during the first quarter of 2026.

Retirement benefit assets - net

The growth in retirement benefit assets is because the Company's contributions to the retirement fund are higher than the recognized retirement expense for the period. The Company consistently invests P1.0 million each month into the retirement fund.

Other non-current assets

Other non-current assets decreased due to the delivery of medium voltage switchgears for the Pulung Cacutud Substation.

Cash and cash equivalents and Investment Securities

Cash and cash equivalents, along with investment securities, increased due to cash inflows from operating activities as presented in the statements of cash flows.

Trade and other receivables

The significant decrease in trade and other receivables is mainly caused by the ongoing decline in generation rates billed to customers, the related reduced sales, and the improved payment efforts of the customers. Moreover, receivables during the first quarter are usually lower because of the lower number of days in the month of February, the collection of which usually extends until April.

Prepayments and other current assets

The increase in prepayments and other current assets pertains firstly, to the delivery of wires for the DOTR relocation project (included as part of Supplies inventory) Secondly, the balance as of March 31, 2026, includes prepaid local government taxes that are subject to amortization and is always zero at the end of the year.

Liabilities

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

Refundable deposits

The ₱3.1 million rise in refundable deposits comes from new customer deposits and necessary updates for customers who increased their consumption during the period. The increase is lower than last year's increase due to the implementation of refund of customers' deposits as instructed by the ERC.

Trade and other payables

The Company's trade and other payables declined due to reduced generation rates during the period.

Provisions

Provisions have increased slightly due to anticipated customer refunds. The loss estimate is based on the calculation issued by the ERC. Every month, there is an expected increase due to overbilling because the rates mix used by the Company was last approved in 2015. The sales mix in recent years has already changed significantly from the 2015 customer base, thus affecting the total amounts billed.

Income and other tax liabilities

The decrease is mainly due to the payment of 2025 income tax payable in March 2026.

Stockholders' Equity

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF CHANGES IN FINANCIAL PERFORMANCE

For the Periods Ended 30 September 2025 and 30 September 2024

Revenues

The Company's sales of electricity increased by P54.5 million. The detailed breakdown of the revenues are presented in Note 15 to the financial statements.

	2026	2025
<i>Kilo-watt hours sold</i>	<u>186,868,445</u>	<u>184,550,414</u>

The following factors brought about the net increase:

- (a) Pass-through revenues increased by 3% (P39.2 million) due to higher transmission rates from NGCP. The generation rates is lower during the period
- (b) Although there is only 1% increase in KWHs sold, distribution revenues increased by 8% (P20.1 million) because of an increase in consumption of industrial demand customers which are billed based on demand and not on KWHs sold.

Costs and Operating Expenses

Purchased Power and Transmission Charges

As discussed above, there were lower generation rates. However, the transmission costs portion of the expense increased significantly because of an increase in ancillary charges and other charges from NGCP that the ERC approved. Please see Note 16 to the financial statements.

General and Administrative Expenses

General and administrative expenses decreased by ₱11.1 million. The details are as follows:

Depreciation and amortization expense decreased due to the full depreciation of assets with short useful life and the very limited capital assets during the period. Please see analysis of property, plant and equipment.

Salaries and employee benefits decreased by ₱3.4 million due to the timing of recognition of benefits provided to the customers.

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

Repairs and maintenance increased due to facility maintenance and relocation. These costs are incurred upon need and are not consistently performed through-out the year

Outside services increased due to the increase in mobility and in the requirement of operations.

Other operating expenses decreased due to deficiency tax payments made in 2025 for the taxable year 2022. Other notable expenditures showed no significant changes.

Impairment Losses

Impairment losses rose is nil due to the recognition of gain on reversal of allowance due to the improvement of the aging of receivables. This is supported by the lower receivables as of March 31, 2026.

Other Income and Charges

There were very minimal provisions for losses in 2025 because of the over-accruals made in the year 2024. The related loss recognition was normalized in the second quarter of 2025.

Finance income has decreased because of lower interest rates during the period.

Tax Expense

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

KEY PERFORMANCE INDICATORS

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

	March 2026	March 2025
Return on Equity <i>Net Profit divided by Total Equity</i>	0.41%	0.73%
Return on Assets <i>Net Profit divided by Total Assets</i>	0.25%	0.46%

	March 2026	December 2025
Debt to Equity Ratio <i>Total Liabilities divided by Total Equity</i>	0.60	0.62
Current Ratio <i>Total Current Assets divided by Total Current Liabilities</i>	2.88	2.80
Average Collection Period <i>Average Accounts Receivable divided by Average Sales per day (Sale of Electricity divided by number of sales days)</i>	47 days	47 days

LIQUIDITY RISKS

The Company's liquidity requirements pertaining to trade and other receivables and refundable deposits are disclosed in Note 4 of the March 31, 2026 unaudited condensed financial statements.

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

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

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

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

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

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

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

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

The Company has a commitment to relocate some of its facilities under a Memorandum of Agreement with the Department of Transportation and Philippine National Railways.

COMMITMENTS

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

ANGELES ELECTRIC CORPORATION
LIST OF SUPPLEMENTARY INFORMATION
March 31, 2026

Schedule	Content	Page No.
Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68		
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B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	2
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	*
D	Intangible Assets - Other Assets	**
E	Long-term Debt	***
F	Indebtedness to Related Parties	3
G	Guarantees of Securities of Other Issuers	****
H	Capital Stock	4
Others Required Information		
	Reconciliation of Retained Earnings Available for Dividend Declaration	5
	Financial Soundness Indicators	6
	Aging of Receivables	7

* *The Company does not prepare any consolidated financial statements*

** *The Company does not have intangible assets - other assets*

*** *The Company does not have long-term debt*

**** *The Company does not have guarantees of securities of other issuers*

ANGELES ELECTRIC CORPORATION

Schedule A

**Financial Assets - Fair Value Through Profit or Loss, Fair Value Through Other Comprehensive Income
and Amortized Cost**

March 31, 2026

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds or Notes	Amount Shown in the Statement Financial Position as of Reporting Period	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued (iii)
<i>Fair Value through Profit of Loss</i>				
Sunlife Asset Management Inc.	22,459,491	P 33,269,275	P 33,269,275	-
<i>Fair Value through Other Comprehensive Income</i>				
Raslag Inc.	50,000	P 50,000,000	P 50,000,000	P 299,676
<i>Financial Assets at Amortized Cost</i>				
Cash and cash equivalents	N/A	2,411,535,391	P 2,411,535,391	P 7,286,917
Investment securities	N/A	594,318,811	594,318,811	
Trade and other receivables - net	N/A	731,175,709	731,175,709	-
Guarantee deposits	N/A	3,808,448	3,808,448	-
TOTAL		P 3,740,838,359	P 3,740,838,359	P 7,286,917

ANGELES ELECTRIC CORPORATION
Schedule B
Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other than Related Parties)
March 31, 2026

Name	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
Receivable from Angeles Ice Plant	P 597,266	1,956,953	(P 1,819,206)	N/A	P 735,013	P -	P 735,013
Receivable from Angeles Industrial Park Inc.	97,870	100,636	(73,115)	N/A	125,391	-	125,391
Receivable from Angeles Power, Inc.	269,153	808,784	(817,610)	N/A	260,327	-	260,327
Receivable from Durastress Corporation	221,838	495,238	(537,821)	N/A	179,255	-	179,255
Receivable from Holy Angel University	2,857,730	10,199,391	(10,081,734)	N/A	2,975,387	-	2,975,387
Receivable from JDN, Inc.	10,731,365	29,414,561	(30,253,229)	N/A	9,892,697	-	9,892,697
Receivable from MSN Foods, INC.	143,127	420,093	(400,713)	N/A	162,507	-	162,507
Receivable from Raslag Corporation	204,690	516,845	(534,448)	N/A	187,087	-	187,087
Receivable from Teresa Waterworks	1,527,996	4,466,807	(4,473,518)	N/A	1,521,285	-	1,521,285
Receivable from TGN Realty, Inc.	65,237	181,786	(187,619)	N/A	59,404	-	59,404
Receivable from Stockholders	22,644,795	-	-	N/A	22,644,795	-	22,644,795
TOTAL	P 39,361,067	P 48,561,094	(P 49,179,013)		P 38,743,148	P -	P 38,743,148

ANGELES ELECTRIC CORPORATION
Schedule F
Indebtedness to Related Parties
March 31, 2026

Name	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Written Off	Current	Non-current	
Payable to Angeles Power, Inc.	P 17,412,099	P 54,465,999	(P 70,523,237)	N/A	P 1,354,861	P -	P 1,354,861
Payable to Angeles Ice Plant	11,875	33,674	(45,025)	N/A	524		524
Payable to Angeles Industrial Park Inc	12,678	330,058	(342,736)	N/A	-		-
Payable to Durastress Corporation	-	433,915	(727,085)	N/A	1,161,000		1,161,000
Payable to Holy Angel University	-	42,000	(42,000)	N/A	-		-
Payable to JDN, Inc.	-	2,577,454	(2,577,454)	N/A	-		-
Payable to MSN Foods, INC.	-	313,122	(313,122)	N/A	-		-
Payable to Marsha S. Nepomuceno	-	352,188	(352,188)	N/A	-		-
Payable to Teresa Waterworks	-	60,133	(60,133)	N/A	-		-
Payable to TGN Realty, Inc.	-	344,526	(344,526)	N/A	-		-
Payable to Raslag Corporation	40,402	-	(40,402)	N/A			
Payable to Stockholders	-	666,667	(666,667)	N/A	-		-
TOTAL	P 17,477,054	P 59,619,736	(P 74,580,405)		P 2,516,385	P -	P 2,516,385

ANGELES ELECTRIC CORPORATION

Schedule H

Capital Stock

March 31, 2026

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Position Caption (i)	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Preferred Shares - P1 par value	500,000,000	201,680,632	-	-	8,514,097	193,166,535
Common Shares - P1 par value	1,500,000,000	1,178,448,400	-	-	77,984,205	1,100,464,195

ANGELES ELECTRIC CORPORATION
Reconciliation of Retained Earnings Available for Dividend Declaration
March 31, 2026

Unappropriated Retained Earnings at Beginning of Period	P 1,066,199,321
Less: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the Period	<u>-</u>
Unappropriated Retained Earnings, as adjusted	1,066,199,321
Add: Net Income for the Current Period	16,377,067
Add/ Less: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	<u>-</u>
Unappropriated Retained Earnings Available for Dividend Distribution at End of Period	<u>P 1,082,576,388</u>

ANGELES ELECTRIC CORPORATION
Aging of Trade Receivables
March 31, 2026

1 to 30 days	457,034,736
31 to 90 days	183,465,251
91 to 180 days	6,898,575
181 to 360 days	4,445,646
Over 1 year	66,788,310
Total	718,632,518