

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF

SYNERGY GRID & DEVELOPMENT PHILS., INC.
(the "Corporation")

Held on 07 April 2025, at 1:30 P.M.
Via Videoconference

DIRECTORS PRESENT:

Henry T. Sy, Jr.
Paul P. Sagayo, Jr.
Vicente D. Gerochi IV
Jose Perpetuo M. Lotilla
Luis Jose P. Ferrer
Francis Saturnino C. Juan

ALSO PRESENT:

Cheryl S. Saldaña-de Leon
Andreanne Hannah B. Dimaandal
Justice Lady P. Soriano

1. CALL TO ORDER


The Chairman, Henry T. Sy, Jr., called the meeting to order and presided over the same. The Corporate Secretary, Atty. Cheryl S. Saldaña-de Leon, recorded the minutes of the proceedings.

The Corporate Secretary advised that the meeting was recorded, in compliance with the requirements of the Philippine Securities and Exchange Commission (SEC) under SEC Memorandum Circular No. 6, Series of 2020, which provides for the guidelines for a board meeting through videoconference. The recording will form part of the records of the Corporation.

2. PROOF OF NOTICE OF MEETING AND CERTIFICATION OF QUORUM

The Corporate Secretary certified that notices were sent to all directors by electronic mail, and that a quorum existed for the transaction of business. During the roll call, the Corporate Secretary verified and confirmed the identity of the participants, their location, the device they are using, that each participant received the relevant materials prior to the meeting, and that they can clearly hear and see the other participants.

Name of Participant	Location	Device	Receipt of relevant materials of the meeting	Confirmation that they can clearly hear and/or see the other attendees
Henry T. Sy, Jr.	San Juan City	Laptop	Yes	Yes
Paul P. Sagayo, Jr.	San Juan City	Laptop	Yes	Yes
Vicente D. Gerochi IV	Makati City	Desktop	Yes	Yes
Jose Perpetuo M. Lotilla	Marikina City	Desktop	Yes	Yes
Luis Jose P. Ferrer	Japan	Laptop	Yes	Yes
Francis Saturnino C. Juan	Pasig City	Desktop	Yes	Yes

Thereafter, the Chairman declared that the Board could now proceed to transact the official business for this meeting. 

3. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS HELD ON 11 NOVEMBER 2024 AND THE SPECIAL BOARD MEETING HELD ON 27 JANUARY 2025

Upon motion duly made and seconded, the directors unanimously passed and approved the following resolution:

“RESOLVED, that the minutes of the Regular Meeting of the Board of Directors of the Corporation held on 11 November 2024 and the Special Meeting held on 27 January 2025 be approved.”

4. PRESENTATION AND APPROVAL OF THE AUDITED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2024

The Corporation's Chief Financial Officer, Treasurer, and Investor Relations Officer, Ms. Justice Lady P. Soriano (CFO), presented the Audited Financial Statements (AFS) of Synergy Grid & Development Phils., Inc. (Corporation) and its subsidiaries as of 31 December 2024.

Financial Performance (Parent Only)

(Amounts in Millions)

	December 31, 2024	Budget	December 31, 2023
OPERATION SERVICE REVENUES	0	0	0
COST OF OPERATION SERVICE REVENUES	0	0	0
OPERATION SERVICE REVENUES-Net	0	0	0
OPERATING EXPENSES	100	100	86
LOSS FROM OPERATIONS	(100)	(100)	(86)
OTHER INCOME			
Interest income	25	20	33
Dividend income	1,782	1,816	1,816
Management Income	48	48	48
	1,855	1,884	1,897
NET INCOME BEFORE TAX	1,755	1,784	1,811
INCOME TAX EXPENSE	6	0	7
NET INCOME / TOTAL COMPREHENSIVE INCOME	1,749	1,784	1,804

For the financial performance of the Corporation as of 31 December 2024, the CFO reported that operating expenses amounted to PhP100 Million. Other income, which comprises of interest income, dividend income, and management income slightly decreased to PhP1.86 Billion, compared to PhP1.9 Billion in 2023. Interest income amounted to PhP25 Million, which mainly came from placement of dividends. Dividend income amounted to PhP1.78 Billion from dividends received for the first (1st) quarter, and management income amounted to PhP48 Million, coming from management fees of PhP1 Million per month from each holding company for the shared services.

Financial Position as of 31 December 2024 (Parent Only)

(Amounts in Millions)

	December 31, 2024	December 31, 2023
ASSETS		
Current Assets		
Cash	248	324
Due from related parties	0	5
Prepayments and other current assets	30	25
Total Current Assets	278	354
Noncurrent Assets		
Investment in subsidiaries	94,246	94,246
Property and equipment - net	1	1
Total Noncurrent Assets	94,247	94,247
TOTAL ASSETS	94,525	94,601
LIABILITIES AND EQUITY		
Current Liabilities		
Accrued expenses and other current liabilities	6	4
Dividends payable	8	6
Total Liabilities	14	10
Equity		
Capital stock	5,266	5,266
Additional paid-in capital	88,928	88,928
Retained earnings	317	397
Total Equity	94,511	94,591
TOTAL LIABILITIES & EQUITY	94,525	94,601

As for the financial position of the Corporation, the total assets amounted to PhP94.5 Billion, which consists 99.7% of investment in subsidiaries and 0.3% of cash and cash equivalents. Cash amounted to PhP248 Million, which is lower than PhP324 Million as of 31 December 2023 due to the release of retirement benefits, and the decrease in dividend income for the 1st quarter and no dividends declared from the second (2nd) to the fourth (4th) quarters of 2024. Other current assets of PhP30 Million consist of creditable withholding tax from management fees, advances to employees, prepaid rent, and security deposits.

As of 31 December 2024, total current liabilities amounted to PhP14 Million, which is higher than the previous year. Accrued expenses and other current liabilities as of 31 December 2024 amounted to PhP6 Million, comprising of withholding taxes, VAT payable, and other government-mandated remittances (BIR, SSS, PHIC, and HDMF). Dividends payable as of 31 December 2024 amounted to PhP8 Million, comprising of outstanding checks from dividends declared from the 2nd quarter of 2021 to the 1st quarter of 2024. Retained earnings decreased from PhP397 Million as of 31 December 2023 to PhP317 Million as of 31 December 2024.

Cash Flow as of 31 December 2024 (Parent Only)

(Amounts in Millions)

	December 31, 2024	December 31, 2023
CASH FLOWS (USED IN)/ PROVIDED BY OPERATING ACTIVITIES	P (30)	P (23)
CASH FLOWS PROVIDED BY / (USED IN) INVESTING ACTIVITIES		
Dividend received	1,782	1,816
Net cash provided by investing activities	P 1,782	P 1,816
CASH FLOWS USED IN FINANCING ACTIVITIES		
Payment of dividends	(1,636)	(2,870)
Payment of final tax on dividends	(192)	(330)
Net cash used in financing activities	P (1,828)	P (3,200)
NET DECREASE IN CASH AND CASH EQUIVALENTS	P (76)	P (1,407)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	324	1,731
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 248	324

For the cash flow as of 31 December 2024, net cash flow used in operating activities was PhP30 Million. Net cash flow provided by investing activities was PhP1.78 Billion, representing dividends declared by and received from the National Grid Corporation of the Philippines (NGCP) for the 1st quarter of 2024. Net cash flow used in financing activities amounted to PhP1.83 Billion consisting of dividends paid to shareholders including the final tax on the dividends. These resulted in a net decrease in cash of P76 Million and an ending cash balance of PhP248 Million.

Financial Performance (Consolidated)

(Amounts in Millions)

	December 31, 2024	Budget	December 31, 2023
OPERATION SERVICE REVENUES - Net	53,014	53,023	53,000
OPERATING EXPENSES	25,717	25,836	23,623
INCOME (LOSS) FROM OPERATIONS	27,297	27,187	29,377
OTHER CHARGES - Net			
Interest expense	(8,005)	(7,229)	(5,761)
Interest income	188	118	119
Foreign exchange gain - net	(507)	121	117
Bank and finance charges	(262)	(257)	(246)
Miscellaneous Income/(Charges)	(1,355)	(1,325)	(231)
	(9,941)	(8,572)	(6,002)
NET INCOME BEFORE TAX	17,356	18,615	23,375
INCOME TAX EXPENSE	6	0	7
NET INCOME	17,350	18,615	23,368
OTHER COMPREHENSIVE INCOME			
<i>Item that will never be reclassified to profit or loss</i>			
Remeasurement gains on defined benefit liability	(107)	0	(319)
TOTAL COMPREHENSIVE INCOME	17,243	18,615	23,049
BASIC AND DILUTED			
INCOME (LOSS) PER SHARE	1.50	-	2.02

For the financial performance of the Corporation and its subsidiaries (Group) as of 31 December 2024, the CFO reported that operation service revenues are 0.03% higher than the previous year. The Group's other charges increased by 65.6% from PhP6.0 Billion as of 31 December 2023 to PhP9.9 Billion. These other charges consist of interest expense, foreign exchange loss, interest income, and bank and finance charges. Interest expense increased from PhP5.8 Billion as of 31 December 2023 to PhP8 Billion as of 31 December 2024 due to the reclassification of IDC from completed projects to interest expense. Foreign exchange loss amounted to PhP507 Million, a 533% decrease from last year's foreign exchange gain due to the weakening of the peso against the dollar. Interest income of the Group increased by 58% to PhP188 Million due to higher funds invested and higher interest rates for the period. Bank and finance charges amounted to PhP262 Million, a 7% increase from the previous year due to higher amortization of Debt Issuance Cost (DIC) resulting from additional loan drawdown. Miscellaneous expense as of 31 December 2024 totaled to PhP1.4 Billion, a 487% increase from PhP231 Million as of 31 December 2023 due to recognition of franchise tax expense.

The Group's current income tax of PhP6 Million pertains to final tax on interest income from short-term placements. Net income decreased by 26% to PhP17.4 Billion in 2024 as compared to PhP23.4 Billion in 2023.

Financial Position as of 31 December 2024 (Consolidated)

(Amounts in Millions)

	December 31, 2024	December 31, 2023
ASSETS		
Noncurrent Assets		
Intangible asset - net	425,545	378,011
Property and equipment - net	5,270	4,993
Receivables - net of current portion	19,847	19,819
Goodwill	10,472	10,472
Other noncurrent assets	2,385	3,035
Total Noncurrent Assets	463,519	416,330
Current Assets		
Cash and cash equivalents	8,963	9,913
Receivables - net	14,062	10,208
Prepaid expenses and other current assets	25,792	29,724
Total Current Assets	48,817	49,845
	512,336	466,175

As of 31 December 2024, total assets of the Group amounted to PhP512 Billion, wherein 2% represents cash and cash equivalents, 8% represents other current assets, and 90% represents noncurrent assets. As of 31 December 2023, total assets amounted to PhP466 Billion.

The Group's noncurrent assets, consisting mainly of intangible assets, increased by 11.3% to PhP464 Billion due to NGCP's additional capital expenditures (CAPEX) on priority and major projects such as South Luzon Substation Upgrading Project 2, Visayas SS Upgrading Project 2, North Luzon SS Upgrading Project 2, Western 500 KV Backbone-Stage 2, Zamboanga Peninsula Voltage Imp. Project, Lapu-Lapu 230KV SS Project, Panay-Guimaras 138KV Interconnection, Mindanao Substation Upgrading Project 2, Mindanao-Visayas Interconnection Project, and Laguindingan 230 KV Substation Project.

On the other hand, current assets of PhP48.8 Billion is lower by 2% primarily due to (a) a 10% decrease in cash and cash equivalents for the settlement of liabilities and obligations; (b) a 38% increase in current portion of receivables due to higher ancillary services and fit-all charges, offset by lower Output VAT receivable; and (c) a 13% decrease in other current assets due to recoupment of project prepayments and decrease in Input VAT offset by higher prepaid expense and other court deposit.

Financial Position as of 31 December 2024 (Consolidated)

(Amounts in Millions)

	December 31, 2024	December 31, 2023
LIABILITIES AND EQUITY		
Noncurrent Liabilities		
Loans payable - net of current portion	196,897	169,770
Retirement benefits liability	2,982	2,617
Customers' and other deposits	529	441
Concession fee payable	40,555	49,895
Other noncurrent liabilities	1,712	1,561
Total Noncurrent Liabilities	242,645	224,284
Current Liabilities		
Trade and other current payables	46,877	40,054
Current portion of concession fee payable	9,340	4,424
Current portion of loans payable	23,285	23,739
Other current liabilities	21,468	18,219
Total Current Liabilities	100,970	86,436
Total Liabilities	343,615	310,720
Equity		
Capital stock	5,266	5,266
Additional paid-in capital	88,928	88,928
Remeasurement losses on defined benefit liability	(210)	(161)
Equity adjustments from common control transactions	(73,359)	(73,359)
Retained earnings	86,382	80,327
Equity Attributable to Equity Holders of the Parent Company	107,007	101,001
Non-controlling interests	61,714	54,454
Total Equity	168,721	155,455
	512,336	466,175

The total liabilities of the Group increased by 10.6% from Php310.7 Billion as of 31 December 2023 to Php343.6 Billion as of 31 December 2024. As for the equity of the Group, major movements include a 30% increase in remeasurement losses on defined benefit liability resulting from the latest actuarial valuation report, and an 8% increase in retained earnings due to net income recorded after dividends declared. The Group's total equity amounted Php168.7 Billion.

Cash Flow as of 31 December 2024 (Consolidated)

(Amounts in Millions)

	December 31, 2024	December 31, 2023
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	36,683	38,891
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(55,982)	(54,664)
Investment in capital expenditures	(54,879)	(53,945)
Additions to property and equipment	(1,103)	(719)
Net cash used in investing activities	(55,982)	(54,664)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	18,347	20,837
Proceeds of loans payable	51,500	49,400
Payment of cash dividends	(3,648)	(5,364)
Payment of loans payable	(24,825)	(22,983)
Payment of concession fee	(4,424)	0
Settlement of obligation under lease liabilities	(256)	(216)
Net cash provided by (used in) financing activities	18,347	20,837
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2	(1)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(950)	5,063
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	9,913	4,850
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	8,963	9,913

For the Group's cash flow, net cash provided by operating activities was PhP36.7 Billion. Net cash flow used in investing activities amounted to PhP56 Billion, which includes CAPEX of PhP54.9 Billion and additions to property and equipment of PhP1.1 Billion. Net cash flow provided by financing activities of PhP18.3 Billion consists of loan proceeds of PhP51.5 Billion, cash dividends payment of PhP3.6 Billion, payment of loans of PhP24.8 Billion, payment of concession fee of PhP4.4 Billion, and settlement of other obligation under lease liabilities of PhP256 Million. These resulted to a net decrease in cash of PhP950 Million with ending cash balance of PhP8.96 Billion.

After some discussion and upon motion duly made and seconded, the following resolution was approved:

"RESOLVED, that as recommended by the Audit and Risk Committee, the Audited Financial Statements (AFS) of the Corporation for the year ended 31 December 2024, as presented by the Chief Financial Officer, be approved;

"RESOLVED FURTHER, that the Corporation appoints its Chairman, Mr. Henry T. Sy, Jr., President, Atty. Paul P. Sagayo, Jr., its Treasurer, Ms. Justice Lady P. Soriano, or any director or officer of the Corporation as its authorized representatives and signatories in the preparation and approval of the AFS, as audited by the Corporation's external auditor, R.G. Manabat & Co., with authority to make the necessary arrangements in order to effect the release of the same, and to sign, execute, and/or deliver any and all documents in the name of the Corporation in connection therewith, including the signing of relevant documents related thereto, as well as the performance of all other acts incidental thereto;

"RESOLVED FINALLY, that a copy of these Resolutions be submitted to the external auditor and shall serve as the written authority of Mr. Henry T. Sy, Jr., Atty. Paul P. Sagayo, Jr. and Ms. Justice Lady P. Soriano to release the AFS, which resolutions shall remain valid, subsisting, and enforceable, unless subsequently modified, revoked, rescinded, or suspended by a resolution of the Board of Directors."

5. ADJOURNMENT

There being no further business to transact, the meeting was adjourned.

Certified Correct:


CHERYL S. SALDAÑA-DE LEON
 Corporate Secretary

Attested:


HENRY T. SY, JR.
 Chairman

Approved:



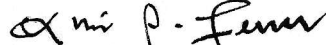
PAUL P. SAGAYO, JR.
Director/President



VICENTE D. GEROCHI IV
Director



JOSE PERPETUO M. LOTILLA
Lead Independent Director



LUIS JOSE P. FERRER
Independent Director



FRANCIS SATURNINO C. JUAN
Independent Director