



# SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines

Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph



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## Company Information

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**SEC Registration No.:** 0000041376

**Company Name:** SYNERGY GRID & DEVELOPMENT PHILS., INC.

**Industry Classification:** F45203

**Company Type:** Stock Corporation

## Document Information

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**Period Covered:** September 30, 2025

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Acceptance of this document is subject to review of forms and contents

## COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

Pia Isabel O. Co
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8633-9757/8584-3930
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Contact Person

Company Telephone Number

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Month

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**SEC FORM 17-Q**

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Annual Meeting

N/A
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Secondary License Type, if Applicable

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Amended Articles Number/Section

Dept. Requiring this Doc.

Total Amount of Borrowings

Total No. of Stockholders
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Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number
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**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: **30 SEPTEMBER 2025**
2. SEC Identification Number: **41376**
3. BIR Tax Identification No.: **000-593-240**
4. Exact name of issuer as specified in its charter: **SYNERGY GRID & DEVELOPMENT PHILS., INC.**

5. Province, country or other jurisdiction of incorporation or organization  
**Pasig City, Republic of the Philippines**

6. Industry Classification Code.  (SEC Use Only)

7. Address of issuer's principal office  
**16th Floor, Tycoon Center Bldg.  
Condominium Pearl Drive, Pasig City, Metro Manila** Postal Code  
**1605**

8. Issuer's telephone number, including area code  
**(632) 8584-3930**

9. Former name, former address, and former fiscal year. If changed since last report.  
**N/A**

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA (as of 31 December 2004)

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
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<b>Common</b>	<b>5,265,866,000</b>
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11. Are any or all of these securities listed on a Stock Exchange.

Yes  No

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder of 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 (12) months (or for such shorter period that the Company was required to file such reports);

Yes  No

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

Yes  No

**APPLICABLE ONLY TO REGISTRANTS INVOLVED  
IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING  
THE PRECEDING FIVE (5) YEARS**

13. Check whether the registrant has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [  ]

No [  ]

This item is not applicable to the Company.

**DOCUMENTS INCORPORATED BY REFERENCE:**

The Company attaches to this form and incorporates by reference as a component of Part I hereof its Financial Statements for the third quarter of 2025, period ending September 30, 2025.

**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein.

Synergy Grid & Development Phils., Inc. (“Company”) also attaches to this form and incorporates by reference as a component of Part I, its Financial Statements for the third quarter of 2025, period ending September 30, 2025.

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

Synergy Grid & Development Phils., Inc. (the “Parent Company”) was originally a mining corporation and registered with the Philippine Securities and Exchange Commission (SEC) on June 1, 1970 under the name Mankayan Minerals Development Company, Inc.

The consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries, OneTaipan Holdings, Inc. (“OTHI”), Pacifica21 Holdings, Inc. (“P21”), Monte Oro Grid Resources Corporation (“MOGRC”), Calaca High Power Corporation (“CHPC”) and National Grid Corporation of the Philippines (“NGCP”), (collectively referred to as the “Group”). The Parent Company’s shares of stock are listed on the Philippine Stock Exchange (PSE) under the stock symbol “SGP.”

On February 22, 1994, the SEC approved the Parent Company’s change of corporate name to UEM Development Phils., Inc. and the change in its primary purpose from engaging in mining activities to general construction and other allied businesses. The amendment of its primary purpose was due to the potential opportunity in the construction industry brought about by the entry of a new foreign investor.

On October 10, 1997, the SEC approved the Amendment to the Seventh Article of the Parent Company’s Articles of Incorporation increasing the par value of its authorized capital stock from ₱0.01 to ₱1.00, decreasing the Parent Company’s shares of stock from 500,000,000 shares to 50,000,000 shares, and stating that the stockholders shall have no pre-emptive rights.

On December 14, 2010, the Board of Directors (BOD) considered and approved the Amendment of the Articles of Incorporation and By-Laws of the Parent Company for the purpose of, among others, changing the Company's corporate name to Synergy Grid & Development Phils., Inc., changing its primary purpose to enable it to engage in the business of investing in, purchasing or acquiring, and selling or disposing of the shares of stock, bonds, evidences of indebtedness and other securities issued or created by corporations and other entities engaged in power, energy, utilities, infrastructure and other allied businesses; and for the above purposes, to acquire, lease, hold, occupy, use, mortgage real and personal properties, to obtain financing from local and international funding sources or otherwise raise capital and funds by issuing or creating equity and debt securities, and to do or engage in any and all other businesses and activities incidental to or connected with, or in furtherance and/or the implementation of any and all of the foregoing. The amendments to the Articles of Incorporation and By-Laws of the Company were approved by the stockholders on December 21, 2010.

On November 14, 2019, the BOD of the Parent Company, and on December 20, 2019, the Stockholders of the Parent Company, approved the amendment of the Articles of Incorporation of the Corporation pursuant to an increase in authorized capital stock from P50.00 million divided into 50.00 million common shares at par value of ₱1.00 per share to ₱5.05 billion divided into 5.05 billion common shares at par value of ₱1.00 per share.

This amendment and increase in capital stock were pursued in connection with the issuance of 4.10 billion shares of the Parent Company in exchange for shares of stock in OTHI and P21 (the "Share Swap Transaction").

On December 20, 2019, the Parent Company and the stockholders of OTHI and P21 entered into a Share Purchase Agreement, pursuant to which, the two major shareholder of the Parent Company will acquire additional 4.10 billion shares of the Parent Company at a price of P20 per share for a total purchase price of ₱82.00 billion. As consideration for its acquisition, the two major shareholders will exchange their respective ownership in OTHI and P21. Accordingly, the 2.10 billion shares with a ₱1.00 par value of the Parent Company to be swapped with 86.40 million shares of OTHI with a par value of ₱100.00 per share while the 2.00 billion shares of Parent Company to be swapped with 871.00 million common shares of P21 with a par value of ₱1.00 per share.

As a result of the Share Swap Transaction, the Parent Company legally and/or beneficially owns 67% of the outstanding shares of each of OTHI and P21.

OTHI owns controlling shares in MOGRC, which holds 30% plus one share in National Grid Corporation of the Philippines ("NGCP"). P21 owns controlling shares in CHPC, which in turn owns 30% minus one share in NGCP. The Share Swap Transaction was undertaken to formally consolidate the two major shareholders' ownership and control of NGCP through a common corporate structure. Accordingly, the effective ownership of the Parent Company in NGCP will be 40.20%, with control of 60% voting rights through its subsidiaries MOGRC and CHPC.

On March 26, 2020, the proposed share-swap transaction was approved by the Philippine Competition Commission on the grounds that it will not likely result in substantial lessening of competition in the Philippine market.

On May 28, 2021, the SEC approved the increase in the Parent Company's authorized capital stock from ₱50.00 million to ₱5.05 billion. Consequently, the 4.10 billion common shares for the share swap transaction were issued at a price of ₱20.00 per share on the same date. The incremental costs directly attributable to the issuance of common shares amounting to ₱206.66 million is recognized as a deduction from additional paid-in capital.

On June 30, 2021 and on August 10, 2021, the Parent Company's BOD and stockholders, respectively, resolved and approved the increase in authorized capital stock from ₱5.05 billion to ₱5.30 billion, with the increase of 250.00 million to be divided into 250.00 million common shares at a par value of ₱1.00 per share.

This increase is for the Company to conduct a follow-on offering of its shares to achieve the target public float of twenty percent (20%) of the outstanding capital stock of the Company and for other business purposes.

The above increase was approved by the SEC on August 25, 2021. Consequently, of the 250.00 million increase in shares of the Company, 25% of which was subscribed and paid by the Company's major shareholders amounting to ₱62.50 million.

On August 10, 2021, the Company's BOD approved and authorized the offer and issuance of 1,053,500,000 common shares at an offer price of up to ₱29.00 per share, and also grants over-allotment option pursuant to which a stabilizing agent or its affiliate has the right to purchase up to 101,000,000 common shares of the Company's owned by its major shareholders.

On August 12 and September 10, 2021, the Company's shareholders have also secured the Certificate Authorizing Registration with the Bureau of Internal Revenue (BIR) in order to transfer in the name of the Company the following shares:

(i) 86,430,000 common shares in OTHI representing 67% of its total capital stock; and (ii) 871,000,000 common shares in P21 representing 67% of its total capital stock.

The details the equity interest of the Parent Company in its subsidiaries after the Share Swap are as follows:

	Percentage of Ownership		Country of Incorporation
	Direct	Indirect	
OneTaipan Holdings, Inc. ("OTHI")	<b>67.0%</b>	-	Philippines
Pacifica21 Holdings, Inc. ("P21")	<b>67.0%</b>	-	Philippines
Monte Oro Grid Resources Corporation ("MOGRC")*	-	<b>67.0%</b>	Philippines
Calaca High Power Corporation ("CHPC")**	-	<b>67.0%</b>	Philippines
National Grid Corporation of the Philippines ("NGCP")***	-	<b>40.2%</b>	Philippines

\* Indirectly owned through OTHI

\*\* Indirectly owned through P21

\*\*\* Indirectly owned through MOGRC and CHPC

OTHI is 67% directly owned subsidiary of the Parent Company and was incorporated and registered with Philippine SEC on February 23, 2010. OTHI's primary purpose is to acquire by purchase, exchange, assignment or otherwise, and to sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, deal in and with and otherwise operate, enjoy and dispose of, all properties of every kind and description and whatever situated and to the extent permitted by law.

MOGRC is a wholly-owned subsidiary of OTHI and was incorporated and registered with Philippine SEC on August 29, 2006. MOGRC's primary purpose is to invest or hold interests in the shares of stocks of companies engaged in or proposing to engage in infrastructure projects, whether as proponent, equity investor or financial or technical advisor and to do all acts and things necessary to carry out the foregoing purpose.

P21 is 67% directly owned by the Parent Company and was incorporated and registered with Philippine SEC on May 12, 2008. P21's purpose is to invest or acquire interest, purchase, own or hold directly or indirectly shares of stock, debentures or securities in other companies including related services and business activities.

CHPC is a wholly-owned subsidiary of P21 and was incorporated and registered with Philippine SEC on December 15, 2006. CHPC's primary purpose is to engage in the general business of operating, managing, maintaining, and rehabilitating energy systems and services from gas, steam and electricity including related services and business activities.

NGCP is 30%-owned each by MOGRC and CHPC and was incorporated in the Philippines and registered with Philippine SEC on February 21, 2008 primarily to operate and maintain a nationwide transmission grid throughout the Philippines; to provide open and non-discriminatory access to the transmission system to all authorized electricity distributors and electricity users; and to carry on all business incidental to the same.

On October 14, 2021, the listing of the Offer Shares was approved by the Philippine Stock Exchange. The Philippine SEC approved the listing of SGP on October 20, 2021.

On November 10, 2021 SGDPI, under the symbol “SGP”, the Company publicly listed its 1,053,500,000 shares from its Follow-On Offering (FOO) on the Philippines Stock Exchange with overallotment option of up to 101,000,000 secondary shares at ₱12.00 per common share.

The Parent Company will use the proceeds of the FOO to directly subscribe to non-voting preferred shares that will be issued by NGCP. Proceeds from the issuance of the non-voting preferred shares will be used by NGCP to finance its capital expenditure requirements and related costs and expenses.

On April 4, 2022, the Parent Company used the proceeds of the FOO to subscribe to 203,630,000 non-voting preferred shares of National Grid Corporation of the Philippines (NGCP) with a par value of ₱1.00 per share at a subscription price of ₱60.10/share or a total subscription price of ₱12,238,163,000.

The subscription will give the Parent Company a direct shareholding in NGCP of 9.240% of the latter's outstanding capital stock. The Parent Company will be entitled to dividends as a direct shareholder of NGCP, and this is in addition to the dividends that the Parent Company already indirectly receives from NGCP through the holding entities.

On April 12, 2022, the Parent Company paid ₱3,059,540,750, representing twenty-five percent (25%) of the total subscription price.

On June 7, 2022, the SEC approved the Amendment of Articles of Incorporation and Increase in Authorized Capital Stock of NGCP for the issuance of 203,630,000 Non-Voting Preferred Shares with a par value of ₱1.00 per share. The Company subscribed to the 203,630,000 Non-Voting Preferred Shares of NGCP, using the proceeds from the FOO. Proceeds from the issuance of the non-voting preferred shares will be used by NGCP to finance its capital expenditure requirements and related costs and expenses.

On February 28, 2008, the Group, through NGCP entered into a Concession Agreement with Power Sector Assets and Liabilities Management Corporation (PSALM) and the National Transmission Corporation (TRANSCO) granting the Group as Concessionaire the right to take over and operate the whole of TRANSCO's regulated transmission business was a going concern and be the sole representative of Regulated Entity before the Philippine Energy Regulatory Commission (ERC). The commencement date of the Concession Agreement is on January 15, 2009 and shall expire on the 25<sup>th</sup> anniversary of the commencement date. The Concession can be extended but not to exceed beyond the 50<sup>th</sup> anniversary of the commencement date or for longer than the remaining term of the Group's franchise.

## **Significant Contracts and Agreements**

### *Construction Management Agreement (CMA)*

From the commencement date, TRANSCO appointed the Concessionaire to act as its Construction Manager (CM) to implement, manage and administer the construction and completion of each Project Under Construction (PUC) as an independent contractor for and on its behalf, in accordance with the requirements of the Concession Agreement and as further set forth below:

- a) The CM shall have principal day-to-day on-site management, oversight and administrative responsibilities over all projects under construction and all contractors' construction activities in relation thereto.
- b) The CM shall be the primary point of contact for communications with all Contractors' Construction of such fact.
- c) The CM shall perform its responsibilities in accordance with the standards required under the CMA.

Nothing in the CMA shall release the CM from complying with its functions and obligations including the completion of all the PUCs at its own cost and expense, provided however, that if the sole and exclusive reason for the non-completion of a PUC is due to TRANSCO's failure to make available the committed funding under the Funding Agreements, then the CM shall be released from completing such PUC. Any such release shall be limited to the obligation that the CM would have had, had TRANSCO not failed to make such funding available and shall be subjected to the Concessionaire being in full compliance with the Transaction Documents.

### *External Consultant Agreements*

In 2021 and 2020, the Group executed various external consultancy agreements in relation to the conduct of its business and in compliance with regulatory requirements, several of which are as follows:

- Tax consultancy services;
- Legal services;
- Advisory and consulting services for regulatory filings;
- Implementation consultancy services; and
- Others consultancy services as needed.

Expenses incurred pertaining to these agreements are included in “Outside services” and “Professional fees” accounts in the consolidated interim statements of comprehensive income.

### *Construction Contracts*

The Group, through NGCP, agreed to manage the construction and completion of all PUC that have not been commissioned and placed in service on behalf of TRANSCO in accordance with the CMA. Upon the acceptance by the Group of the completion of PUC in accordance with the provisions of the applicable PUC contracts, each PUC completed and accepted by the Group shall immediately form part of the Transmission Grid.

### *New Construction Contracts.*

As of September 30, 2025, the Group, through NGCP, entered into new significant construction contracts amounting to P5.56 billion, among the major contracts are as follows:

- Augmentation Works of Western Luzon 500kV Backbone Project (Stage 2), Schedule I - 84 Tower Sites (Castillejos S/S To Cb-220)
- Remaining Works for the Tuguegarao-Lal-Lo(Magapit) 230kV TL Project (T/L Portion) (Rebidding)
- Stringing Of 138kV Barotac Viejo - Dingle Line 3 Under Barotac Viejo- Unidos 230kV Transmission Line Project
- Raising of Conductor Sags for the Mexico - Hermosa 230kV Transmission Line (Erection/Construction) Under Bataan 230kV Grid Reinforcement Project (Re-Bidding)
- Connection Point of Mangima Hydro Power Corp's 12 Mangima Hydro Electric Power Plant Project at NGCP Manolo fortich 69kV Substation
- Variation Order (Change Order No. 1) for the Cebu - Bohol Interconnection Project, Submarine Cable Portion
- Supply and Delivery of Transmission Line Surge Arrester
- Computer, Laptop
- Parcellary Survey Services for Sanchez Mira-Lallo 230kV TLP
- Design, Manufacture, Supply, Delivery, Installation, Testing, and Commissioning of Protection Relays for Auto Recloser Project
- Conduct of Environmental Impact Assessment (EIA), Preparation of Environmental Impact Statement Report, and Securing of Environmental Compliance Certificate (ECC) for the Batangas-Mindoro 500kV Interconnection And Backbone Project (Submarine Cable Component)
- Supply and Delivery of 2HP Submersible Water Pumps for Varoious Sites.
- Supply and Delivery of Ratio and Winding Resistance Testers for Mt
- Supply and Delivery of Three-Phase Electricity Meter Field Test System (Re-Bidding)
- Supply and Delivery of Stacir Cable for The Reconductoring of Baung-Sanfabian 138kV Line (offshore Portion)
- Supply and Delivey of Stacir Cable for The Reconductoring of Ormoc-Lemon 69kV Line (offshore Portion)
- Construction of Two-Storey, Six (6) Classroom School Building In Tagbilaran, Bohol
- Supply of Labor and Services for The Reconductoring of Babatngon-Apitong 69kV Line
- Raising of Conductor Sags for The Mexico – Hermosa 230kV Transmission Line (Supply and Delivery of Steel Pole) Under Bataan 230kV Grid Reinforcement Project (Local Delivery for foreign Supply)
- Uprating of Camiling Capacitor Bank Station From 3x5mvar To 3x7.5mvar

- Procurement of Metering Steel Structure for 500kV Combined Instrument Transformer for Metering Compliance Projects
- Replacement of Generator Sets
- Supply and Delivery of Circuit Breaker Analyzer for Maintenance and Testing Division
- Supply and Delivery of STACIR Cable for The Reconductoring of Labrador - Lingayen 69kV Line (offshore Portion)
- Supply and Delivery of STACIR Cable for The Reconductoring of Babatngon-Apitong 69kV Line (offshore Portion)
- 2025 IFM Contract Extension for South Luzon and Visayas Project Offices
- IT Network Rehabilitation & Restructuring Program for Visayas

For 2025, the Capital Expenditures approved and confirmed by the Group, through NGCP's Board amounted to ₱42.21 billion.

As of December 31, 2024, the Company entered into new significant construction contracts amounting to P18.75 billion, among the major contracts are as follows:

- Calbayog - Allen Transmission Line Project (Substation Portion)
- Calbayog - Allen Transmission Line Project (TL Portion), Schedule II - Calbayog - Victoria 138kv Transmission Line (CA 87-163) And Victoria - Allen 69kv Transmission Line
- Calbayog - Allen Transmission Line Project (TL Portion), Schedule I: Calbayog - Victoria 138kV Transmission Line (CA 01-87) and Rerouting of Paranas - Calbayog & Calbayog - Catarman 69kV Line at Calbayog Substation
- Site Development Works, Foundation Works and Construction of Buildings for San Simon Substation Project
- Tuguegarao – Enrile 69kV Transmission Line Project, Luzon Primary Equipment Substation Upgrading Project (Tuguegarao and San Rafael S/S), and Wan Chiong and Linde 69kV Feeders (Under San Simon 230kV Substation Project)
- Dasmariñas 500kV Substation 5th Bank Transformer
- Replacement of Borrowed Materials and Additional Supply of Various Transmission Line Materials for Luzon Projects
- Supply, Delivery, Installation, Testing, Configuration, and Commissioning of Optical Transport Network (OTN)- Visayas/Mindanao
- Relocation of Mexico Calumpit 69kV Transmission Line Project (MC-209 to MC-233) Affected By DOTR-NSCR Project
- Luzon Voltage Improvement Project 4, Schedule III - Malvar (Tanauan) and Tigaon (Lagonoy) 69kV Switching Stations
- Supply, Delivery, Installation, Testing, Configuration, and Commissioning of Optical Transport Network (OTN)-Luzon
- 2024 Fleet Operations Services
- 2024 NGCP Group Health Maintenance Plan – Dependents
- Security Services for Packages 7, 8, 9, 20 and 21 (2024-2025)
- Replacement of Damaged/Affected Steel Towers (Tower Nos. 47 To 50) Along Cadacan River Of Naga – Sta. Magdalena 350kV HVDC Line
- Dauin 69kV Load End Station Under Visayas Mobile Capacitor Bank Project
- Roxas 69kV Load End Station Under Visayas Voltage Improvement Project 2
- Luzon Primary Equipment Substation Upgrading Project (Pantabangan S/S)
- 2024 Fleet Operations Services
- Tibbauan 69kV Load End Station Under Visayas Mobile Capacitor Bank Project
- Optical Groundwire (OPGW) Retrofitting Project, 5 Segments
- IFM South Luzon And Visayas (Contract Extension)
- Luzon Primary Equipment Substation Upgrading Project (Calamba Substation Portion)
- Sorsogon - Samar Submarine Fiber Optic Cable Repair
- Supply Service Agreement: Supply And Delivery of Various Metering Requirement (Combined Instrument Transformer, Current Transformer, Voltage Transformer)

For 2024, the Capital Expenditures approved and confirmed by NGCP's Board amounted to ₱49.54 billion.

*Projects under Construction (PUC).* PUC refer to the 42 transmission projects listed in Schedule 2 and defined under Section 4.02 of the Concession Agreement. From its commencement, the Group has various existing Construction Project Agreements with different contractors for the construction, rehabilitation, upgrade, and infrastructure of transmission assets to provide transmission services with an average term of more than one year. In accordance with the agreements, the Contractor agreed to furnish all labor, materials, equipment, and other incidentals necessary to complete the procurement, manufacturing, supply, construction, erection, testing, and commissioning of the transmission assets. In consideration of such services, the Group agreed to pay the contractors a fee under mutually agreed upon terms and conditions specified in the agreement.

In compliance with the mandate under the Concession Agreement, the Group engages the services of third-party contractors for its construction and upgrade services. Construction costs comprise of all expenses related to the construction contracts which are equal to construction revenues because it is already the fair value of the intangible asset recognized.

The Group recognizes construction costs and revenues in compliance with Accounting Standards specifically, Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 12, *Service Concession Arrangements*, but do not receive any cash inflow nor does the Group receive any revenue from these activities. The annual revenue the Group receives from Transmission Wheeling Rates for the provision of Transmission Services is determined in accordance with the Rules in Setting Transmission Wheeling Rates (RTWR) as approved by the Regulator.

#### *Republic Act No. 9511*

Republic Act No. 9511 (RA 9511), which took effect on December 20, 2008, granted NGCP a fifty (50) year franchise from effectiveness date to operate, manage and maintain, and in connection therewith, to engage in the business of conveying or transmitting electricity through high voltage back-bone system of interconnected transmission lines, substations and related facilities, system operations, and other activities that are necessary to support the safe and reliable operation of a transmission system and to construct, install, finance, manage, improve, expand, operate, maintain, rehabilitate, repair and refurbish the present nationwide transmission system of the Republic of the Philippines.

Pursuant to Section 9 of RA 9511, in consideration of the franchise and rights granted, NGCP pays a franchise tax equivalent to three percent (3%) of all gross receipts derived from its operation under the franchise, in lieu of income tax and any taxes, duties, fees and charges of any kind, nature or description levied, established or collected on its franchise, rights, privileges, receipts, revenues and profits, and on properties used in connection with its franchise except for real property tax on real estate, buildings and personal property, exclusive of the franchise.

The following is an explanation of material changes in certain items of the Group's financial statements:

#### **Nine months ended September 30, 2025 compared to year ended December 31, 2024**

##### ***Intangible Assets- net***

Intangible assets as of September 30, 2025 amounted to P450.47 billion, 5.86% higher than P425.55 billion as of December 31, 2024. The increase is primarily due to the additional expenditures incurred on NGCP priority and other major projects, such as Western 500 KV Backbone-Stage2, Visayas Ss Upgrading Project2, South Luzon Substation Upgrading Project. 2, Grid Protection Relay Replacement Project, Visayas Voltage Improvement Project 2, North Luzon Ss Upgrading Project 2, Taguig EHV Substation Project, Mindanao-Visayas Interconnection Project, San Francisco-Tago 138 KV TLP, Tuy 500KV SSP Stage 1.

##### ***Receivables***

Receivables as of September 30, 2025 consist of:

Receivables – net of current portion	P 24.01 billion
Receivables – current portion	<u>P 24.99 billion</u>
<b>Total</b>	<b>P 49.00 billion</b>

Receivables as of September 30, 2025 amounted to P49.00 billion, 44.51% higher than P33.91 billion as of December 31, 2024. The increase is mainly due to recording of the difference between under-recovery for CY 2016-2022 and the accrued iMAR 2020 for CY2020, 2021 and the four (4) months of 2022 and Performance Incentive Scheme (PIS) and the difference between the MAR of P58.10 billion and the P51.47 billion for January to September 2025.

#### ***Other noncurrent assets***

Other non-current assets as of September 30, 2025 amounted to P2.00 billion, 16.35% lower than P2.39 billion as of December 31, 2024. The decrease is mainly due to recoupment of project prepayments and utilization of Input VAT for the period.

#### ***Cash and cash equivalents***

Cash and cash equivalents as of September 30, 2025 amounted to P7.10 billion, 20.81% lower than P8.96 billion as of December 31, 2024. The decrease is mainly due to settlement of liabilities.

#### ***Other current assets***

Prepaid expenses and other current assets as of September 30, 2025 amounted to P21.56 billion, 16.39% lower than P25.79 billion as of December 31, 2024. The decrease is mainly due reclassification of Provisional Deposits on Expropriation cases with court, issued Writ of Possessions and recoupment of advance payments.

#### ***Loans Payable***

Loans Payable as of September 30, 2025 consist of:

Loans Payable – net of current portion	P 215.20 billion
Current portion of loans payable	<u>28.59 billion</u>
<b>Total</b>	<b>P 243.79 billion</b>

Loans Payable as of September 30, 2025 amounted to P243.79 billion, 10.72% higher than P220.18 billion as of December 31, 2024. This is mainly due to newly drawn Term Loans.

#### ***Retirement benefits liability***

Retirement benefits liability as of September 30, 2025 amounted to P2.94 billion, 0.30% lower than P2.95 billion as of December 31, 2024. The decrease is due to Actuarial Gain as a result of the Actuarial Valuation conducted by FFMiravite offset by current service cost and interest expense for the period.

#### ***Other current and other non-current liabilities***

Other current and noncurrent liabilities as of September 30, 2025 consist of:

Other noncurrent liabilities	P 0.27 billion
Other current liabilities	<u>23.98 billion</u>
<b>Total</b>	<b>P 24.25 billion</b>

Other current and other noncurrent liabilities as of September 30, 2025 amounted to P24.25 billion, 3.17% higher than P23.51 billion as of December 31, 2024. The increase is mainly due to higher Retention on Contract Payments.

#### ***Trade and other current payables***

Trade and other current payables as of September 30, 2025 amounted to P43.63 billion, 6.27% lower than P46.55 billion as of December 31, 2024. The decrease is mainly due to lower Gross Receipt/Invoice Receipt (GRIR) caused by higher settlement of invoices, lower accounts payable, interest on loans and concession fee offset by higher ancillary services.

### ***Operating Revenue and Expenses***

Operation services revenues as of September 30, 2025 totaled ₦54.64 billion, 37.29% higher than ₦39.80 billion as of September 30, 2024. The increase is mainly due to recording of the difference between under-recovery for CY 2016-2022 and the accrued iMAR 2020 for CY2020, 2021 and the 4 months of 2022 and PIS and the difference between the MAR of ₦58.10 billion and the ₦51.47 billion for January to September 2025.

As of September 30, 2025, Operating Expenses is ₦20.53 billion, or 13.91% higher than ₦18.02 billion as of September 30, 2024, due to higher amortization of intangible asset, salaries, wages, and employees' benefits, outside services, repairs and maintenance, and insurance.

### **Nine months ended September 30, 2025 compared to Nine months ended September 30, 2024**

#### ***Income***

Operation services revenues as of September 30, 2025 totaled ₦54.64 billion, 37.29% higher than ₦39.80 billion as of September 30, 2024. The increase is mainly due to recording of the difference between under-recovery for CY 2016-2022 and the accrued iMAR 2020 for CY2020, 2021 and the 4 months of 2022 and PIS and the difference between the approved MAR of ₦58.10 billion and the iMAR ₦51.47 billion for January to September 2025.

Interest income as of September 30, 2025 totaled to ₦130.74 million, 0.89% lower than ₦131.92 million as of September 30, 2024. The decrease is due to lower funds invested for the period.

#### ***Operating Expenses***

For the nine months ended September 30, 2025, the Operating Expenses totaled to ₦20.53 billion, or 13.91% higher than ₦18.02 billion as of September 30, 2024 due to higher amortization of intangible asset, salaries, wages, and employees' benefits, outside services, repairs and maintenance, and insurance.

Amortization of intangible asset for the nine months ended September 30, 2025 totaled to ₦9.93 billion, 17.21% higher than ₦8.47 billion as of September 30, 2024. The increase is mainly due to the unitization of completed projects resulting to higher amortization.

Salaries, wages, and employees' benefits for the nine months ended September 30, 2025 totaled to ₦4.24 billion, 7.77% higher than ₦3.94 billion as of September 30, 2024. The increase is mainly due to merit increase effective March 1, 2025.

Outside services for the months ended September 30, 2025 totaled to ₦414.86 million, 199.53% higher than ₦138.50 million as of September 30, 2024. The increase is mainly due to higher other services - others.

Repairs and maintenance for the nine months ended September 30, 2025 totaled ₦1.79 billion, 14.01% higher than ₦1.57 billion as of September 30, 2024. The increase is mainly due to higher Maintenance of Underground/Submarine Lines, Operation Maintenance Computers and Fleet Operations Services offset by lower Maintenance of Relaying Equipment, Maintenance of Substation /Switchyard Structure and System Operations - Maintenance of Comm. Equipment.

Insurance for the nine months ended September 30, 2025 totaled to ₦865.13 million, 17.31% higher than ₦737.44 million as of September 30, 2024. The increase is mainly due to higher premium payment for IAR, IEMOP, Motor Vehicle and Health and Life insurance offset by lower Aviation and Electronic equipment insurance.

## Key Performance Indicators

Performance Indicators	Formula	September 30, 2025	September 30, 2024
Current Ratio	Current Assets/ Current Liabilities	<b>0.53 : 1.00</b> 53,655,638,192 / 101,233,447,330	<b>0.50 : 1.00</b> 46,138,028,066 / 91,737,710,850
Debt to Equity Ratio	Total Liabilities / Stockholder's Equity	<b>1.87 : 1.00</b> 355,736,617,652 / 190,045,188,872	<b>1.99 : 1.00</b> 330,807,741,469 / 166,519,009,804
Asset to Equity Ratio	Total Assets / Stockholder's Equity	<b>2.87 : 1.00</b> 545,781,806,524 / 190,045,188,872	<b>2.99 : 1.00</b> 497,326,751,273 / 166,519,009,804
Equity to Debt Ratio	Stockholder's Equity / Total Liabilities	<b>0.53 : 1.00</b> 190,045,188,872 / 355,736,617,652	<b>0.50 : 1.00</b> 166,519,009,804 / 330,807,741,469
Book Value per share	Stockholder's Equity / Total number of shares	<b>22.16 : 1.00</b> 116,714,592,384 / 5,265,866,000	<b>20.13 : 1.00</b> 106,017,125,867 / 5,265,866,000
Income (Loss) per share	Net Income (Loss) / Total number of shares	<b>2.17 : 1.00</b> 11,428,617,826 / 5,265,866,000	<b>1.27 : 1.00</b> 6,684,171,845 / 5,265,866,000
Interest Rate Coverage Ratio	EBIT / Interest Expense	<b>4.17 : 1.00</b> 32,962,441,878 / 7,901,117,728	<b>3.56 : 1.00</b> 20,423,123,389 / 5,731,434,235

### Assets

Total assets as of September 30, 2025 amounted to ₦545.78 billion, wherein 1.30% represents cash and cash equivalents, 8.53% represents other current assets and 90.17% represents noncurrent assets. As of September 30, 2024 total assets amounted to ₦497.33 billion.

### Liquidity and Capital Resources

As of September 30, 2025, current assets exceeded by the current liabilities by ₦47.58 billion. The current ratio as of September 30, 2025 increased as compared to September 30, 2024.

	September 30, 2025	September 30, 2024
Current Assets	₦ 53,655,638,192	₦ 46,138,028,066
Current Liabilities	101,233,447,330	91,737,710,850
Difference	(47,577,809,138)	(45,599,682,784)
Current Ratio	<b>0.53 : 1.00</b>	<b>0.50 : 1.00</b>

## **PART II -- OTHER INFORMATION**

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

## 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.

SYNERGY GRID & DEVELOPMENT PHILS., INC.

By:

  
PAUL P. SAGAYO, JR.  
President

  
JUSTICE LADY SORIANO  
Treasurer & CFO

# **SYNERGY GRID & DEVELOPMENT PHILS., INC AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2025, 2024 and December 31, 2024**

**SYNERGY GRID & DEVELOPMENT PHILS., INC. AND SUBSIDIARIES**  
**(Formerly UEM Development Phils., Inc.)**

30 September 2025  
 (With Comparative figures for 31 December 2024 and 30 September 2024)

	Note	Audited		Unaudited Year to Date		
		31 December 2024	30 September 2024	30 September 2025		
<b>ASSETS</b>						
<b>Noncurrent Assets</b>						
Intangible asset - net	5,8,27	P	425,545,128,032	P	413,185,306,466	
Property and equipment - net	10		5,269,531,199		5,191,739,767	
Receivables - net of current portion	12,24		19,847,089,431		19,882,600,540	
Goodwill	9		10,471,611,069		10,471,611,069	
Other noncurrent assets			2,385,690,922		2,457,465,365	
<b>Total Noncurrent Assets</b>			<b>463,519,050,653</b>		<b>451,188,723,207</b>	
					<b>492,126,168,332</b>	
<b>Current Assets</b>						
Cash and cash equivalents	11,24		8,962,528,586		6,059,862,277	
Receivables - net	12,24		14,062,169,695		13,756,014,168	
Other current assets - net	13		25,792,436,346		26,322,151,621	
<b>Total Current Assets</b>			<b>48,817,134,627</b>		<b>46,138,028,066</b>	
		P	512,336,185,280	P	497,326,751,273	
					<b>P 545,781,806,524</b>	
<b>LIABILITIES AND EQUITY</b>						
<b>Noncurrent Liabilities</b>						
Loans payable - net of current portion	14,24	P	196,897,291,275	P	189,086,350,949	
Retirement benefits liability	23		2,952,295,049		2,473,733,450	
Customers' and other deposits	24		529,046,209		508,051,238	
Concession fee payable	5,24		40,555,005,331		45,347,869,597	
Other noncurrent liabilities	16		1,711,590,671		1,654,025,385	
<b>Total Noncurrent Liabilities</b>			<b>242,645,228,535</b>		<b>239,070,030,619</b>	
					<b>254,503,170,322</b>	
<b>Current Liabilities</b>						
Trade and other current payables	15,24,25		46,549,353,046		40,766,905,705	
Current portion of concession fee payable			9,339,940,622		4,547,076,355	
Current portion of loans payable	14,24		23,285,478,167		25,645,873,399	
Other current liabilities	16,24		21,795,372,133		20,777,855,391	
<b>Total Current Liabilities</b>			<b>100,970,143,968</b>		<b>91,737,710,850</b>	
<b>Total Liabilities</b>			<b>343,615,372,503</b>		<b>330,807,741,469</b>	
					<b>355,736,617,652</b>	
<b>Equity</b>						
Capital stock	6,17		5,265,866,000		5,265,866,000	
Additional paid-in capital	6		88,928,018,694		88,928,018,694	
Remeasurement losses on defined benefit liability	6,23		(210,261,489)		568,760	
Equity adjustments from common control transaction	6		(73,359,171,000)		(73,359,171,000)	
Retained earnings	6,7		86,382,100,681		85,181,843,413	
Equity Attributable to Equity Holders of the Parent Company			107,006,552,886		106,017,125,867	
Non-controlling interests			61,714,259,891		60,501,883,937	
<b>Total Equity</b>			<b>168,720,812,777</b>		<b>166,519,009,804</b>	
		P	512,336,185,280	P	497,326,751,273	
					<b>P 545,781,806,524</b>	

**SYNERGY GRID & DEVELOPMENT PHILS., INC. AND SUBSIDIARIES**  
**(Formerly UEM Development Phils., Inc.)**

INTERIM STATEMENTS OF COMPREHENSIVE INCOME

30 September 2025

(With Comparative figures for 31 December 2024 and 30 September 2024)

Note	Audited		Unaudited Year to Date		Unaudited Quarter Ending	
	31 December 2024	30 September 2024	30 September 2025	30 September 2024	30 September 2025	
<b>OPERATION SERVICE REVENUES - Net</b>	<b>53,014,087,918</b>	<b>39,796,645,966</b>	<b>54,635,737,543</b>	<b>13,201,139,719</b>	<b>15,028,336,823</b>	
<b>OPERATING EXPENSES</b>						
Amortization of intangible asset	8	11,786,867,981	8,468,760,987	<b>9,925,873,722</b>	2,969,206,533	<b>3,382,334,052</b>
Salaries, wages and employee benefits	21,23	5,762,943,736	3,937,962,211	<b>4,244,015,982</b>	1,402,403,441	<b>1,535,059,638</b>
Repairs and maintenance		2,527,505,300	1,567,753,835	<b>1,787,446,253</b>	511,680,177	<b>750,159,692</b>
Depreciation	3,10	825,828,778	609,669,223	<b>655,902,261</b>	214,090,256	<b>218,633,602</b>
Insurance		1,012,202,538	737,439,106	<b>865,125,244</b>	263,088,964	<b>353,485,475</b>
Security and janitorial		613,618,614	427,229,840	<b>506,670,658</b>	167,187,846	<b>177,749,563</b>
Supervision and regulatory fees		590,815,380	443,111,535	<b>443,111,535</b>	147,703,845	<b>147,703,845</b>
Communication, light and water		596,419,269	465,852,817	<b>461,437,754</b>	154,020,828	<b>166,408,262</b>
Supplies and tools		176,181,866	113,727,897	<b>140,882,594</b>	45,078,898	<b>42,118,222</b>
Public relation and corporate social responsibility		260,963,984	155,919,386	<b>152,476,897</b>	55,533,021	<b>86,742,405</b>
Transportation and travel		420,461,619	261,914,644	<b>295,266,395</b>	81,574,959	<b>112,439,809</b>
Representation and entertainment		134,491,825	105,357,279	<b>98,598,399</b>	31,243,395	<b>26,580,329</b>
Fuel and oil		213,651,343	172,941,802	<b>203,972,631</b>	65,995,596	<b>70,612,266</b>
Rent	3,22	114,373,096	91,478,720	<b>106,552,610</b>	32,562,685	<b>42,186,614</b>
Outside services		225,032,886	138,501,998	<b>414,859,219</b>	61,314,819	<b>104,570,734</b>
Taxes and licenses		195,017,652	177,604,606	<b>94,571,221</b>	44,075,514	<b>38,790,666</b>
Provision for impairment losses on receivab	12	64,670,000	32,335,000	<b>32,335,000</b>	-	-
Professional fees		40,340,510	22,920,105	<b>29,611,908</b>	11,157,058	<b>12,129,861</b>
Advertising		33,957,686	26,215,392	<b>8,117,711</b>	8,510,734	<b>3,986,103</b>
Director's fee		35,402,261	25,780,000	<b>25,020,000</b>	8,580,000	<b>7,630,000</b>
Meetings and conferences		65,471,299	24,220,533	<b>22,245,711</b>	3,593,837	<b>8,274,855</b>
Charitable contributions		8,161,721	7,694,355	<b>4,640,072</b>	502,396	<b>2,579,888</b>
Filing fees		2,012,825	2,012,825	<b>3,511,950</b>	7,575	<b>7,575</b>
Miscellaneous		11,051,391	4,392,969	<b>5,039,494</b>	487,321	<b>157,117</b>
		<b>25,717,443,560</b>	<b>18,020,797,065</b>	<b>20,527,285,221</b>	<b>6,279,599,698</b>	<b>7,290,340,573</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>		<b>27,296,644,358</b>	<b>21,775,848,901</b>	<b>34,108,452,322</b>	<b>6,921,540,021</b>	<b>7,737,996,250</b>
<b>OTHER CHARGES - Net</b>						
Interest expense	3,5,14	(8,005,129,465)	(5,731,434,235)	<b>(7,901,117,728)</b>	(2,295,966,192)	<b>(3,288,684,658)</b>
Interest income	11,	188,019,373	131,921,343	<b>130,742,524</b>	40,969,144	<b>64,570,094</b>
Foreign exchange gain - net	24	(506,738,843)	(243,343,641)	<b>86,141,025</b>	210,903,242	<b>(253,156,090)</b>
Bank and finance charges	14	(261,961,278)	(191,355,485)	<b>(245,560,999)</b>	(66,558,051)	<b>(87,534,721)</b>
Loss on disposal of property and equipment		-	-	-	-	-
Miscellaneous income		(1,354,527,513)	(1,049,947,729)	<b>(1,117,332,994)</b>	(319,645,019)	<b>(434,727,080)</b>
		<b>(9,940,337,726)</b>	<b>(7,084,159,747)</b>	<b>(9,047,128,172)</b>	<b>(2,430,296,876)</b>	<b>(3,999,532,455)</b>
<b>CONSTRUCTION REVENUE AND COSTS</b>						
Construction revenues		59,320,930,924	43,643,002,363	<b>34,847,573,028</b>	10,843,705,450	<b>10,842,326,335</b>
Construction costs		(59,320,930,924)	(43,643,002,363)	<b>(34,847,573,028)</b>	(10,843,705,450)	<b>(10,842,326,335)</b>
		-	-	-	-	-
<b>NET INCOME BEFORE TAX</b>		<b>17,356,306,632</b>	<b>14,691,689,154</b>	<b>25,061,324,150</b>	<b>4,491,243,145</b>	<b>3,738,463,795</b>
<b>INCOME TAX EXPENSE</b>		<b>6,047,976</b>	<b>4,568,807</b>	<b>4,345,345</b>	<b>715,998</b>	<b>3,422,615</b>
<b>NET INCOME</b>		<b>17,350,258,656</b>	<b>14,687,120,347</b>	<b>25,056,978,805</b>	<b>4,490,527,147</b>	<b>3,735,041,180</b>
<b>Attributable to:</b>						
Equity holders of the Parent Company		7,884,429,113	6,684,171,845	<b>11,428,617,826</b>	2,042,119,560	<b>1,706,178,767</b>
Non-controlling interests		9,465,829,543	8,002,948,502	<b>13,628,360,979</b>	2,448,407,587	<b>2,028,862,413</b>
		<b>17,350,258,656</b>	<b>14,687,120,347</b>	<b>25,056,978,805</b>	<b>4,490,527,147</b>	<b>3,735,041,180</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<i>Item that will never be reclassified to profit or loss</i>						
Remeasurement gains on defined benefit lia	23	(107,472,161)	353,863,175	<b>238,038,338</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	P	17,242,786,495	P	15,040,983,522	P	<b>25,295,017,143</b>
<b>Attributable to:</b>						
Equity holders of the Parent Company		7,835,314,335	6,845,887,316	<b>11,537,401,346</b>	2,042,119,560	<b>1,706,178,767</b>
Non-controlling interests		9,407,472,160	8,195,096,206	<b>13,757,615,797</b>	2,448,407,587	<b>2,028,862,413</b>
		<b>17,242,786,495</b>	<b>15,040,983,522</b>	<b>25,295,017,143</b>	<b>4,490,527,147</b>	<b>3,735,041,180</b>
<b>BASIC AND DILUTED</b>						
<b>INCOME (LOSS) PER SHARE</b>	18 P	1.50 P	1.27 P	<b>2.17 P</b>	0.39 P	<b>0.32</b>

**SYNERGY GRID & DEVELOPMENT PHILS., INC. AND SUBSIDIARIES**  
**(Formerly UEM Development Phils., Inc.)**

30 September 2025

(With Comparative figures for 31 December 2024 and 30 September 2024)

	Note	Audited		Unaudited Year to Date		<b>30 September 2025</b>		
		31 December 2024	30 September 2024	30 September 2024	30 September 2025			
<b>CAPITAL STOCK - P1 par value</b>								
Authorized - 5,300,000,000 shares								
Issued/subscribed (paid)	6 P	5,265,866,000	P	5,265,866,000	P	<b>5,265,866,000</b>		
	P	5,265,866,000	P	5,265,866,000	P	<b>5,265,866,000</b>		
<b>ADDITIONAL PAID-IN CAPITAL</b>								
Balance at beginning of period	6 P	88,928,018,694	P	88,928,018,694	P	<b>88,928,018,694</b>		
	P	88,928,018,694	P	88,928,018,694	P	<b>88,928,018,694</b>		
<b>EQUITY ADJUSTMENTS FROM COMMON CONTROL TRANSACTIONS</b>								
Balance at beginning of period	6 P	(73,359,171,000)	P	(73,359,171,000)	P	<b>(73,359,171,000)</b>		
	P	(73,359,171,000)	P	(73,359,171,000)	P	<b>(73,359,171,000)</b>		
<b>EQUITY RESERVES</b>								
Balance at beginning of period	6 P	(161,146,711)	P	(161,146,711)	P	<b>(210,261,489)</b>		
Remeasurement gain on defined benefit liability		(49,114,778)		161,715,471		<b>108,783,520</b>		
	P	(210,261,489)	P	568,760	P	<b>(101,477,969)</b>		
<b>RETAINED EARNINGS</b>								
Balance at beginning of period		80,327,033,416		80,327,033,416		<b>86,382,100,681</b>		
Net income (loss) for the period		7,884,429,113		6,684,171,845		<b>11,428,617,826</b>		
Dividend		(1,829,361,848)		(1,829,361,848)		<b>(1,829,361,848)</b>		
Balance at end of the period		86,382,100,681		85,181,843,413		<b>95,981,356,659</b>		
	P	107,006,552,886	P	106,017,125,867	P	<b>116,714,592,384</b>		
<b>NON-CONTROLLING INTEREST</b>								
Balance at beginning of period	6 P	54,454,666,931	P	54,454,666,931	P	<b>61,714,259,891</b>		
Net income (loss) for the period		9,465,829,543		8,002,948,502		<b>13,628,360,979</b>		
Dividends		(2,147,879,200)		(2,147,879,200)		<b>(2,141,279,200)</b>		
Remeasurement gain on defined benefit liability		(58,357,383)		192,147,704		<b>129,254,818</b>		
	P	61,714,259,891	P	60,501,883,937	P	<b>73,330,596,488</b>		
<b>TOTAL EQUITY</b>	P	<b>168,720,812,777</b>	P	<b>166,519,009,804</b>	P	<b>190,045,188,872</b>		

**SYNERGY GRID & DEVELOPMENT PHILS., INC. AND SUBSIDIARIES**  
**(Formerly UEM Development Phils., Inc.)**

**INTERIM STATEMENTS OF CASH FLOWS**

30 September 2025

(With Comparative figures for 31 December 2024 and 30 September 2024)

	Note	<b>Audited</b>		<b>Unaudited Year to Date</b>		
		31 December 2024	30 September 2024	30 September 2024	30 September 2025	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Income (loss) before income tax						
	P	17,356,306,632	P	14,691,689,154	P	<b>25,061,324,150</b>
Adjustments for:						
Amortization of intangible asset		11,786,867,981		8,468,760,987		<b>9,925,873,722</b>
Interest expense	5,14	8,005,129,465		5,731,434,235		<b>7,901,117,728</b>
Depreciation	10	825,828,778		609,669,223		<b>655,902,261</b>
Provision for impairment losses on receivables	12	64,670,000		32,335,000		<b>32,335,000</b>
Retirement benefit cost	23	338,584,281		253,938,210		<b>276,760,563</b>
Gain on pre-termination of contract		-		-		-
Interest income		(188,019,373)		(131,921,343)		<b>(130,742,524)</b>
Unrealized foreign exchange gain (loss) - net	24	136,066,309		(47,682,806)		<b>45,922,040</b>
Operating income before working						
capital changes		38,325,434,073		29,608,222,660		<b>43,768,492,940</b>
Decrease (Increase) in:						
Receivables		(3,664,967,735)		(3,599,305,089)		<b>(15,128,435,457)</b>
Prepaid rent and other current assets		141,173,834		231,262,460		<b>4,164,678,792</b>
Increase (Decrease) in						
Trade and other current payables		5,484,397,867		2,038,117,573		<b>(1,853,872,712)</b>
Other current liabilities		3,573,679,901		2,556,163,157		<b>2,603,331,792</b>
Customers' and other deposits		87,984,504		66,989,533		<b>40,311,041</b>
Other noncurrent liabilities		(17,502,786)		(17,502,786)		<b>(1,372,396,092)</b>
Cash absorbed by operations		43,930,199,658		30,883,947,508		<b>32,222,110,304</b>
Interest paid	5,24	(7,306,459,446)		(7,056,521,819)		<b>(9,070,407,826)</b>
Interest received		188,437,693		135,469,685		<b>133,728,225</b>
Income tax paid		(6,024,442)		(4,571,540)		<b>(4,345,345)</b>
Contribution to retirement fund		(123,472,612)		(80,264,603)		<b>(92,696,455)</b>
Net used in operating activities		36,682,680,851		23,878,059,231		<b>23,188,388,903</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment in capital expenditures						
	8,13,23	(54,879,145,831)		(39,892,613,480)		<b>(34,453,233,405)</b>
Additions to property and equipment	10	(1,102,488,143)		(808,537,155)		<b>(570,332,462)</b>
Net cash used in investing activities		(55,981,633,974)		(40,701,150,635)		<b>(35,023,565,867)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Proceeds of loans payable						
	14	51,500,000,000		40,000,000,000		<b>44,000,000,000</b>
Payment of cash dividends		(3,647,701,004)		(3,647,701,001)		<b>(4,084,297,818)</b>
Payment of loans payable and debt issue costs	14	(24,825,360,295)		(18,775,905,388)		<b>(20,394,384,061)</b>
Payment on concession fee		(4,424,182,400)		(4,424,182,400)		<b>(9,339,940,622)</b>
Settlement of obligation under lease liabilities	22	(255,720,096)		(182,467,903)		<b>(211,027,125)</b>
Net cash provided by (used in) financing activities		18,347,036,205		12,969,743,308		<b>9,970,350,374</b>
<b>EFFECT OF EXCHANGE</b>						
RATE CHANGES ON CASH AND CASH EQUIVALENTS						
		1,529,406		294,275		<b>(203,088)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>						
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD						
		9,912,916,098		9,912,916,098		<b>8,962,528,586</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>						
	11 P	8,962,528,586	P	6,059,862,277	P	<b>7,097,498,908</b>

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**SYNERGY GRID & DEVELOPMENT PHILS., INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**1. Reporting Entity**

Synergy Grid & Development Phils., Inc. (SGDPI or the “Parent Company”) was originally a mining corporation and registered with the Philippine Securities and Exchange Commission (SEC) on June 1, 1970 under the name Mankayan Minerals Development Company, Inc.

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries, namely OneTaipan Holdings, Inc. (“OTHI”), Pacifica21 Holdings, Inc. (“P21”), Monte Oro Grid Resources Corporation (“MOGRC”), Calaca High Power Corporation (“CHPC”) and National Grid Corporation of the Philippines (“NGCP”), (collectively referred to as the “Group”). The Parent Company’s shares of stock are listed on the Philippine Stock Exchange (PSE) under the stock symbol “SGP.”

On February 22, 1994, the SEC approved the Parent Company’s change of corporate name to UEM Development Phils., Inc. and the change in its primary purpose from engaging in mining activities to general construction and other allied businesses. The amendment of its primary purpose was due to the potential opportunity in the construction industry brought about by the entry of a new foreign investor.

On October 10, 1997, the SEC approved the Amendment to the Seventh Article of the Parent Company’s Articles of Incorporation increasing the par value of its authorized capital stock from P0.01 to P1.00, decreasing the Parent Company’s shares of stock from 500.00 million shares to 50.00 million shares, and stating that the stockholders shall have no pre-emptive rights.

On December 14, 2010, the Board of Directors (BOD) considered and approved the Amendment of the Articles of Incorporation and By-Laws of the Parent Company for the purpose of, among others, changing the Parent Company’s corporate name to Synergy Grid & Development Phils., Inc., changing its primary purpose to enable it to engage in the business of investing in, purchasing or acquiring, and selling or disposing of the shares of stock, bonds, evidences of indebtedness and other securities issued or created by corporations and other entities engaged in power, energy, utilities, infrastructure and other allied businesses; and for the above purposes, to acquire, lease, hold, occupy, use, mortgage real and personal properties, to obtain financing from local and international funding sources or otherwise raise capital and funds by issuing or creating equity and debt securities, and to do or engage in any and all other businesses and activities incidental to or connected with, or in furtherance and/or the implementation of any and all of the foregoing. The amendments to the Articles of Incorporation and By-Laws of the Parent Company were approved by the stockholders on December 21, 2010.

On November 14, 2019, the BOD of the Parent Company, and on December 20, 2019, the Stockholders of the Parent Company, approved the amendment of the Articles of Incorporation of the Corporation pursuant to an increase in authorized capital stock from P50.00 million divided into 50.00 million common shares at par value of P1.00 per share to P5.05 billion divided into 5.05 billion common shares at par value of P1.00 per share.

This amendment and increase in capital stock were pursued in connection with the issuance of 4.10 billion shares of the Parent Company in exchange for shares of stock in OTHI and P21 (the “Share Swap Transaction”).

On December 20, 2019, the Parent Company and the stockholders of OTHI and P21 entered into a Share Purchase Agreement, pursuant to which, the two major shareholder of the Parent Company acquired additional 4.10 billion shares of the Parent Company at a price of P20 per share for a total purchase price of P82.00 billion. As consideration for its acquisition, the two major shareholders exchanged their respective ownership in OTHI and P21. Accordingly, the 2.10 billion shares with a P1.00 par value of the Parent Company were swapped with 86.40 million shares of OTHI with a par value of P100 per share, while the 2.00 billion shares of Parent Company were swapped with 871.00 million common shares of P21 with a par value of P1.00 per share.

As a result of the Share Swap Transaction, the Parent Company will legally and/or beneficially owns 67% of the outstanding shares of each of OTHI and P21. OTHI owns controlling shares in MOGRC, which holds 30% plus one share in National Grid Corporation of the Philippines (“NGCP”). P21 owns controlling shares in CHPC, which in turn owns 30% minus one share in NGCP. The Share Swap Transaction was undertaken to formally consolidate the two major shareholder’s ownership and control of NGCP through a common corporate structure. Accordingly, the effective ownership of the Parent Company in NGCP would be 40.20%, with control of 60% voting rights through its subsidiaries MOGRC and CHPC.

On March 26, 2020, the proposed share-swap transaction was approved by the Philippine Competition Commission on the grounds that it will not likely result in substantial lessening of competition in the Philippine market.

On May 28, 2021, the SEC approved the increase in the Parent Company’s authorized capital stock from P50.00 million to P5.05 billion. Consequently, the 4.10 billion common shares for the share swap transaction were issued at a price of P20 per share on the same date. The incremental costs directly attributable to the issuance of common shares amounting to P206.66 million is recognized as a deduction from additional paid-in capital.

On June 30, 2021 and on August 10, 2021, the Parent Company’s BOD and stockholders resolved and approved, respectively the increase in authorized capital stock from P5.05 billion to P5.30 billion, with the increase of 250.00 million to be divided into 250.00 million common shares at a par value of P1.00 per share.

This increase is for the Parent Company to conduct a follow-on offering of its shares to achieve the target public float of twenty percent (20%) of the outstanding capital stock of the Parent Company and for other business purposes.

The above increase was approved by the SEC on August 25, 2021. Consequently, of the 250.00 million increase in shares of the Parent Company, 25% of which was subscribed and paid by the Parent Company’s major shareholders amounting to P62.50 million.

On August 10, 2021, the Parent Company’s BOD approved and authorized the offer and issuance of 1.05 billion common shares at an offer price of up to P29 per share, and also grants over-allotment option pursuant to which a stabilizing agent or its affiliate has the right to purchase up to 101 million common shares of the Parent Company’s shares owned by its major shareholders.

On August 12 and September 10, 2021, the Parent Company's shareholders have also secured the Certificate Authorizing Registration with the Bureau of Internal Revenue (BIR) in order to transfer in the name of the Parent Company the following shares:

- (i) 86,430,000 common shares in OTHI representing 67% of its total capital stock; and
- (ii) 871,000,000 common shares in P21 representing 67% of its total capital stock.

The details the equity interest of the Parent Company in its subsidiaries after the Share Swap are as follows:

	Percentage of Ownership		Country of Incorporation
	Direct	Indirect	
OneTaipan Holdings, Inc. ("OTHI")	<b>67.0%</b>	-	Philippines
Pacifica21 Holdings, Inc. ("P21")	<b>67.0%</b>	-	Philippines
Monte Oro Grid Resources Corporation ("MOGRC")*	-	<b>67.0%</b>	Philippines
Calaca High Power Corporation ("CHPC")**	-	<b>67.0%</b>	Philippines
National Grid Corporation of the Philippines ("NGCP")***	-	<b>40.2%</b>	Philippines

\* Indirectly owned through OTHI

\*\* Indirectly owned through P21

\*\*\* Indirectly owned through MOGRC and CHPC

OTHI is 67% directly owned subsidiary of the Parent Company and was incorporated and registered with Philippine SEC on February 23, 2010. OTHI's primary purpose is to acquire by purchase, exchange, assignment or otherwise, and to sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, deal in and with and otherwise operate, enjoy and dispose of, all properties of every kind and description and whatever situated and to the extent permitted by law.

MOGRC is a wholly-owned subsidiary of OTHI and was incorporated and registered with Philippine SEC on August 29, 2006. MOGRC's primary purpose is to invest or hold interests in the shares of stocks of companies engaged in or proposing to engage in infrastructure projects, whether as proponent, equity investor or financial or technical advisor and to do all acts and things necessary to carry out the foregoing purpose.

P21 is 67% directly owned by the Parent Company and was incorporated and registered with Philippine SEC on May 12, 2008. P21's purpose is to invest or acquire interest, purchase, own or hold directly or indirectly shares of stock, debentures or securities in other companies including related services and business activities.

CHPC is a wholly-owned subsidiary of P21 and was incorporated and registered with Philippine SEC on December 15, 2006. CHPC's primary purpose is to engage in the general business of operating, managing, maintaining, and rehabilitating energy systems and services from gas, steam and electricity including related services and business activities.

NGCP's common shares is 30%-owned each by MOGRC and CHPC and was incorporated in the Philippines and registered with Philippine SEC on February 21, 2008 primarily to operate and maintain a nationwide transmission grid throughout the Philippines; to provide open and non-discriminatory access to the transmission system to all authorized electricity distributors and electricity users; and to carry on all business incidental to the same.

On October 14, 2021, the listing of the Offer Shares was approved by the Philippine Stock Exchange. The Philippine SEC approved the listing of SGP on October 20, 2021.

On November 10, 2021, SGDPI, under the symbol “SGP”, publicly listed its 1,053,500,000 shares from its Follow-On Offering (FOO) on the Philippine Stock Exchange with overallotment option of up to 101 million secondary shares at P12.00 per common share.

The Parent Company will use the proceeds of the FOO to directly subscribe to non-voting preferred shares that will be issued by NGCP. Proceeds from the issuance of the non-voting preferred shares will be used by NGCP to finance its capital expenditure requirements and related costs and expenses.

On April 4, 2022, the Parent Company used the proceeds of the FOO to subscribe to 203.63 million non-voting preferred shares of National Grid Corporation of the Philippines (NGCP) with a par value of one peso (P1.00) per share at a subscription price of P60.10/share or a total subscription price of P12,238,163,000.

The subscription will give the Parent Company a direct shareholding in NGCP of 9.240% of the latter's outstanding capital stock. The Parent Company will be entitled to dividends as a direct shareholder of NGCP, and this is in addition to the dividends that the Parent Company already indirectly receives from NGCP through the holding entities.

On 12 April 2022, the Parent Company paid P3,059,540,750 in cash, representing twenty-five percent (25%) of the total subscription price.

On June 9, 2022, the Parent Company paid the balance of the total subscription price in the amount P9,178,622,250.

On February 28, 2008, the Group, through NGCP entered into a Concession Agreement with Power Sector Assets and Liabilities Management Corporation (PSALM) and the National Transmission Corporation (TRANSCO) granting the Group as Concessionaire the right to take over and operate the whole of TRANSCO's regulated transmission business as a going concern and be the sole representative of Regulated Entity before the Philippine Energy Regulatory Commission (ERC). The commencement date of the Concession Agreement is on January 15, 2009 and shall expire on the 25<sup>th</sup> anniversary of the commencement date. The Concession can be extended but not to exceed beyond the 50<sup>th</sup> anniversary of the commencement date or for longer than the remaining term of the Group's franchise (see Note 4).

SGP indirectly controls 60% of the outstanding common shares of NGCP, SGP's sole operating asset with an effective equity interest of 40.20%.

#### Significant Contracts and Agreements

##### *Construction Management Agreement (CMA)*

From the commencement date, TRANSCO appointed the Concessionaire to act as its Construction Manager (CM) to implement, manage and administer the construction and completion of each Project Under Construction (PUC) as an independent contractor for and on its behalf, in accordance with the requirements of the Concession Agreement and as further set forth below:

- a) The CM shall have principal day-to-day on-site management, oversight and administrative responsibilities over all projects under construction and all contractors' construction activities in relation thereto.

- b) The CM shall be the primary point of contact for communications with all Contractors' Construction of such fact.
- c) The CM shall perform its responsibilities in accordance with the standards required under the CMA.

Nothing in the CMA shall release the CM from complying with its functions and obligations including the completion of all the PUCs at its own cost and expense, provided however, that if the sole and exclusive reason for the non-completion of a PUC is due to TRANSCO's failure to make available the committed funding under the Funding Agreements, then the CM shall be released from completing such PUC. Any such release shall be limited to the obligation that the CM would have had, had TRANSCO not failed to make such funding available and shall be subjected to the Concessionaire being in full compliance with the Transaction Documents.

#### *External Consultant Agreements*

In 2025 and 2024, the Group, through NGCP, executed various external consultancy agreements in relation to the conduct of its business and in compliance with regulatory requirements, several of which are as follows:

- Legal services;
- Advisory and consulting services for regulatory filings;
- Implementation consultancy services; and
- Other consultancy services as needed.

Expenses incurred pertaining to these agreements are included in "Outside services" and "Professional fees" in profit or loss in the consolidated statements of income.

#### *Construction Contracts*

The Group, through NGCP, agreed to manage the construction and completion of all PUC that have not been commissioned and placed in service on behalf of TRANSCO in accordance with the CMA. Upon the acceptance by the Group of the completion of PUC in accordance with the provisions of the applicable PUC contracts, each PUC completed and accepted by the Group shall immediately form part of the Transmission Grid.

#### *New Construction Contracts.*

As of September 30, 2025, the Group, through NGCP, entered into new significant construction contracts amounting to P5.56 billion, among the major contracts are as follows:

- Augmentation Works of Western Luzon 500kV Backbone Project (Stage 2), Schedule I - 84 Tower Sites (Castillejos S/S To Cb-220)
- Remaining Works for the Tuguegarao-Lal-Lo(Magapit) 230kV TL Project (T/L Portion) (Rebidding)
- Stringing Of 138kV Barotac Viejo - Dingle Line 3 Under Barotac Viejo- Unidos 230kV Transmission Line Project
- Raising of Conductor Sags for the Mexico - Hermosa 230kV Transmission Line (Erection/Construction) Under Bataan 230kV Grid Reinforcement Project (Re-Bidding)
- Connection Point of Mangima Hydro Power Corp's 12 Mangima Hydro Electric Power Plant Project at NGCP Manolo fortich 69kV Substation
- Variation Order (Change Order No. 1) for The Cebu - Bohol Interconnection Project, Submarine Cable Portion
- Supply and Delivery of Transmission Line Surge Arrester
- Computer, Laptop
- Parcellary Survey Services for Sanchez Mira-Lallo 230kV TLP

- Design, Manufacture, Supply, Delivery, Installation, Testing, and Commissioning of Protection Relays for Auto Recloser Project
- Conduct of Environmental Impact Assessment (EIA), Preparation of Environmental Impact Statement Report, and Securing of Environmental Compliance Certificate (ECC) for the Batangas-Mindoro 500kV Interconnection And Backbone Project (Submarine Cable Component)
- Supply and Delivery of 2HP Submersible Water Pumps for Various Sites.
- Supply and Delivery of Ratio and Winding Resistance Testers for Mt
- Supply and Delivery of Three-Phase Electricity Meter Field Test System (Re-Bidding)
- Supply and Delivery of Stacir Cable for The Reconductoring of Baung-Sanfabian 138kV Line (offshore Portion)
- Supply and Delivery of Stacir Cable for The Reconductoring of Ormoc-Lemon 69kV Line (offshore Portion)
- Construction of Two-Storey, Six (6) Classroom School Building In Tagbilaran, Bohol
- Supply of Labor and Services for The Reconductoring of Babatngon-Apitong 69kV Line
- Raising of Conductor Sags for The Mexico – Hermosa 230kV Transmission Line (Supply and Delivery of Steel Pole) Under Bataan 230kV Grid Reinforcement Project (Local Delivery for foreign Supply)
- Uprating of Camiling Capacitor Bank Station From 3x5mvar To 3x7.5mvar
- Procurement of Metering Steel Structure for 500kV Combined Instrument Transformer for Metering Compliance Projects
- Replacement of Generator Sets
- Supply and Delivery of Circuit Breaker Analyzer for Maintenance and Testing Division
- Supply and Delivery of STACIR Cable for The Reconductoring of Labrador - Lingayen 69kV Line (offshore Portion)
- Supply and Delivery of STACIR Cable for The Reconductoring of Babatngon-Apitong 69kV Line (offshore Portion)
- 2025 IFM Contract Extension for South Luzon and Visayas Project Offices
- IT Network Rehabilitation & Restructuring Program for Visayas

For 2025, the Capital Expenditures approved and confirmed by the Group, through NGCP's Board amounted to P42.21 billion.

As of December 31, 2024, the Company entered into new significant construction contracts amounting to P18.75 billion, among the major contracts are as follows:

- Calbayog - Allen Transmission Line Project (Substation Portion)
- Calbayog - Allen Transmission Line Project (TL Portion), Schedule II - Calbayog - Victoria 138kv Transmission Line (CA 87-163) And Victoria - Allen 69kv Transmission Line
- Calbayog - Allen Transmission Line Project (TL Portion), Schedule I: Calbayog - Victoria 138kV Transmission Line (CA 01-87) and Rerouting of Paranas - Calbayog & Calbayog - Catarman 69kV Line at Calbayog Substation
- Site Development Works, Foundation Works and Construction of Buildings for San Simon Substation Project
- Tuguegarao – Enrile 69kV Transmission Line Project, Luzon Primary Equipment Substation Upgrading Project (Tuguegarao and San Rafael S/S), and Wan Chiong and Linde 69kV Feeders (Under San Simon 230kV Substation Project)
- Dasmariñas 500kV Substation 5th Bank Transformer
- Replacement of Borrowed Materials and Additional Supply of Various Transmission Line Materials for Luzon Projects
- Supply, Delivery, Installation, Testing, Configuration, and Commissioning of Optical Transport Network (OTN)- Visayas/Mindanao

- Relocation of Mexico Calumpit 69kV Transmission Line Project (MC-209 to MC-233) Affected By DOTR-NSCR Project
- Luzon Voltage Improvement Project 4, Schedule III - Malvar (Tanauan) and Tigaon (Lagonoy) 69kV Switching Stations
- Supply, Delivery, Installation, Testing, Configuration, and Commissioning of Optical Transport Network (OTN)-Luzon
- 2024 Fleet Operations Services
- 2024 NGCP Group Health Maintenance Plan – Dependents
- Security Services for Packages 7, 8, 9, 20 and 21 (2024-2025)
- Replacement of Damaged/Affected Steel Towers (Tower Nos. 47 To 50) Along Cadacan River Of Naga – Sta. Magdalena 350kV HVDC Line
- Dauin 69kV Load End Station Under Visayas Mobile Capacitor Bank Project
- Roxas 69kV Load End Station Under Visayas Voltage Improvement Project 2
- Luzon Primary Equipment Substation Upgrading Project (Pantabangan S/S)
- 2024 Fleet Operations Services
- Tigbauan 69kV Load End Station Under Visayas Mobile Capacitor Bank Project
- Optical Groundwire (OPGW) Retrofitting Project, 5 Segments
- IFM South Luzon And Visayas (Contract Extension)
- Luzon Primary Equipment Substation Upgrading Project (Calamba Substation Portion)
- Sorsogon - Samar Submarine Fiber Optic Cable Repair
- Supply Service Agreement: Supply And Delivery of Various Metering Requirement (Combined Instrument Transformer, Current Transformer, Voltage Transformer)

For 2024, the Capital Expenditures approved and confirmed by NGCP's Board amounted to P49.54 billion.

*Projects under Construction (PUC).* PUC refer to the 42 transmission projects listed in Schedule 2 and defined under Section 4.02 of the Concession Agreement.

From its commencement, the Group, through NGCP has various existing Construction Project Agreements with different contractors for the construction, rehabilitation, upgrade, and infrastructure of transmission assets to provide transmission services with an average term of more than one year. In accordance with the agreements, the Contractor agreed to furnish all labor, materials, equipment, and other incidentals necessary to complete the procurement, manufacturing, supply, construction, erection, testing, and commissioning of the transmission assets. In consideration of such services, the Group agreed to pay the contractors a fee under mutually agreed upon terms and conditions specified in the agreement.

In compliance with the mandate under the Concession Agreement, the Group engages the services of third-party contractors for its construction and upgrade services. Construction costs comprise of all expenses related to the construction contracts which are equal to construction revenues because it is already the fair value of the intangible asset recognized.

The Group recognizes construction costs and revenues in compliance with Accounting Standards specifically, Philippine Interpretation, International Financial Reporting Interpretations Committee (IFRIC) 12, *Service Concession Arrangements*, but do not receive any cash inflow nor does the Group receive any revenue from these activities. The annual revenue the Group receives from Transmission Wheeling Rates for the provision of Transmission Services is determined in accordance with the Rules in Setting Transmission Wheeling Rates (RTWR) as approved by the Regulator.

#### *Republic Act No. 9511*

Republic Act No. 9511 (RA 9511), which took effect on December 20, 2008, granted the Group, through NGCP a fifty (50) year franchise from effectiveness date to operate, manage and maintain, and in connection therewith, to engage in the business of conveying or transmitting electricity through high voltage back-bone system of interconnected transmission lines, substations and related facilities, system operations, and other activities that are necessary to support the safe and reliable operation of a transmission system and to construct, install, finance, manage, improve, expand, operate, maintain, rehabilitate, repair and refurbish the present nationwide transmission system of the Republic of the Philippines.

Pursuant to Section 9 of RA 9511, in consideration of the franchise and rights granted, the Group pays a franchise tax equivalent to three percent (3%) of all gross receipts derived from its operation under the franchise, in lieu of income tax and any and all taxes, duties, fees and charges of any kind, nature or description levied, established or collected on its franchise, rights, privileges, receipts, revenues and profits, and on properties used in connection with its franchise except for real property tax on real estate, buildings and personal property, exclusive of the franchise (see Note 26).

Pursuant to Section 8 of RA 9511, NGCP is required to list, subject to the requirements of the SEC and the PSE, and make a public offering of the shares representing at least twenty *per centum* (20%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law within ten (10) years from the commencement of its operations. Provided, that the listing in the PSE of any company which directly or indirectly owns or controls at least thirty *per centum* (30%) of the outstanding shares of stock of NGCP shall be considered full compliance of this listing requirement. In case compliance with this requirement is not reached, the ERC may, upon application of NGCP, and after notice and hearing, allow such reasonable extension of the period within which NGCP should list its shares of stock, if the market condition is not suitable for such listing. NGCP has complied with this requirement on November 12, 2021, as confirmed by ERC in its order dated May 26, 2022 under ERC Case No. 2018 - 014MC. The Parent Company who is listed in the PSE, indirectly owns NGCP after the completion of the Share Swap transaction and the Follow On Offering in 2021.

The Parent Company's registered office address is Unit 1602, 16th Floor, Tycoon Center Bldg. Condominium, Pearl Drive, Pasig City, Metro Manila

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## **2. Basis of Preparation**

#### Statement of Compliance

These consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards consist of PFRS Accounting Standards, Philippine Accounting Standards (PAS), and Philippine Interpretations issued by the Financial and Sustainability Reporting Standards Council (FSRSC).

The accompanying consolidated financial statements were authorized for issue by the Board of Directors (BOD) on November 5, 2025.

#### Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis of accounting, and retirement benefits liability, which has been measured at fair value of plan assets less the present value of the defined benefit obligation.

#### Functional and Presentation Currency

These consolidated financial statements are presented in Philippine peso, which is the Group's functional currency. All financial information has been rounded off to the nearest peso, except when otherwise indicated.

#### Basis of Consolidation

The consolidated financial statements include the financial statements of Parent Company and its subsidiaries.

A subsidiary is an entity controlled by the Group. Control exists when an investor is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events under similar circumstances. Intergroup balances and transactions, including intergroup realized profits and losses, are eliminated in preparing both the consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets not attributable to the Parent Company and are presented in the consolidated statements of income and within equity in the consolidated statements of financial position, separately from the equity attributable to equity holders of the Parent Company.

Non-controlling interests include the interests not held by the Parent Company in its subsidiary as follows: OTHI, P21 and NGCP.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group losses control over a Subsidiary, the Group: (i) derecognizes the assets (including goodwill) and liabilities of the Subsidiary, the carrying amount of any non-controlling interests and the cumulative transaction differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in the consolidated statements of comprehensive income; and (iii) reclassify the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

### Use of Judgments and Estimates

The preparation of the consolidated financial statements in conformity with PFRS Accounting Standards requires management to make judgments, estimate and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgments are made by management on the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized on the period on which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty, and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements is as follows:

#### *Determining the Fair Value of Financial Instruments*

The Group's financial assets and financial liabilities measured at fair value, require the use of accounting estimates and judgment. The significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates). Any changes in fair value of these financial assets and liabilities would affect the consolidated statements of income and consolidated statements of changes in equity.

The fair values of the Group's financial instruments are presented in Note 24 to the consolidated financial statements.

#### *Service Concession Arrangements as Operator*

Based on management's judgment, the provisions of Philippine Interpretation IFRIC 12, *Service Concession Arrangements* apply to the Group. The consideration receivable under the concession agreement is accounted for as a financial asset or an intangible asset according to its substance, considering the terms of the arrangement as a whole. A financial asset is recognized to the extent that the Group receives an unconditional right to receive cash irrespective of the use of the infrastructure. An intangible asset is recognized to the extent that the Group receives a right (license) to charge users of the transmission system.

#### *Concession Rights*

The Group's service concession agreement was accounted for under the intangible asset model where it recognized an intangible asset arising from its agreement to pay the Concession Fee and as consideration for construction services it provides. The intangible asset represents the right (license) the Group received to charge users of the transmission system in accordance with the rates approved by the ERC, the Regulator, pursuant to Republic Act No. 9136. The Group does not receive an unconditional right to receive cash from or at the direction of the grantor where the grantor contractually guarantees to pay the Group specified or determinable amounts or any shortfall between amounts received from users of the transmission system and specified or determinable amounts (see Notes 4, 5 and 8).

#### *Determining the Transaction Price - Regulated Transmission Services*

A complex regulatory rate-setting process is in place intended for the recovery of costs and reasonable margin, where amounts are subject to review and adjustment or correction for various factors, being done annually and at the end of each 5-year regulatory period where revenue can be adjusted for over- or under-recoveries. The Group assessed that in the absence of other ERC issuance or directive that states otherwise (i.e. that revenue has been modified), similar to the practice adopted by the industry, the amounts chargeable to customers based on the currently effective Maximum Allowed Revenue (MAR) remains to best represent the transaction price for its transmission services in a reporting period, considering the substantive nature of the ERC's approvals under the present rules and regulations as well as the degree of uncertainty in terms of timing and amounts (see Notes 4, 20 and 27).

In determining the transaction price, an entity is required to adjust the promised amount of consideration for the effects of the time value of money if that contract contains a significant financing component. The Group has assessed that the revenue accrued for iMAR and under-recovery to be collected in succeeding years do not have a significant financing component because the timing difference arises for non-finance reasons and a substantial portion of the consideration is variable, and the amount or timing of the consideration is outside the customer's or entity's control. The timing of payments is not specified in revenue contracts to intend any significant benefit of financing from both the Group and its customers, and the determination of iMAR and recovery scheme of incremental revenue is decided purely by the ERC and is beyond the control of the Group or its customers.

#### *Estimating Accrued Transmission Revenue*

Revenue is billed covering the period which starts from the 26th day of the current month to the 25th day of the following month while recognition is based on calendar month. The recognition of unbilled revenues as at month-end cut-off date requires the use of estimates based on the number of days of the customers' unbilled consumption.

The carrying amount of the Group's accrued power receivables as at September 30, 2025 and December 31, 2024 amounted to P30.93 billion and P19.24 billion (see Note 12).

#### *Estimating Allowance for Impairment Losses on Receivables*

The Group has elected to measure loss allowances for receivables at an amount equal to lifetime expected credit loss (ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

As at September 30, 2025 and December 31, 2024, the analysis of allowance for impairment losses on receivables is presented in Note 12.

#### *Estimating Useful Lives of Property and Equipment*

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment 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.

In addition, estimation of the useful lives of property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by the changes in these factors and circumstances.

A reduction in the estimated useful lives of property and equipment would increase the recorded depreciation and amortization expenses and decrease noncurrent assets.

The carrying amount of the Group's property and equipment as at September 30, 2025 and December 31, 2024 amounted to P5.18 billion and P5.27 billion, respectively (see Note 10).

*Estimating Net Realizable Value of Materials, Spare Parts and Supplies*

The Group carries spare parts and supplies at net realizable value when such value is lower than cost due to damage, physical deterioration, and obsolescence. The estimated net realizable value is reviewed regularly.

No write-down was recognized in profit or loss in September 30, 2025 and 2024. As at September 30, 2025 and December 31, 2024, accumulated amount of write-down of spare parts and supplies amounted to and P346.27 million (see Note 13).

*Estimating Useful Life of Intangible Asset*

The Group estimates the useful life of intangible asset arising from service concession based on the period over which the asset is expected to be available for use during the concession period. The Group has not included any renewal period on the basis of uncertainty, as at reporting date, of the probability of securing renewal contract at the end of the original contract term.

The Group also estimates the useful life of its computer software and license based on the period over which assets are expected to be available for use. The estimated useful life of computer software and license is updated if expectations differ from previous estimates due to technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the estimation of the useful life of computer software and license is based on collective assessment of internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

The carrying amount of the Group's intangible asset as at September 30, 2025 and December 31, 2024 amounted to P450.47 billion and P425.55 billion, respectively (see Note 8).

#### *Estimating the Residual Value of Intangible Assets*

The estimated residual value of the intangible assets at the end of concession contract was determined based on the quotient of the actual costs of transmission assets commissioned by the Group during the concession period and the ERC approved estimated asset lives multiplied by the difference of the asset life and the remaining life of concession. Under this scenario, the residual value of intangible assets refers to the portion of investment in the additional completed transmission assets that could not be recovered thru regulatory reset filing as at the end of the concession period and shall be excluded from the value of intangible assets to be amortized over the remaining concession period and will be charged against the Recovery Payment at the end of the period.

As at September 30, 2025 and December 31, 2024, the estimated residual value of intangible assets from completed projects at the end of the concession period amounted to P135.56 billion and P113.93 billion, respectively.

#### *Impairment of Goodwill*

The Group determines whether goodwill is impaired at least annually. This requires the estimation of value in use of the cash-generating units to which the goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows and to choose a suitable discount rate to calculate the present value of those cash flows.

No impairment loss was recognized on goodwill for September 30, 2025 and 2024. The carrying amount of goodwill amounted to P10.47 billion as at September 30, 2025 and December 31, 2024 (see Note 9).

#### *Reliable Measure of the Recovery Payment*

The calculation of the Recovery Payment is complex and will involve the use of variables that will only be determined in the future, including among others the use of an input based on the value of the Group's RAB at termination date which is partly dependent on future capital expenditures and recoveries. Based on management's judgment, considering further that the Recovery Payment will only be determinable at termination date by a mutually appointed independent appraiser, estimation of the residual value in the current period involves a significantly high level of estimation uncertainty such that the amount is not yet reliably measurable at this point.

#### *Estimating Retirement Benefits*

The determination of the Group's obligation and cost for retirement benefits is dependent on the selection of certain assumptions used in calculating such amounts including discount rates and salary increase rates.

Remeasurements of retirement benefits liability are recognized in other comprehensive income and comprise of actuarial gains and losses on the retirement benefit obligation excluding amounts included in the net interest of the retirement benefits liability.

Retirement benefits cost recognized in profit or loss on September 30, 2025 and 2024 amounted to P276.76 million and P253.94 million, respectively. Retirement benefits liability as at September 30, 2025 and December 31, 2024 amounted to P2.94 billion and P2.95 billion, respectively (see Note 23).

#### *Impairment of Nonfinancial Assets*

In accordance with the Group's policy on impairment of nonfinancial assets, the Group performs an impairment test when certain impairment indicators are present. In determining the present value of future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements.

Management believes that there is no indication of impairment loss in the carrying value of the Group's property and equipment and intangible asset as at September 30, 2025 and December 31, 2024.

#### *Contingencies*

The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims shall be developed in consultation with the legal counsels handling these matters and based on analysis of potential results. It is possible, however, that future financial position and performance could be affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 25).

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### **3. Material Accounting Policies**

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except for the changes in accounting policies as explained below.

#### Adoption of Amendments to Standards and Interpretations

The Group has adopted the following new standards and amendments to standards and interpretations starting January 1, 2024 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on Group's financial statements. These are as follows:

- PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent - 2020 amendments and Non-Current Liabilities with Covenants - 2022 amendments (Amendments)*. To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
  - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
  - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
  - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

- PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instruments: Disclosures - Supplier Finance Arrangements (Amendments)* introduce new disclosures about a company's supplier finance arrangements that would enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows, and the Group's exposure to liquidity risk. Under the amendments, a company discloses in aggregate for its supplier finance arrangements:
  - the terms and conditions of the arrangements;
  - beginning and ending carrying amounts and associated line items of the financial liabilities that are part of a supplier finance arrangement, distinguishing those for which suppliers were already paid, and range of payment due dates including those for comparable trade payables not part of a supplier finance arrangement; and
  - the type and effect of non-cash changes in the carrying amounts.

The amendments also add supplier finance arrangements as an example to the existing disclosure requirements on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

A Group is not required to disclose comparative information for any prior reporting periods, information on carrying amounts for which suppliers already received payment and range of payment due dates as at the beginning of the annual reporting period the Group first applies the amendments, and information for any interim period within the annual reporting period in which the Group first applies those amendments.

#### Standards Issued but Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2024 and have not been applied in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's financial statements.

Effective January 1, 2027

- PFRS 17, *Insurance Contracts* replace the interim standard, PFRS 4, *Insurance Contracts*. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:
  - (a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
  - (b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
  - (c) requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. There is also a transition option allowing presentation of comparative information about financial assets using a classification overlay approach on a basis that is more consistent with how PFRS 9 will be applied in future reporting periods. Early application is permitted for entities that apply PFRS 9 *Financial Instruments* on or before the date of initial application of PFRS 17.

- PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability (Amendments)* clarify that a currency is exchangeable into another currency when a Group is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, a Group needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the Group because the currency is not exchangeable.

Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the Group uses a presentation currency other than its functional currency.

Effective January 1, 2026

- PFRS 9, *Financial Instruments* and PFRS 7, *Financial Instruments: Disclosures Amendments to the Classification and Measurement of Financial Instruments (Amendments)* relate to the date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features, and disclosures on investments in equity instruments.

*Date of recognition and derecognition.* The amendments clarified that:

- a financial asset or financial liability is recognized on the date on which the entity becomes a party to the contractual provisions of the instrument unless the regular way exemption applies;
- a financial asset is derecognized on the date on which the contractual rights to cash flows expire or the asset is transferred; and
- a financial liability is derecognized on the settlement date, which is the date on which the liability is extinguished because the obligation specified in the contract is discharged or cancelled or expires or the liability otherwise qualifies for derecognition.

However, the amendments provide an exception for the derecognition of financial liabilities where an entity may choose to derecognize a financial liability that is settled using an electronic payment system before the settlement date if, and only if, the entity has initiated the payment instruction that resulted in:

- the entity having no practical ability to withdraw, stop or cancel the payment instruction;
- the entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

Entities may choose to apply the exception on a system-by-system basis.

*Classification of Financial Assets.* The amendments related to classification of financial assets introduces an additional test to assess whether the solely payments of principal and interest (SPPI) criterion is met for financial assets with contingent features that are not related directly to a change in basic lending risks or costs.

The amendments clarified that when a contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs, the financial asset has contractual cash flows that are SPPI if, and only if, in all contractually possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

Additional disclosures are required for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

*Contractually Linked Instruments and Non-recourse Features.* The amendments clarify the key characteristics of contractually linked instruments (CLIs) and how they differ from financial assets with non-recourse features. The amendments also include factors that a Group needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test). For example, it clarifies that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets; that CLIs have non-recourse features, but not all financial assets with non-recourse features are CLIs; and that the underlying pool of instruments of CLIs may include financial assets outside the scope of IFRS 9.

*Disclosures on Investments in Equity Instruments.* The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI). The entity discloses for each class of investment the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognized during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period. It also discloses any transfers of the cumulative gain or loss within equity during the reporting period related to investments derecognized during that reporting period.

Earlier application is permitted. Entities may choose to early-adopt the amendments for the recognition and derecognition of financial assets and financial liabilities separately from the other amendments

Effective January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements* will replace PAS 1, *Presentation of Financial Statements* and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.
  - *A more Structured Income Statement.* PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories operating, investing, and financing - based on a Group's main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.
  - *Management-defined Performance Measures.* PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the consolidated financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the consolidated financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.

- *Greater Disaggregation of Information.* PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

PFRS 18 also now require goodwill to be presented as a line item in the statement of financial position.

Consequential amendments to PAS 7 *Statement of Cash Flows* requires the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

PFRS 18 also amends PAS 33 *Earnings per Share* to permit companies to disclose additional amounts per share using as numerator a required income and expenses total or subtotal, a common subtotal listed in PFRS 18 or an MPM disclosed by the entity.

PFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. It applies retrospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. Specific reconciliations are required to be disclosed. Eligible entities including venture capital organizations, mutual funds and some insurers will be allowed to change their election for measuring investments in associates and joint ventures from equity method to fair value through profit or loss.

#### Service Concession Arrangements

Public-to-private service concession arrangements where: (a) the grantor controls or regulates what services the Group must provide with the infrastructure, to whom it must provide them, and at what price; and (b) the grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement are accounted for under the provisions of Philippine Interpretation IFRIC 12. Infrastructures used in a public-to-private service concession arrangement for its entire useful life (whole-of-life assets) are within the scope of Philippine Interpretation IFRIC 12 if the conditions in (a) are met.

Philippine Interpretation IFRIC 12 applies to both: (a) infrastructure that the Group constructs or acquires from a third party for the purpose of the service arrangement; and (b) existing infrastructure to which the grantor gives the Group access for the purpose of the service arrangement.

Infrastructures within the scope of Philippine Interpretation IFRIC 12 are not recognized as property and equipment of the Group. Under the terms of contractual arrangements within the scope of Philippine Interpretation IFRIC 12, the Group acts as a service provider. The Group constructs and upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time.

The Group recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. The Group recognizes an intangible asset to the extent that it receives a right (a license) to charge users of the public service.

When the Group has contractual obligations it must fulfill as a condition of its license: (a) to maintain the infrastructure to a specified level of serviceability or (b) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement, it recognizes and measures these contractual obligations in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the reporting date. Repairs and maintenance and other expenses that are routinary in nature are expensed and recognized in the profit or loss as incurred.

In accordance with PAS 23, *Borrowing Costs*, borrowing costs attributable to the arrangement are recognized as an expense in the period in which they are incurred unless the Group has a contractual right to receive an intangible asset (a right to charge users of the public service). In this case, borrowing costs attributable to the arrangement are capitalized during the construction phase of the arrangement.

#### Intangible Asset

##### *Service Concession Arrangement*

The Group recognizes an intangible asset arising from the service concession arrangement through Concession Right when it acquired the right to charge for usage of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalized borrowing costs, less accumulated amortization, and accumulated impairment losses, if any.

*Concession Rights.* Concession rights are purchased and recognized at cost at the date of acquisition and consists of:

- a. Concession fees pursuant to Article 6 of the Concession Agreement, broken down into commencement fee and deferred payments, add/deduct adjustments pertaining to IWC, PUC and RSTA; and
- b. The intangible asset resulting from the cost of infrastructures constructed and under construction, including related borrowing costs. These are not recognized as property and equipment of the Group but as intangible asset.

Subsequent performance of construction and upgrade services results to the increase in the rights/license to charge users of the public service and the corresponding future revenue received by the Group, representing an enhancement of the intangible asset. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Intangible asset is assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization is calculated over the cost of the intangible asset less any determined residual value. Amortization is recognized in profit or loss on a straight-line basis over the remaining life of the concession period. The estimated useful life of the intangible asset is determined to be the period over which the Group can charge for usage of the concession infrastructure but not more than the concession period which is twenty-five (25) years. The amortization method, useful life and residual value are reviewed at each reporting date and adjusted, if appropriate. Changes in the expected useful life or the expected pattern of

consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

#### Business Combinations under Common Control

The Group accounts for business combinations involving entities that are ultimately controlled by the same ultimate parent before and after the business combination and the control is not transitory, using pooling of interests method.

The assets and liabilities of the combining entities are reflected in the consolidated statements of financial position at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments are those to align accounting policies between combining entities.

No new goodwill is recognized as a result of the business combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is recognized in equity.

The consolidated statements of income reflect the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are presented as if the entities had been combined for the period that the entities were under common control (see Note 6).

#### Non-controlling Interests

The acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. Any difference between the purchase price and the net assets of the acquired entity is recognized in equity. The adjustments to non-controlling interests are based on a proportionate amount of the identifiable net assets of the subsidiary (see Note 7).

#### Financial Instruments

##### *Recognition and Initial Measurement*

A financial instrument is recognized if the Group becomes a party to the contractual provisions of the instrument. Regular way purchases or sales of financial assets are accounted for at settlement date, i.e., the date that an asset is delivered to or by the Group.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

A financial asset (unless it is a trade receivable without a significant component that is initially measured at the transaction price) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition.

##### *Classification and Measurement of Financial Assets*

On initial recognition, a financial asset is classified and measured at: amortized cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's cash and cash equivalents and receivables are included in this category.

***Business Model Assessment.*** The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to the management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future salary activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

***Assessment Whether Contractual Cash Flows are Solely Payments of Principal and Interest.*** For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basis lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet these conditions. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amounts plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The Group determines that the business model for financial assets at amortized cost is held to collect contractual cash flows and meets the solely principal and interest criterion as of September 30, 2025 and December 31, 2024.

*Financial Assets at Amortized Cost.* These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

*Debt Investments at FVOCI.* These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

*Equity Investments at FVOCI.* These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The equity securities represent investments that the Group intends to hold for the long term for strategic purposes.

#### *Classification and Subsequent Measurement of Financial Liabilities*

Financial liabilities that are classified as measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

### Derecognition of Financial Assets and Liabilities

*Financial Assets.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the contractual rights to receive cash flows from the financial asset have expired;
- the Group has transferred its contractual rights to receive cash flows of the financial asset (the “original asset”) or retained the contractual rights to receive the cash flow from a financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients (the “eventual recipients”), in an arrangement and: (a) the Company has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset; (b) the entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and (c) the entity has no obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay; or
- the Company has transferred substantially all the risks and rewards of the ownership of the financial asset or has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred control of the financial asset

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

### Offsetting Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

### Debt Issuance Costs

Debt issuance costs are directly attributable transaction costs considered as discount of the related debts upon initial measurement and are subsequently amortized over the expected life of the instrument under the effective interest method.

### Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the respective asset. A qualifying asset is an item of asset that necessarily takes a substantial period of time to get ready for its intended use. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred, and ceases when the assets are substantially ready for their intended use.

#### Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and impairment losses, if any.

Initially, an item of property and equipment is measured at cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Group. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which it is incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives.

The estimated useful lives of these assets are as follows:

	Number of Years
Structures and improvements	30
Transportation equipment	10
Machinery and equipment	10
Office furniture and fixtures	5 - 10

The useful lives and depreciation and amortization method are reviewed at each reporting date to ensure that they are consistent with the expected pattern of economic benefits from those assets.

When an asset is disposed of or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and the accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

#### Prepaid Expenses and Other Current Assets

*Advance Payment to Suppliers and Contractors.* Advance payment to suppliers and contractors is reclassified to proper asset account and deducted from the contractor's billings as specified in the provisions of the contract.

Spare parts and supplies inventories are valued at the lower of cost or net realizable value. Net realizable value is the current replacement cost.

Cost is determined by using the moving weighted average method. If the cost of inventories exceeds its net realizable value, provisions are made currently for the difference between the cost and the net realizable value.

Prepaid expenses are expenses paid in advance and recorded as asset before they are utilized.

### Impairment of Assets

#### *Financial Instruments and Contract Assets*

The Group recognizes loss allowances for ECLs on financial assets measured at amortized cost and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has elected to measure loss allowances for power, other receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is also more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

*Measurement of ECLs.* ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset. ECLs reflect reasonable and supportable information that is available without undue cost or effort about past events, current conditions, and forecasts of future economic conditions.

*Credit-impaired Financial Assets.* At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Presentation of impairment loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to power, other receivables and contract assets are presented separately in the statements of profit or loss and OCI.

#### *Nonfinancial Assets*

The carrying amounts of nonfinancial assets such as intangible assets, property and equipment and other noncurrent assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the cost of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

Reversal of provision for impairment losses previously recognized is recorded when the decrease can be objectively related to an event occurring after the write-down. Such reversal is recorded as income. However, the increased carrying amount is only recognized to the extent that it does not exceed what carrying value would have been had the impairment not been recognized.

All impairment losses are recognized in profit or loss.

#### Equity

*Capital Stock.* Capital stock represents the nominal value of shares that have been issued. Incremental cost directly attributable to the issue of stock, if any, are recognized as a deduction from equity, net of any tax effects.

*Additional Paid-in Capital.* Additional paid-in capital represents the excess of consideration received over the par value of capital stock.

*Remeasurements of Defined Benefits Liability.* Remeasurements of defined benefits liability comprise actuarial gains and losses which are recognized immediately in other comprehensive income.

*Equity Adjustments from Common Control Transactions.* Equity adjustments from common control transactions represents the difference between the purchase price and the net assets of the acquired entity.

*Retained Earnings.* Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effect of changes in accounting policy and other capital adjustments.

**Revenue and Expense Recognition**

***Revenue from Transmission Services Operating Income***

Transmission services operating income pertains to service charges for the use of the transmission facilities under the Concession Agreement where power delivery, system operation and metering services are provided by the Group.

The Group's performance obligations in transmission services include the supply of power delivery service, system operation and metering service. These three services are considered as a bundle and are accounted for as one performance obligation.

Revenue from transmission services is recognized when control has been transferred to the customer and the Group has an enforceable right to payment. This is recognized over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue from transmission services is recognized upon supply of power to the customer's connection points.

Revenue is measured as the transaction price referred from the approved Maximum Allowed Revenue (MAR) by ERC. During the reset process, the ERC makes a determination of the annual revenue requirements of the transmission business as well as the price control arrangements that will apply during the regulatory period.

***Revenue from Connection and Residual Sub-transmission Charges***

Connection charges are charges to recover the reasonable costs associated with connecting the transmission customers' facilities to the transmission providers' facilities. These are payable by generation customers on new connection assets and payable by load customers on existing and new connection assets. Residual sub-transmission charges are charges to recover the reasonable costs associated with sub-transmission assets that are not otherwise recovered through the connection charge. These charges are payable by load customers or generation customers.

The connection charges and residual sub-transmission charges are considered each as different performance obligations of the Group which are both satisfied over time, the same with transmission services.

Revenue from connection and residual sub-transmission charges are recognized when control has been transferred to the customer and the Group has an enforceable right to payment. Revenue from connection and residual sub-transmission charges are recognized upon supply of power to the customer's connection points.

The revenue is measured as the transaction price referred from the approved rates by ERC in its decision dated July 6, 2011 under ERC case no. 2008-066RC and 2009-153 RC.

The Billing period starts from the 26th day of the current month to the 25th day of the following month. Within five (5) days after the Billing Period, the Group shall issue billing invoice/billing statement or “Power Bill” to each customer, detailing all charges and credits for that previous Billing Period.

Basic charges are direct revenues of the Group. The components of the “Billing Statement” to the customer are as follows:

1. Power delivery service charge
2. Connection charge
3. Residual sub-transmission charge
4. Metering service charge
5. System operator charge
6. Adjustments such as Interruption Billing Adjustment, Curtailment Billing Adjustment and Temporary Transmission Service Discount, if applicable.

The Group has assessed its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent and concluded that it is not a principal with respect to the Ancillary Service Charges (ASC), Universal Charges (UC) and Feed-in-tariff (FIT-ALL) Charges.

The Group was authorized to engage in ancillary service business through Section 1 of RA 9511 and through Ancillary Service Procurement Plan (ASPP). These are services that are essential to the management of power system security, that facilitate orderly trading in electricity and ensure that electricity supplies are of an acceptable quality. With reference to Section 43 of R.A No. 9136, NGCP is allowed to charge user fees for ancillary services to all electric power industry participants or self- generating entities connected to the grid. Further, as per Ancillary Services - Cost Recovery Mechanism (AS-CRM), charges should be completely passed-on from the user or beneficiary of the service to the service provider.

FIT-ALL and UC are charges that is to be imposed on all On-Grid electricity consumers who are supplied with electricity through the transmission network. The FIT-All is essential to the implementation of the FIT System as established under Section 7 of R.A No. 9513, otherwise known as the Renewable Energy Act of 2008 (RE Law). UC is imposed on electricity consumers for purposes such as missionary electrification, payment of stranded debts and also for environmental charges mandated under Section 34 of the RA 9136. Issued guidelines of both FIT-ALL and UC specifically states that the collection shall not form part of the revenues of NGCP as the collecting agent. Any resulting loss due to failure to collect shall not be borne by the collecting agent.

Any billing/revenue adjustments which are caused by the following:

- change in government policies, rules, and regulations;
- incorrect computation, incorrect metering of data, and the like shall be made through issuance of a debit/credit memo in accordance with the Open Access Transmission Services Rules. A debit/ credit memo shall be booked in the period in which the related adjustment is noted.

Since the Group bills transmission customers from the 26th of the previous month to 25th of the current month, at each reporting date, the Group shall record revenue for the remaining days of the reporting month. The Group shall accrue revenue in proportion to what should be recorded as revenue for this period and in accordance with the estimation procedure determined by management, from time to time.

The Group may engage in related business such as Rental of facilities and equipment and Co-location, antenna attachments, use of building lots and space, use of access roads, attachment of telephone cables, and tapping to AC/DC power sources.

Interest income is recognized when earned.

*Revenue from Construction and Upgrade Services (Construction Revenues and Costs)*

Under Philippine Interpretation IFRIC 12, revenue related to construction or upgrade services under a service concession agreement is recognized over time, consistent with the Group's accounting policy on recognizing revenue on construction contracts. Operation or service revenue is recognized in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration received is allocated with reference to the relative stand-alone selling prices of the services rendered. No margin has been recognized since the estimated selling price approximates the construction costs. The estimated selling price is classified as a contract asset under Intangible assets during the construction or upgrade period in accordance with PFRS 15.

*Cost and Expense Recognition*

Expenses are recognized when incurred.

Construction costs comprise of all expenses related to the construction contracts.

Concession Fee Payable

Concession fee payable is recognized at the commencement date as the present value of the concession fee converted to Philippine peso at a fixed exchange rate equal to P42.75 for every US dollar under IFRIC 12. Upon recognition of intangible assets, transferable asset and initial working capital, the Group also recognized the corresponding concession fee payable. Payments to concession fee payable are classified into 25% commencement fee and 75% semi-annual deferred payment subject to interest pursuant to Schedule 5 of concession agreement.

Concession fee payable that are expected to be settled for no more than twelve (12) months after the reporting period are classified as current portion of concession fee payable. Otherwise, these are classified as noncurrent liabilities. Maturities of concession fee payable are shown in Note 24.

Employee Benefits

*Short-term Employee Benefits.* Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Retirement Benefits Cost.* The Group's net defined benefit obligation in respect of its retirement plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the reporting date of long-term government bonds that have maturity dates approximating the terms of the Group's plan. The calculation is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence. Related parties may be individuals or corporate entities.

#### Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company, net of dividends on preferred shares, by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effect of all potential dilutive debt or equity instruments.

#### Provisions

Provisions are recognized only when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made on the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

#### Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

### Events After the Reporting Date

Events after the reporting date that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

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## **4. Concession Agreement**

### Electric Power Industry Reform Act of 2001 (EPIRA)

On June 8, 2001, Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" (EPIRA) was passed into law. EPIRA provided for an orderly and transparent privatization of the assets and liabilities of the National Power Corporation (NPC) and created TRANSCO to assume the electrical transmission function of NPC. TRANSCO is wholly-owned by PSALM, a government-owned and controlled corporation. EPIRA also provides for the privatization of TRANSCO by directing PSALM to award in an open competitive bidding, the transmission facilities, including grid interconnections and ancillary services to a qualified party either through an outright sale or a concession agreement.

### Concession Agreement

By virtue of its authority under EPIRA, and its Implementing Rules and Regulations, PSALM had carried out an open competitive bidding process in accordance with the Bidding Procedures dated August 1, 2007, as amended, to award a Concession for the Transmission Assets of TRANSCO.

As the bid dated December 12, 2007 (Bid Date) submitted by the consortium of MOGRC, SGIDL and CHPC (the Investors) resulted to being the highest among all the bids submitted and evaluated according to the Bidding Procedures, PSALM agreed to award the Concession to the Group, through NGCP, (Concessionaire), being the special purpose entity established by the Investors.

On February 28, 2008, the Group, through NGCP, entered into a Concession Agreement with PSALM and TRANSCO granting the Group, as Concessionaire the right to take over and operate the whole of TRANSCO's regulated transmission business as a going concern and be the sole representative of TRANSCO before the ERC. The Concession Agreement is for a 25-year period starting on January 15, 2009 (Commencement Date) and ending on January 15, 2034 (Full Term Expiration Date), which can be extended provided the concession period shall not be extended beyond the 50<sup>th</sup> anniversary of the Commencement Date (the "Term") or for longer than the remaining term of the Group, through NGCP's franchise.

The Concession Agreement provides for the following, among others:

- a) From Commencement Date and subject to the terms of the Agreement, the Concessionaire shall take over and operate the whole of TRANSCO's regulated transmission business as a going concern and be the sole representative of the regulated entity to the ERC.
- b) The ERC shall regulate the Concessionaire in carrying on the Concession Agreement in accordance with applicable law, including EPIRA or any successor legislation.
- c) The Concessionaire, its employees, contractors and agents, shall have exclusive use of the Transmission Assets, Documented Property Rights and Intellectual Property Rights for the purpose of carrying out the Concession Agreement.

- d) The Concessionaire shall during the concession period assume all of the responsibilities as if it's an owner of the Transmission Assets, other than excluded assets, Documented Property Rights and Intellectual Property Rights including the obligation to license fees, taxes, renewal fees and other charges payable that fall due for payment during the concession period.
- e) So long as no Concessionaire default is continuing, TRANSCO shall make available to the Concessionaire the amounts of budgeted external funding under the Funding Agreements which have not been drawn as at Commencement Date as specified in the schedule of Projects Under Construction (PUC) towards the cost of completing PUC in accordance with the Construction Management Agreement (CMA) (see Note 8).
- f) The Concessionaire will carry out the Concession Agreement as an independent contractor for its own account.
- g) All contracts to be entered into by the Concessionaire relating to the operation of the Concession Agreement during its term and which: (a) are for a term of 12 months or more; and, (b) involving the payment of money or the receipt of money by the Concessionaire in excess of US\$1.0 million shall only be entered into by the Concessionaire if it includes an expressed provision of assignability, at TRANSCO's option, to TRANSCO or its nominee upon the expiration of the Concession Period or earlier termination of the Agreement.
- h) As security for prompt and complete performance of its obligations under the Agreement, the Concessionaire shall deliver to PSALM on Commencement Date a Performance Security in the form of Irrevocable Standby Letter of Credit. Each Performance Security, equal to 2% of the Concession Fee, shall be for a term of not less than twelve months. The Concessionaire shall deliver a replacement Performance Security by the Replacement Deadline (the date that is not less than five business days prior to the expiration date of the then effective Performance Security). Failure to deliver a replacement Performance Security by Replacement Deadline represents a Replacement Failure Draw Event.
- i) Subject to the provisions related to the Replacement Failure Draw Event, PSALM and TRANSCO shall be entitled to draw on and forfeit the entire amount of the Performance Security upon the occurrence of a Performance Security Drawing Event. Performance Security Drawing Event shall mean any one or combination of: (i) a Concessionaire Default, (ii) a Replacement Failure Draw Event, or (iii) any violation by the Concessionaire of any of the terms and conditions of the Agreement (including non-payment of Concession fee or any portion thereof) or any of the other Transaction Documents.
- j) From the Commencement Date, the Concessionaire shall be entitled to exercise all of TRANSCO's rights and shall discharge all of TRANSCO's liabilities (except for excluded liabilities) under all existing contracts relating to the operation of its regulated transmission business, including contracts for related businesses and any rights under any security deposits, letters of credit and other forms of credit support provided by TRANSCO's counterparties to such contracts (the Transferred Contracts).

- k) On the Commencement Date, TRANSCO shall transfer title to the Transferable Assets to the Concessionaire by executing a Deed of Transfer. TRANSCO and the Concessionaire shall execute additional deeds of transfer in respect of any subsequently discovered TRANSCO-owned tangible moving property, the title of which has not been transferred to the Concessionaire, under the Deed of Transfer.
- l) From Commencement Date, the Concessionaire shall manage the construction and completion of all PUC that have not been commissioned and placed in service on behalf of TRANSCO in accordance with the CMA (see Note 8).
- m) On the Commencement Date, and except for Excluded Receivables, the Concessionaire shall acquire all of TRANSCO's cash, receivables and the benefit of prepayments made by TRANSCO and shall assume the liability to pay and discharge all of TRANSCO's current liabilities except for Excluded Liabilities. TRANSCO's estimated working capital position and the Concession Fee shall be adjusted to account for any difference between TRANSCO's actual working capital position on the Commencement Date and such estimate.
- n) TRANSCO shall retain title to: (i) all of the Transmission Assets, Intellectual Property Rights, (ii) all assets comprising PUC or New Projects, and (iii) all easements, rights of way or other real estate interests, including Documented Property Rights acquired by the Concessionaire.
- o) From the Commencement Date, the Concessionaire agrees to design, develop, finance, construct and complete all New Projects that are necessary for the fulfillment of the Concessionaire's responsibilities as the Grid Owner and System Operator at its own cost and expense after taking account of the Transmission Development Plan (see Note 8).
- p) TRANSCO shall be liable to obligations in relation to loans existing prior to the Commencement Date contracted by NPC relating to the Transmission Assets, except those assumed by the Concessionaire under the Loan Covenants Agreement.
- q) TRANSCO shall temporarily assign to the Concessionaire its workforce to ensure a smooth transition in the operation of the Transmission Grid by the Concessionaire under the "Interim Assignment Agreement."
- r) In consideration for the grant of the Concession Agreement, the Concessionaire shall pay PSALM US\$3.95 billion. The Concessionaire shall pay 25% (or at the Concessionaire's option, a higher percentage) of the Concession Fee to PSALM in US dollar on the Commencement Date (Commencement Fee). The balance of the Concession Fee shall be converted to Philippine peso at a fixed exchange rate equal to P42.75 for every US dollar and paid to PSALM with interest in accordance with the Schedule of Deferred Payments. The Concession Fee is subject to adjustments in accordance with Schedule 6 to the Agreement, Adjustments to Concession Fee (see Notes 5, 8 and 14).
- s) The concession period shall terminate on the termination date and the Concessionaire's business shall thereupon be taken over by PSALM or its nominee as a going concern in accordance with the Agreement.
- t) In consideration for the Concessionaire's construction, installation, financing, management, improvement, operation, etc. of the Transmission Assets in the Philippines, TRANSCO shall pay the Concessionaire the Recovery Payment as determined by independent appraisers.

The Recovery Payment shall be paid, together with interest at the applicable rate from the termination date until transfer closing date. The applicable rate shall be: (a) In case of a termination by reason of a government default, a rate reflecting a fair and reasonable weighted average cost of capital as at the termination date, (b) In case of a termination by reason of a concessionaire default, a rate reflecting a fair and reasonable risk-free rate as at the termination date, (c) In the event of termination of the Agreement by reason of a no fault event, a rate reflecting a fair and reasonable cost of debt as at the termination date determined, and (d) In the event of expiration of the Concession Period, a rate reflecting a fair and reasonable cost of debt as at the expiration date determined. PSALM shall remit the Recovery Payment, together with interest from the termination date until the transfer closing date at the applicable rate, by wire transfer to an account designated by the Concessionaire unless within that period PSALM notifies the Concessionaire in writing that it has elected to pay the Recovery Payment over seven (7) years.

The Recovery Payment will only be determinable at termination date by a mutually appointed independent appraiser.

#### Standby Letter of Credit

In compliance with the terms and conditions of the Concession Agreement, the NGCP obtained an Irrevocable Standby Letter of Credit (SBLC) with Philippine National Bank amounting to US\$79.00 million in favor of PSALM which is effective September 19, 2025 until September 19, 2026.

#### Transferred Contracts

Included in the transferred contracts from TRANSCO are existing contracts before the bidding date and subsequent contracts entered into by TRANSCO after the bidding date such as, loan agreements amounting to P5.00 million and above, insurance contracts, software licenses of information technology and intellectual properties, radio station licenses, projects under construction, sub-transmission assets sale, procurement contracts, transmission service agreements, undelivered purchase orders, requirements for award, spatial data infrastructure projects and other agreements with transmission customers.

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## **5. Concession Fee**

As discussed in Note 4 to the consolidated financial statements, the Group shall pay PSALM US\$3.95 billion (P172.99 billion) as Concession Fee. Such fee is recognized as part of “Intangible asset” account in the consolidated statements of financial position as September 30, 2025 and December 31, 2024 (see Note 8).

The Group paid PSALM the Commencement Fee amounting to US\$987.50 million (P46.34 billion), representing 25% of the Concession Fee, in January 2009 through funds received by NGCP from its Investors.

The balance of the Concession Fee of US\$2.962 billion was converted to peso liability at a fixed exchange rate of P42.75 for every US dollar at initial recognition, payable in forty (40) semi-annual installments (Deferred Payments). Interest is payable on the aggregate outstanding amount of the Deferred Payments in arrears on each semi-annual payment date (see Note 15).

Subsequently, the Concession Fee shall be adjusted as follows:

- a. The Concession Fee shall be adjusted for the difference between the audited Initial Working Capital (IWC) and the estimated IWC as at Commencement Date. The Concession Fee shall be: (i) increased if the audited IWC at Commencement Date is greater than the amount of estimated IWC; or (ii) decreased if the audited IWC at Commencement Date is less than the amount of estimated IWC (see Note 4).
- b. The Concession Fee shall be reduced by an amount equal to: (i) any reduction in the regulatory asset value resulting from the disposal of sub-transmission assets; and (ii) any difference between the aggregate regulatory asset value of transmission connection projects and sub-transmission projects included in the PUC approved by the ERC on their completion and the aggregate value of such projects if the aggregate ERC-approved value is lower than their aggregate estimated value.
- c. A recalculation of the amount of funding from sources other than the Funding Agreements and source of TRANSCO's actual expenditure on PUC before the Commencement Date and the estimated cost of capital expenditure to complete each PUC after the Commencement Date. If the remaining capital expenditure required to complete all PUC to be funded from sources other than Funding Agreements is higher than the expenditure to be funded from such sources after the Commencement Date, the Concession Fee shall be reduced by the difference between those two amounts. On the other hand, if the remaining capital expenditure required to complete all PUC to be funded from sources other than Funding Agreements is lower than the expenditure to be funded from such sources after the Commencement Date, the Concession Fee shall be increased by the difference between those two amounts (see Note 4).

Whenever it becomes necessary for the Concession Fee to be adjusted, the Concessionaire shall furnish PSALM with its preliminary calculations of the necessary adjustments within thirty days, together with a detailed explanation of its calculation.

#### Adjustments to Concession Fee

As at December 31, 2010, the audits of the PUC and IWC have been fully completed and agreed to by the parties. The estimated reduction in the regulatory asset value resulting from the disposals of the sub-transmission assets had also been determined and deemed insignificant as at December 31, 2010 while the difference between the aggregate regulatory asset value of transmission connection projects and sub-transmission projects included in the PUC approved by the ERC on their completion and the aggregate value of such projects set out in Schedule 2 to the Concession Agreement will be determined upon completion of the projects. Accordingly, the Group recognized the resulting net determinable adjustment to the Concession Fee amounting to P8.85 billion as at December 31, 2010. Subsequently, the Group determined and adjusted the computed escrow fund utilization amounting to P3.01 billion as at December 31, 2011 (see Note 8) as confirmed by TRANSCO in a letter dated August 15, 2011. On June 14, 2013, NGCP and PSALM had agreed the dollar portion of the PUC amount of P240.05 million resulting to additional adjustments to Concession Fee.

In accordance with Section 4.02 of the Concession Agreement, the Concession Fee shall be subject to adjustment based on Schedule 6 (Adjustments to Concession Fee) in light of the audit to be conducted pursuant to Subsection 4.02 (f) (Projects Under Construction). PSALM, TRANSCO and NGCP appointed Sinclair, Knight, Merz (SKM) as the independent appraiser to conduct the audit of PUC for purposes of determining the adjustment to concession fee. SKM made its independent determination of the estimated cost to complete each PUC and the final report was submitted on July 15, 2009, and was duly accepted and approved by PSALM, TRANSCO and NGCP. NGCP maintains that the proposed adjustment to concession fee be based on the SKM audit. However, there was differing interpretation proposed by PSALM which is currently being resolved.

On July 15, 2013, the Concession Fee was adjusted for P1.57 billion representing overpayment from January 15, 2009 to January 15, 2013, which was netted-out from its scheduled Concession Fee payment to PSALM. Further, PSALM refunded NGCP the amounts of US\$29.26 million representing overpayment on the 25% upfront concession fee payment.

The Concession Fee Adjustment further includes P1.77 billion adjustment to the 75% semi-annual deferred payment amortization for the 10-year period January 15, 2014 to January 15, 2024. As of September 30, 2025 and December 31, 2024, the total Concession Fee Payable amounts to P40.56 billion and P49.90 billion, respectively. The Concession Fee Payable was broken down into Non-Current and Current portions amounting to P35.52 billion and P5.04 billion, respectively, for September 30, 2025 and amounting to P40.56 billion and P9.34 billion, respectively, for December 31, 2024. The Current portion as of September 30, 2025 amounting to P5.04 billion is due for payment on January 15, 2026 and the Current portion as of December 31, 2024 amounting to P9.34 billion is due for payment on January 15 and July 15, 2025.

On December 31, 2016, the Concession Fee was adjusted for P557.34 million representing interest receivable and accounts receivable - others which were turned-over by TRANSCO and subsequently determined to be uncollectible.

The Group has reserved its right to further adjustment of the Concession Fee and full refund of any and all overpayments of Concession Fees following the finalization of Adjustments to Concession Fee.

The Adjustments to the Concession Fee are computed based on the formula as set out in Schedule 6 of the Concession Agreement ("Schedule 6, Adjustments to Concession Fee"). The Commencement Fee is increased or decreased by the difference between the Concession Fees prior to the adjustments and the Concession Fee after the adjustments in accordance with Schedule 6, and such difference is multiplied by the ratio of the Commencement Fee to the Concession Fee expressed as a percentage ("M"). In addition, Deferred Payment is increased or decreased by the difference between the Concession Fees prior to the adjustments and the Concession Fee after the adjustments in accordance with Schedule 6, and such difference is multiplied by the percentage difference of  $100\% - M$ .

#### Concession Fee Payable

This account consists of the balance of the Concession Fee amounting to US\$2.962 billion converted to peso liability at a fixed exchange rate of P42.75 for every US dollar at initial recognition and is payable in 40 semi-annual installments (Deferred Payments).

Interest rate applicable to the Deferred Payments has been fixed until the last semi-annual payment date of the Second Regulatory Period (January 2006 to December 2010) to equal to the Philippine Dealing System (PDS) Treasury Fixing or PDST-F or PDST-F 10 year benchmark rate as published by the Philippine Dealing and Exchange (PDEX) Corporation on the Market page of the PDEX System (the 10 Year PDST-F Rate) at approximately 11:16 am on a date designated by PSALM falling approximately one month before the Bid Date plus 230 basis points (2.3%). After the end of the Second Regulatory Period, the interest rate shall be adjusted for the next Regulatory Period and every Regulatory Period, thereafter, and such adjusted interest rate shall be applicable for each Deferred Payment falling due during the relevant Regulatory Period. The adjusted interest rate shall be equal to the 10 Year PDST-F Rate at approximately 11:16 am two business days before the semi-annual payment date on which an adjustment is to take effect plus 230 basis points (2.3%).

For the Fourth Regulatory Period, PSALM Board of Directors approved, on June 16, 2015, through PSALM Board Resolution No. 2015-0616-08 to substitute the interest benchmark rate under the Concession Agreement (CA) from 10-Year PDST-F to 10-Year PDST-R1. This adjusted interest rate was applied for each Deferred Payment falling due during the relevant Regulatory Period. Thus, for the Fourth Regulatory Period starting January 1, 2016 to December 31, 2020, interest rate applied was 6.5391%.

With the retirement of the PDST reference rates effective October 29, 2018, PSALM in its letter dated August 14, 2019, hereby confirms that the 10-year PHP BVAL interest benchmark rate for Philippine Government issued debt securities shall be the interest rate for the next Regulatory Period of the Deferred Payments under the Concession Agreement (CA). The 10-year PHP BVAL as at January 13, 2021, was 3.013% plus 2.30% margin, the applicable interest rate for the Fifth Regulatory Period covering January 1, 2021 to December 31, 2025 shall be 5.313%.

Interest expense on deferred payments in September 30, 2025 and 2024 recognized in profit or loss amounted to P2.90 billion and P2.12 billion, respectively (see Note 14).

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## **6. Business Combination under Common Control**

As discussed in Note 1, on May 28, 2021, SGDPI entered into a share swap transaction in exchange for the shares of stocks of OTHI and P21. The business combination involving OTHI and P21 including NGCP (collectively referred to as the "acquired subsidiaries") and SGDPI is considered to be a business combination of entities under common control as two major shareholders, through contractual agreement and with majority representation in the Board of Directors, jointly controls SGDPI and the acquired subsidiaries before and after the acquisition.

The Share Swap Transaction which is considered to be a business combination of entities under common control was accounted for retrospectively using the pooling of interests method with the consolidated financial statements being restated as if the entities had always been combined for the periods that the entities were under common control.

The Group recognized the assets acquired and liabilities assumed at their carrying amounts. The difference between the consideration paid or transferred and the net assets acquired is recognized under "Equity adjustment from common control transactions" account in the consolidated statements of changes in equity.

## 7. Non-controlling Interests

The details of the Group's material non-controlling interests as a result of the consolidation of OTHI, P21 and NGCP are as follows:

	September 30, 2025			December 31, 2024		
	Consolidated OTHI	Consolidated P21	NGCP	Consolidated OTHI	Consolidated P21	NGCP
Percentage of non-controlling interests	33%	33%	40%	33%	33%	40%
Carrying amount of non-controlling interests	(P14,025,155,241)	(P17,715,074,042)	P105,070,825,772	(P13,682,809,782)	(P17,372,737,198)	P92,769,806,871
Net income attributable to non-controlling interests	P2,214,141	P2,222,756	P13,623,924,083	(P588,424)	(P615,775)	P9,467,033,742
Other comprehensive income attributable to non-controlling interests	P -	P -	(P129,254,818)	P -	P -	P58,357,383
Dividends paid to non-controlling interests	P344,559,600	P344,559,600	P1,452,160,000	P349,509,600	P346,209,600	P1,452,160,000

The following are the financial information of OTHI, P21 and NGCP:

	September 30, 2025			December 31, 2024		
	Consolidated OTHI	Consolidated P21	NGCP	Consolidated OTHI	Consolidated P21	NGCP
Current assets	P105,516,964	P69,952,035	P53,059,996,186	P36,082,659	P33,657,053	P48,469,579,546
Noncurrent assets	58,506,111,404	48,256,076,470	481,653,940,471	52,698,983,473	42,448,851,072	453,046,557,268
Current liabilities	37,167,359	847,374,711	100,122,150,458	1,540,039	844,815,352	100,110,430,340
Noncurrent liabilities	8,699	12,163	254,503,144,055	8,699	12,163	242,645,202,268
Net assets	P58,574,452,310	P47,478,641,631	P180,088,642,144	P52,733,517,394	P41,637,680,610	P158,760,504,206
Revenues/Income	P6,839,847,537	P6,839,790,677	P54,635,737,543	P4,748,045,526	P4,747,681,043	P53,014,087,918
Net income	P6,820,241,837	P6,820,267,942	P25,090,099,600	P4,721,332,822	P4,721,249,941	P17,434,684,607
Other comprehensive income (loss)	64,813,079	64,813,079	238,038,338	(29,262,520)	(29,262,520)	(107,472,161)
Total comprehensive income	P6,885,054,916	P6,885,081,021	P25,328,137,938	P4,692,070,302	P4,691,987,421	P17,327,212,446
Cash flows provided by (used in) operating activities	P22,097,983	(P11,038,546)	P23,192,607,622	(P31,717,941)	(P31,909,744)	P36,777,655,365
Cash flows provided by (used in) investing activities	1,089,120,000	1,089,120,000	(35,026,460,528)	1,089,120,000	1,089,120,000	(55,981,633,974)
Cash flows provided by (used in) financing activities	(1,044,120,000)	(1,044,120,000)	9,727,029,926	(1,059,120,000)	(1,049,120,000)	18,322,355,475
Effect of exchange rate changes on cash and cash equivalents	392	543	(204,272)	34,797	48,652	1,424,335
Net increase (decrease) in cash and cash equivalents	P67,098,375	P33,961,997	(P2,104,027,252)	(P1,683,144)	P8,138,908	(P880,198,799)

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## 8. Intangible Asset - net

This account consists of:

	<i>Note</i>	<b>September 30, 2025</b>	<b>December 31, 2024</b>
Cost:			
Concession fee	2, 5	<b>P160,296,289,265</b>	P160,296,289,265
Cost of completed projects	2	<b>236,077,807,372</b>	191,634,567,825
Computer software	2	<b>487,983,237</b>	487,983,237
		<b>396,862,079,874</b>	352,418,840,327
Less accumulated amortization		<b>138,401,516,164</b>	128,475,642,442
		<b>258,460,563,710</b>	223,943,197,885
Contract assets		<b>192,006,263,629</b>	201,601,930,147
		<b>P450,466,827,339</b>	P425,545,128,032

### Concession Fee

This represents the right to operate the entire regulated transmission business of TRANSCO during the concession period. The Concession Fee is subsequently adjusted by the Adjustments to Concession Fee disclosed in Note 5 pursuant to Schedule 6 of the Concession Agreement.

Amortization expense recognized in profit or loss amounted to P4.78 billion for the period ended September 30, 2025 and 2024, respectively.

### Costs of Completed Projects

This pertains to the intangible asset resulting from completed transmission projects from Commencement Date to report date which will be transferred to TRANSCO at the end of the concession period in accordance with the Concession Agreement.

Amortization expense recognized in profit or loss amounted to P5.14 billion and P3.67 billion in September 30, 2025 and 2024, respectively.

### Contract Assets

This pertains to the intangible asset related to costs of assets under construction resulting from the construction of transmission assets as part of the Concession Agreement and will be transferred to TRANSCO at the end of the concession period.

### Computer Software and License

This pertains to the costs incurred for the Enterprise Resource Planning (ERP) Project, Enterprise Document Management System (EDMS), Integrated Human Resource Application (IHRA), Integrated Meter Data Validation System (IMDVS), Medical Information System (MEDYSIS) and Visitor's Management System (VMS) amounting to P487.98 million as at September 30, 2025 and December 31, 2024.

Amortization expense recognized in profit or loss amounted to P6.71 million and P15.58 million in September 30, 2025 and 2024, respectively.

The movements and balances of the accounts are as follows:

	Per Concession Right				Computer Software	Total
	Concession Fee	Completed Projects/Others	Contract Assets	Total		
<b>Cost</b>						
January 1, 2024	P160,296,289,265	P141,257,236,694	P192,658,330,354	P494,211,856,313	P487,983,237	P494,699,839,550
Additions/adjustments	-	50,377,331,131	8,943,599,793	59,320,930,924	-	59,320,930,924
<b>December 31, 2024</b>	<b>160,296,289,265</b>	<b>191,634,567,825</b>	<b>201,601,930,147</b>	<b>553,532,787,237</b>	<b>487,983,237</b>	<b>554,020,770,474</b>
Additions/adjustments		44,443,239,547	(9,595,666,518)	34,847,573,029	-	34,847,573,029
<b>September 30, 2025</b>	<b>160,296,289,265</b>	<b>236,077,807,372</b>	<b>192,006,263,629</b>	<b>588,380,360,266</b>	<b>487,983,237</b>	<b>588,868,343,503</b>
<b>Accumulated Amortization</b>						
January 1, 2024	96,539,546,316	19,688,531,665	-	116,228,077,981	460,696,480	116,688,774,461
Additions/adjustments	6,375,674,295	5,390,615,350	-	11,766,289,645	20,578,336	11,786,867,981
<b>December 31, 2024</b>	<b>102,915,220,611</b>	<b>25,079,147,015</b>	<b>-</b>	<b>127,994,367,626</b>	<b>481,274,816</b>	<b>128,475,642,442</b>
Additions/adjustments	4,781,755,721	5,137,409,580	-	9,919,165,301	6,708,421	9,925,873,722
<b>September 30, 2025</b>	<b>107,696,976,332</b>	<b>30,216,556,595</b>	<b>-</b>	<b>137,913,532,927</b>	<b>487,983,237</b>	<b>138,401,516,164</b>
Net Carrying Amount						
December 31, 2024	P57,381,068,654	P166,555,420,810	P201,601,930,147	P425,538,419,611	P6,708,421	P425,545,128,032
<b>September 30, 2025</b>	<b>P52,599,312,933</b>	<b>P205,861,250,777</b>	<b>P192,006,263,629</b>	<b>P450,466,827,339</b>	<b>P -</b>	<b>P450,466,827,339</b>

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## 9. Goodwill

Goodwill amounting to P10.47 billion as at September 30, 2025 and December 31, 2024 arise from the acquisition of OTHI of 100% equity interest in MOGRC and acquisition of MOGRC and CHPC of 30% interest each in NGCP.

The recoverable amount of goodwill has been determined based on valuation using cash flow projections (value in use) covering a five-year period based on long range plans approved by management. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources. Cash flows beyond the five-year period are extrapolated using a constant growth rate determined to arrive at its terminal value. The average growth rate used is 17.7% in 2025 and 2024, are based on Group's expectations of market developments and past historical performance. The discount rate applied to after tax cash flow projections is 11.98% in 2025 and 2024. The discount rate also imputes the risk of the cash-generating units compared to the respective risk of the overall market and equity risk premium. The recoverable amount of goodwill has been categorized as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique (see Note 3).

No impairment loss was recognized for goodwill for the period ended September 30, 2025 and 2024.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause their carrying amounts to exceed their recoverable amounts.

The calculations of value in use are most sensitive to discount rate. The risk-adjusted weighted average cost of capital is used as the discount rate, which reflects management's estimate of the risk specific to each unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

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## 10. Property and Equipment - net

The movements of this account are as follows:

	Structures and Improvements	Transportation Equipment	Machinery and Equipment	Office Furniture and Fixtures	Total
<b>Cost</b>					
January 1, 2024	P557,225,152	P3,867,070,592	P5,702,259,407	P4,567,164,166	P14,693,719,317
Additions during the year	337,172	742,764,474	204,526,917	154,859,580	1,102,488,143
December 31, 2024	557,562,324	4,609,835,066	5,906,786,324	4,722,023,746	15,796,207,460
Additions during the period	234,042,930	94,805,413	190,226,910	51,257,209	570,332,462
<b>September 30, 2025</b>	<b>791,605,254</b>	<b>4,704,640,479</b>	<b>6,097,013,234</b>	<b>4,773,280,955</b>	<b>16,366,539,922</b>
<b>Accumulated Depreciation</b>					
January 1, 2024	P302,218,673	P2,528,070,506	P3,611,087,880	P3,259,470,424	P9,700,847,483
Depreciation during the year	123,092,272	272,991,343	250,174,627	179,570,536	825,828,778
December 31, 2024	425,310,945	2,801,061,849	3,861,262,507	3,439,040,960	10,526,676,261
Depreciation during the year	99,363,780	255,353,590	193,878,538	107,306,352	655,902,260
<b>September 30, 2025</b>	<b>524,674,725</b>	<b>3,056,415,439</b>	<b>4,055,141,045</b>	<b>3,546,347,312</b>	<b>11,182,578,521</b>
<b>Net Carrying Amount</b>					
December 31, 2024	P132,251,379	P1,808,773,217	P2,045,523,817	P1,282,982,786	P5,269,531,199
<b>September 30, 2025</b>	<b>P266,930,529</b>	<b>P1,648,225,040</b>	<b>P2,041,872,189</b>	<b>P1,226,933,643</b>	<b>P5,183,961,401</b>

	Structures and Improvements	Transportation Equipment	Machinery and Equipment	Office Furniture and Fixtures	Total
Cost					
January 1, 2023	P532,975,792	P3,539,289,849	P5,569,013,339	P4,333,871,592	P13,975,150,572
Additions during the year	24,249,360	327,780,743	133,246,068	233,292,574	718,568,745
December 31, 2023	557,225,152	3,867,070,592	5,702,259,407	4,567,164,166	14,693,719,317
Additions during the year	337,172	742,764,474	204,526,917	154,859,580	1,102,488,143
December 31, 2024	557,562,324	4,609,835,066	5,906,786,324	4,722,023,746	15,796,207,460
Accumulated Depreciation					
January 1, 2023	189,912,121	2,293,013,397	3,384,767,234	3,042,627,656	8,910,320,408
Depreciation during the year	112,306,552	235,057,109	226,320,646	216,842,768	790,527,075
December 31, 2023	302,218,673	2,528,070,506	3,611,087,880	3,259,470,424	9,700,847,483
Depreciation during the year	123,092,272	272,991,343	250,174,627	179,570,536	825,828,778
December 31, 2024	425,310,945	2,801,061,849	3,861,262,507	3,439,040,960	10,526,676,261
Net Carrying Amount					
December 31, 2023	P255,006,479	P1,339,000,086	P2,091,171,527	P1,307,693,742	P4,992,871,834
December 31, 2024	P132,251,379	P1,808,773,217	P2,045,523,817	P1,282,982,786	P5,269,531,199

Depreciation expense recognized in statements of comprehensive income amounted to P655.90 million and P609.67 million in September 30, 2025 and 2024, respectively.

## 11. Cash and Cash Equivalents

This account consists of:

	Note	September 30, 2025	December 31, 2024
Cash on hand		P25,944,003	P28,115,283
Cash in banks		6,671,040,641	4,702,607,668
Short-term placements		400,514,264	4,231,805,635
	24	P7,097,498,908	P8,962,528,586

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements have average tenors of three (3) months or less and earn interests ranging from 1.00% - 6.05% and 1.00% - 6.02% in September 30, 2025 and 2024, respectively. Interest income earned amounted to P130.74 million and P131.92 million in September 30, 2025 and 2024, respectively.

## 12. Receivables

This account consists of:

### A. Current Receivables

	Note	September 30, 2025	December 31, 2024
Power receivables	24	P5,577,867,871	P4,468,438,966
Due from customers	24	9,288,339,791	7,124,141,542
Accrued power receivables	24	8,034,800,084	735,612,165
Output VAT receivable		1,808,212,924	1,489,299,276
Due from officers and employees and other receivables	24	282,090,383	229,503,291
Restructured power receivables	24	2,200,277	11,666,554
Interest receivable	24	520,316	3,507,901
		P24,994,031,646	P14,062,169,695

B. Noncurrent Receivables

Note	September 30, 2025	December 31, 2024
Restructured power receivables	<b>P1,514,301,339</b>	P1,496,372,425
Accrued power receivables	<b>22,895,372,024</b>	18,507,913,333
Power receivables	<b>132,780,878</b>	126,594,475
Due from customers	<b>445,010,643</b>	439,437,957
Other noncurrent account receivable	<b>1,189,155,736</b>	1,412,909,900
	<b>24 P26,176,620,620</b>	21,983,228,090
Less allowance for impairment losses	<b>(2,168,473,659)</b>	(2,136,138,659)
	<b>P24,008,146,961</b>	P19,847,089,431

Details of movements of allowance for impairment losses are as follows:

	September 30, 2025	December 31, 2024
Balance at beginning of period	<b>P2,136,138,659</b>	P2,071,468,659
Provision for impairment losses on receivables during the period	<b>32,335,000</b>	64,670,000
Balance at end of period	<b>P2,168,473,659</b>	P2,136,138,659

Current and noncurrent power receivables consist of amounts due from power customers relating to transmission and sub-transmission services, ancillary services and the claim from Department of Public Works and Highways (DPWH) for the damaged Amlan-Samboan submarine cable.

Non-current receivables pertain mainly to the claim from Department of Public Works and Highways (DPWH) for the damaged Amlan-Samboan submarine cable to be collected beyond one (1) year and the Under Recovery from ERC approved 4th RP Final Determination to be implemented over a period of eighty-four (84) months or until such time that the approved amount have been fully recovered.

As of September 30, 2025, the unbilled current and non-current power receivables amounting to P7.18 billion and P22.90 billion, respectively includes the Under Recovery from ERC approved 4th RP Final Determination and the unbilled receivables for January to September 2025. As of December 31, 2024, total unbilled non-current power receivables amounted to P17.62 billion, of which P7.38 billion pertains to incremental iMAR of 2020, P7.68 billion for iMAR of 2021, P2.56 billion for the four (4) months of 2022 and P883.06 million pertains to Performance Incentive Scheme (PIS). These receivables pertain mainly iMAR2020 approved by ERC in an order dated March 23, 2022, amounting to P51.47 million effective January 1, 2020.

Due from customers pertains to receivables for ancillary service charges (ASC), FIT-ALL and universal charges billed to the customers on behalf of the ancillary service providers, TRANSCO and PSALM. These charges will ultimately be remitted to ancillary providers, TRANSCO and PSALM. The noncurrent portion pertains to customers with dispute resolution cases pending with ERC.

Accrued power receivables refers to the estimated amount of revenues earned but not yet billed to the customers at the end of the period. This contract asset is generally reversed upon billing and recognition of power receivables.

Output VAT Receivables is the value added tax due from sales of goods and services both to customers and to other businesses.

Restructured power receivables represent that portion of restructured power customers' accounts subject to repayment by pre-determined installments.

Accrued interest receivable from short-term placements amounted to P0.06 million and P3.17 million as at September 30, 2025 and December 31, 2024, respectively.

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### 13. Prepaid Expenses and Other Assets

#### A. Prepaid Expenses and Other Current Assets

This account consists of:

	September 30, 2025	December 31, 2024
Advance payment to suppliers and contractors	<b>P10,763,379,208</b>	P12,345,647,326
Materials, supplies and spare parts - net	3,641,133,062	3,624,122,945
Court and other deposits	3,424,139,896	6,864,330,608
Input VAT	1,643,681,687	2,040,454,990
Prepaid expenses	811,934,030	233,932,847
Other deposits	667,495,827	612,210,504
Foreign exchange rate difference-receivable	561,887,183	-
Other supplies	21,646,605	24,278,387
Materials, supplies and spare parts in transit	19,700,039	38,348,638
Guaranty deposit	9,072,835	9,072,835
Calamity loan fund	37,266	37,266
	<b>P21,564,107,638</b>	P25,792,436,346

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Advance payment to suppliers and contractors includes the balance advanced by the Group to suppliers and contractors in relation with its contracts for the construction of the project or for services rendered.

Court and other deposits include various amounts deposited with the provincial, municipal or city courts and other entities as guaranty for the fulfillment of obligation and for other purposes. These are mostly provisional deposits relative to right of way and/or lot acquisition cases (Note 25).

Materials, supplies, and spare parts before write-down to net realizable value amounted to P3.99 billion and P3.97 billion as at September 30, 2025 and December 31, 2024, respectively, which resulted to an accumulated write-down amount of P346.27 million as at September 30, 2025 and December 31, 2024.

Materials, supplies and spare parts and other supplies charged in the consolidated statements of income amounted to P131.33 million and P113.19 million in September 30, 2025 and 2024, respectively.

Materials, supplies, and spare parts are items that will be used in the operations and maintenance of utility plants, substation, and transmission lines.

Input VAT is the value-added tax added to the price on purchases of goods and services to suppliers/contractors liable to VAT. It is deductible to the amount of Output VAT payable to the Bureau of Internal Revenue (BIR).

Other deposits consist of amounts advanced by the Group such as refundable and security deposits.

Prepaid expenses refer to advance payments made for rent, insurance, communication license and all expenditures related to preliminary surveys, studies, investigations, and other related undertakings to determine the feasibility of a project for development by the Group.

Materials, supplies, and spare parts in transit pertain to items that were already purchased by the Group but not yet received.

Guaranty deposits include the amount of letters of credit (LC) opened in favor of suppliers corresponding to the marginal guaranty deposits and other charges applicable to the LC. These also include other transactions requiring deposit to guarantee for the fulfillment of an obligation.

Calamity loan fund pertains to the cash advances provided to the employees for the damages suffered by them due to the typhoon calamities.

B. Other Noncurrent Assets

This account consists of:

	<b>September 30, 2025</b>	<b>December 31, 2024</b>
Deferred input VAT	<b>P13,219,252</b>	P20,644,276
Project prepayment – noncurrent	<b>1,982,402,310</b>	2,365,046,646
	<b>P1,995,621,562</b>	P2,385,690,922

Deferred Input VAT refers to the balance of input VAT of acquired capital goods with cost of P1.00 million and above and amortized for five (5) years.

Project prepayment represents cash advances to contractors in connection with the contract for the construction of project or for services rendered which will not be recouped within one year from the date of payment. These are expenses to be converted into cash once contractor did not fulfill obligation.

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#### 14. Loans Payable

##### Outstanding Balance and Maturities

Outstanding balance of loans payable is presented below:

	Note	September 30, 2025	December 31, 2024
<b>Loan Facilities (Net of Debt Issuance Costs)</b>			
Fixed-rate peso corporate notes		<b>P5,100,000,000</b>	P11,296,965,177
Peso denominated term loan		<b>238,688,385,381</b>	208,885,804,265
	24	<b>243,788,385,381</b>	220,182,769,442
Less current portion		<b>28,586,945,079</b>	23,285,478,167
		<b>P215,201,440,302</b>	P196,897,291,275

Movements in debt issuance costs are as follows:

	September 30, 2025	December 31, 2024
Balance at beginning of period	<b>P1,414,720,558</b>	P1,024,700,263
Debt issuance costs during the period	<b>220,362,903</b>	639,516,129
Amortization during the period	<b>(237,148,842)</b>	(249,495,834)
Balance at end of period	<b>P1,397,934,619</b>	P1,414,720,558

##### Repayment Schedule

As at September 30, 2025, the annual maturities of loans payable are as follows:

Year	Gross Amount	Debt Issuance Costs	Net
2025	<b>28,923,340,000</b>	<b>336,394,921</b>	<b>28,586,945,079</b>
2026	<b>32,473,340,000</b>	<b>308,608,901</b>	<b>32,164,731,099</b>
2027	<b>37,570,640,000</b>	<b>255,452,673</b>	<b>37,315,187,327</b>
2028	<b>40,154,000,000</b>	<b>193,855,485</b>	<b>39,960,144,515</b>
2029	<b>37,375,000,000</b>	<b>127,682,210</b>	<b>37,247,317,790</b>
More than 5 years	<b>68,690,000,000</b>	<b>175,940,429</b>	<b>68,514,059,571</b>
	<b>245,186,320,000</b>	<b>1,397,934,619</b>	<b>243,788,385,381</b>

As at December 31, 2024, the annual maturities of loans payable are as follows:

Year	Gross Amount	Debt Issuance Costs	Net
2025	P23,523,340,000	P237,861,833	P23,285,478,167
2025	27,573,340,000	240,713,008	27,332,626,992
2026	26,213,810,000	210,204,152	26,003,605,848
2027	28,903,000,000	172,818,907	28,730,181,093
2028	31,484,000,000	132,176,051	31,351,823,949
More than 5 years	83,900,000,000	420,946,607	83,479,053,393
	P221,597,490,000	P1,414,720,558	P220,182,769,442

### Details, Description and Terms of the Loans

Following are the details, description and terms of the loans:

#### *Financing of Capital Expenditures*

- a. The Group, through NGCP drawn P5.00 billion on January 14, 2025 and P2.00 billion on March 18, 2025 from the P10.00 billion Peso Bilateral Unsecured Term Loan then, entered into a P2.50 billion Peso Bilateral Unsecured Term Loan drawn on January 14, 2025, then drawn P4.00 billion on April 8, 2025 and Php7.50 billion on June 16, 2025 from the P25.00 billion Peso Bilateral Unsecured Term Loan, then entered into a P7.00 billion Peso Bilateral Unsecured Term Loan drawn on July 9, 2025, then entered into a P3.00 billion Peso Bilateral Unsecured Term Loan drawn on July 10, 2025, then entered into a P5.00 billion Peso Bilateral Unsecured Term Loan drawn on July 11, 2025, then drawn P5.00 billion on July 30, 2025 and P3.00 billion on September 17, 2025 from the P10.00 billion Peso Bilateral Unsecured Term Loan.
- b. The Group, through NGCP, entered into a P15.00 billion Peso Bilateral Unsecured Term Loan Agreement - P4.00 Billion drawn on February 13, 2024, P8.00 billion drawn on March 15, 2024 and final tranche of P3.00 billion on April 5, 2024 then, a P5.00 billion Bilateral Unsecured Term Loan Agreement drawn on April 8, 2024, another P5.00 billion Bilateral Unsecured Term Loan Agreement drawn on May 22, 2024, a P25.00 billion Bilateral Unsecured Term Loan Agreement - P12.00 billion drawn on July 10, 2024, P1.50 billion drawn on December 11, 2024, a P10.00 billion Bilateral Unsecured Term Loan Agreement - P3.00 billion drawn on September 23, 2024, P5.50 billion drawn on November 11, 2024 and final tranche of P1.50 billion on December 11, 2024 and a P10.00 billion Bilateral Unsecured Term Loan Agreement - P3.00 billion drawn on October 14, 2024, P5.00 billion on January 14, 2025 and a P2.50 billion Bilateral Unsecured Term Loan Agreement drawn on January 14, 2025.
- c. The Group, through NGCP, entered into a P4.60 billion Peso Bilateral Unsecured Term Loan drawn on January 9, 2023; P3.30 billion from P6.00 billion Peso Bilateral Unsecured Term Loan drawn on January 16, 2023; P5.00 billion drawn on March 7, 2023, P8.00 billion drawn on June 6, 2023, P7.00 billion drawn on July 14, 2023, P2.70 billion drawn on September 29, 2023 and P2.30 billion drawn on November 16, 2023 from P25.00 billion Peso Bilateral Unsecured Term Loan; P5.00 billion Peso Bilateral Unsecured Term Loan drawn on March 31, 2023; P5.00 billion Peso Bilateral Unsecured Term Loan drawn on July 14, 2023; P1.50 billion Peso Bilateral Unsecured Term Loan drawn on September 14, 2023 and P5.00 billion Peso Bilateral Unsecured Term Loan drawn on December 13, 2023, intended for purposes of financing New Projects or for any other purpose related to carrying out the Concession including but not limited to financing capital expenditures. Terms of these loans include Ten-year Peso Bilateral Unsecured Term Loan for P3.30 billion from P6.00 billion, for P5.00 billion, P8.00 billion, P7.00 billion, P2.70 billion and P2.30 billion from P25.00 billion, for P5.00 billion and for another P5.00 billion; Seven-year Peso Bilateral Unsecured Term Loan for P4.60 billion and for P1.50 billion; and Five-year Peso Bilateral Unsecured Term Loan for P5.00 billion. For the P4.60 billion, the applicable interest rate for the Loan shall be (i) the Interest Rate for the period beginning on the Drawdown Date until the third anniversary of the Drawdown Date and (ii) the Interest Rate, for the period beginning on the day immediately following the third anniversary of the Drawdown Date until the Maturity Date. For the P3.30 billion from the P6.00 billion, the applicable interest rate for the Loan shall be (i) the Interest Rate for the period beginning on the relevant Drawdown Date until the

fifth anniversary of the initial Drawdown Date and (ii) the Reset Interest Rate, for the period beginning on the day immediately following the fifth anniversary of the initial Drawdown date until Maturity Date. For the P5.00 billion, P8.00 billion, P7.00 billion, P2.70 billion and P2.30 billion from the P25.00 billion, the applicable interest rate for the Loan shall be: (i) the Initial Interest Rate for the period beginning on the relevant Drawdown Date until the Reset Date and (ii) the Reset Interest Rate, for the period beginning on the day immediately following the Reset Date until the Maturity Date. For the P5.00 billion, the applicable interest rate for the Loan shall be (i) the Interest Rate for the period beginning on the relevant Drawdown Date until the Reset Date and (ii) the Reset Interest Rate, for the period beginning on the day immediately following the Reset Date until the Maturity Date. For the P5.00 billion, the applicable interest rate for the Loan shall be the Interest Rate for the period beginning on the relevant Drawdown Date until the Maturity Date. For the P1.50 billion, the applicable interest rate for the Loan shall be (i) the Interest Rate for the period beginning on the Drawdown Date until the second anniversary of the Drawdown Date and (ii) the Interest Rate, for the period beginning on the day immediately following the second anniversary of the Drawdown Date until the Maturity Date. For the P5.00 billion, the applicable interest rate for the Loan shall be (i) the Interest Rate for the period beginning on the relevant Drawdown Date until the day immediately preceding the fifth anniversary of the initial Drawdown Date and (ii) the Reset Interest Rate, for the period beginning on the fifth anniversary of the initial Drawdown Date until the Maturity Date.

- d. The Group, through NGCP, entered into a P5.90 billion from P20.90 billion Peso Bilateral Unsecured Term Loan drawn on January 10, 2022; P5.00 billion Peso Bilateral Unsecured Term Loan drawn on February 24, 2022, P10.00 billion Peso Bilateral Unsecured Term Loan drawn on April 7, 2022 (P5.00 billion) and July 14, 2022 (P5.0 billion), P3.20 billion Peso Bilateral Unsecured Term Loan drawn on September 9, 2022, P2.70 billion from P6.00 billion Peso Bilateral Unsecured Term Loan drawn on September 20, 2022 (P1.40 billion) and December 12, 2022 (P1.30 billion), and P4.70 billion Peso Bilateral Unsecured Term Loan drawn on November 14, 2022, intended for purposes of financing New Projects or for any other purpose related to carrying out the Concession including but not limited to financing capital expenditures. Terms of these loans include Ten-year Peso Bilateral Unsecured Term Loan for P5.90 billion from P20.90 billion, for P5.00 billion, for P10.00 billion, for P3.20 billion, for P2.70 billion from P6.0 billion and Five-year Peso Bilateral Unsecured Term Loan for P4.70 billion. The applicable interest rate for the P5.90 billion from P20.90 billion, the applicable interest rate for the Loan shall be (i) the Interest Rate for the period beginning on the relevant Drawdown Date until the fifth anniversary of the initial Drawdown Date and (ii) the Reset Interest Rate, for the period beginning on the Reset Date until the Maturity Date. For the P5.00 billion, the applicable interest rate for the Loan shall be (i) the Interest Rate for the period beginning on the Drawdown Date until the fifth anniversary of the Drawdown Date and (ii) the Reset Interest Rate, for the period beginning on the Reset Date until the Maturity Date. For the P10.00 billion, the applicable interest rate for the Loan shall be (i) the Interest Rate for the period beginning on the relevant Drawdown Date until the fifth anniversary of the initial Drawdown Date and (ii) the Reset Interest Rate, for the period beginning on the Reset Date until the Maturity Date. For the P3.20 billion, the applicable interest rate for the Loan shall be (i) the Interest Rate for the period beginning on the Drawdown Date until the fifth anniversary of the Drawdown Date and (ii) the Reset Interest Rate, for the period beginning on the Reset Date until the Maturity Date. For the P2.70 billion from P6.00 billion, the applicable interest rate for the Loan shall be (i) the Interest Rate for the period beginning on the relevant Drawdown Date until the fifth anniversary of the initial Drawdown Date and (ii) the Reset Interest Rate,

for the period beginning on the day immediately following the fifth anniversary of the initial Drawdown Date until the Maturity Date. For the P4.70 billion, the applicable interest rate for the Loan shall be the Interest Rate for the period beginning on the Drawdown Date until the Maturity Date.

- e. The Group, through NGCP, entered into a P4.00 billion; P5.00 billion; P3.00 billion from P6.00 billion; P5.00 billion, P6.00 billion and P4.00 billion from P20.90 billion; and P2.50 billion Peso Bilateral Unsecured Term Loan which were drawn on February 24, 2021, May 21, 2021, June 21, 2021, July 14, 2021, September 13, 2021, November 9, 2021 and December 16, 2021 respectively, intended for purposes of financing New Projects or for any other purpose related to carrying out the Concession including but not limited to financing capital expenditures. Terms of these loans include Ten-year Peso Bilateral Unsecured Term Loan for P4.00 billion; Five-year Peso Bilateral Unsecured Term Loan for P5.00 billion, Ten-year Peso Bilateral Unsecured Term Loan for P3.00 billion from P6.00 billion; Ten-year Peso Bilateral Unsecured Term Loan for P6.00 billion and P4.00 billion from P20.90 billion and Five-year Peso Bilateral Unsecured Term Loan for P2.50 billion drawn as at December 31, 2021. The applicable interest rate for the P4.00 billion Term Loan shall be: (i) the Interest Rate for the period beginning on the Drawdown Date until the fifth anniversary of the Drawdown Date and (ii) the Reset Interest Rate, for the period beginning on the Reset Date until the Maturity Date. For the P5.00 billion, the applicable interest rate shall be the Interest Rate for the period beginning on the Drawdown Date until the Maturity Date. For the P3.00 billion from P6.00 billion, the applicable interest rate for the Loan shall be (i) the Interest Rate for the period beginning on the relevant Drawdown Date until the fifth anniversary of the initial Drawdown Date and (ii) the Reset Interest Rate, for the period beginning on the Reset Date until the Maturity Date. For the P5.00 billion, P6.00 billion and P4.00 billion from P20.90 billion, the applicable interest rate for the Loan shall be (i) the Interest Rate for the period beginning on the relevant Drawdown Date until the fifth anniversary of the initial Drawdown Date and (ii) the Reset Interest Rate, for the period beginning on the Reset Date until the Maturity Date. For the P2.50 billion, the applicable interest rate for the Loan shall be (i) the Interest Rate for the period beginning on the Drawdown Date until the second anniversary of the Drawdown Date and (ii) the Reset Interest Rate, for the period beginning on the Reset Date until the Maturity Date.
- f. The Group, through NGCP, into a P4.20 billion from P7.00 billion, P1.00 billion, P10.00 billion, P3.00 billion from P6.0 billion, and P1.00 billion Peso Bilateral Unsecured Term Loan which was drawn on March 10, 2020, April 2, 2020, April 28, 2020, and the last two (2) loans both on July 10, 2020, respectively, intended for purposes of financing New Projects or for any other purpose related to carrying out the Concession including but not limited to financing capital expenditures. Terms of these loans include Five-year Peso Bilateral Unsecured Term Loan for P1.00 billion and Ten-year Peso Bilateral Unsecured Term Loan for P10.00 billion and the balance of P4.20 billion from P7.00 billion term loan, Ten-year Peso Bilateral Unsecured Term Loan for P6.00 billion, and Five-year Peso Bilateral Unsecured Term Loan for P1.00 billion drawn as at December 31, 2020. The applicable interest rate for the P1.00 billion Term Loan shall be: (i) the Interest Rate for the period beginning on the Drawdown Date until the second anniversary of the Drawdown Date and (ii) the Interest Rate, for the period beginning on the day immediately following the second anniversary of the Drawdown Date until the Maturity Date whereas the applicable interest rate for the P10.00 billion Term Loan shall be: (i) the Interest Rate for the period beginning on the relevant Drawdown Date until the fifth anniversary of the initial Drawdown Date and (ii) the Reset Interest Rate, for the period beginning on the Reset Date until the Maturity Date. For the P4.20 billion from P7.00 billion Term

Loan, the applicable interest rate shall be (i) the Interest Rate for the period beginning on the relevant Drawdown Date until the fifth anniversary of such Drawdown Date and (ii) the Reset Interest Rate, for the period beginning on the Reset Date until the relevant Maturity Date. For the P6.00 billion, the applicable interest rate shall be (i) the Interest Rate for the period beginning on the relevant Drawdown Date until the fifth anniversary of the initial Drawdown Date and (ii) the Reset Interest Rate, for the period beginning on the Reset Date until the Maturity Date. For the P1.00 billion, the applicable interest rate shall be the Interest Rate for the period beginning on the Drawdown Date until the Maturity Date.

- g. The Group, through NGCP, entered into a P5.00 billion, P5.00 billion, P2.00 billion, P15.00 billion and P2.80 billion from P7.00 billion Peso Bilateral Unsecured Term Loan which was drawn on March 29, 2019, June 17, 2019, September 30, 2019, December 5, 2019 and December 10, 2019, respectively, intended for purposes of financing New Projects or for any other purpose related to carrying out the Concession including but not limited to financing capital expenditures. Terms of these loans include Ten-year Peso Bilateral Unsecured Term Loan for P5.00 billion, P5.00 billion, P2.00 billion, P15.00 billion and P2.80 billion from P7.00 billion TL drawn as at December 31, 2019. The applicable Interest rate for the first 5-years is based on 5-Yr BVal plus spread. Interest rate shall be reset on the fifth anniversary from the Drawdown Date and shall be applicable for the next 5-years.
- h. The Group, through NCGP, entered into a P2.50 billion Peso Bilateral Unsecured Term Loan which was drawn on December 10, 2019, intended for purposes of financing New Projects or for any other purpose related to carrying out the Concession including but not limited to financing capital expenditures. Terms of these loans include Five-year Peso Bilateral Unsecured Term Loan for P2.50 billion drawn as at December 31, 2019. The applicable interest rate is based on 5-Yr BVal plus spread.
- i. In December 2018, the Group, through NGCP, entered into a P2.00 billion, P1.35 billion and P2.00 billion Peso Bilateral Unsecured Term Loan intended for purposes of financing New Projects or for any other purpose related to carrying out the Concession including but not limited to financing capital expenditures. Drawdowns of the P2.00 billion and P1.35 billion loan were made on December 18, 2018, and the remaining P2.00 billion was drawn on January 25, 2019. Terms of these loans include Five-year Peso Bilateral Unsecured Term Loan for P2.00 billion, P1.35 billion and P2.00 billion, of which P3.35 billion has been drawn as at December 31, 2018 and the balance of P2.00 billion has been drawn as at December 31, 2019. Applicable interest rate shall be the Interest Rate for the period beginning on the Drawdown Date until the Maturity Date whereas the other P2.00 billion applicable interest rate shall be: (i) the Interest Rate for the period beginning on the Drawdown Date until the second anniversary of the Drawdown Date and (ii) the Interest Rate, for the period beginning on the day immediately following the second anniversary of the Drawdown Date until the Maturity Date.
- j. The Group, through NGCP, entered into a P5.00 billion, P7.00 billion, P3.80 billion and P5.00 billion Peso Bilateral Unsecured Term Loans which was drawn on May 30, 2018, July 10, 2018, September 26, 2018, and October 16, 2018, respectively, intended for purposes of financing New Projects or for any other purpose related to carrying out the Concession including but not limited to financing capital expenditures. Terms of these loans include Ten-year Peso Bilateral Unsecured Term Loan for P5.00 billion, P3.80 billion, P7.00 billion and P5.00 billion drawn as at December 31, 2018. The applicable interest rate shall

be: (i) the Interest Rate for the period beginning on the Drawdown Date until the Reset Date and (ii) the Reset Interest Rate, for the period beginning the day immediately following the Reset date until Maturity Date where the interest rate means from the Drawdown Date to the Reset Date of the aggregate of (a) the Fixed Rate Margin and (b) the applicable Base Rate.

- k. In September 2017, the Group, through NGCP, entered into a P5.00 billion Peso Bilateral Unsecured Term Loan intended to repay the P4.95 billion Peso Term Loan that matured on November 29, 2017. Another P10.00 billion Peso Bilateral Term Loan was availed in December 11, 2017 for purposes of financing New Projects or for any other purpose related to carrying out the Concession including but not limited to financing capital expenditures. Terms of these loans include Ten-year Peso Bilateral Unsecured Term Loan for P5.00 billion and P10.00 billion drawn as at December 31, 2017. Interest rate for the first 5-years is based on 5-Yr PDST-R2 plus spread. Interest rate shall be reset on the fifth anniversary from the Drawdown Date and shall be applicable for the next five years.
- l. In May 2016, the Group, through NGCP, entered into a P17.00 billion Peso Corporate Note Financing for purposes of financing New Projects or for any other purpose related to carrying out the Concession including, but not limited to, financing capital expenditures and paying the fees and expenses on the Facility. Drawdowns were made in the amount of P4.00 billion, P2.00 billion, and P3.00 billion on July 11, 2016, September 30, 2016, and December 15, 2016, respectively. The balance amounting to P8.00 billion was drawn in March 21, 2017. Terms of these loans include Ten-year, Unsecured Corporate Notes Facility with a consortium of five (5) local banks for P17.00 billion, of which P9.00 billion has been drawn as at December 31, 2016 and the balance of P8.00 billion has been drawn as at December 31, 2017. It bears an interest based on 5-Yr PDST-R2 plus spread and the principal payable beginning on the 12th month from initial issue date and the remaining for eighteen (18) semi-annual installments as a percentage of principal amount of borrowing.
- m. In July 2015, the Group, through NGCP, entered into a P15.00 billion Peso Corporate Note Financing for purposes of financing New Projects or for any other purpose related to carrying out the Concession including but not limited to financing capital expenditures and paying the fees and expenses on the Facility. Drawdowns were made in tranches of P5.00 billion, P3.00 billion and P5.00 billion, on July 10, 2015, September 10, 2015, and December 10, 2015, respectively. The balance amounting to P2.00 billion was drawn on March 31, 2016. Terms of these loans include Ten-year, Unsecured Corporate Notes Facility with a consortium of four (4) local banks for P15.00 billion, of which P13.00 billion has been drawn as at December 31, 2015 and the balance of P2.00 billion has been drawn as at December 31, 2016. It bears an interest based on 5-Yr PDST-R2 plus spread and the principal payable beginning on the 12th month from initial issue date and the remaining for eighteen (18) semi-annual installments as a percentage of principal amount of borrowing.
- n. In April 2014, the Group, through NGCP, entered into a P21.00 billion Peso Corporate Financing Facility to cover its funding requirements for calendar year 2014 including the financing of maturing obligations and approved capital expenditures. Initial drawdown amounting to P6.00 billion was made on April 10, 2014, to pay off the maturing US Dollar Bridge Loan. The succeeding drawdown of P8.00 billion, P5.00 billion and P2.00 billion were made on July 10, 2014, December 10, 2014 and January 30, 2015, respectively, to cover the funding of the Company's capital expenditures. Terms of these loans include Ten-year, Unsecured Corporate Notes Facility with a consortium of nine (9) local banks for

P21.00 billion, of which P19.00 billion has been drawn as at December 31, 2014 and P2.00 billion has been drawn as at December 31, 2015. It bears an interest based on 5-yr PDST-F plus spread and the principal payable beginning on the 12<sup>th</sup> month from initial issue date and the remaining for eighteen (18) semi-annual installments as a percentage of principal amount of borrowing. Amendment was made effective April 10, 2019. Interest rate from 5-yr PDST-F to 5-yr BVal and noteholders were decreased to four (4).

Interest from these loans amounting to P6.32 billion and P7.63 billion in September 30, 2025 and December 31, 2024, respectively, were capitalized, with average capitalization rate of 3.47% and 3.84% in 2025 and 2024, respectively, and recognized in Contract Assets under "Intangible asset" in the consolidated statements of financial position (see Note 6). Interest expense recognized in profit or loss amounted to P4.97 billion and P3.60 billion for the periods ended September 30, 2025 and 2024, respectively.

These loan agreements contain, among others, covenants relating to the Concession Agreement and maintenance of certain financial ratios such as the Debt Service Coverage Ratio and Debt-Equity Ratio. As at September 30, 2025 and December 31, 2024, the Company is in compliance with the covenants of its debt agreements.

*Changes in Liabilities Arising from Financing Activities*

The movements and balances of this account are as follows:

<b>Loans Payable</b>	
Balance at January 1, 2025	<b>P220,182,769,442</b>
Changes from financing cash flows:	
Proceeds from loans	44,000,000,000
Payment of loans payable and debt issue costs	(20,411,170,000)
Others - debt issue costs related transactions	16,785,939
Total liability related changes	23,605,615,939
Balance at September 30, 2025	<b>P243,788,385,381</b>
<b>Loans Payable</b>	
Balance at January 1, 2024	P193,508,129,737
Changes from financing cash flows:	
Proceeds from loans	51,500,000,000
Payment of loans payable and debt issue costs	(24,435,340,000)
Others - debt issue costs related transactions	(390,020,295)
Total liability related changes	26,674,639,705
Balance at December 31, 2024	P220,182,769,442

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## 15. Trade and Other Current Payables

This account consists of:

	Note	September 30, 2025	December 31, 2024
Accounts payable	24	<b>P22,759,145,180</b>	P26,003,210,161
Accrued expenses	24	<b>4,381,763,113</b>	5,151,489,880
Due to government agencies and others		<b>12,039,381,807</b>	9,910,813,365
Interest payable	5, 14, 24	<b>3,995,113,784</b>	5,164,403,883
Current portion of lease liability	22, 24	<b>275,262,731</b>	176,487,462
Franchise tax payable to BIR	26	<b>178,622,399</b>	142,948,295
		<b>P43,629,289,014</b>	P46,549,353,046

Accounts payable include amounts incurred by the Group for trade-related purchases.

Accrued expenses include accruals on capital expenditures, purchases of materials and supplies, personal services, and other operating services.

Due to government agencies and others include amounts accruing to the ancillary services providers, TRANSCO and PSALM for the ancillary service charges, FIT-ALL and universal charges which are being billed and collected from the Group's customers on behalf of the ancillary service providers, TRANSCO, PSALM, and the amount due to SSS, Philhealth, HDMF, withholding taxes and output VAT payable due to BIR. (see Notes 12, 13, 26 and 27).

Interest payable pertains to the interest due in relation to the Deferred Payments of the Concession Fee and interest related to loans payable (see Notes 5, 14 and 24).

Current portion of liability arising from lease is the balance of Financing Lease-Current amounting to P275.26 million and P176.49 million as of September 30, 2025 and December 31, 2024, respectively.

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## 16. Other Liabilities

This account consists of:

A. Other Current Liabilities

	Note	September 30, 2025	December 31, 2024
Retention on contract payments		<b>P17,809,952,551</b>	P16,732,820,551
Advances for construction		<b>5,155,847,127</b>	3,751,951,035
Advances from shareholders	21	<b>843,274,842</b>	843,274,843
Dividends payable	17	<b>31,171,797</b>	335,493,599
Bidders/suppliers deposits		<b>138,314,743</b>	131,832,105
	24	<b>P23,978,561,060</b>	P21,795,372,133

## B. Other Noncurrent Liabilities

Note	September 30, 2025	December 31, 2024
Advances for construction	P -	P1,372,396,092
Noncurrent portion of lease liability 22, 24	<b>272,618,486</b>	339,168,312
Deferred tax liability 26	<b>26,267</b>	26,267
	<b>P272,644,753</b>	P1,711,590,671

Advances for construction pertains to advances made by third parties particularly generators for the construction of transmission facilities under Section 9 of the EPIRA consistent with the Transmission Development Plan subject to prior authorization by the ERC or for the cost of assets owned by third parties but reclassified as transmission assets by ERC.

Retention on contract payments pertains to the amounts withheld from payments to contractors which shall be returned to the latter upon final acceptance of the project at the end of warranty period or upon posting by the contractor of warranty security if still within the warranty period.

Bidders'/suppliers' deposits include all amounts received in compliance to specifications of contract bids or to ensure the fulfillment of contracts.

## 17. Equity

Capital stock consists of:

	Periods Ended					
	September 30, 2025		December 31, 2024		December 31, 2023	
	Shares	Amount	Shares	Amount	Shares	Amount
<b>Capital Stock</b>						
Authorized - P1 par value per share	<b>5,300,000,000</b>	<b>P5,300,000,000</b>	5,300,000,000	P5,300,000,000	5,300,000,000	P5,300,000,000
Issued, fully paid and outstanding balance at beginning of period*	<b>5,265,866,000</b>	<b>P5,265,866,000</b>	5,265,866,000	P5,265,866,000	5,265,866,000	P5,265,866,000
Issued common shares to major shareholders during the period	-	-	-	-	-	-
Issued common shares during FOO	-	-	-	-	-	-
Issued, fully paid and outstanding balance at end of period	<b>5,265,866,000</b>	<b>P5,265,866,000</b>	5,265,866,000	P5,265,866,000	5,265,866,000	P5,265,866,000
<b>Additional Paid-in Capital</b>						
Additional paid-in capital balance at beginning of period	-	<b>P88,928,018,694</b>	-	P88,928,018,694	-	P88,928,018,694
Additional paid-in capital from issued common shares during FOO	-	-	-	-	-	-
Shares issuance costs	-	-	-	-	-	-
<b>Total Paid-up Capital</b>	-	<b>P88,928,018,694</b>	-	P88,928,018,694	-	P88,928,018,694

\*includes retroactive effect of Share Swap (Note 6)

As at September 30, 2025, December 31, 2024 and 2023, the Parent Company's share offer price is P15.30, P9.80, and P6.55, respectively.

In relation to the Parent Company's Share Purchase Agreement and the stockholders of OTHI and P21, discussed in Note 1, the BOD of the Parent Company approved the increase in the authorized capital stock of the Parent Company from P50.00 million divided into 50.00 million common shares at par value of P1.00 per share to P5.05 billion divided into 5.05 billion common shares at par value of P1.00 per share on November 14, 2019.

The application for the Amendment of Articles of Incorporation for the increase in authorized capital stock was approved by the SEC on May 28, 2021.

On November 10, 2021 SGDPI, under the symbol “SGP”, the Parent Company publicly listed its 1,053,500,000 shares from its Follow-On Offering (FOO) on the Philippines Stock Exchange with overallotment option of up to 101,000,000 secondary shares at PHP12.00 per common share.

SGP indirectly controls 60% is the outstanding voting capital stock of NGCP, SGP's sole operating asset with an effective equity interest of 40.20%.

#### *Cash Dividends*

On August 10, 2021, the BOD of the Parent Company approved the adoption of the policy to declare dividends equivalent to up to 100% of the prior year's net income after tax based on the Parent Company's audited financial statements as of such year, upon declaration of the BOD and subject to the availability of unrestricted retained earnings and settlement of operational expenses and other relevant taxes, cost and expense required to pay the ordinary course of business and subject to any financing covenants, if applicable.

On September 4, 2025, the BOD of the Parent Company approved the declaration of P0.3474 cash dividends per share for the 2nd quarter of 2025 totaling to P1.83 billion. These cash dividends were paid to shareholders of record as of September 18, 2024 on September 25, 2025.

In 2025, the BOD of OTHI approved the declaration of cash dividends amounting to P1.04 billion to all shareholders of record as of date of the meeting.

In 2025, the BOD of P21 approved the declaration of cash dividends amounting to P1.04 billion to all shareholders of record as of date of the meeting.

For the period ended September 30, 2025, the BOD of NGCP approved the declaration of cash dividends amounting to P4.00 billion to all shareholders of record as of date of the meeting. Of the total amount declared, P1.40 billion pertains to the share of the Parent Company which is eliminated during consolidation.

On April 8, 2024, the BOD of the Parent Company approved the declaration of P0.3474 cash dividends per share for the 1st quarter of 2024 totaling to P1.83 billion. These cash dividends were paid to shareholders of record as of April 26, 2024 on May 10, 2024.

In 2024, the BOD of OTHI approved the declaration of cash dividends amounting to P1.06 billion to all shareholders of record as of date of the meeting.

In 2024, the BOD of P21 approved the declaration of cash dividends amounting to P1.05 billion to all shareholders of record as of date of the meeting.

For the year ended December 31, 2024, the BOD of NGCP approved the declaration of cash dividends amounting to P4.00 billion to all shareholders of record as of date of the meeting. Of the total amount declared, P1.45 billion pertains to the share of the Parent Company which is eliminated during consolidation.

On March 8, 2023, the BOD of the Parent Company approved the declaration of P0.1737 cash dividends per share for the 1st quarter of 2023 totaling to P914.68 million. These cash dividends were paid to shareholders of record as of March 23, 2023 on April 13, 2023.

On June 21, 2023, the BOD of the Parent Company approved the declaration of P0.1737 cash dividends per share for the second quarter of 2023 totaling to P914.68 million. These cash dividends were paid to shareholders of record as of July 6, 2023 on July 21, 2023.

In 2023, the BOD of OTHI approved the declaration of cash dividends amounting to P1.08 billion to all shareholders of record as of date of the meeting.

In 2023, the BOD of P21 approved the declaration of cash dividends amounting to P1.08 billion to all shareholders of record as of date of the meeting.

For the year ended December 31, 2023, the BOD of NGCP approved the declaration of cash dividends amounting to P4.00 billion to all shareholders of record as of date of the meeting. Of the total amount declared, P1.45 billion pertains to the share of the Parent Company which is eliminated during consolidation.

Total dividends paid amounted to P4.08 billion, P3.65 billion and P5.36 billion in September 30, 2025, December 31, 2024 and 2023, respectively.

As of September 30, 2025 and December 31, 2024, dividends payable from the above declaration amounted to P31.17 million and P335.49 million, respectively.

#### *Retained Earnings*

The retained earnings of the Group include the accumulated earnings in subsidiaries not available for declaration as dividends until declared by the respective investee. Retained earnings includes ERC's approved NGCP's 4<sup>th</sup> Regulatory Period Revenue Reset (2016-2022) Under Recovery of P28,296.88Million to be implemented over a period of eighty-four (84) months or until such time that the approved amount have been fully recovered was added to the receivables (see Notes 20 and 27).

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#### **18. Earnings Per Share**

Basic and diluted earnings per share at September 30, 2025, December 31, 2024 and 2023 are computed as follows:

	<b>Note</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
(a) Net income attributable to Equity holders of the Parent Company		<b>P11,428,617,826</b>	P7,884,429,113	P10,645,372,151
Issued common shares at January 1*		<b>5,265,866,000</b>	5,265,866,000	5,265,866,000
Weighted average number of issued common shares to major shareholders during the period	1	-	-	-
Weighted average number of issued common shares during FOO	1	-	-	-
(b) Weighted average common shares outstanding		<b>5,265,866,000</b>	5,265,866,000	5,265,866,000
Basic/Diluted earnings per share (a/b)		<b>P2.17</b>	P1.50	P2.02

*\*includes retroactive effect of Share Swap (Note 6)*

As at September 30, 2025 and December 31, 2024, the Group does not have any potential common shares or other instruments that may entitle the holder to common shares. Consequently, diluted earnings per share is the same as basic earnings per share in September 30, 2025 and December 31, 2024.

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## 19. Segment Reporting

The Group operates through its transmission services across Luzon, Visayas and Mindanao. The Group's results of operations are reviewed by Management on a monthly basis to make decisions and to assess the Group's financial performance and financial position, and for which discrete information is available.

Accordingly, management has assessed that the Group is considered as a single business and, hence, there are no operating segments required to be disclosed under PFRS 8, *Operating Segments*.

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## 20. Revenues

This account at September 30 consists of:

	2025	2024	2023
Transmission services			
operating income	<b>P53,485,414,839</b>	P38,641,754,560	P38,685,008,180
Connection and residual			
sub-transmission income	<b>1,150,322,704</b>	1,154,891,406	1,136,616,363
Power factor adjustment	-	-	-
Reconnection fee	-	-	-
	<b>P54,635,737,543</b>	P39,796,645,966	P39,821,624,543

Transmission services operating income pertains to service charges for the use of the transmission facilities under the Concession Agreement where power delivery, system operation and metering services are provided by the Group.

The transmission services operating income amounting to P 53.48 billion as of September 30, 2025 is based on the P58.10 billion ERC approved CY2022 MAR in an order dated April 11, 2025 while the P38.64 billion and P38.69 billion as of September 30, 2024 and 2023, respectively, is based on the P51.47 billion iMAR approved by ERC in an order dated March 23, 2022. As of September 30, 2025, the revenue includes the unbilled incremental MAR and the under recovery based on ERC approved 4th RP Final Determination (2016-2022) dated April 11, 2025 amounting to P9.79 billion. while for the period ended September 30, 2024 and 2023, it is based on the P51.47 billion iMAR approved by ERC in an order dated March 23, 2022.

Connection charges are charges to recover the reasonable costs associated with connecting the transmission customers' facilities to the transmission providers' facilities. Residual sub-transmission charges are charges to recover the reasonable costs associated with sub-transmission assets that are not otherwise recovered through the connection charge.

In the following table, revenue is disaggregated by geographical market and electric power industry participants.

**September 30, 2025:**

	Transmission Services Operating Income	Connection and Residual Sub-transmission Income	Under-recovery 2016-2022	Total
<b>Luzon</b>	<b>38,265,136,022</b>	<b>624,807,576</b>	<b>778,506,640</b>	<b>39,668,450,238</b>
Distribution utilities	29,315,564,555	569,166,875	753,315,139	30,638,046,569
Generators	534,383,122	4,263,864	4,484,807	543,131,793
Directed Connected/Non-DUs	535,315,761	51,376,837	20,706,694	607,399,292
Accruals of Under-recovery 2016-2022	7,879,872,584	-	-	7,879,872,584
<b>Visayas</b>	<b>7,065,099,101</b>	<b>189,793,409</b>	<b>147,806,836</b>	<b>7,402,699,346</b>
Distribution utilities	4,712,191,338	180,260,878	140,854,673	5,033,306,889
Generators	109,793,391	22,276	1,192,139	111,007,806
Directed Connected/Non-DUs	149,195,611	9,510,255	5,760,024	164,465,890
Accruals of Under-recovery 2016-2022	2,093,918,761	-	-	2,093,918,761
<b>Mindanao</b>	<b>7,091,842,941</b>	<b>335,721,719</b>	<b>137,023,299</b>	<b>7,564,587,959</b>
Distribution utilities	5,299,008,551	329,963,903	134,038,753	5,763,011,207
Generators	119,727,538	-	624,717	120,352,255
Directed Connected/Non-DUs	76,082,773	5,757,816	2,359,829	84,200,418
Accruals of Under-recovery 2016-2022	1,597,024,079	-	-	1,597,024,079
<b>September 30, 2025 Total</b>	<b>52,422,078,064</b>	<b>1,150,322,704</b>	<b>1,063,336,775</b>	<b>54,635,737,543</b>

**September 30 2024:**

	Transmission Services Operating Income	Connection and Residual Sub-transmission Income	Total
<b>Luzon</b>	<b>P28,758,076,919</b>	<b>P628,316,996</b>	<b>P29,386,393,915</b>
Distribution utilities	P27,864,175,714	P571,895,651	P28,436,071,365
Generators	335,828,877	4,263,864	340,092,741
Directed Connected/Non-DUs	558,072,328	52,157,481	610,229,809
<b>Visayas</b>	<b>P4,640,100,226</b>	<b>P187,852,946</b>	<b>P4,827,953,172</b>
Distribution utilities	P4,362,451,681	P178,320,415	P4,540,772,096
Generators	111,037,267	22,276	111,059,543
Directed Connected/Non-DUs	166,611,278	9,510,255	176,121,533
<b>Mindanao</b>	<b>P5,243,577,415</b>	<b>P338,721,464</b>	<b>P5,582,298,879</b>
Distribution utilities	P5,023,443,081	P332,963,648	P5,356,406,729
Generators	152,949,403	-	152,949,403
Directed Connected/Non-DUs	67,184,931	5,757,816	72,942,747
<b>September 30, 2024 Total</b>	<b>P38,641,754,560</b>	<b>P1,154,891,406</b>	<b>P39,796,645,966</b>

September 30, 2023:

	Transmission Services Operating Income	Connection and Residual Sub-transmission Income	Total
Luzon	P28,740,263,842	P617,190,271	P29,357,454,113
Distribution utilities	P27,506,631,647	P561,913,189	P28,068,544,836
Generators	278,203,200	4,166,982	282,370,182
Directed Connected/Non-DUs	955,428,995	51,110,100	1,006,539,095
Visayas	P4,708,241,971	P186,858,306	P4,895,100,277
Distribution utilities	P4,341,758,890	P177,542,369	P4,519,301,259
Generators	167,534,831	21,770	167,556,601
Directed Connected/Non-DUs	198,948,250	9,294,167	208,242,417
Mindanao	P5,236,502,367	P332,567,786	P5,569,070,153
Distribution utilities	P5,101,874,505	P326,895,290	P5,428,769,795
Generators	61,674,697	-	61,674,697
Directed Connected/Non-DUs	72,953,165	5,672,496	78,625,661
September 30, 2023 Total	P38,685,008,180	P1,136,616,363	P39,821,624,543

Based on the ERC-promulgated Transmission Wheeling Rate Guidelines (TWG) of May 2003, amended in 2009 as the Rules for Setting the Transmission Wheeling Rates (RTWR), the Group is regulated under a performance-based regulation (PBR) revenue cap methodology.

During the reset process, the ERC makes a determination of the annual revenue requirements (ARR) of the transmission business as well as the price control arrangements that will apply during the regulatory period.

The Fourth Regulatory Period (4<sup>th</sup> RP) reset process for the transmission business under the PBR has been delayed. Under the RTWR, the Group would have filed its revenue application for the 4<sup>th</sup> RP covering the periods of 2016 to 2020 in 2015. To bridge the gap, on October 2, 2015, the Group filed an Application for the Approval of an Interim Maximum Annual Revenue for 2016 (iMAR<sub>2016</sub>) in the amount of P45.29 billion.

In an Order dated January 21, 2016, the ERC provisionally approved an iMAR<sub>2016</sub> of P41.65 billion. Subsequently, the Group filed a Motion for Reconsideration dated February 24, 2016 and an Omnibus Motion dated December 6, 2016.

As resolution of the foregoing, the ERC issued an Order dated December 19, 2016, authorizing NGCP to implement an adjusted iMAR<sub>2016</sub> of P43.79 billion. Further, the ERC directed that the difference between the provisionally-approved iMAR<sub>2016</sub> of P41.65 billion and the approved iMAR of P43.79 billion, in the amount of P2.14 billion, be collected by NGCP in 2017 (see Note 27).

Furthermore, the same Order provides that NGCP is authorized to continuously bill its transmission customers using an adjusted iMAR of P43.79 billion for the succeeding regulatory years until the ERC's issuance of the Final Determination for the 4<sup>th</sup> RP, thus the billing of an iMAR of P43.79 billion in 2018 and 2019.

On October 29, 2019, NGCP filed an Application with the ERC for the Approval of an Interim Maximum Annual Revenue for Calendar Year 2020 (iMAR<sub>2020</sub>) in the amount of P58,846 million, docketed as ERC Case No. 2019-086RC. Subsequently, the ERC, in its Order dated February 13, 2020, granted NGCP a provisional authority to implement an iMAR<sub>2020</sub> in the amount of P47.05 billion effective April 2020 billing month. Billing of the incremental revenue, however, has been deferred in consideration of the situation brought about by the Corona Virus Disease 2019 (COVID-19) pandemic.

Following the easing of quarantine arrangements, NGCP gradually billed portion of the iMAR<sub>2020</sub> differential in the total amount of P300 Million for both billing months of July and August 2020. However, in September 2020, the ERC directed the suspension of the billing of the iMAR<sub>2020</sub> providing among others that the demand forecast used in the determination are no longer valid and would need to be re-assessed. In compliance with the Order issued in September 2020, NGCP discontinued the billing resulting in an unbilled iMAR<sub>2020</sub> differential in the amount of P2.96 billion.

In compliance with the ERC's directive during the September 24, 2020, public hearing and with the ERC's Order dated October 23, 2020 which was received by NGCP on October 29, 2020, NGCP submitted the following information to the ERC in December 2020 to substantiate the proposed iMAR<sub>2020</sub>.

- a. Reconciliation of the actual CAPEX with NGCP's Financial Statements;
- b. Actual and Forecast Billing Determinant for CY 2019-2021;
- c. NGCPs Actual and Forecasted CAPEX for 2011 to 2020 (Updated);
- d. Percentage Completion of ERC-approved CAPEX Projects under/outside of the 3<sup>rd</sup> Regulatory Period Final Determination, as at October 2020;
- e. Indicative 2020 Transmission Rate; and
- f. Possible approach on the collection of unbilled portions of the ERC-approved iMAR<sub>2020</sub> in the forthcoming year of 2021.

ERC issued a subsequent Order dated December 15, 2020, directing NGCP to submit the following additional information in support of its iMAR<sub>2020</sub> Application and which was submitted by NGCP on January 28, 2021, as follows:

- a. Updated Actual Demand for Year 2020;
- b. Detailed Analysis and Basis of the Forecast Demand for Year 2021;
- c. Updated Rate Movement on a Per kW and per kWh as at December 2020;
- d. Updated Actual and Forecast CAPEX for Calendar Years 2011 to 2020;
- e. Estimated Demand Data particularly for the Battery Energy Storage System (BESS) and transmission services to the Kalayaan Pumped Storage Power Plant (KPSPP) which NGCP included in the said forecast; and
- f. Load Billing Determinant with and without BESS and KPSPP.

Relative to the directives of the ERC on the iMAR<sub>2020</sub> Application, NGCP submitted Compliances with Motion dated December 3, 2020 and January 28, 2021, which prayed for, among others, the confirmation from ERC that the approved iMAR<sub>2020</sub> level shall be implemented continuously until a new MAR is issued, or until the issuance of a Final Determination for the succeeding regulatory period, whichever is earlier. As at report date, the ERC is yet to issue its resolution on said Compliances.

Given the significant recovery of the demand and energy consumption in the country in 2021, in contrast with the recorded data in 2020, NGCP deemed that the circumstances surrounding the issuance of the July 28, 2020 Order no longer exist and that there are justifiable grounds to lift the said Order. Hence, the filing of the Reiteratory Motion in October 2021 praying for the following:

- a. lifting the July 28, 2020 Order;
- b. allowing NGCP to recover the deferred 2020 iMAR on top of the current iMAR and iMAR for 2022, to be implemented starting October 2021 to March 2022 billing period;
- c. allowing NGCP to recover the unbilled 2021 iMAR on top of the iMAR for 2022, to be implemented from April 2022 to December 2022;
- d. confirming that the approved iMAR2020 level of P47,051.64 million shall be implemented continuously until a new MAR is issued, or until the issuance of the Final Determination for the succeeding regulatory period, whichever is earlier.

As at December 31, 2021, management assessed that the suspension order merely defers the implementation of the P47.05 billion, and that there is no other ERC issuance or directive that states otherwise (i.e., that revenue has been modified), similar to the practice adopted by the industry.

On January 17, 2022, NGCP submitted its compliance to the January 5, 2022, ERC Order to submit documents to facilitate the final evaluation of the application, which was received by NGCP on January 7, 2022, more specifically on the following:

- a. Latest actual demand for CY 2021 and forecast demand for 2022 onwards, including economic indicators demand justification; and
- b. Latest actual Capital Expenditure (CAPEX) for CYs 2011 to 2021 (including, but not limited to, Disbursement and Percent Completion as of December 2021) and forecast CAPEX for CY 2022)

On April 29, 2022, the ERC promulgated an Order dated March 23, 2022, resolving the iMAR2020 Application and approving an iMAR2020 of P51.47 billion effective January 2020 until a new transmission revenue has been determined.

Starting May 2022 Billing Period, NGCP has already implemented the billing based on the P51.47 billion iMAR pursuant to the 23 March 2022 Order of the ERC.

On June 8, 2022, in compliance with the direction of the Commission, NGCP submitted to ERC its Compliance dated June 2, 2022, on NGCP's proposed manner of recovery of the unbilled IMAR<sub>2020</sub> for the years 2020, 2021 and four (4) months of 2022, for the total amount of P17,624.85 million, starting September 2022 to 2024.

On March 10, 2023, NGCP filed its Motion (To Approve Implementation of Recovery Scheme) reiterating its prayer for the approval of the billing and recovery of the unbilled iMAR for 2020 under a new proposed recovery scheme, i.e., from May 2023 to April 2024.

On May 17, 2023, NGCP filed an Urgent Reiteratory Motion to Resolve with the ERC on the implementation of the new proposed recovery scheme. Subsequently, on June 22, 2023, NGCP once again filed a Reiteratory Motion with Motion to Resolve on the billing and recovery of the unbilled iMAR for 2020 in accordance with the same proposed recovery scheme.

On September 12, 2023, October 10, 2023, June 5, 2024 and March 11, 2025, NGCP filed Reiteratory Motions with Motion to Resolve for the immediate issuance of an Order approving the billing and recovery of the CY 2020 unbilled iMAR.

On July 7, 2025, NGCP received the ERC Decision and Final Determination on NGCP's 4th Regulatory Period Revenue Reset Application. In the said Decision, the ERC approved NGCP's 2016-2022 Annual Revenue Requirement (ARR) in the amount of P335,788.65 million. The ERC also directed NGCP to collect, as a separate line item in the power bill of transmission customers, an Under Recovery of P28,296.88 million, with an equivalent rate of P0.0384/kWh, to be implemented over a period of approximately eighty-four (84) months or until such time that the said amount shall have been fully recovered. NGCP was further directed to accomplish and submit a report based on the prescribed format from the ERC on or before the 30th day of the following month until such time that the amount of under recovery shall have been fully collected.

Following ERC's issuance of its Decision and the Final Determination on NGCP's 4th Regulatory Period Revenue Reset Application on July 7, 2025 as well as the posting of ERC's Explainer on its website on July 18, 2025, ERC has authorized NGCP to bill the P58,100.01 million as its MAR for 2025 and the "Under-recovery 2016-2022" of P28,296.88 million with the fixed rate of P0.0384/kWh to be collected in 84 months or until such time the amount is fully recovered

NGCP shall commence the billing of the authorized MAR and the "Under-recovery 2016-2022" to Transmission Customers effective July 2025 billing month (or June 26 to July 25, 2025), which will then billed by Distribution Utilities (DUs) to their customers in August 2025.

## 21. Related Party Disclosures

Relationship with Related Parties	Year	Note	Amount of Transaction (in Millions)	Outstanding Balance (in Millions)	Terms and Conditions	
<b>Companies with the Same BOD</b>						
▪ PGAI	<b>September 30, 2025</b>	A	<b>P128.35</b>	P-	On demand;	Unsecured
	December 31, 2024	A	191.32	2.44	On demand;	Unsecured
	December 31, 2023	A	775.64	1.58	non-interest	
▪ SMDC	<b>September 30, 2025</b>	B	P-	P-		
	December 31, 2024	B	3.85	-		
	December 31, 2023	B	-	-		
Shareholders	<b>September 30, 2025</b>	C	P-	<b>P843.27</b>		
	December 31, 2024	C	-	843.27	On demand;	Unsecured
	December 31, 2023	C	-	843.27	non-interest	
<b>Key Management Personnel</b>						
▪ Short-term benefits	<b>September 30, 2025</b>	d	<b>P343.99</b>	P-		
	December 31, 2024	d	424.04	-		
	December 31, 2023	d	418.82	-		
▪ Post-employment benefits	<b>September 30, 2025</b>	d	<b>P19.21</b>	P-		
	December 31, 2024	d	30.82	-		
	December 31, 2023	d	30.07	-		
	<b>September 30, 2025</b>			<b>P843.27</b>		
	December 31, 2024			P845.71		
	December 31, 2022			P844.85		

- The Group, through NGCP, has related party transactions with Prudential Guaranty Assurance, Inc. (PGAI) amounting to P128.35 million, P191.32 million, and P775.64 million on September 30, 2025, December 31, 2024 and 2023, respectively, representing insurance premiums. The outstanding insurance payable to PGAI amounting to nil and P2.44 million as of September 30, 2025 and December 31, 2024, respectively, are recorded under the "Trade and other current payables" account in the consolidated statements of financial position. This pertains to motor vehicle insurance, aviation, commercial general liability insurance, PGA protect, motor comprehensive, industrial all risk, engineering electronic equipment insurance and warehouse insurance in nature (see Note 15).

- b. The Group, through NGCP, also has existing lease agreement for parking space with SM Development Corporation (SMDC) amounting to nil, P3.85 million and nil in September 30, 2025, December 31, 2024 and 2023. There was no outstanding balance payable to SMDC amounting as of September 30, 2025 and December 31, 2024, which are recorded under the "Trade and other current payables" account in the consolidated statements of financial position (see Note 15).
- c. As at September 30, 2025 and December 31, 2024, Group, through P21, has outstanding payables to its stockholders amounting to P843.27 million, which are included under "Other current liabilities" account in the consolidated statements of financial position. These payables were obtained for working capital requirements and part of these payables were used to pay for CHPC's professional fees and other various expenses and liabilities. These payables are non-interest bearing, payable on demand and will be settled in cash. On September 23, 2021, the Parent Company paid its outstanding advances from its two major stockholders amounting to P250.05 million which was used by the Group as its source of fund in relation to the share swap transactions (see Note 16).
- d. Total remunerations of key management personnel which represent short-term benefits in September 30, 2025, December 31, 2024 and 2023 amounted to P343.99 million, P424.04 million and P418.82 million respectively. Total key management compensation relating to post-employment benefits in September 30, 2025, December 31, 2024 and 2023 amounted to P19.21 million, P30.82 million and P30.07 million, respectively.

Short-term benefits consist of salaries, terminal leave, 13th month/bonus and other statutory contributions to Social Security System (SSS), Philippine Health Insurance Corporation (PhilHealth, Home Development Mutual Fund (commonly known as the Pag-IBIG Fund).

Post-employment benefits consist of Retirement Benefits, under Republic Act No. 7641, The Retirement Pay Law (the "Act") which provides compulsory retirement at the age of sixty-five (65) or upon optional retirement at the age of sixty (60) or more but not more than sixty-five (65) with at least five (5) years in service. The retirement benefits as required by the Act are equivalent to 22.5 days for every year of service, a fraction of at least six (6) months being considered as one (1) whole year. The 22.5 days shall be defined as one half month (15 days) plus one-twelfth (1/12) of the 13th month pay and the cash equivalent of 5 days of service incentive leaves.

Amounts owed to related parties will be settled in cash.

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## 22. Leases

### Leases as Lessee

The Group, through NGCP, leases vehicles, parking lots and office spaces. The leases typically run for a period of five (5) years. Some leases include an option to renew the lease for an additional five years after the end of the non-cancellable lease period. Some leases provide for additional rent payments that are based on change in local price indices.

The Group leases other vehicles, printers and copiers which are short term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

#### Right-of-Use Assets

	September 30, 2025	December 31, 2024
Balance at January 1	<b>P503,020,399</b>	P376,334,751
Additions	<b>243,675,723</b>	370,274,963
Disposals	<b>(396,531)</b>	-
Depreciation for the period	<b>(224,882,263)</b>	(243,589,315)
Balance at September 30 and December 31	<b>P521,417,328</b>	P503,020,399

Depreciation is recorded as part of “Depreciation Expense” in the consolidated statements of income.

The Group classified its lease liability as part of “Trade and other current payables” and “Other noncurrent liabilities” in the consolidated statements of financial position as follows:

	September 30, 2025	December 31, 2024
Balance at beginning of period	<b>P515,655,774</b>	P401,026,666
Additions	<b>243,675,723</b>	370,274,963
Retirement	<b>(396,532)</b>	-
Lease payments inclusive of interest payments	<b>(241,448,816)</b>	(281,155,073)
Interest expense	<b>30,421,690</b>	25,434,977
Adjustments	<b>(26,622)</b>	74,241
Balance at end of period	<b>P547,881,217</b>	P515,655,774

Adjustments on the lease liability is due to recomputation of present value due to change in monthly amortization in the contract.

Expenses relating to short-term leases amounted to P105.35 million and P91.48 million in September 30, 2025 and 2024, respectively, were recorded as part of “Rent” in the statements of comprehensive income.

The Group had total cash outflows for the above leases amounting to P346.80 million and P395.03 million in September 30, 2025 and December 31, 2024, respectively.

The following table sets out a maturity analysis of lease payments, showing undiscounted and discounted lease payments to be made after the reporting date:

<b>September 30, 2025</b>	<b>Future Minimum Lease Payments</b>	<b>Interest</b>	<b>Present Value of Minimum Lease Payments</b>
Less than one year	P300,491,744	P25,229,013	P275,262,731
Between one to five years	292,931,556	20,313,070	272,618,486
	<b>P593,423,300</b>	<b>P45,542,083</b>	<b>P547,881,217</b>

  

<b>December 31, 2024</b>	<b>Future Minimum Lease Payments</b>	<b>Interest</b>	<b>Present Value of Minimum Lease Payments</b>
Less than one year	P203,102,162	P26,614,700	P176,487,462
Between one to five years	371,139,791	31,971,479	339,168,312
	<b>P574,241,953</b>	<b>P58,586,179</b>	<b>P515,655,774</b>

### **23. Retirement Benefits**

As at September 30, 2025 and 2024, the Group, through NGCP has funded, noncontributory defined benefit retirement plan covering all its regular employees. The current service cost and the present value of obligations were derived on the basis of the projected unit credit method.

The latest actuarial valuation report of the Group is dated August 14, 2025 for the period ended September 30, 2025.

#### Salient Provisions of the Retirement Plan

The plan provides retirement benefits under Republic Act No. 7641 (the Act) upon compulsory retirement at the age of sixty-five (65) or upon optional retirement at age sixty (60) or more but not more than age sixty-five (65) with at least five (5) years in service. The benefits as required by the Act are equivalent to 22.5 days for every year of service, a fraction of at least six (6) months being considered as one (1) whole year. The 22.5 days shall be defined as follows: One half month (15 days) plus one-twelfth (1/12) of the 13th month pay and the cash equivalent of 5 days of service incentive leaves.

#### Funding Arrangements

The Group, through NGCP's Compensation Committee, in a meeting on February 26, 2014, approved the establishment of the Employee Retirement Plan in compliance with Republic Act No. 7641. On December 22, 2014, the retirement fund has been established by the Group. Benefit claims under the retirement obligation are paid directly by the Group when they become due.

The following table shows a reconciliation of the net defined benefit retirement liability and its components:

	Fair Value of Plan Assets		Present Value of Defined Benefit Obligation		Net Defined Benefit Retirement Liability	
	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024
<b>Balance at beginning of period</b>	<b>P378,928,198</b>	<b>P356,262,162</b>	<b>P3,331,223,247</b>	<b>P2,973,532,565</b>	<b>P2,952,295,049</b>	<b>P2,617,270,403</b>
<b>Recognized in Profit or Loss and Statement of Financial Position</b>						
Service costs	-	-	124,498,073	234,049,158	124,498,073	234,049,158
Interest expense	-	-	101,602,309	181,385,486	101,602,309	181,385,486
Interest income	11,557,310	21,731,992	-	-	(11,557,310)	(21,731,992)
	<b>11,557,310</b>	<b>21,731,992</b>	<b>226,100,382</b>	<b>415,434,644</b>	<b>214,543,072</b>	<b>393,702,652</b>
<b>Recognized in Other Comprehensive Income</b>						
Remeasurements:						
Actuarial losses (gains) arising from:						
Experience adjustments	-	-	108,406,205	108,406,205	(116,376,146)	108,406,205
Changes in financial assumptions	-	-	-	-	(120,768,625)	-
Return (loss) on plan asset excluding interest	893,567	934,044	-	-	(893,567)	(934,044)
	<b>893,567</b>	<b>934,044</b>	<b>108,406,205</b>	<b>108,406,205</b>	<b>(238,038,338)</b>	<b>107,472,161</b>
<b>Others</b>						
Contributions	55,966,136	166,150,167	-	-	(55,966,136)	(166,150,167)
Benefits paid	(55,966,136)	(166,150,167)	(166,150,167)	(166,150,167)	-	-
	-	-	(166,150,167)	(166,150,167)	(55,966,136)	(166,150,167)
<b>Balance at end of period</b>	<b>P391,379,075</b>	<b>P378,928,198</b>	<b>P3,499,579,667</b>	<b>P3,331,223,247</b>	<b>P2,872,833,647</b>	<b>P2,952,295,049</b>

Plan assets consist of the following:

	September 30, 2025	December 31, 2024
Deposits in banks	0.00%	0.02%
Debt securities	71.93%	72.86%
Equity securities	24.37%	23.29%
Investment in unit investment trust fund	2.61%	2.83%
Other assets	1.09%	1.00%
	<b>100%</b>	<b>100%</b>

The retirement benefits cost under “Salaries, wages and employees’ benefits” in the consolidated statements of income is recognized as follows:

	September 30, 2025	December 31, 2024
Current service cost	P107,068,343	P201,282,276
Interest cost	87,377,986	155,991,518
Interest Income of plan asset	(9,939,287)	(18,689,513)
	<b>P184,507,042</b>	<b>P338,584,281</b>

The retirement benefits cost under “Intangible asset - net” in the consolidated statements of financial position is recognized as follows:

	September 30, 2025	December 31, 2024
Current service cost	P17,429,730	P32,766,882
Interest cost	14,224,323	25,393,968
Interest income of plan asset	(1,618,023)	(3,042,479)
	<b>P30,036,030</b>	<b>P55,118,371</b>

### Actuarial Assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as percentages under weighted averages):

	<b>September 30, 2025</b>	<b>December 31, 2024</b>
Discount rate	<b>6.60%</b>	6.10%
Future salary growth	<b>5.00%</b>	5.00%

Assumptions regarding future mortality have been based on published statistics and mortality tables.

The mortality and the disability rate used in the valuation were based on 100% of the 1985 Unisex Annuity Table and 100% of the 1952 Disability Table, respectively. The discount rate assumed was based on single-weighted present value approach using bootstrapped-derived zero rates from BVAL index.

The weighted average duration of the defined benefit liability as at September 30, 2025 and 2024 is 11 years.

### Assumptions and Relevant Information

#### *Sensitivity Analysis*

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by 1%.

	<b>September 30, 2025</b>	
	<b>1% Increase</b>	<b>1% Decrease</b>
Discount rate	<b>(P216,583,609)</b>	<b>P250,968,195</b>
Salary increase rate	<b>234,250,505</b>	<b>(205,557,736)</b>

  

	<b>December 31, 2024</b>	
	<b>1% Increase</b>	<b>1% Decrease</b>
Discount rate	<b>(P230,768,076)</b>	<b>P268,419,696</b>
Salary increase rate	<b>249,887,076</b>	<b>(218,769,587)</b>

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

This defined benefit plan exposes the Group to actuarial risks, such as interest rate risk, longevity, and salary risk.

The Group plans to make additional funding in 2025, subject to the approval of the Management.

## 24. Financial Instruments

The accounting policies for financial instruments classified under loans and receivables have been applied to the line items below:

	Note	September 30, 2025	December 31, 2024
<b>Current assets:</b>			
Cash and cash equivalents	11	<b>P7,097,498,908</b>	P8,962,528,586
Accrued power receivables	12	<b>8,034,800,084</b>	735,612,165
Power receivables	12	<b>5,577,867,871</b>	4,468,438,966
Due from customers	12	<b>9,288,339,791</b>	7,124,141,542
Restructured power receivables	12	<b>2,200,277</b>	11,666,554
Interest receivable	12	<b>520,316</b>	3,507,901
Due from officers and employees and other receivables	12	<b>282,090,383</b>	229,503,291
<b>Total current financial assets</b>		<b>30,283,317,630</b>	21,535,399,005
<b>Noncurrent assets:</b>			
Accrued power receivables		<b>22,895,372,024</b>	18,507,913,333
Restructured power receivables		<b>1,514,301,339</b>	1,496,372,425
Power receivables		<b>132,780,878</b>	126,594,475
Due from customers		<b>445,010,643</b>	439,437,957
Other noncurrent account receivable		<b>1,189,155,736</b>	1,412,909,900
<b>Total noncurrent financial assets</b>	12	<b>26,176,620,620</b>	21,983,228,090
<b>Total financial assets</b>		<b>P56,459,938,250</b>	P43,518,627,095

Details of movements of allowance for impairment losses are as follows:

	September 30, 2025	December 31, 2024
Balance at beginning of period	<b>P2,136,138,659</b>	P2,071,468,659
Provision for impairment losses on receivables during the period	<b>32,335,000</b>	64,670,000
Balance at end of period	<b>P2,168,473,659</b>	P2,136,138,659

Trade and other current payables, concession fee payable, loans payable, customers' and other deposits and other current liabilities in the consolidated statements of financial position as at September 30, 2025 and December 31, 2024 are designated as other financial liabilities. Except for concession fee payable and loans payable, the balances disclosed are the contractual undiscounted cash flows which equal their carrying amounts, as the impact of discounting is not significant.

### Financial Risk Management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance, and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance.

The Group's BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The BOD has delegated to management the responsibility of developing and monitoring the Group's risk management policies.

The Group's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products, and emerging best practices.

The BOD oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

#### *Credit Risk*

Credit risk represents the risk of loss the Group would incur if counterparties failed to perform their contractual obligations. The Group has established controls and procedures in its credit policy to determine and to monitor the credit worthiness of customers and counterparties. The carrying amount of each financial asset represents the Group's maximum credit exposure.

The Group's aging per class of financial assets is as follows:

	Neither Past Due nor Impaired	Past Due but not Impaired			Past Due and Impaired	Total			
		1 to 30 Days	31 to 60 Days	More than 60 Days					
<b>September 30, 2025</b>									
<b>Cash and Cash Equivalents</b>									
Cash in banks	<b>P6,671,040,641</b>	P -	P -	P -	P -	<b>P6,671,040,641</b>			
Short-term placements	<b>400,514,264</b>	-	-	-	-	<b>400,514,264</b>			
<b>Receivables</b>									
<i>Accrued</i>									
Power receivables	<b>36,399,629,247</b>	<b>108,382,986</b>	-	-	<b>132,808,624</b>	<b>36,640,820,857</b>			
Due from customers	<b>6,798,992,027</b>	<b>973,251,188</b>	<b>350,429,438</b>	<b>921,983,062</b>	<b>688,694,719</b>	<b>9,733,350,434</b>			
Due from officers and employees and other receivables	<b>282,090,383</b>	-	-	-	-	<b>282,090,383</b>			
Restructured power receivables	<b>900,000</b>	-	-	<b>170,960,987</b>	<b>1,344,640,629</b>	<b>1,516,501,616</b>			
Interest receivable	<b>163,190</b>	-	<b>384</b>	<b>45,384</b>	<b>311,358</b>	<b>520,316</b>			
Other noncurrent accounts receivable	<b>1,155,906,268</b>	<b>1,018,067</b>	<b>175,444</b>	<b>32,055,957</b>	<b>2,018,329</b>	<b>1,191,174,065</b>			
	<b>P51,709,236,020</b>	<b>1,082,652,241</b>	<b>350,605,266</b>	<b>1,125,045,390</b>	<b>2,168,473,659</b>	<b>56,436,012,576</b>			

	Neither Past Due nor Impaired	Past Due but not Impaired			Past Due and Impaired	Total
		1 to 30 Days	31 to 60 Days	More than 60 Days		
<b>December 31, 2024</b>						
Cash and Cash Equivalents						
Cash in banks	P4,702,607,668	P -	P -	P -	P -	P4,702,607,668
Short-term placements	4,231,805,635	-	-	-	-	4,231,805,635
Receivables						
Accrued						
Power receivables	23,663,021,776	48,914,943	-	-	126,622,220	23,838,558,939
Due from customers	5,506,338,987	415,172,868	367,369,509	767,257,326	507,440,809	7,563,579,499
Due from officers and employees and other receivables	220,607,982	2,224,504	433,590	4,218,886	2,018,329	229,503,291
Restructured power receivables	6,396,702	-	-	1,900,253	1,499,742,024	1,508,038,979
Interest receivable	3,176,747	4,890	5,512	5,475	315,277	3,507,901
Other accounts receivable	1,412,909,900	-	-	-	-	1,412,909,900
	P39,746,865,397	P466,317,205	P367,808,611	P773,381,940	P2,136,138,659	P43,490,511,812

The Group generally applies lifetime ECL, except for cash and cash equivalents, to financial assets which substantially comprise power receivables and other short-term balances. The Group applies 12-month ECL on cash and cash equivalents.

*Credit Risk Concentration.* The Group's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of receivables is its carrying amount without considering collaterals or credit enhancements, if any. The Group has no significant concentration of credit risk since the Group deals with a large number of customers. The Group does not execute any credit guarantee in favor of any counterparty.

*Credit Quality.* In monitoring and controlling credit extended to counterparty, the Group adopts a comprehensive credit rating system based on financial and non-financial assessments of its customers. Financial factors being considered comprised of the financial standing of the customer while the non-financial aspects include, but are not limited to, the assessment of the customer's nature of business, management profile, industry background, payment habit and both present and potential business dealings with the Group.

a) Cash in banks and Short-term Placements

Cash in banks and short-term placements are deposited to banks that qualify as universal and commercial banks as defined by the Philippine Banking System.

b) Receivables Neither Past Due nor Impaired

These refer to accounts of satisfactory financial capability, credit standing and collectability.

c) Receivables Past Due but not Impaired

Past due but not impaired receivables consist mainly of trade receivables which are currently being negotiated for collection with third party customers. Management believes that no provision for impairment losses is required for these receivables as at September 30, 2025 and December 31, 2024.

d) Past Due and Impaired Accounts

Receivables with an aggregate nominal value of P2.17 billion and P2.07 billion as at September 30, 2025 and 2024, respectively, were assessed to be impaired and hence, provided with allowance. There is a high concentration of credit risk with respect to these customers. These refer to accounts from customers in default due to financial difficulties without clear indication of recoverability and disputed charges already decided by ERC in favor of the customers. These accounts are in default and assessed as delinquent.

*Cash and Cash Equivalents*

The Group does not expect material ECL on cash in banks and cash equivalents as these financial assets are deposited with universal and commercial banks with good credit ratings and are either payable on demand or have very short maturities.

*Receivables and Contract Assets*

The Group estimates ECL for power receivables, due from customers, and accrued transmission revenue by applying both collective assessment and assessment of specific customers, considering what is appropriate under the circumstances.

For the collective assessment, the Group used a provision matrix to separate customer segments sharing common credit risk characteristics. ECLs are calculated based on the probability of a receivable progressing through successive stages of delinquency until finally determined uncollectible. Loss rates are based on the actual credit loss experience over twelve (12) months. The Group has assessed and currently does not expect that the effects of any adjustment for forecasts of future economic conditions could be material considering that power receivables have short credit terms and ordinarily collected substantially within one month. The collective assessment excludes specific customer balances with circumstances that are deemed not representative of the credit risk exposure of a group.

For specific customers that are separately assessed, circumstances specific to the customer are considered in estimating cash flows for ECL measurement, including historical experience with the customer, its current financial condition, and where billing disputes are involved, the status of ERC cases and court cases.

The Group assessed that no material ECL is required for current receivables as at September 30, 2025 and December 31, 2024. As at September 30, 2025, the Group through NGCP, recognized total impairment allowance amounting to P2.17 billion attributable to and covers substantially all noncurrent receivables. There is no material difference between the estimated ECL provision required for the period ended September 30, 2025 and the P32.34 million recognized by the Group based on the forecast bad debts provided in the Final Determination approved by ERC.

#### *Liquidity Risk*

Liquidity risk is the risk that the Group will have difficulty in meeting its financial obligations as they fall due.

As part of the Group's prudent liquidity risk management policies and procedures, management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows. Financing requirements for working capital, loan repayments, and capital expenditures are reviewed on a monthly basis. Results of management's review are reported to the Board on a regular basis.

The Group's ability to make payments on its indebtedness and to fund its operations depend on its future performance and financial results, which to a certain extent, are subject to general economic, financial, competitive and interest rate environment that are beyond its control. The Group projects monthly cash flows from operating, investing and financing activities and evaluates actual cash flow information to ensure that the immediate requirements of the Group are attended to.

The contractual maturities of financial liabilities including estimated payments as at September 30, 2025 and December 31, 2024 are as follows:

Note	As at September 30, 2025			
	Carrying Amount	Contractual Cash Flow	Less than 1 Year	More than 1 Year
Non-derivative financial liabilities:				
Trade and other current payables*	15	P31,411,284,808	P31,411,284,808	P31,411,284,808
Concession fee payable	5	45,347,869,597	45,347,869,597	4,792,864,266
Loans payable (current and noncurrent)	14	225,433,294,340	286,094,636,333	38,169,307,665
Customers' and other deposits		4,100,708,558	4,100,708,558	-
Other current liabilities**	16	18,822,713,933	18,822,713,933	18,822,713,933
Other noncurrent liabilities**	16	272,618,486	272,618,486	-
		P325,388,489,722	P386,049,831,715	P93,196,170,672
				P292,853,661,043

\*excluding due to government agencies and others.

\*\*excluding advances for construction and deferred tax liability.

Note	Carrying Amount	As at December 31, 2024		
		Contractual Cash Flow	Less than 1 Year	More than 1 Year
Non-derivative financial liabilities:				
Trade and other current payables*	15	P36,638,539,681	P36,638,539,681	P -
Concession fee payable	5	49,894,945,953	49,894,945,953	40,555,005,331
Loans payable (current and noncurrent)	14	220,182,769,442	283,096,574,177	246,588,825,705
Customers' and other deposits		529,046,209	529,046,209	529,046,209
Other current liabilities**	16	18,043,421,098	18,043,421,098	-
Other noncurrent liabilities**	16	339,168,312	339,168,312	339,168,312
		P325,627,890,695	P388,541,695,430	P100,529,649,873
				P288,012,045,557

\*excluding due to government agencies and others.

\*\*excluding advances for construction.

### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. The Group is subject to various risks, including foreign currency and interest rates.

### Foreign Currency Exchange Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's foreign currency exchange risk for the periods ended September 30, 2025 and December 31, 2024 pertains to its cash in banks, prepaid expenses and other current assets, trade and other liabilities denominated in US dollar, Euro, NZD, JPY and IDR.

The Group regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign currency denominated assets and liabilities.

Information on the Group's foreign currency denominated assets and liabilities and their Philippine peso equivalent are as follows:

	September 30, 2025				
	U.S. Dollar	Euro	NZD	JPY	IDR
<b>Assets</b>					
Cash and cash equivalents	4,071,262	-	-	-	-
Advance payment to suppliers and contractors	74,960,327	83,324	-	-	-
	79,031,589	83,324	-	-	-
					4,356,519,269
					4,592,823,473
<b>Liabilities</b>					
Accounts payable and accrued expenses*	(488,834,632)	(3,771,322)	(3,261)	(179,840,812)	(27,500,000)
					(28,700,129,373)
Net foreign currency-denominated liabilities	(409,803,043)	(3,687,998)	(3,261)	(179,840,812)	(27,500,000)
					(24,107,305,900)

	December 31, 2024				
	U.S. Dollar	Euro	NZD	JPY	IDR
<b>Assets</b>					
Cash and cash equivalents	530,285	-	-	-	-
Advance payment to suppliers and contractors	93,189,480	344,162	-	-	-
	93,719,765	344,162	-	-	-
<b>Liabilities</b>					
Accounts payable and accrued expenses*	(494,641,878)	(4,619,208)	(3,261)	(626,040,450)	(27,500,000)
					(5,375)
Net foreign currency-denominated liabilities	(400,922,113)	(4,275,046)	(3,261)	(626,040,450)	(27,500,000)
					(5,375)

With the translation of these foreign currency denominated assets and liabilities, the Group reported net foreign exchange gain (loss) of P86.14 million and (P243.34) million in September 30, 2025 and 2024, respectively.

The following are the closing exchange rates applied as at September 30, 2025 and December 31, 2024:

	USD	Euro	NZD	JPY	IDR
September 30, 2025	<b>56.042</b>	<b>68.0717</b>	<b>33.5193</b>	<b>0.0035</b>	<b>0.3907</b>
December 31, 2024	58.014	60.4738	32.6213	0.0036	0.3672

*Sensitivity Analysis.* The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates, with all other variables held constant, of the Group's net income and equity:

September 30, 2025			
	Strengthening/ Weakening of the Philippine Peso	Effect on Profit	Effect on Equity
<b>US Dollar</b>	+10%	<b>2,378,578,825</b>	<b>(2,378,578,825)</b>
	-10%	<b>(2,378,578,825)</b>	<b>2,378,578,825</b>
<b>JPY</b>	+10%	<b>7,026,381</b>	<b>(7,026,381)</b>
	-10%	<b>(7,026,381)</b>	<b>7,026,381</b>
<b>NZD</b>	+10%	<b>10,931</b>	<b>(10,931)</b>
	-10%	<b>(10,931)</b>	<b>10,931</b>
<b>EURO</b>	+10%	<b>25,104,829</b>	<b>(25,104,829)</b>
	-10%	<b>(25,104,829)</b>	<b>25,104,829</b>
<b>IDR</b>	+10%	<b>9,625</b>	<b>(9,625)</b>
	-10%	<b>(9,625)</b>	<b>9,625</b>
<b>CHF</b>	+10%	<b>2,378,578,825</b>	<b>(2,378,578,825)</b>
	-10%	<b>(2,378,578,825)</b>	<b>2,378,578,825</b>

December 31, 2024			
	Strengthening/ Weakening of the Philippine Peso	Effect on Profit	Effect on Equity
<b>US Dollar</b>	+10%	<b>2,325,909,549</b>	<b>2,325,909,549</b>
	-10%	<b>(2,325,909,549)</b>	<b>(2,325,909,549)</b>
<b>JPY</b>	+10%	<b>22,988,205</b>	<b>22,988,205</b>
	-10%	<b>(22,988,205)</b>	<b>(22,988,205)</b>
<b>NZD</b>	+10%	<b>10,638</b>	<b>10,638</b>
	-10%	<b>(10,638)</b>	<b>(10,638)</b>
<b>EURO</b>	+10%	<b>25,852,832</b>	<b>25,852,832</b>
	-10%	<b>(25,852,832)</b>	<b>(25,852,832)</b>
<b>IDR</b>	+10%	<b>9,900</b>	<b>9,900</b>
	-10%	<b>(9,900)</b>	<b>(9,900)</b>
<b>CHF</b>	+10%	<b>34,697</b>	<b>34,697</b>
	-10%	<b>(34,697)</b>	<b>(34,697)</b>

*Interest Rate Risk.* Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest cost by using an optimal combination of fixed and variable rate debt instruments. The management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

#### Capital Management

Management's objectives in managing capital are to safeguard the ability of the Group to operate as a going concern, ensure that it has sufficient cash flows to service long-term debt, and to satisfy both maturing short-term debt and upcoming operational expenses, thereby providing returns to shareholders and other stakeholders.

Capital is defined as the Group's capital stock, additional paid-in capital and retained earnings.

Management uses debt-to-equity ratio to monitor and review, on a regular basis, the Group's capital.

There were no changes in the Group's approach to capital management during the period.

The Group, through NGCP has to meet Debt to Equity Ratio required by the concession agreement. For the periods ended September 30, 2025 and December 31, 2024, the Group is in compliance with these requirements.

#### Fair Values

The Group analyzes financial instruments carried at fair value by valuation method as at September 30, 2025 and December 31, 2024. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data.

As at September 30, 2025 and December 31, 2024, the Group has no financial instruments valued based on Levels 1 and 3 and has not introduced any movement among Levels 1, 2 and 3 classifications.

The following summarizes the major methods and assumptions used in determining the fair values of financial instruments:

*Cash and Cash Equivalents, Receivables, Trade and Other Current Payables and Other Current Liabilities.* The carrying amounts of these financial assets and financial liabilities approximate fair values primarily due to the relative short-term nature/maturities of these financial instruments.

*Receivables - Net of Current Portion and Customers and Other Deposits.* These accounts are reported at their carrying amounts which approximates its amortized cost as the impact of discounting is immaterial. Carrying amounts approximates the cash amounts that would be settled at reporting date.

*Concession Fee Payable and Loans Payable.* The carrying value of interest-bearing concession fee payable and loans payable is the present value which approximates the cash amount that would be fully settled as at reporting date. These are classified as current liabilities when they become payable within twelve (12) months from the reporting date.

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## 25. Contingencies

The Group, in the ordinary course of business, is a party to certain cases or claims under protest pending with administrative bodies or the courts, including but not limited to those set out below, the outcome of which are not presently determinable.

a. Civil Cases

NGCP is a defendant in an Arbitration case filed by Kalpataru Power Transmission Limited (KPTL) before the Construction Industry Arbitration Commission (CIAC) where the Arbitral Tribunal awarded damages in favor of KPTL, as follows:

PROJECT	DAMAGES		
	PHP	USD	INR
Abaga-Kirahon	28,749,664	93,041	1,329,869
Kirahon-Maramag	16,658,168	77,369	2,333,347
Ormoc-Babatngon	27,053,362	-	394,743

Moreover, the Arbitral Tribunal also directed NGCP to release the Retention Money previously withheld by NGCP from the payments to KPTL, as follows:

PROJECT	RETENTION MONEY	
	PHP	USD
Abaga-Kirahon	30,000,000	2,000,000
Kirahon-Maramag	21,929,714	143,563

NGCP filed a Petition for Review with the Court of Appeals assailing the erroneous award and also posted a bond before the CIAC in an amount equal to the award in order to restrain the implementation of the Final Award pending the resolution of NGCP's Petition. In its Decision dated June 29, 2018, the Court of Appeals deleted all the actual damages granted by the Arbitral Tribunal in favor of Kalpataru but ordered NGCP to release the retention money to Kalpataru. The June 29, 2018, Decision of the Court of Appeals is now subject of separate Petitions for review by NGCP and Kalpataru before the Supreme Court which is pending resolution.

In a case involving customer High Street (SPV-AMC), Inc., (High Street) concerning the manner of calculating the transmission charge of High Street, NGCP filed on March 10, 2022 a Motion (to remand the Case) before the Supreme Court requesting that case be remanded to the Energy Regulatory Commission (ERC) for proper disposition, particularly, on the implementation and computation of the billing due from High Street consistent with the Decision and Resolution of the Court of Appeals, as affirmed by the Supreme Court, declaring the non-coincident peak demand (NCPD) as the correct billing determinant in the computation of transmission charges of High Street, Inc. Consequently, on September 9, 2022, NGCP filed with the Supreme Court a Reiteratory Motion praying that case be remanded to the ERC to implement and compute the billing due from High Street. On November 2, 2022, the 1st Indorsement of the Supreme Court to the Court of Appeals - the case was remanded to CA on June 14, 2021. And on December 12, 2022, NGCP received the CA letter transmitting the records of the case to ERC for proper disposition. Hence, on March 9, 2023, NGCP filed with the ERC its Motion to Set the Case for hearing to finally determine the billings of High Street in relation to the Supreme Court ruling. Said motion is pending action by the ERC.

NGCP is the Plaintiff in the case of NGCP vs Posadas docketed as Civil Case No. 14-2547-M for Quietting of Title with Prayer for the issuance of Writ of Preliminary Injunction and/or TRO filed before the RTC Branch 80 of Morong Rizal. On 30 June 2022, NGCP received the hard copy of the Decision dated June 20, 2022, dismissing the quieting of title, partially granting counterclaims of defendants such as P500,000.00 temperate damages, P100,000.00 exemplary damages, P25,000.00 Attorney's fees and setting aside the writ of preliminary injunction case of NGCP. On July 15, 2022, NGCP through external counsel filed a Motion for Reconsideration of the Decision dated June 20, 2022. On August 23, 2022, NGCP received the Order dated August 12, 2022, denying NGCP's Motion for Reconsideration dated July 15, 2022. On August 26, 2022, NGCP filed a Notice of Appeal assailing the Decision dated June 20, 2022. RTC gave due course to the Notice of Appeal and transmitted the records to the CA. NGCP is still waiting for the CA's action on the appeal.

NGCP is the Plaintiff in the case of NGCP vs Bulcio et al. docketed as Civil Case No. 19-CV-3500 for the issuance of Writ of Preliminary Injunction with TRO filed before the RTC Branch 10 of La Trinidad, Benguet. Defendants prayed for the dismissal of the complaint as well as P50,000.00 for moral damages, P500,000.00 for exemplary damages and P20,000.00 cost of litigation expenses. On April 27, 2022, NGCP received the Memorandum of defendants. On May 18, 2023, NGCP received the decision dismissing the complaint. On July 14, 2023, NGCP received a resolution denying MR of NGCP. On August 08, 2023, NGCP received an order finding the Notice of Appeal by NGCP filed within the reglementary period and immediately transmitting records of the case to CA. On 31 January 2025, NGCP filed its Appellant's Brief. On 31 March 2025, NGCP received Appellee's Brief. NGCP will file its Reply-Brief. On 15 April 2025, NGCP filed its Reply-Brief. On 18 August 2025, NGCP received the Court of Appeals Resolution dated 7 August 2025 resolving that the case is submitted for decision.

NGCP is the Plaintiff in the case of NGCP v. Consolidated Mines, Inc. and Benguet Corporation, docketed as Civil Case No. R-QZN-13-04310-CV for Breach of Contract, Collection of Sum of Money with Damages with Prayer for Issuance of Writ of Attachment. On 3 August 2018, the RTC issued a Decision directing CMI and Benguet to pay NGCP the principal amount of P8,929,397.69. NGCP was able to garnish P16,132,404.96 from Benguet Corporation. Consolidated Mines Inc. appealed to the Court of Appeals, and, upon denial of its Petition therein, to the Supreme Court. The Supreme Court similarly denied Consolidated Mines Inc.'s appeal, and the case was remanded to the RTC for execution. Consolidated Mines Inc. submitted a Compromise Settlement Proposal to NGCP, which was accepted. The payment of the settlement amount is currently ongoing, while the Writ of Execution of the Judgment is held in abeyance pending full settlement of the compromise amount.

NGCP is the Defendant in the case of Melanie Villarao vs NGCP docketed as Civil Case No. II-6665 for Damages based on Quasi-delict before the RTC Branch 08 of Aparri, Cagayan. Plaintiff prayed for incurred medical and other related expenses in the total amount of P8.02 million consisting of P1,050.00, funeral expenses of P92,700.00, Loss of earning capacity of P6.42 million, P1.00 million for moral damages, and P500,000.00 for exemplary damages. On 12 March 2025, NGCP, through its external counsel, received a copy of the Decision in favor of the plaintiff and ordering NGCP to pay total amount of Php6,580,560.27 as damages. NGCP filed Motion for Reconsideration on 27 March 2025. NGCP is still waiting for RTC Resolution to the Motion for Reconsideration. On 04 April 2025, the RTC denied the Motion for Reconsideration. On 29 April 2025, NGCP, through its retainer, filed of Notice of Appeal. RTC gave due course to the Notice of Appeal and transmitted the records to the CA. NGCP is still waiting for the CA's action on the appeal.

NGCP is the Defendant in the case of Leonardo San Pedro vs NGCP represented by Rodolfo Ilarde Jr. docketed as Civil Case No. 3333 for Removal of Structures and Damages before the MTCC Branch 03 of Tuguegarao City, Cagayan. Plaintiff prayed for the removal of electrical posts and payment of P50,000.00 cost of litigation expenses, P50,000.00 for Attorney's Fee and P50,000.00 for exemplary damages as well as payment of the cost of suit. During trial, the Plaintiff moved for amendment of the Complaint to which the Court granted. In the Amended Complaint dated May 15, 2024, the Plaintiff included another parcel of land on which he claims the structures are erected and amended the prayer for cost of litigation expenses to P100,000.00. Accordingly, NGCP also filed its Amended Answer. On August 21, 2024, the Plaintiff submitted an Offer of Compromise allowing the retention of the structures within his property subject to the payment of just compensation amounting to PhP1,000,000. NGCP did not accept the proposal since it was the Plaintiff who requested TransCo in 2005 to relocate the poles in their current location and that such request is covered by a Memorandum of Agreement. Moreover, in the relocation of poles, ROW Grants were executed and duly annotated in the Titles. The presentation for the evidence of the plaintiff was terminated on 16 October 2024. Trial is still ongoing with the next hearing set for presentation of witness of NGCP. NGCP filed its formal offer of evidence on 30 September 2025.

NGCP is the Plaintiff in the case of NGCP vs Sps. Manolo Hernal and Mildred Villaroman-Hernal docketed as Civil Case No. 6740-AF for the issuance of Writ of Preliminary Injunction with TRO filed before the RTC Branch 30, Cabanatuan City. In a Decision dated January 25, 2024, NGCP is ordered to pay just compensation in the total amount of P19.61 million. NGCP filed MR which the court denied hence, NGCP filed Notice of Appeal. RTC gave due course to the Notice of Appeal and transmitted the records to the CA. NGCP is still waiting for the CA's action on the appeal.

NGCP is the Defendant in the case of Heirs of Miguel D. Guansing Et. Al. vs TRANSCO and NGCP docketed as Civil Case No. 180-M-2021 for Inverse Condemnation before the RTC Branch 19 of Malolos, Bulacan. Plaintiffs prayed for payment of just compensation for the alleged area occupied by the transmission lines and Attorney's fees of P50,000.00 including all litigation expenses and cost of suit. The case is set for Pre-trial on 20 May 2024 per order received on 05 April 2024. Received on 19 June 2024 is the Order resetting the pre-trial on 19 August 2024 and requiring the counsel for NGCP to put into writing the motion she orally raised during the hearing on 20 May 2024 (i.e. dropping of NGCP as defendant). On 16 August 2024, NGCP received an Order denying the Motion to drop NGCP as defendant in the above subject case. Trial is still ongoing with the next hearing set for presentation of witness of the plaintiff. On 27 May 2025, TransCo deposited Php160,933,800 as provisional deposit and moved for the issuance of Writ of Possession. On 9 June 2025, the RTC ordered the issuance of Writ of Possession in favor of Transco and/or NGCP. The RTC likewise noted the manifestation of the parties to adopt the report of the commissioners as to the determination of just compensation. The commissioners have yet submitted their reports.

NGCP is the Defendant in the case of Angel Tan Chua vs NPC, PSALM, NTC and NGCP docketed as Civil Case No 352-M-2022 for Just Compensation before the RTC Branch 15 of Malolos Bulacan. Plaintiff prayed for just compensation for the alleged affected total area of 37,261 square meters and consequential damages of no less than P1.00 billion, P500,000.00 for exemplary damages, P200,000.00 for attorney's fees and the cost of litigation. The case is set for pre-trial. The commissioners have been nominated by the parties for the purpose of determining just compensation. Commissioner Ernesto Borja and Gina De Guzman have submitted their reports. However, in an Order dated 20 May 2024, the Court ordered the commissioners to submit further report. Commissioner Gina De Guzman submitted her further report on 17 June 2024. In an Order dated 27 December 2024, the court waived the further report from commissioner Ernesto Borja so as not to delay the resolution of the case. In the same Order, the court ordered the parties to comment on the further report of commissioner Gina De Guzman within 30 days from the receipt of the Order. The comment to the report was submitted to the court on January 20, 2025.

NGCP is the Defendant in the case of American Technologies, Inc. v. NGCP, docketed as R-MND-24-00551-CV for Specific Performance with Damages before RTC Branch 213 of Mandaluyong. Plaintiff prayed for the return of 99 GPS units that NGCP previously leased, or, in the alternative, the payment of the value of the said GPS units, and the payment of Php100,000.00 exemplary damages, Php30,000.00 attorney's fees, Php5,000.00 additional attorney's fees per appearance of plaintiff's counsel, and the costs of litigation. The case is set for Court-Annexed Mediation and Pre-Trial Conference. NGCP offered to pay for the unreturned GPS, and ATI accepted such settlement offer. NGCP has already paid the amount of Php370,000.00 to ATI, and the parties have already signed a Compromise Agreement. A Motion to Render Judgment based on Compromise is set to be filed for the dismissal of the case with prejudice. During the hearing set for Pre-Trial, the parties manifested that the Compromise Agreement had been

executed, and that all of ATI's remaining monetary claims had been settled. On 19 September 2025, the RTC issued a Decision approving the Compromise Agreement.

NGCP is Defendant in the case of Felicidad E. Rapisura vs. Spouses Mario Donato and Jeneleine Alfonso-Donato, NGCP, et. al., docketed as Civil Case No. Sm-1341 for Annulment of Land Title/Tax Declaration/ Deed of Quitclaim and Waiver of Rights/Other Documents, Reconveyance and Damages before 7<sup>th</sup> Municipal Circuit Trial Court of Asingan-San Manuel, Pangasinan. The Plaintiff impleaded NGCP as an indispensable and necessary party and prayed that NGCP will be ordered to transact business with the plaintiff and pay just compensation for the use and utilization of subject property. On 25 June 2025, NGCP received the Answer of Defendant Spouses Donato with a Crossclaim against NGCP for indemnity for any judgement, damages, or liabilities that may be adjudged against them. NGCP is drafting its Answer to the Complaint and Answer to the Crossclaim. NGCP filed its Answer on 17 July 2025. Pre-trial conference was conducted on 18 September 2025. The court set the case for Mandatory conciliation on 16 October 2025.

NGCP is the Respondent in the case of Phirst Park Homes, Inc. vs NGCP Et Al. docketed as Civil Case No. 57-M-2023 for Indirect Contempt before the RTC Branch 82 of Malolos, Bulacan. Plaintiff prays to impose appropriate fines and imprisonment in accordance with law against respondents. The case was transferred and consolidated to under Civil Case No. 221-M-2022 before the RTC, Br. 12 (121) Meycauayan Bulacan, where the case for expropriation is being heard. In a Resolution dated February 28, 2024, the Supreme Court dismissed the Petition for Prohibition w/ Urgent Prayer of Issuance of a TRO and WPI. Accordingly, the TRO issued by the Court on July 3, 2023 is lifted.

NGCP is the defendant in the two cases of Dinalupihan Green Residences, Inc. (DGRI) v NGCP docketed as DH-1746-25 and DH-1747-25, both for payment of just compensation. DRGI prayed payment of just compensation amounting to at least P5,000 per square meter for its 14,270-lot subject of DH-1746-25 and 16,175sqm lot subject of DH-1747-25. NGCP filed its Answer on 29 August 2025. Endorsed to retained counsel on 4 September 2025. On 8 September 2025, DGR filed its Reply with Urgent Motion to Require Defendant NGCP to comply with section 6(a)(1) of RA No. 10752 and immediately pay the provisional value prior to trial. On 16 September 2025, NGCP, through retainer, filed its Comment/Opposition to the Motion. On 29 September 2025, DGRI filed its Reply to NGCP's Comment/Opposition. The Motion and Comment/Opposition is set for hearing on 8 October 2025.

NGCP is the defendant in the case of Edgardo LL. Padilla vs TransCo and NGCP, docketed as Special Civil Action No.: 24-8621 for Inverse Condemnation, with Interest and Damages before the RTC Branch 5 of Iligan City. Plaintiff prays for the payment of true and fair market value of the land and the damaged improvements thereon, to have a provisional deposit related to the land affected by the transmission line project pursuant to Section 6 of Republic Act No. 10752 and consequential damages in the amount of Php2,000,000.00 and recovery of costs of litigation and attorney's fees in the amount of Php200,000.00. On 29 April 2025 Pre-trial was reset to September 2, 2025, counsel for the plaintiff moved that the presentation of plaintiff's evidence be deferred pending resolution of the petition for certiorari filed by the plaintiff before the CA, Cagayan de Oro City. Further, plaintiff's counsel manifested that plaintiff Edgardo Padilla failed to appear as he was not able to catch up the last flight from Manila, counsels of Transco and NGCP did not interposed any objections, the court reset the plaintiff's presentation of evidence to October 21, 2025 at 8:30 in the morning.

NGCP is the defendant in the case of Aissah M. Tomawis and Aga Khan M. Tomawis represented by Acmad M. Tomawis vs TransCo and NGCP, docketed as Civi Case No. 2379-MTCC for Recovery of Ownership and Possession with Damages before the MTCC Branch 1, Ozamis City. Plaintiff prays that defendant to immediately vacate or surrender its possession and use of a portion of Lot No. 4191-A to the plaintiffs, to reimburse the plaintiffs Php50,000.00 for legal consultation expenses and Php25,000.00 for court fees and other amount litigation expenses, to reimburse plaintiffs Php150,000.00 for attorney's fees, to pay moral and exemplary damages in the amount of at least Php50,000.00 and directing for the installation and restoration of plaintiff's to the peaceful possession and enjoyment of Lot No. 4191-A. Endorsed to retained counsel Atty. Edgardo B. Prospero to handle the case. Pre-trial conference on July 23, 2025 @ 2:00 o'clock in the afternoon.

NGCP is the defendant in the case of Paul Salvador LL. Padilla vs TransCo and NGCP, docketed as Special Civil Action No. 24-8622 for Inverse Condemnation, with Interest and Damages before the RTC Branch 5, Iligan City. Plaintiff prays for the payment of true and fair market value of the land and the damaged improvements thereon, to have a provisional deposit related to the land affected by the transmission line project pursuant to Section 6 of Republic Act No. 10752 and consequential damages in the amount of Php2,000,000.00 and recovery of costs of litigation and attorney's fees in the amount of Php200,000.00. On September 2, 2025, Pre Trial schedule, counsel for the plaintiff moved that the presentation of plaintiff's evidence be deferred pending resolution of the petition for certiorari filed by the plaintiff before the CA, Cagayan de Oro City. Further, plaintiff's counsel manifested that plaintiff Edgardo Padilla failed to appear as he was not able to catch up the last flight from Manila, counsels of Transco and NGCP did not interposed any objections, the court reset the plaintiff's presentation of evidence to October 21, 2025 at 8:30 in the morning.

NGCP is the defendant in the case of Jessica Morandarte represented by Lea M. Bustalino and Renan Morandarte, docketed as Civil Case No. 255 for Recovery of Possession, Payment of Rental and Damages before the MTC of Polanco, Zamboanga del Norte. Plaintiff prays for a rental from 2012 until final turn-over of the possession of the subject portion of land, moral damages, attorney's fee in the amount of Php30,000.00, filing fees and other litigation expense, and exemplary damages. Filed Answer on 13 June 2025. For endorsement to retained counsel.

There are several other cases for ejectment, damages, recovery of possession, inverse condemnation and other cases which are civil in nature filed by and against the NGCP and pending with the different courts and quasi-judicial bodies nationwide. The total estimated amount of claim against NGCP for these civil cases is P258 million.

b. Revenue Applications

On December 22, 2022, NGCP filed its revenue application for the 4<sup>th</sup> Regulatory Period (2016-2020). In the Application, NGCP proposed its Annual Revenue Requirement for the years 2016 to 2020 for the ERC's approval. The Application is already submitted for resolution as of date.

Section 4.6 of the 4th RP Draft Final Determination (DFD) provides the ERC's review on NGCP's proposed recovery of the acquisition of assets performing transmission function. This asset acquisition is consistent with Section 9 of the Electric Power Industry Reform Act of 2001 (EPIRA) stating that a generation company may develop and own or operate dedicated point-to-point limited transmission facilities that are consistent with the Transmission Development Plan (TDP) provided that such facilities are required only for purposes of

connecting to the transmission system and are used solely by the generating facility, subject to prior authorization by the ERC, and in the event that such assets are required for competitive purposes, ownership of the same shall be transferred to the Regulated Entity at a fair market price. The standard legal instrument covering such turnover of assets between a generation company and the Regulated Entity is the Deed of Absolute Sale (DOAS), and the standard feature of which is that the maximum payment to the generation company for the acquisition of such assets shall only be limited to the ERC Final Approved amount.

On March 30, 2023, NGCP filed its revenue application for the 5<sup>th</sup> Regulatory Period (2021-2025). While NGCP has already submitted its evidence, presented its witnesses, and submitted various data and information in compliance with ERC orders, the Application is still under evaluation by the ERC.

On December 4, 2023, NGCP also filed a Petition with the Supreme Court seeking for the nullification of Art. IV of the 2022 Rules for Setting of Transmission Wheeling Rates. The Petition will have an impact on the on-going 4th and 5th RP applications. The Supreme Court issued a Resolution dated August 19, 2024 directing the ERC, through the Office of the Solicitor General (OSG) to file its Comment on the Petition. The ERC, through the OSG filed its Comment on April 15, 2025. On 20 August 2025, NGCP filed a *Motion to Withdraw Petition* citing the release of the ERC's 4th RP Final Determination, and NGCP's implementation of the same. The Supreme Court has yet to rule on or resolve the *Motion to Withdraw Petition*.

On April 11, 2025, the ERC released a notice informing the public of a resolution to adopt the following parameters in relation to the determination of the final rate for the 4th RP of NGCP:

Net Efficiency Adjustment	zero (0)
WACC	11.33%
Approach	As spent

Subsequently, on April 15, 2025, ERC posted in its official website a Notice of Commission Action in relation to NGCP's 4th RP Revenue Application wherein the Honorable Commission resolved to approve the basic Maximum Allowable Revenue (MAR) adjustment (increase) of P0.0629/kWh, and an Under Recovery of P0.0384/kWh with a recovery period of eighty-four (84) months, and a MAR for 2016 to 2022 in the amount of P335.79 billion.

On 7 July 2024, NGCP received the ERC's Decision for the 4th Regulatory Period, which included the release of the 4th RP FD and affirmed the figures stated in the Notice of Commission Action.

c. Show Cause Orders

There are also forty-seven (47) pending cases arising from show cause orders (SCOs) issued by the ERC. These SCOs involve allegations of possible violations of the Philippine Grid Code (PGC), the Ancillary Services Procurement Plan (ASPP), the 2021 DOE AS-CSP Circular, the Rules for Setting Transmission Wheeling Rates (RTWR), Commonwealth Act No. 146, and the Republic Act No. 9136, and various ERC Orders and Decisions involving CAPEX applications.

In one SCO (ERC Case No. 2022-129 to 131 SC), after NGCP has filed its Explanation, the ERC issued a Decision and ruled that NGCP violated the 2021 DOE AS-CSP Circular and meted out a penalty in the amount of P5.10 million.

NGCP timely filed a Motion for Partial Reconsideration of the Decision and paid the penalty imposed with reservation. Said motion is pending resolution. However, on May 17, 2023, NGCP received Order stating that Commissioner did not receive the NGCP's Motion for Reconsideration of the Decision dated October 27, 2022 and that the said case is being closed and terminated. NGCP filed on the following day, May 18, 2023, the Urgent Motion to Withdraw/Recall the said Order. This case is still pending for Resolution.

NGCP has also timely filed its Explanations on various dates for the other SCOs which are pending resolution.

#### **[ERC CASE NO. 2024-010 MC]**

In the February 06, 2024, Order of the ERC (ERC Case No. 2024-010MC), the ERC commenced its investigation on the January 02, 2024, Panay Sub-Grid Blackout Incident. Hearings were conducted attended by NGCP, the Generators located in Panay, and the interim Grid Management Committee. The result of the investigation is still pending with ERC.

#### **[ERC CASE NO. 2023-196 TO 232 SC]**

For the SCOs on the alleged delayed implementation of thirty-seven (37) CAPEX projects (ERC Case No. 2023-196 to 232 SC), NGCP timely filed its written Explanations on July 29, 2023, through a Compliance [Submission of Written Justifications in compliance with the Order dated June 14, 2023] dated July 28, 2023.

In 2024, the ERC conducted clarificatory hearings on ten (10) of the 37 SCOs. On 30 August 2024, NGCP received the Decision dated June 25, 2024 on the above-mentioned 10 SCOs (ERC Case No. 2023-197 et al.) where NGCP was declared administratively liable for violation of the Orders and Decision of the Commission in seven out of the ten SCOs. NGCP was ordered to pay the total administrative penalty of Three Million Five Hundred Thousand Pesos. NGCP filed the Motion for Partial Reconsideration to the 25 June Decision 2024 on September 16, 2024. In addition, on October 02, 2024 NGCP received an Order where NGCP's Motion for Confidential Treatment of Information is denied.

In the February 06, 2024, Order of the ERC (ERC Case No. 2024-010MC), the ERC commenced its investigation on the January 02, 2024, Panay Sub-Grid Blackout Incident. Hearings were conducted attended by NGCP, the Generators located in Panay, and the interim Grid Management Committee. The result of the investigation is still pending with ERC.

On November 26, 2024, NGCP received the ERC's Decision (ERC Case No. 2023-196 to 232SC) dated January 16, 2024 where NGCP was declared administratively liable for violation of the remaining twenty-seven (27) Orders and Decisions of the Commission and was ordered to pay the aggregate administrative penalty of Twelve Million Three Hundred Thousand Pesos (PhP12,300,000 within Fifteen (15) days from receipt of the Decision. NGCP filed a Motion for Reconsideration on December 10, 2024 and a Supplemental Submission on December 16, 2024.

On 30 April 2025, NGCP received the ERC's Order dated 05 March 2025 where the Motion for Reconsideration filed by NGCP was Denied and the Order dated 25 June 2024 is hereby affirmed. On 30 May 2025, NGCP filed a Petition for Review with the Court of Appeals challenging the above orders. The Petition for Review was dismissed by the Court of Appeals. Said dismissal is subject of NGCP's Motion for Reconsideration currently pending before the CA.

d. Tax Cases

In the case of National Grid Corporation of the Philippines vs. Ofelia M. Oliva, G.R. No. 213157, August 10, 2016, and Ofelia M. Oliva vs. National Grid Corporation of the Philippines, G.R. No. 213558, August 10, 2016 (Oliva case), the Supreme Court ruled that NGCP is exempt from payment of real property tax on properties used in connection with its franchise. The cases were remanded to the Central Board of Assessment Appeals (CBAA), Case No. V-31, and on April 10, 2019, the CBAA ruled that the maintenance office and warehouse buildings are used in connection with NGCP's franchise. However, the Supreme Court also ruled in the Oliva cases that NGCP cannot ask for refund from the Cebu City Government for the taxes it paid from 2001-2008 in the amount of P2.79 million but shall take its relief from NPC/TransCo. NGCP may only ask for reimbursement from the City of Cebu the amount paid in excess of the correct tax that should have been collected if the tax is computed applying the 10% assessed value for the period 2001-2008, and refund of the amount paid for the year 2009. Likewise, in another similar case, NGCP vs Local Board of Assessment Appeals (LBAA) and the City Treasurer of Cebu, CBAA Case No V- 35, the CBAA recognized NGCP's exemption from payment of real property tax pursuant to the Supreme Court decision in the Oliva case and ordered the refund of taxes paid for the year 2009 on two office buildings used in the Talamban substation. The refund of the taxes paid in both cases are still under negotiation with the City of Cebu.

NGCP obtained another favorable Resolution, dated June 23, 2021, from the Supreme Court in the consolidated cases docketed as G.R. Nos. 218289-90 (NGCP vs. CBAA, LBAA of Cabanatuan City and Ms. Heidi Pangilinan, in her capacity as City Assessor of Cabanatuan and NGCP vs. CBAA, LBAA of Cabanatuan City and Ms. Florida Oca, in her capacity as the City Treasurer of Cabanatuan City). NGCP questioned the assessment issued by the Assessor of Cabanatuan City in the first case; while in the second case, NGCP paid under protest the real property tax in the amount of P3.82 million for the period 2009 to 2010. In its Resolution, the Supreme Court reiterated its ruling in the case of NGCP vs. Oliva that NGCP is exempt from payment of real property tax on properties that are used for electric power transmission. As in the Oliva case, the SC ordered to remand the cases to the CBAA to determine the actual use of subject machineries, buildings and lands for the purpose of resolving the merits of NGCP's claim for exemption from paying the real property taxes. The CBAA rendered its decision on January 23, 2023 granting NGCP's exemption from payment of Real Property Taxes effective taxable year 2009 and the City of Cabanatuan was ordered to issue revised tax declarations on the subject properties with annotation tax exempt and to refund the Real Property Taxes for taxable year 2009-2010 in the total amount of P3.82 million. Likewise, the City of Cabanatuan was ordered to cancel subsequent assessments and collection of real property taxes inclusive of penalties on the subject properties. The City of Cabanatuan filed a Motion for Reconsideration of the decision, but this was denied by the CBAA. A Petition for Review was then subsequently filed by the City of Cabanatuan before the CTA. On 22 December 2024 NGCP received a favorable Decision from the CTA dated December 13, 2024 granting NGCP's exemption from real property taxes and the City Government of Cabanatuan City has fifteen days to act upon their receipt of the said decision. As of March 7, 2025, NGCP has not received any Motion for Reconsideration filed by the City Government of Cabanatuan City regarding the said decision. As of June 30, 2025, NGCP has not received any Motion for Reconsideration filed by the City Government of Cabanatuan City regarding the said decision. On January 21, 2025, an Entry of Judgment was rendered by the CTA, making its Decision final and executory. Negotiation is now on-going between the parties for the refund of the amount that was paid under protest.

On September 24, 2024, NGCP received a favorable resolution in GR. No. 265730, dated 05 June 2024, issued by the Second Division of the Supreme Court in the case of NGCP vs. the City of Tacloban, in her capacity as Treasurer of Tacloban. This case involves the assessment of contractor's tax, including surcharges and penalties, for the period from 2001 to 2009, initially amounting to Php29,493,740.00. The assessment was subsequently reduced to Php2,022,864, covering only the period from January to December 2009, upon NGCP's filing of a written protest pursuant to Section 195 of the Local Government Code. As a result, NGCP filed a petition before the Regional Trial Court (RTC) challenging the revised assessment issued by the City Government of Tacloban. The RTC dismissed NGCP's appeal as premature due to its failure to file a written protest against the revised assessment from the City Treasurer. NGCP's subsequent filed petition for review before the Court of Tax Appeals (CTA) which was denied for failure to prove payment of the required 3% franchise tax for 2009. After elevating the case to the CTA En Banc, which also denied the petition without considering the BIR certifications from NGCP, NGCP filed a Petition for Review on Certiorari with the Supreme Court. The Supreme Court found merit in NGCP's case, ruling that it had been denied due process by not being allowed to present evidence of tax payment and that the CTA En Banc erred in disregarding the BIR Certification presented by NGCP. Thus, the Supreme Court reversed the CTA En Banc's decision and remanded the case to the RTC in Tacloban City for further proceedings to determine whether the amounts collected, as mentioned in the BIR certifications submitted by NGCP, were the same franchise taxes referred to in Section 9 of RA 9511 and whether the franchise taxes collected from NGCP in 2009 corresponded to 3% of NGCP's gross receipts for that year.

In NGCP vs. the OIC, Provincial Assessor of South Cotabato and the Municipal Assessor of TUPI, South Cotabato, a case involving properties with assessed value of P78.89 million was dismissed on appeal by the CTA in its Decision dated February 27, 2018 for failure to pay the tax under protest. This was brought to the Supreme Court by way of Petition for Review, docketed as G.R. No. 241105. A Reply to the Comment of Respondents to NGCP's Petition for Review dated January 3, 2019, was filed by NGCP on September 16, 2020. On August 24, 2023, NGCP received Resolution dated March 27, 2023, requiring parties to file a Manifestation as to the subsequent development that may help the disposition of the case. Hence, on September 8, 2023, NGCP filed a Manifestation informing the Supreme Court of a pending negotiation for settlement by the parties.

Likewise, in G.R. No. 208225 (NGCP vs. CBAA and Butuan City), NGCP filed a Petition for Review dated September 9, 2013, praying for exemption from real property taxes on properties located in Butuan City. Adverse decisions denying NGCP's petition were issued by the LBAA on December 28, 2009, CBAA on September 2, 2010, and CTA on July 8, 2013. Consequently, the case proceeded to the Supreme Court. In a Resolution dated January 15, 2025, the SC First Division required the parties, to inform the Court of any supervening events or subsequent developments necessary for the immediate disposition of the case or for the Court to determine if the case has been rendered moot and academic. In compliance, NGCP filed its manifestation on January 9, 2025, informing the Supreme Court that six (6) out of the fifteen (15) properties involved are already exempt and that NGCP is coordinating with the LGU of Butuan City for the possible exemption of the remaining properties subject of this petition.

In the case of NGCP vs. Fatima Tenorio, et al, the CTA in its Decision dated April 26, 2017, dismissed the Petition filed by NGCP for failure to pay the tax under protest. However, since a similar case involving the same properties is also pending before the LBAA of Ilocos Sur, NGCP subsequently paid the real property tax under protest in the amount of P10.17 million. NGCP then filed another Petition before the LBAA on November 5, 2018, contesting the collection and payment of the tax. The cases are still pending before the LBAA.

Also, in the case of NGCP vs. LBAA of Batangas City and Guadalupe Judy Tumambing, City Assessor of Batangas City, involving properties with assessed value of P1.40 million, the Supreme Court dismissed the Petition for Review filed by NGCP in a Resolution dated February 28, 2022. NGCP subsequently filed a Motion for Reconsideration of said Resolution on March 15, 2022, praying, among others, that the properties involved be classified as exempt from the payment of RPT in the Assessment Roll. On July 13, 2022, NGCP received a Resolution denying its Motion for Reconsideration. The subject properties are now the subject of pending verification by South Luzon O&M for possible payment under protest of the assessed real property taxes.

With regards to the pending Petition for Injunction with TRO (NGCP vs. The Province of Cebu, et al.) for Declaratory Relief with Prayer of Cancellation of TDs, with Urgent Application for TRO and/or Preliminary Injunction against the collection of RPT in the amount of P192.00 million, filed with the Regional Trial Court Regional Trial Court (RTC) of Cebu, the parties already submitted their respective Memoranda on July 19, 2019, and the case is still pending for resolution.

On October 12, 2020, NGCP received a copy of the CTA Decision, dated September 23, 2020, in CTA EB No. 2110 (City Assessor's Office of Valenzuela City vs. NGCP) reversing and setting aside the Decision dated August 22, 2012, of the LBAA and the October 8, 2018 Decision and May 31, 2019 Resolution of the CBAA. The CTA declared the Notice of Assessment dated October 9, 2012, as final, executory and unappealable. On October 23, 2020, NGCP filed its Motion for Reconsideration. Thereafter, NGCP received on October 23, 2020, the Statement of Account issued by the City Treasurer on the 37 machineries/transmission towers subject of the case in the total amount of P421.75 million. On October 30, 2020, NGCP wrote a letter and requested the City Treasurer and City Assessor the following: (a) refer to TransCo the notice of delinquency for real property tax covering years 2002 to 2008; (b) classify the 37 machineries/transmission towers, as exempt from payment of real property tax from year 2009 onwards; and (c) issue revised tax declarations on 37 machineries/transmission towers and indicate thereon that NGCP is the beneficial user of the same and to re-classify said properties from taxable to exempt. On June 28, 2021, NGCP received the CTA Resolution dated June 2, 2021, denying NGCP's Motion for Reconsideration. NGCP filed Petition for Review dated July 13, 2021, which is still pending resolution before the Supreme Court.

In Civil Case No. Q-10-68076, NGCP vs. City Government of Quezon City, which involves a petition for the cancellation of tax billings and refund of the amount of Php18,144,185.00, the RTC-QC Branch 85 rendered a decision on February 25, 2025, dismissing the petition for lack of merit. NGCP filed a Motion for Reconsideration (MR) on May 13, 2025. The Respondent, City Government of Quezon City, submitted its Comment on March 10, 2025. The Motion for Reconsideration is now submitted for resolution. On 19 June 2025, the RTC issued an Order denying the MR. Hence, NGCP filed an appeal by way of Petition for Review before the Court of Tax Appeals on 10 October 2025.

Under Civil Case No. R-QZN-21-07791, entitled NGCP vs. City Government of Quezon City, the RTC-QC Branch 225 in its Resolution dated September 8, 2022, dismissed due to lack of merit NGCP's Petition questioning the assessment issued by the LGU of Quezon City for the year 2021 and seeking the refund of the amount of P21.98 million which NGCP paid under protest. The RTC subsequently denied NGCP's Motion for Reconsideration (MR). NGCP filed a Petition for Review before the CTA docketed as CTA Case No. AC-273. This was partially granted by the CTA in a decision dated May 29, 2024, and ordered the remand of the case to the RTC-QC Br. 225 for further proceedings, more particularly on the reception of evidence on the payment of 3% franchise tax and determination of the amount to be refunded to NGCP. Respondent Quezon City filed a Motion for Reconsideration (MR) of the Decision. On February 27, 2025, NGCP filed an Urgent Motion to Suspend Proceedings before the RTC which assumed jurisdiction over the remanded case, despite the pendency of the MR filed by Quezon City before the CTA. On May 31, 2025, the RTC granted NGCP's Urgent Motion to Suspend the Proceedings, citing a jurisdictional issue considering that the CTA Decision had not yet become final and executory due to the respondent's pending MR. On 4 September 2025, NGCP received Resolution from the CTA denying the MR of Quezon City for lack of merit.

On May 24, 2024, NGCP received a favorable decision in the case of NGCP vs. Quezon City under Civil Case No. R-QZN 22-05086 CV Br. 215. The court declared NGCP is exempt from payment of local business tax, city tax, Mayor's Permit Fee, local franchise tax and other regulatory fees and charges in relation to the operation and legislative franchise and the NGCP's assessment for city tax, mayor's permit fee, business and other regulatory fees and charges in the amount of P22.27 million for calendar year 2022 is cancelled and declared null and void. Also, the court ordered the City Treasurer of Quezon City to refund in favor of NGCP the amount of P22.27 million. Quezon City filed a MR of the Decision dated December 27, 2023, but the Court denied the said MR. Hence, the City Government of Quezon City filed a Petition for Review on November 12, 2024, and the Court instructed NGCP to file a comment within 10 days, or until January 20, 2025. On January 20, 2025, NGCP filed its Comment, praying that the instant Petition for Review filed by Petitioner Quezon City be dismissed for utter lack of merit. On 28 January 2025, the CTA issued a Minute Resolution ordering the parties to submit their respective Memoranda. The City Government of Quezon City filed a Memorandum on April 4, 2025, while NGCP filed its Memorandum on 02 May 2025.

In Civil Case No. R-QZN-20-05148-CV (NGCP vs Quezon City), RTC-QC Branch 223 for Cancellation of Tax Billings for CY 2020 and Claim for Refund of the amount of Php19,102,993.54 which was paid under protest, the presentation of NGCP's next witness, Ms. Marteza Crisostomo, has been reset to November 13, 2025.

In the case of NGCP vs. City Government of Santiago, Isabela, represented by Hon. Joseph S. Tan as the City Mayor and Atty. Artemio R. Villaluz Jr., as the City Licensing Officer and Ms. Elizabeth Casabar, City Treasurer of Santiago City, NGCP received a favorable Decision dated March 31, 2023 granting NGCP's exemption from the payment of franchise tax and other regulatory fees in the amount of P60. 61 million and no appeal has been filed by the City Government of Santiago, Isabela.

On May 12, 2023, NGCP filed Petition before the RTC of Quezon City (NGCP vs. The City Government of Quezon City) under Civil Case No. R-QZN- 045425 CV relative to the Appeal of Assessment and Claim for Refund of Business Tax for CY 2023 in the amount of P26.53 million. The case has been submitted for decision per the Order of the Court dated May 20, 2025. On 4 September 2025, RTC rendered a decision in favor of NGCP ordering the refund of the amount paid by NGCP.

On June 21, 2023, another Petition was filed before the MTCC Branch 1 - Davao City entitled NGCP vs. City Government of Davao City, as represented by Atty. Lawrence D. Batinding, in his official capacity as City Treasurer of Davao involving an Appeal of Assessment and Claim for Refund of Business Tax and other regulatory fees in the total amount of P184,942. On 03 July 2024, the MTCC issued a Decision denying NGCP's petition for failure to establish sufficient and competent evidence that it is exempt from paying business taxes. NGCP filed a Motion for Reconsideration on 19 November 2024 and the same is still pending resolution.

On June 05, 2024, a Petition was also filed before the RTC-QC Br. 226 of Quezon City (NGCP vs. The City Government of Quezon City) under Civil Case No. R-QZN-24-04776 relative to the Appeal of Assessment and Claim for Refund of Business Tax for CY 2024 in the amount of Php26.49 million. On June 23, 2025, NGCP received the Order of the Court resetting the Pre-trial on September 17, 2025 but it has been cancelled and rescheduled on October 21, 2025, for mediation.

In Civil Case No. R-QZN-25-05150-CV (NGCP vs. City Government of Quezon City), NGCP filed a petition appealing the assessment for business tax for CY 2025 and claiming refund of the amount of Php27.82 million which NGCP paid under protest. On June 30, 2025, NGCP received the Order of the Court dated June 19, 2025, issuing and summons to respondent City Government of Quezon City. On 29 August 2025, respondent Quezon City filed an Answer to the Petition with Affirmative Defense of Prescription. On 12 September 2025, NGCP filed Comment (To the respondent's affirmative defense of prescription stated in their Answer dated 29 August 2025).

With the ruling of the Supreme Court in Oliva cases, Tacloban Case, Cabanatuan City cases and BLGF Memorandum Circulars and letters confirming NGCP's exemption from RPTs, local franchise tax and business taxes, NGCP is continuously and actively asserting its exemption on all properties used in connection with its franchise and is pro-actively negotiating with various LGUs for the recognition of its exemption, and for the refund of all real property taxes paid under protest. Constant communication and coordination meetings and negotiations with the various LGUs are being conducted all year round for this purpose.

As of September 30, 2025, NGCP obtained four thousand six hundred fifty-seven (4,657) tax exemptions covering lands, buildings and machineries located in various cities, municipalities, provinces with assessed value in the total amount of Php12.32 billion.

As of September 30, 2025, NGCP has a total of ninety-eight (98) RPT, franchise and business tax cases pending before the LBAA, RTC, Municipal Trial Court in Cities (MTCC), the CTA and the Supreme Court, broken down as follows:

(i) Real Property Tax cases:

- a. Thirty-seven (37) cases pertain to Petitions filed contesting the Notices of Assessment issued by the Provincial or City Assessors involving properties with an estimated tax due of P5.7 billion (2% of the total assessed value of properties);
- b. Eleven (11) cases pertain to Petition filed contesting the tax billing issued by the Provincial or City Assessors involving properties with total tax due of 1.5 billion; and
- c. Thirty-eight (38) cases with Payment Under Protest contesting the Statements of Account or Billings issued by the Local Treasurers in the total amount of Php43.506 million.

(ii) Franchise/Business Tax Cases:

- a. Twelve (12) cases with Payment Under Protest contesting the assessment for Franchise/Business Taxes and Fees issued by the Provincial or City or Municipal Treasurers in the total amount of P170 million.

(iii) Suspension of Pass-on of Franchise Tax

On August 15, 2023, the ERC promulgated Resolution No. 10, Series of 2023 (the “2023 ERC Resolution”), entitled “*A Resolution Suspending the Inclusion of the National Franchise Tax of the National Grid Corporation of the Philippines (NGCP) in the Total Monthly Transmission Cost Billing of Distribution Utilities.*” Citing Republic v. Manila Electric Company (“MERALCO”) and Maynilad Water Services, Inc. v. National Water and Resources Board, et al. (“Maynilad”).

In its Decision dated April 11, 2025 in NGCP’s 4th Regulatory Period Revenue Application (ERC Case No. 2022-089RC) received by NGCP on July 7, 2025, the ERC ruled that NGCP’s Franchise Tax which is a direct tax imposed upon it by virtue of the NGCP Franchise Law, are direct liabilities of the NGCP and cannot be shifted or passed-on to its customers. NGCP filed its motion for reconsideration and is pending resolution.

e. Right of Way (ROW) Expropriation Cases

Pursuant to R.A. No. 9511, NGCP is authorized to exercise the right of eminent domain insofar as it may be reasonably necessary for the construction, expansion, and efficient maintenance of the transmission system and grid. Thus, NGCP may acquire private property as is actually necessary for the realization of the purposes for which its franchise (R. A. 9511) was granted.

One of the relevant expropriation cases filed on May 6, 2016 by NGCP is NGCP v. Social Security System (SSS), a government-owned and -controlled corporation, for the acquisition of the site for the Pasay 230kV Substation Project. An Omnibus Motion to Withdraw Complaint and Provisional Deposit in the amount of P1.46 billion was filed with the Regional Trial Court of Pasay City (RTC-Pasay) on March 12, 2020. However, the resolution was deferred since the records of the case were forwarded and still with the Supreme Court. Unfortunately, hearings of the court were suspended due to Covid 19 Pandemic at the start of March 2020.

On January 22, 2021, NGCP filed with the Supreme Court a Motion to Enforce the Court's Order to remand the records of the case to RTC-Pasay. On March 18, 2021, NGCP's Motion to Enforce Court Order was granted by the Supreme Court. Consequently, the records were transmitted to the RTC-Pasay on July 13, 2021. The Omnibus Motion to Withdraw Complaint and Provisional Deposit was granted by the RTC-Pasay after the hearing on July 21, 2021. NGCP filed a Partial Motion for Reconsideration regarding the interest on the provisional deposit which was denied by the said court in its Order dated November 5, 2021.

On December 10, 2021, NGCP filed a Notice of Appeal before the Court of Appeals (CA). The provisional deposit's principal amount of P1.46 billion was withdrawn by NGCP on December 22, 2021. On November 7, 2022, NGCP received a Notice to File Brief dated September 17, 2022, from the CA, requiring NGCP to file its Appellant's Brief within 45 days from receipt of the said Notice. On December 22, 2022, the Appellant's Brief praying for the release of the interest on the P1.46 billion principal amount of provisional deposit was filed. On October 3, 2024, NGCP received a copy of the Decision of the CA dated September 13, 2024 denying the appeal. NGCP filed a Motion for Reconsideration on October 18, 2024.

As of September 30, 2025, the total number of expropriation cases filed/pending with the Courts, including Projects Under Construction (PUC) cases turned over to the company by the National Transmission Corporation (TRANSCO) is 5,943, with the total estimated amount involved of P7.32 billion (based on provisional deposits).

f. **Reclassification Cases**

There are twenty-two (22) reclassification cases filed before the ERC, twelve (12) of which were filed by NGCP. However, this is a non-exhaustive list of reclassified assets since the ERC may also reclassify assets in other cases (i.e., Dispute Resolution, Point-To-Point, Sale of Sub transmission Assets, and Capital Expenditure Applications) when the assets are currently not part of NGCP's Regulatory Asset Base (RAB) but are performing transmission functions and, therefore, should be transferred to NGCP pursuant to R.A. No. 9136.

It must also be noted that although the nature of reclassification cases do not require the approval of ERC for the purchase price, NGCP needs ERC's approval on its RAB to include payments equivalent to the corresponding fair market price of each asset. However, considering that only 8 of the reclassification cases were approved in NGCP's Fourth RP Final Determination and NGCP's Fifth RP Final Determination is yet to be issued, there are still no approved CAPEX for the acquisition of all other assets.

g. **Permit Fees**

There are six (6) cases pending with the Supreme Court (which were consolidated and will be resolved in one decision) involving ERC's imposition of Fees in relation to approved various CAPEX projects. The issue involved is whether or not NGCP is liable to pay all types of fees taking into consideration the provisions of R.A. No. 9511 which exempts NGCP from paying all other kinds of fees, taxes, and charges in consideration of its payment of the 3% Franchise Tax. The resolution of these cases may not have an impact on NGCP's revenue considering that the ERC considers Permit Fees as part of the capital expense in NGCP's Final Determination. NGCP has paid these permit fees under protest.

NGCP has already obtained favorable decisions from the Court of Appeals where the court declared NGCP exempt from payment of permit fees pursuant to its Franchise. These decisions are now subject of appeals by the ERC with the Supreme Court. There are also motions for reconsideration still pending with ERC where NGCP, upon obtaining approval of CAPEX applications, filed motions relative to the imposition of permit fees.

The ERC, on various dates, issued 19 Resolutions denying NGCP'S Motion for Reconsideration on several CAPEX and FME applications wherein NGCP prayed for the reversal of ERC's decisions imposing permit fees, and directing payment of the same. Hence, on various dates, NGCP filed 19 Petitions before the Court of Appeals assailing the 19 Resolutions issued by the ERC, and they were docketed as CA GR SP Nos. 182314 to 182330, 182456 and 182457.

On October 08, 2024, NGCP received the Decision in one of the Petitions, CA G.R. No. 182328. In the Decision, the Court of Appeals, 9th Division granted NGCP's Petition for Review, reversing and setting aside ERC's Decision and Order directing NGCP to pay Permit Fees, and stating that NGCP is not liable to pay permit fees. OSG filed a Motion for Reconsideration and NGCP has already filed a Comment on the said Motion.

However, on October 11, 2024, the Court Appeals 4th Division, in another case, CA GR. No. 182321, issued a decision dismissing the petition since the question raised by NGCP is purely matters of law and, according to the said Division, should have been brought to the Supreme Court via a Rule 45 Petition instead of under Rule 43 to the Court of Appeals. On 23 April 2025, the CA rendered a Resolution denying NGCP's Motion for Reconsideration. NGCP will be filing a Petition for Review on Certiorari with the Supreme Court to challenge this ruling.

On December 04, 2024, the CA issued a Decision in GR No. 182456 granting NGCP's Petition and declaring NGCP exempt from payment of permit fees.

On 25 February 2025, the CA issued a Decision in GR No. 182324 granting NGCP's Petition and declaring NGCP exempt from payment of permit fees. OSG filed a Motion for Reconsideration and NGCP filed a Comment thereto. The Motion is currently pending Resolution.

NGCP also filed a Motion for Consolidation in the 19 cases filed considering that these cases arise from similar set of facts and raises the same issue of law. Currently, GR Nos. 182314, 182315, 182317, 182318, 182319, 182320, 182322, 182323, 182324, 182325, and 182326 have been consolidated. Still awaiting Resolution for GR Nos. 182316, 182327, 182328, 182329, 182330, 182456, and 182457 on consolidation of the said cases. The CA Division handling GR No. 182321 already denied NGCP's Motion for Consolidation.

h. **Supervision and Regulation Fees; Metering Authority Fees**

Similar to Permit Fees, NGCP is being assessed by the ERC of Supervision and Regulation Fees in the amount of P468.00 million annually and Metering Authority Fees in the amount of P15.00 million every three years upon the renewal of NGCP's authority as the metering service provider. The Supervision and Regulation Fee is required to be paid on or before September 30<sup>th</sup> of each year with a penalty of fifty per centum in case of delinquency; Provided, further, that if the fees or any balance thereof are not paid within sixty days from the said date, the penalty shall be increased one per centum for each month of delinquency thereafter. On the other hand, the metering fee is being assessed by ERC based on the authority granted to NGCP as the WESM metering service provider.

The assessment is based on ERC Resolution No. 21, Series of 2007 entitled 'A Resolution Approving the Revised Schedule of ERC Fees and Charges' which provides that supervision and regulatory fees are for annual reimbursement of the expenses incurred by the ERC in the supervision of electric utilities, transmission companies and/or in the regulation or fixing of their rates. Both the supervision and regulatory fee and metering authority assessment fee are computed at one peso for each one hundred pesos or fraction thereof, of the capital stock subscribed or paid.

NGCP is paying both Fees although under protest on the ground that NGCP should be exempt from payment of these fees pursuant to Section 9 of R.A. No. 9511, which provides that NGCP's payment of 3% franchise tax shall be in lieu of, and expressly exempted from paying all other kinds of fees, taxes, and charges. The resolution of its protest may not have an impact on NGCP's revenue because the ERC considers the Supervision and Regulation Fees as part of the operating expense.

These legal issues are still pending before the Supreme Court for resolution.

i. Labor Cases

There are sixteen (16) labor cases pending before the Court of Appeals, National Labor Relations Commission, and the Department of Labor and Employment filed either by (i) former NGCP employees against NGCP in different areas/regions for illegal dismissal, with prayer for reinstatement, and payment of backwages and damages or for other money claims; (ii) by employees of service providers with service contracts with NGCP wherein NGCP was impleaded as co-defendant; or (iii) employees of Nominated Partner of NGCP's Contractor. The contingent liabilities arising from the labor cases are difficult to estimate considering that in most of the complaints, the monetary claims are not specified by the complainants.

j. SIAC Case

On February 14, 2018, NGCP filed with the Singapore International Arbitration Centre ("SIAC") a Notice of Arbitration, docketed as SIAC Case No. ARB044/18/CHB, against Power Sector Assets & Liabilities Management Corporation (PSALM) and National Transmission Corporation (TRANSCO) pursuant to the Arbitration Clause in Section 16 of the Concession Agreement relative to the implementation and interpretation of the parties' Concession Agreement. In the arbitration, NGCP sought, among other things, a declaration that the prepayment made on July 15, 2013 amounting to ₱57.88 billion was valid, and the payment of other monetary claims of approximately ₱4 billion which should have been borne by TRANSCO under the Concession Agreement, but were advanced by NGCP.

On February 19, 2025, the Arbitral Tribunal of the SIAC rendered a Final Award in the case filed by NGCP against the PSALM and TRANSCO. The Arbitral Tribunal declared:

1. NGCP did not breach the nationality restrictions in the Philippine Constitution, the Anti-Dummy Law, and its obligations under the Concession Agreement in relation to permitted indebtedness or insurance;
2. NGCP validly exercised its right to make the prepayment in the amount of ₱57.88 billion that it effectuated on July 15, 2013;
3. NGCP shall pay only approximately PhP372.77 million to TRANSCO out of its claim of around PhP3.90 billion;

4. The agreed difference for the Projects Under Construction in the amount of P10.11 billion shall be converted into US Dollars at the rate of 1 USD: 49.62 PhP;
5. NGCP is entitled to an indemnification from PSALM and TRANSCO up to the amount of PhP56.50 million for expenses on right of way claims with interest;
6. NGCP shall be compensated by TRANSCO through a corresponding reduction in the Concession Fee for Sub-Transmission Assets (STAs) that were on the Bid Date the subject of an ongoing negotiation, and as such, remain within the transferred assets;
7. NGCP's claim for capital expenditures on STAs was denied as TRANSCO is not obliged to account to NGCP in respect of any portion of the proceeds that may be attributable to NGCP's capital expenditure;
8. NGCP has, during the Concession Period, the exclusive right and responsibility of preparing the Transmission Development Plan (TDP) on an annual basis and is entitled to deal directly, and without intervention (or prior approval) by TRANSCO, with the regulators;
9. NGCP shall be reimbursed by TRANSCO for its Retained Obligations of PhP51.80 million;
10. NGCP has the exclusive right during the Concession Period to use the Transmission Assets which includes the right to use such assets for a Related Business, including for a telecommunications system;
11. Finally, the Tribunal declared that title to any Documented Property Rights acquired by NGCP in the exercise of its power of eminent domain is to be registered in the name of TRANSCO.

Under the UNCITRAL Rules, the Tribunal's award is final and binding on the parties and the parties are obligated to carry out the award without delay. As of report date, NGCP is in the process of execution of the above Arbitral Award.

k. Other Cases

While the ERC already issued NGCP's Final Determination for the 4th Regulatory Period, there are a total of seventeen (17) NGCP separate CAPEX Applications that pending with the ERC for approval. Due to urgency of the projects, NGCP is constrained to file separate CAPEX Applications for approval of the ERC. Moreover, the ERC has not yet issued NGCP's Final Determination for the 5<sup>th</sup> Regulatory Period.

The Group has other possible claims from or obligations to other parties from past events and whose existence may only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

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## 26. Taxes

### Income Tax

The components of income tax expense are shown below:

	<b>September 30, 2025</b>	December 31, 2024	December 31, 2023
Current	<b>P720,000</b>	P960,000	P723,417
Deferred	-	26,267	(56,947)
Final tax	<b>3,625,345</b>	5,061,709	6,583,172
	<b>P4,345,345</b>	P6,047,976	P7,249,642

Current income tax expense of the Group in 2025, 2024 and 2023 represents MCIT amounting to nil, P960,000 and P723,417 which was computed based on the new tax rate of 2%, 1.5% and 1%, respectively.

The reconciliation of the taxes computed at the statutory income tax rate to the taxes as shown in profit or loss follows:

	<b>September 30, 2025</b>	December 31, 2024	December 31, 2023
Income before income tax	<b>P25,061,324,150</b>	P17,356,306,632	P23,375,379,609
Tax on income at statutory tax rate	<b>P6,265,331,038</b>	P4,339,076,658	P5,843,844,902
Tax effects of:			
Movement in unrecognized deferred tax	<b>16,587,860</b>	27,140,430	23,407,336
Final tax on interest income	<b>3,625,345</b>	5,061,709	6,583,172
Nondeductible expense	<b>1,078</b>	81,764	379,409
Interest income subjected to final tax	<b>(8,675,077)</b>	(6,641,433)	(8,456,240)
Income subject to franchise tax	<b>(6,272,524,899)</b>	(4,358,671,152)	(5,858,508,937)
	<b>P4,345,345</b>	P6,047,976	P7,249,642

The Group did not recognize the deferred tax assets in respect of the following items since management does not expect the Group to have sufficient taxable profit that will be available against which the Group can utilize the benefit there from:

	<b>September 30, 2025</b>	December 31, 2024	December 31, 2023
NOLCO	<b>P625,210,837</b>	P560,315,697	P454,100,787
MCIT	<b>2,884,559</b>	2,164,559	1,324,779
Accrued expenses	<b>150,000</b>	1,573,699	2,580,795
Foreign exchange loss	-	-	5,212
	<b>P628,245,396</b>	P564,053,955	P458,011,573

As at September 30, 2025 and December 31, 2024 and 2023, the movement in the Group's deferred tax liability is as follows:

	September 30, 2025	December 31, 2024	December 31, 2023
Beginning balance	<b>P26,267</b>	P -	P56,947
Deferred tax (reversal of deferred tax) on unrealized foreign exchange gain	-	26,267	(56,947)
	<b>P26,267</b>	P26,267	P -

The Group has NOLCO that can be claimed as deduction from future taxable income as follows:

Year				Balance		
Incurred	Expiry	Amount	Expired	September 30, 2025	December 31, 2024	December 31, 2023
2020	2025*	P69,372,730	P -	<b>P69,372,730</b>	P69,372,730	P69,372,730
2021	2026*	200,980,161	-	<b>200,980,161</b>	200,980,161	200,980,161
2022	2025	94,368,101	-	<b>94,368,101</b>	94,368,101	94,368,101
2023	2026	89,379,795	-	<b>89,379,795</b>	89,379,795	89,379,795
2024	2027	106,214,910	-	<b>106,214,910</b>	106,214,910	-
2025	2028	64,895,140	-	<b>64,895,140</b>	-	-
		<b>P625,210,837</b>	P -	<b>P625,210,837</b>	P560,315,697	P454,100,787

\*Per Section 4 of Revenue Regulations No. 25-2020 of Bureau of Internal Revenue provides that businesses or enterprises which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from gross income for the next five (5) consecutive taxable years, immediately following the year of such loss, unless otherwise disqualified.

The Group has carryforward benefit of MCIT which can be claimed as tax credits against future income tax liabilities. Details of MCIT are as follows:

Year				Addition/ (Expired)	Balance	
Incurred	Expiry	Amount	(Expired)	September 30, 2025	December 31, 2024	December 31, 2023
2020	2023	P -	P -	<b>P -</b>	P -	P -
2021	2024	-	-	-	-	120,220
2022	2025	481,142	-	<b>481,142</b>	481,142	481,142
2023	2026	723,417	-	<b>723,417</b>	723,417	723,417
2024	2027	960,000	-	<b>960,000</b>	960,000	-
2025	2028	720,000	-	<b>720,000</b>	-	-
		<b>P2,884,559</b>	P -	<b>P2,884,559</b>	P2,164,559	P1,324,779

#### Franchise Tax

As discussed in Note 1 to the consolidated financial statements, in consideration of the franchise and rights granted by R.A. 9511, the Group is required to pay a franchise tax equivalent to three percent (3%) of all gross receipts/actual collection derived from its operations under the franchise, in lieu of income tax and any and all taxes, duties, fees and charges of any kind, nature or description levied, established or collected on its franchise, rights, privileges, receipts, revenues and profits, and on properties used in connection with its franchise except for real property tax on real estate, buildings and personal property, exclusive of the franchise.

In view thereof, the Group's income from business activities included within the scope of its authority under Section 1 of R.A. 9511 is exempt from income tax, and consequently from withholding taxes, minimum corporate income tax (MCIT), improperly accumulated earnings tax (IAET), Value-Added Tax (VAT) and documentary stamp tax (DST). Subsequently, effective January 1, 2018, the implementation of TRAIN Law has changed the classification of NGCP from non-VAT to VAT entity which made all transactions affected therein to be subject to VAT.

Pursuant to Third Regulatory Period Final Determination under Clause 5.20, ERC Final Decision on Other Taxes, particularly Section 5.20.1 specifically states that “the 3% national franchise tax will not be included in the maximum allowed revenue (MAR) but will be recovered through a surcharge on the Regulated Entity’s customers’ invoices”. NGCP started billing its customers the 3% national franchise tax effective on the billing period December 26, 2010 to January 25, 2011 as approved by the ERC under Resolution No. 07, series of 2011, “A Resolution Allowing the Distribution Utilities to Include Their Monthly Transmission Cost the NGCP’s National Franchise Tax Billing.” The Group adopted an accounting treatment for franchise tax that upon billing to its customers, both franchise tax receivable and franchise tax payable to BIR are set-up. As such, franchise tax recovery is not recognized in the profit or loss in view of the pass-through nature of the 3% national franchise tax (see Note 15).

On August 8, 2023, ERC issued Resolution No. 10, Series of 2023 entitled, “A Resolution Suspending the Inclusion of the National Franchise Tax of the NGCP in the Total Monthly Transmission Cost Billing of Distribution Utilities”. This resolution suspends the passing-on of the 3% national franchise tax by NGCP to its customers and the effectivity of Resolution No. 7, series of 2011 which allowed NGCP to pass on to consumers a 3% franchise tax on gross receipts derived from its operations, is likewise suspended.

On August 23, 2024, NGCP sent the Request for Reconsideration of Suspension of ERC Resolution No. 7 Series of 2011 and withdrawal of ERC Resolution No. 10 Series of 2023. To date, NGCP is yet to receive ERC's resolution on the said request. For the period ended September 30, 2025 and 2024, the related franchise tax expense amounted to P803.26 million and P798.62 million respectively, which is part of miscellaneous expense in the “Other Charges - net” in the consolidated statement of income. The remaining items on “Other Charges - net” are immaterial individually.

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## 27. Final Determination and Others

“The Final Determination, Regulatory Reset for the NGCP for 2011 to 2015” (Final Determination) was approved by the Energy Regulatory Commission (ERC) on November 22, 2010.

Pursuant to the Electric Power Industry Reform Act (EPIRA) of 2001 and its Implementing Rules and Regulations (IRR), the ERC promulgated the Guidelines on the Methodology for Setting Transmission Wheeling Rates (TWRG) on May 29, 2003, which was subsequently updated and revised on September 16, 2009 as the Rules for Setting Transmission Wheeling Rates (RTWR) for 2003 to around 2027. The RTWR provides for Performance-Based Regulation (PBR) using a revenue cap methodology to determine the maximum rates that may be charged by the Regulated Entity to its customers for the provision of Regulated Transmission Services. The RTWR amends the TWRG which formed the basis for setting the revenue cap of the Regulated Entity. The methodology in the TWRG, now the RTWR, was applied in setting the revenue for Second Regulatory Period (2<sup>nd</sup> RP) of January 1, 2006 to December 31, 2010 and for the Third Regulatory Period (3<sup>rd</sup> RP) of January 1, 2011 to December 31, 2015, with the issuance of the Final Determination on June 13, 2006 and November 22, 2010, respectively.

On September 28, 2022, the ERC issued ERC Resolution No. 08, Series of 2022, *A Resolution Adopting the Amended Rules for Setting Transmission Wheeling Rates (Amended RTWR)*. The Amended RTWR provides, among others, the relevant provisions that would govern the filing of the revenue reset applications of NGCP for the Fourth and Fifth Regulatory Periods (4<sup>th</sup> and 5<sup>th</sup> RP).

Relative to this, on October 27, 2022, NGCP filed an Omnibus Motion in ERC Case No. 2018-004RM, requesting ERC to subject Article IV of the 2022 Amended RTWR to public consultation and public hearings, clarify pertinent provisions and hold in abeyance the regulatory reset process for the 4<sup>th</sup> and 5<sup>th</sup> RP.

In response to NGCP's Petition, in its Order dated November 25, 2022, the ERC denied NGCP's motion to hold in abeyance the regulatory reset process and directed it to file the 4<sup>th</sup> RP Revenue Application within a non-extendable period of fifteen (15) calendar days from the receipt of the issuance and the 5<sup>th</sup> RP Revenue Application by January 19, 2023.

Accordingly, NGCP filed its 4<sup>th</sup> RP Revenue Application on December 22, 2022 under ERC Case No. 2022-089RC entitled, *"In the Matter of the Application of the Maximum Annual Revenue for the Fourth Regulatory Period (2016 to 2020) of the National Grid Corporation of the Philippines (NGCP) in accordance with the Alternative Form of Rate Setting Methodology under the Rules for Setting the Transmission Wheeling Rates (RTWR) with Prayer for Confidential Treatment of Information"*.

In an Order dated January 4, 2023, the ERC set the determination of compliance with the jurisdictional requirements on January 27, 2023, the expository presentation for Luzon, Visayas, and Mindanao Stakeholders on January 27, 2023, January 31, 2023, and February 3, 2023, respectively, the pre-trial conference on February 10, 2023, and presentation of evidence on February 10 and 14, 2023.

In an Order dated March 3, 2023, the ERC set additional hearing dates on March 14 and 17, 2023. Likewise, hearings were conducted on March 28, 2023 and April 4, 2023.

As regards the 5<sup>th</sup> RP Revenue Application, NGCP, in a letter dated January 13, 2023, requested for the ERC to allow NGCP to file the 5<sup>th</sup> RP Revenue Application by April 28, 2023.

In a letter-response from the ERC dated March 3, 2023, which was received by NGCP on March 15, 2023, NGCP was directed to file its 5<sup>th</sup> RP Revenue Application within fifteen (15) days from receipt of the said letter, i.e., on or before March 30, 2023.

Accordingly, NGCP filed its 5<sup>th</sup> RP Revenue Application on March 30, 2023 under ERC Case No. 2023-025RC entitled, *"In the Matter of the Application of the Maximum Annual Revenue for the Fifth Regulatory Period (2021 to 2025) of the National Grid Corporation of the Philippines (NGCP) in Accordance with the Alternative Form of Rate Setting Methodology Under the Rules in Setting the Transmission Wheeling Rates (RTWR)"*.

In an Order dated April 13, 2023, the ERC set the determination of compliance with the jurisdictional requirements on May 30, 2023, the expository presentation for Luzon, Visayas, and Mindanao Stakeholders on May 30, 2023, June 6, 2023, and June 13, 2023, respectively, the pre-trial conference on June 20, 2023, and the presentation of evidence on June 20 and 22, 2023.

During the May 30, 2023 Expository Presentation for Luzon Stakeholders, the ERC directed for the cancellation of the Pre-trial Conference and Presentation of Evidence on June 20 and 22, 2023 and had scheduled a clarificatory hearing on July 10-14, 2023.

In an Order dated September 13, 2023, the ERC issued its initial findings on Phase 1 of the 4<sup>th</sup> RP Revenue Application as embodied in the Partial Initial Determination. On this, NGCP filed its Comment *Ex Abundanti Ad Cautelam* [To ERC's 4<sup>th</sup> Regulatory Period (RP) Phase 1: Partial Initial Determination] -with- Motion to Lift Suspension of ERC Resolution No. 07, Series of 2011 and its Supplemental Comment (To Phase 1: Partial Initial Determination).

In an Order dated November 22, 2023, the ERC set the Pre-trial Conference and presentation of evidence on the 5<sup>th</sup> RP Revenue Application on December 5, 2023 and January 16 and 23, 2024. Following various hearings and submission of compliances to the directives of the ERC in January to March 2024, NGCP filed its Formal Offer of Evidence dated March 22, 2024.

The ERC, in an Order dated August 21, 2024 issued the 4<sup>th</sup> RP Draft Final Determination (DFD) which was received on November 8, 2024. Accordingly, NGCP submitted its comments on the aforesaid documents on November 25, 2024.

In an ERC Order dated September 27, 2024, NGCP was directed to submit data and information, as well as its responses to the clarificatory questions on its land and land-related capital expenditure (CAPEX) projects covering the period from calendar years 2009 to 2023. NGCP filed before the ERC its Partial Compliance and Full Compliance dated October 28, 2024 and November 7, 2024, respectively.

In an ERC Order dated November 26, 2024, a Clarificatory Hearing was set on December 5 and 6, 2024 and NGCP was directed to submit its Compliance to the Commission's clarificatory questions, including all relevant information and supporting documents. NGCP filed before the ERC its Partial Compliance, Second Partial Compliance, and Full Compliance dated December 17, 2024, December 27, 2024, and January 27, 2025, respectively.

Inspection activities with the ERC and its consultant were scheduled from March 3 to 21, 2025, of the sample land and land related CAPEX of NGCP pursuant to the Terms of Reference on the Consulting Services for the Prudency Review of Land and Land-Related Capital Expenditure (CAPEX) Projects of the National Grid Corporation of the Philippines (NGCP) and the National Transmission Corporation (TransCo) Covering the Period From the Calendar Years (CY) 2009 to 2023.

On March 20, 2025, NGCP received the following draft reports of ERC's Consultants: (1) Determination of Performance Incentive Scheme (PIS) for National Grid Corporation of the Philippines (NGCP) for the Fifth Regulatory Period (5th RP) and Review of NGCP's Proposed PIS for the 5th RP dated 03 January 2025; (2) Validation of the Forecasts Expenditure for the Fifth Regulatory Period of the National Grid Corporation of the Philippines in Setting the Transmission Wheeling Rates dated 06 October 2023; and (3) Determination of the Regulatory WACC for Transmission for the 5th Regulatory Period (2023-2027) and Review of the NGCP WACC Report for the 5th Regulatory Period (5th RP) (commencing 2021 per NGCP) dated 17 March 2024 (Revised 16 June 2024) and 18 March 2024 (Revised 15 June 2024), respectively. NGCP submitted its comments before the ERC on the aforesaid drafts on April 4, 2025. NGCP submitted a Supplemental Comment (To the Final Reports of the Commission's Consultants) dated May 13, 2025.

On April 11, 2025, the ERC posted in its website, [www.erc.gov.ph](http://www.erc.gov.ph), the Notice of Commission Action during the 1125th Regular Commission Meeting held on March 26, 2025 providing the overview of the Decision related to NGCP's 4th RP Application. The summary of the Commission Action provides, among others, that after due deliberation, the Majority resolved to adopt the following parameters in relation to the determination of the final rate for the 4th RP of NGCP: zero (0) Net Efficiency Adjustment (NEA); Weighted Average Cost of Capital (WACC) of 11.33%; and As Spent Approach. The Notice also provides that the Majority likewise resolved to approve the recommendation to make permanent NGCP's 2015 Maximum Allowable Revenue (MAR) in the amount of PhP43,078.95 Million and grant NGCP's Net Performance Incentive (NPI) reward claim for 2014 in the amount of PhP783.06 Million – both under ERC Case No. 2014-155RC entitled, "In the Matter of the Application for the Maximum Allowable Revenue (MAR) for Calendar Year (CY) 2015 and the Net Performance Incentive for 2014 Under the Rules for Setting the Transmission Wheeling Rates, With Prayer for Provisional Authority – National Grid Corporation of the Philippines, Applicant".

On April 15, 2025, the ERC posted in its website the Notice of Commission Action Application during the 3rd Special Commission Meeting No. 03-2025 held on April 11, 2025 providing the overview of the Decision related to the NGCP 4th RP Application. The summary of the Commission Action provides that after careful deliberation, the Majority resolved to approve the basic Maximum Annual Revenue adjustment (increase) of P0.0629/kWh, and an Under Recovery of P0.0384/kWh with a recovery period of eighty-four (84) month, thus a total rate impact (total increase) amounting to PhP0.1013/kWh. The computed MAR for the lapsed period is equivalent to P335,788.65 million.

NGCP filed to ERC a "Very Urgent Motion to Resolve 4th Regulatory Period Reset Application" dated May 23, 2025.

NGCP filed to ERC a "Very Urgent Reiteratory Motion to Issue Final Determination of 4th Regulatory Period Reset Application" dated June 18, 2025.

NGCP filed to ERC a "Very Urgent Third Motion to Issue Final Determination of 4th Regulatory Period Reset Application" dated June 30, 2025.

On July 7, 2025, NGCP received the ERC Decision and Final Determination on NGCP's 4th Regulatory Period Revenue Reset Application. In the said Decision, the ERC approved NGCP's 2016-2022 Annual Revenue Requirement (ARR) in the amount of PhP335,788.65Million. The ERC also directed NGCP to collect, as a separate line item in the power bill of transmission customers, an Under Recovery of PhP28,296.88Million, with an equivalent rate of PhP0.0384/kWh, to be implemented over a period of approximately eighty-four (84) months or until such time that the said amount shall have been fully recovered. NGCP was further directed to accomplish and submit a report based on the prescribed format from the ERC on or before the 30th day of the following month until such time that the amount of under recovery shall have been fully collected.

On 18 July 2025, the ERC, on its website, posted an Explainer entitled “*ERC Releases Explainer on Final Determination for NGCP’s 4th Regulatory Reset*”, stating that,

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***The under-recoveries and the increased MAR will result in an increase in transmission charges effective in the billing month of August. The Commission set a seven-year recovery period for the P28.29-Billion under-recoveries. The total average increase of P0.1013 per kilowatt-hour (kWh) in transmission charges is the sum of the average increase of P0.0629/kWh in the basic transmission charge resulting from the higher MAR and P0.0384/kWh for the under-recovered portion (to be collected over 84 months). (emphasis supplied)***

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As detailed in the *Results of the Final Determination for the National Grid Corporation of the Philippines’ Rate Reset for Years 2016-2022* included in the said explainer, the approved MAR for 2022 of NGCP is at **P58,100.01 million**. The incremental increase in revenue from the currently implemented interim MAR of P51,471.13 million is anticipated to result in an increase in transmission rates by P0.0629/kWh. This, along with the 4th RP-approved “Under Recovery 2016 - 2022” of P0.0384/kWh translates to a total indicative increase of P0.1013/kWh.

With the foregoing, ERC has authorized NGCP to bill the P58,100.01 million as its MAR for 2025 and the “Under-recovery 2016-2022” of P28,296.88 million with the fixed rate of P0.0384/kWh to be collected in 84 months or until such time the amount is fully recovered.

Accordingly, NGCP shall commence the billing of the authorized MAR and the “Under-recovery 2016-2022” to Transmission Customers effective July 2025 billing month (or June 26 to July 25, 2025), which will then billed by Distribution Utilities (DUs) to their customers in August 2025.

#### *Regulated Entity*

At the time the ERC issued its Final Determination for the 2<sup>nd</sup> RP (the 2006 Final Determination), Regulated Transmission Services were provided by the National Transmission Corporation (TRANSCO). Under R.A. 9511, which was signed by the President on December 1, 2008 and which became effective on January 15, 2009, a nationwide franchise to manage the transmission system was granted to NGCP.

As discussed in Note 4 to the consolidated financial statements, the Group, through NGCP, has signed a Concession Agreement with PSALM and TRANSCO, which covers the management and development of the transmission grid over the term of the franchise. Under the Concession Agreement, NGCP is responsible for the operation, management, and development of the grid, while TRANSCO continues to hold title over the transmission assets. Notwithstanding this, TRANSCO continues to be responsible for the settlement of Right of Way (ROW) claims in respect of projects that were ongoing at the time R.A. 9511 became effective, while NGCP is responsible for ROW claims for projects that were initiated subsequent to the effectiveness of the Act.

Hence, while NGCP will incur the bulk of the costs of providing the Regulated Transmission Services over the 3<sup>rd</sup> RP, some residual costs for the provision of these services will be incurred by TRANSCO. For the Third Reset, the ERC is concerned only with the total cost of providing the Regulated Transmission Services and not with who incurs these costs.

*Performance Based Regulation (PBR)*

PBR is an internationally accepted method of rate setting that meets the requirements of Section 43(f) of EPIRA. PBR is forward looking and sets the MAR that the Regulated Entity can earn from the provision of Regulated Transmission Services for each five-year regulatory period. This provides an incentive for cost reduction over time, this leads to price efficiency since savings made in one regulatory period are built into the cost structure used to determine the MAR that will apply over the subsequent regulatory periods.

*Maximum Allowed Revenue (MAR)*

The ERC makes a determination of the annual revenue requirements (ARR) of the transmission business as well as the price control arrangements that will apply during the regulatory period. The RTWR requires the MAR to be smoothed to reduce the likelihood of price shocks to customers and revenue shocks to the Regulated Entity.

Following an annual rate verification and validation process, and using a price control formula, the ERC sets the MAR that NGCP can bill its transmission customers for each year in the regulatory period.

With the issuance of the Order dated January 21, 2016, NGCP billed an iMAR<sub>2016</sub> of P41.65 billion consistent with Module F of the 2006 Revised Open Access Transmission Service (OATS) Rules. As for the iMAR<sub>2016</sub> differential of P2.14 billion, following the ERC Order dated December 19, 2016, this was collected by NGCP in 2017. The approved iMAR<sub>2016</sub> amounting to P43.79 billion has been applied in CYs 2017, 2018 and 2019.

In its Order dated February 13, 2020, the ERC granted NGCP a provisional authority to implement an iMAR<sub>2020</sub> in the amount of P47.05 billion, an increase of P3.26 billion from the iMAR<sub>2016</sub> of P43.79 billion, effective April 2020 billing month. However, only P300.00 million of the incremental revenue was billed in July and August 2020 billing months following its deferment in consideration of the COVID-19 pandemic situation and the issuance of the July 28, 2020, directing the suspension of the billing of the iMAR<sub>2020</sub>. As a result, there was an unbilled iMAR<sub>2020</sub> differential in the amount of P2.96 billion.

In October 2021, NGCP filed a Reiteratory Motion for Implementation of iMAR<sub>2020</sub> praying for the lifting of the July 28, 2020 Order, recovery of the 2020 iMAR and the unbilled iMAR for 2021 from October 2021 to December 2022, and confirmation that the approved iMAR<sub>2020</sub> level of P47.05 billion shall be implemented continuously until a new MAR is issued, or until the issuance of the Final Determination for the succeeding regulatory period, whichever is earlier.

On January 17, 2022, NGCP submitted its compliance to the January 5, 2022 ERC Order, which was received by NGCP on January 7, 2022.

On April 29, 2022, the ERC promulgated an Order dated March 23, 2022 resolving the iMAR<sub>2020</sub> Application and approving an iMAR<sub>2020</sub> of P51.47 billion. Moreover, the Commission directed the implementation of the approved iMAR<sub>2020</sub> in the next billing cycle and required the submission of NGCP's proposed recovery scheme on the unbilled iMAR<sub>2020</sub> in CYs 2020, 2021 and first four (4) months of 2022 within 60 days from receipt of the Order.

Accordingly, on June 8, 2022, NGCP submitted to ERC its Compliance dated June 2, 2022 on NGCP proposed manner of recovery of the unbilled iMAR<sub>2020</sub> for the years 2020, 2021 and four (4) months of 2022, in the total amount of PhP17.62 billion starting September 2022 to June 2024. Likewise, starting May 2022 Billing Period, NGCP has already implemented its billing based on the P51.47 billion iMAR pursuant to the March 23, 2022 Order of the ERC.

On March 10, 2023, NGCP filed its “Motion to Approve Implementation of Recovery Scheme” reiterating its prayer for the approval of the billing and recovery of the unbilled iMAR for 2020 under a new proposed recovery scheme, i.e., from May 2023 to April 2024.

On May 17, 2023, NGCP filed an Urgent Reiteratory Motion with Motion to Resolve before the ERC on the implementation of the new proposed recovery scheme.

On June 22, 2023, NGCP filed a Reiteratory Motion with Motion to Resolve (4<sup>th</sup> Motion) with the Commission on the *Proposed Recovery Scheme for the Recovery of the Unbilled iMAR in 2020* and respectfully prayed, among others, for the Commission to immediately issue an Order approving the billing and the recovery of the CY 2020 unbilled iMAR in the amount of P7.38 billion in accordance with the proposed recovery scheme discussed in its Motion dated March 10, 2023.

On September 12, 2023, October 10, 2023, and June 5, 2024 and March 11, 2025, NGCP filed a Reiteratory Motion with Motion to Resolve for the immediate issuance of an Order approving the billing and recovery of the CY 2020 unbilled iMAR.

To date, NGCP is yet to receive ERC's resolution on NGCP's proposed manner of recovery of the unbilled iMAR<sub>2020</sub>.

Following ERC's issuance of its Decision and the Final Determination on NGCP's 4<sup>th</sup> Regulatory Period Revenue Reset Application on July 7, 2025 as well as the posting of ERC's Explainer on its website on July 18, 2025, ERC has authorized NGCP to bill the P58,100.01 million as its MAR for 2025 and the “Under-recovery 2016-2022” of P28,296.88 million with the fixed rate of P0.0384/kWh to be collected in 84 months or until such time the amount is fully recovered.

NGCP shall commence the billing of the authorized MAR and the “Under-recovery 2016-2022” to Transmission Customers effective July 2025 billing month (or June 26 to July 25, 2025), which will then billed by Distribution Utilities (DUs) to their customers in August 2025.

#### *Forecast Capital Expenditures (CAPEX) and Forecast Operating Expenditures (OPEX)*

The ERC building block cost calculations for the approved ARR include allowed forecast CAPEX and forecast OPEX. This entails responsibility on the part of NGCP as the regulated entity to implement projects and/or activities allowed by ERC to be able to perform its mandated function as transmission provider. A significant amount of NGCP's Revenues is used to fund the CAPEX and OPEX approved by the ERC in its Decision and Final Determination for the subsequent year/s. The utilization of these earned profits will allow NGCP to implement projects and meet its performance targets committed with the ERC and its customers.

In Section 5.4 of the Final Determination, ERC's approval on the operating and maintenance expenditures (OPEX) for the 3<sup>rd</sup> RP considered only, among others, inclusions of TRANSCO of the supervision and permit fees relating to its 2<sup>nd</sup> RP capital expenditures (CAPEX). However, instead of allowing its recovery as part of the OPEX for the 3<sup>rd</sup> RP, ERC deemed it more appropriate to treat it as an adjustment to the 3<sup>rd</sup> RP Revenue Requirement of NGCP thru the OPEX Efficiency Adjustment (OEA).

In Section 5.26 of Final Determination for the 3<sup>rd</sup> RP, ERC included provisions for the recovery of cost of capital on land-related CAPEX for years 2011 to 2015 based on NGCP's approved CAPEX requirements and the historical levels at which TRANSCO has been able to settle its right-of-way (ROW) claims. Further, ERC decided that land-related CAPEX is to be reflected as a separate item from the approved CAPEX levels of NGCP for the 3<sup>rd</sup> RP and is to be the subject of an ex-post prudence review during the 4<sup>th</sup> RP.

Outside the levels of CAPEX and OPEX approved by ERC, NGCP has to finance for the cost of ROW, operation/maintenance and rehabilitation of sub-transmission assets not disposed to distribution utilities (DUs), and value-added tax.

For the 4<sup>th</sup> RP and 5<sup>th</sup> RP, NGCP continues to undertake the implementation of CAPEX which it deems prudent and necessary and incur OPEX that is essential in its day-to-day operations to continuously fulfill its mandated function as the Transmission Provider.

#### *Representation and Entertainment*

The Representation and Entertainment account encompasses meal expenses and essential consumables utilized during internal business meetings contributing significantly to effective communication and collaboration within the organization. These internal meetings include corporate-wide cascading, internal technical and operational meetings to enhance strategic alignment and bolster collaborative efforts within the organization.

#### *Weighted Average Cost of Capital (WACC)*

The rate of return that the Regulated Entity can earn in its investment in transmission system assets is equal to the WACC as set by the ERC during each Reset based on a market analysis of the rate of return a business in the Philippines with a similar risk profile to the Regulated Entity can be expected to earn.

In the absence of a Final Determination for the 4<sup>th</sup> RP and 5<sup>th</sup> RP, which should provide, among others the WACC approved by the ERC for the years 2016 to 2020, as stated in Note 17, the ERC approved an interim revenue of P43.79 billion which was implemented in years 2016 to 2019, and subsequently provisionally approved a revenue of P47.05 billion for the year 2020. On April 29, 2022, the ERC promulgated an Order dated March 23, 2022 resolving the iMAR<sub>2020</sub> Application and approving an iMAR<sub>2020</sub> of P51.47 billion effective January 2020 until a new transmission revenue has been determined.

In the 4th RP Final Determination issued by the ERC on 7 July 2025, the ERC approved a WACC of 11.33%.

#### *Other Taxes*

As stated in the 3<sup>rd</sup> RP Final Determination Section 5.20 ERC Final Decision - Other Taxes, the VAT payable on both CAPEX and OPEX inputs will be accounted separately and will not be included in either the CAPEX or OPEX forecasts for the third and subsequent regulatory periods. VAT payable on CAPEX inputs will not be capitalized but will be recovered from customers in full as the expenditure is incurred. It follows that asset valuations will continue to be undertaken on a VAT exclusive basis.

Input VAT related to CAPEX and OPEX presented under "Prepaid expenses and other current assets" and "Deferred input VAT" account in the statements of financial position amounted to P1.75 billion and P16.78 million, respectively as at June 30, 2025.

With the implementation of the TRAIN Law under R.A No. 10963 which took effect on January 1, 2018, Section 86 thereof, under Clause (bbb) repealed Section 9, with respect to VAT, of R.A. 9511 or the National Grid Corporation of the Philippines Franchise Act, which changes the classification of NGCP from Non-VAT to VAT entity, all transactions affected therein are made subject to VAT. Hence, effective January 1, 2018, all Input Taxes related to purchases of goods and services both for CAPEX and OPEX shall be considered as Input VAT, deductible from NGCP's Output VAT Payable pursuant to the BIR rules and regulations.

#### *PIS*

The PIS provides the Regulated Entity an incentive to improve the quality of service provided to customers. Under the PIS, key indicators of service performance are monitored annually. Should the quality-of-service performance be above the targets set during the Reset, the Regulated Entity can earn an incentive of up to 3% of ARR or the unsmoothed MAR. Conversely, should the quality of service fall below the targets, a penalty of up to 3% of ARR can be applied.

In the 4th RP Final Determination, the ERC stated that the provisions of the Amended RTWR on PIS specifically refer to subsequent regulatory periods and are wholly inapplicable to the 4th RP. Hence, no implementation of the PIS for the 4th RP.

In the absence of a Final Determination for the 5th RP, which should provide, among others the key indicators, performance targets and the ARR for years 2023 to 2025, the PIS has not been considered in the current iMAR collected by the Company.

#### *Rate Arrears - Transferred Assets*

An issue that has arisen since the Draft Determination is the recovery of rate arrears in respect of sub-transmission and connection assets that are to be transferred to the RAB at the beginning of the 3<sup>rd</sup> RP. The ERC has not enforced payment of the associated sub-transmission and connection charges from a number of electric cooperatives (ECs), as to have done so, would have been unduly onerous on the ECs' customers. The ERC has decided that the Regulated Entity can recover these arrears through the Final Determination.

In the Final Determination, the total rate arrears from transferred assets carried forward at Consumer Price Index (CPI) to 2011 and added to the 2011 unsmoothed MAR amounted to P1.46 billion.

Relative to this, in the 4th RP Final Determination, the ERC approved under-recoveries relating to the error in the computation of the 3rd RP rate arrears of MOPRECO and NORSAMELCO in the amount of PhP637.18Mn.

#### *Force Majeure Events*

In the occurrence of Force Majeure Events (FME), transmission assets operated by NGCP may be damaged or destroyed. In such cases, increase in costs incurred by NGCP in addition to the maximum amounts that it is otherwise permitted to charge to its transmission customers through the MAR is allowed to be recovered through FME Pass Through charges, subject to the approval of ERC in accordance with Article X of the RTWR.

For capital expenditures (i.e., replacement with new assets), partial recovery through additional FME charges will be billed on top of the regulated charges from the time of its approval until the end of the current Regulatory Period. The remaining unrecovered cost will then form part of the RAB assets to be carried forward to the subsequent regulatory period and recovered through regulatory depreciation with reasonable rate of return based on WACC. For operating expenditures (e.g., repairs), recovery during the current regulatory period as additional OPEX, is allowable.

The assets destroyed by such FMEs are removed from the RAB in the succeeding regulatory reset, but recovery is allowable through application for "accelerated depreciation".

Management does not consider the occurrences of FMEs as impairment indications with respect to the future economic benefits.

For the year 2009 to September 30, 2025, the following FME Claims were submitted to the Commission:

2009	Typhoons Cosme and Frank, and for Sabotage of Transmission Towers in Mindanao (ERC Case No. 2009-049RC)	July 13, 2009
	Sabotage in Mindanao (ERC Case No. 2009-161RC)	November 16, 2009
2010	Destruction of the Matnog Repeater Station due to Lightning Strikes and the Sabotage of Tower 142 in Mindanao (ERC Case No. 2010-065RC)	June 15, 2010 (refer to note below)
	Typhoons Ondoy and Pepeng and Sabotage in Mindanao (ERC Case No. 2010-112RC)	September 24, 2010 (refer to note below)
2011	Typhoons Basyang and Juan (ERC Case No. 2011-112RC)	Filed on August 9, 2011 (refer to note below)
2012	Flooding in Mindanao, Typhoon Bebeng, Landslide in Midanano and Typhoon Juaning (ERC Case No. 2012-070 RC)	May 7, 2012
	Typhoons Quiel and Sendong (ERC Case No. 2012-106RC)	September 28, 2012
2013	Earthquake, Flooding and Lightning Incidents in Visayas (ERC Case No. 2013-019 RC)	February 6, 2013
	Flooding Caused by Monsoon Rains in Luzon, Sabotage Incidents in Mindanao, and Typhoon Pablo (ERC Case No. 2013-171 RC)	August 7, 2013
2014	Sabotage Incidents and Landslide due to Continuous Heavy Rains in Mindanao, Typhoons Santi and Vinta (ERC Case No. 2014-127 RC)	August 29, 2014

	Typhoon Yolanda (ERC Case No. 2014-163)	November 5, 2014
2015	Typhoon Agaton in Mindanao (ERC Case No. 2015-005RC)	January 14, 2015
	Typhoon Glenda in Visayas and Luzon (ERC Case No. 2015-136)	July 15, 2015
	Typhoons Ruby and Seniang in Visayas and Mindanao (ERC Case No. 2015-205)	December 4, 2015
2016	Typhoon Amang in Visayas and Sabotage Incidents in Mindanao (ERC Case No. 2016-003RC)	January 12, 2016
	Typhoon Ineng in Luzon (ERC Case No. 2016-163RC)	August 22, 2016
	Typhoon Lando in Luzon and Sabotage Incidents in Mindanao (ERC Case No. 2016-179RC)	October 07, 2016
	Typhoon Nona in Luzon and Sabotage Incidents in Mindanao (ERC Case No. 2016-196RC)	December 12, 2016
2017	Typhoons Karen and Lawin in Luzon (ERC Case No. 2017-090RC)	October 12, 2017
	Typhoon Nina in Luzon (ERC Case No. 2017-116RC)	December 22, 2017
2018	Earthquake in Visayas (ERC Case No. 2018-073RC)	July 05, 2018
	Lightning and Sabotage Incidents in Luzon and Bombing Incident in Mindanao (ERC Case No. 2018-100RC)	October 02, 2018
	Typhoon Urduja, Typhoon Vinta, Typhoon Basyang and Flash Flood in Mindanao (ERC Case No. 2018-117RC)	December 11, 2018
2019	Flood due to Enhanced Southwest Monsoon Rain caused by Tropical Depression Josie in Luzon (ERC Case No. 2019-055RC)	July 19, 2019
	Typhoon Ompong in Luzon (ERC Case No. 2019-071RC)	September 13, 2019
	Typhoon Rosita in Luzon (ERC Case No. 2019-085RC)	October 29, 2019
2020	Earthquake Incidents in Mindanao, Typhoon Tisoy in Luzon and Visayas, and Typhoon Ursula in Visayas (ERC Case No. 2020-039RC)	October 30, 2020
2021	Typhoon Quinta, Super Typhoon Rolly, and Tropical Storm Vicky and Landslide in Mindanao (ERC Case No. 2021-084RC)	October 20, 2021
2022	Typhoon Odette in Visayas and Mindanao	December 21, 2022

\* Note: With ERC Decision dated December 10, 2012 authorizing Group, through NGCP, to collect the FM Event Pass-Through Amount Charge

The ERC in its decisions dated December 10, 2012 under ERC Case Nos. 2010-112 RC (Typhoons Ondoy and Pepeng and Sabotage in Mindanao), 2011-112 RC (Typhoons Basyang and Juan) and 2010-065 RC (Destruction of the Matnog Repeater Station due to Lightning Strikes and the Sabotage of Tower 142), authorized NGCP to collect the FM Event Pass-Through Amount Charge from its Luzon and Mindanao Grid customers, and allowed FME the billing of the rates corresponding to these FME claim applications until December 31, 2015, which is the last year under the Third Regulatory Period.

On September 28, 2021, NGCP received a copy of ERC Decision dated June 16, 2021, relative to the FME Claim Application for Typhoon Agaton in Mindanao (ERC Case No. 2015-005RC) resolving the instant application. On this, NGCP filed its Motion for Reconsideration on October 13, 2021, and prayed that the Commission reconsiders its June 16, 2021 Decision and issues a new decision on the said case.

Subsequently, NGCP received a copy of ERC Decision dated April 15, 2021, relative to the FME Claim Application for Typhoons Quiel and Sendong (ERC Case No. 2012-106RC) on November 2, 2021. Accordingly, NGCP filed its Motion for Reconsideration on November 16, 2021, and prayed that the Commission reconsiders its April 15, 2021 Decision and issues a new decision.

On March 18, 2022, NGCP received a copy of ERC Decision dated November 24, 2021, relative to the FME Claim Application for Sabotage Incidents and also for Landslide due to Continuous Heavy Rains in Mindanao and Typhoons Santi and Vinta in Luzon (ERC Case No. 2014-127RC). On this, NGCP filed its Motion for Partial Reconsideration dated April 1, 2022.

On April 5, 2022, NGCP received a copy of the ERC Decision dated November 24, 2021, relative to the FME Claim Application for Flooding in Mindanao, Typhoon Bebeng, Landslide in Mindanao and Typhoon Juaning (ERC Case No. 2012-070RC). On this, NGCP filed its Motion for Reconsideration dated April 19, 2022.

On 24 April 2023, NGCP received a copy of the ERC Decision dated 19 December 2022 relative to the FME Claim Application for Earthquake, Flooding, and Lightning Incidents in Visayas (ERC Case No. 2013-019RC). On this, NGCP filed its Motion for Reconsideration dated 09 May 2023.

On 30 June 2023, NGCP received a copy of the ERC Decision dated 19 December 2022 relative to the FME Claim Application for Flooding caused by Monsoon Rains in Luzon, Sabotage Incidents in Mindanao and Typhoon Pablo (ERC Case No. 2013-171RC). On this, NGCP filed its Motion for Reconsideration dated 14 July 2023.

On 13 September 2023, NGCP filed its Motion to Withdraw the FME Claim Application for the Sabotage Incidents in Mindanao (ERC Case No 2009-161RC).

On 09 January 2025, NGCP received a copy of the ERC Decision dated 30 July 2024 relative to the FME Claim Application for Typhoon Nina in Luzon (ERC Case No. 2017-116RC). On this, NGCP filed its Motion for Reconsideration and Compliance dated 22 January 2025.

On 28 January 2025, NGCP received a copy of the ERC Decision dated 30 July 2024 relative to the FME Claim Application for Typhoon Rosita in Luzon (ERC Case No. 2019-085RC). On this, NGCP filed its Motion for Reconsideration and Compliance dated 11 February 2025.

On 12 March 2025, NGCP received a copy of the ERC Decision dated 30 July 2024 relative to the FME Claim Application for Typhoon Lando in Luzon and Sabotage Incidents in Mindanao (ERC Case No. 2016-179RC). On this, NGCP filed its Motion for Reconsideration and Compliance dated 26 March 2025.

On 13 March 2025, NGCP received a copy of the ERC Decision dated 30 July 2024 relative to the FME Claim Application for Typhoon Ruby and Tropical Storm Seniang in Visayas and Mindanao (ERC Case No. 2015-205RC). On this, NGCP filed its Motion for Reconsideration and Compliance dated 28 March 2025.

On 21 March 2025, NGCP received a copy of the ERC Decision dated 30 July 2024 relative to the FME Claim Application for Typhoon Glenda in Luzon and Visayas (ERC Case No. 2015-136RC). On this, NGCP filed its Motion for Reconsideration and Compliance dated 04 April 2025.

On 28 March 2025, NGCP received a copy of the ERC Decision dated 30 July 2024 relative to the FME Claim Application for Typhoon Ompong in Luzon (ERC Case No. 2019-071RC). On this, NGCP filed its Motion for Reconsideration and Compliance dated 11 April 2025.

On April 29, 2025, NGCP received a copy of the Decision dated July 30, 2024 relative to the FME Claim Application for Typhoon Nona in Luzon and Visayas and Sabotage Incidents in Mindanao (ERC Case No. 2016-196RC). On this, NGCP filed its Motion for Reconsideration and Compliance dated May 14, 2025.

On April 30, 2025, NGCP received a copy of the Decision dated July 30, 2024 relative to the FME Claim Application for Severe Tropical Storm Urduja in Visayas, Typhoon Vinta in Mindanao, Tropical Storm Basyang in Visayas and Mindanao, and Flash Flood in Mindanao (ERC Case No. 2018-117RC). On this, NGCP filed its Motion for Reconsideration and Compliance dated May 15, 2025.

On May 9, 2025, NGCP received a copy of the Decision dated July 30, 2024 relative to the FME Claim Application for Flood due to Enhanced Southwest Monsoon Rain Caused by Tropical Depression Josie in Luzon (ERC Case No. 2019-055RC). On this, NGCP filed its Motion for Reconsideration and Compliance dated May 23, 2025.

On May 21, 2025, NGCP received a copy of the Decision dated July 30, 2024 relative to the FME Claim Application for Sabotage Incidents in Mindanao and Luzon and Lightning Incident in Luzon (ERC Case No. 2018-100RC). On this, NGCP filed its Motion for Reconsideration and Compliance dated June 4, 2025.

On May 22, 2025, NGCP received a copy of the Decision dated July 30, 2024 relative to the FME Claim Application for Tropical Storm Amang in Visayas and Sabotage Incidents in Mindanao (ERC Case No. 2016-003RC). On this, NGCP filed its Motion for Reconsideration and Compliance dated June 5, 2025.

On May 23, 2025, NGCP received a copy of the Decision dated July 30, 2024 relative to the FME Claim Application for Earthquake in Leyte in the Visayas Region (ERC Case No. 2018-073RC). On this, NGCP filed its Motion for Reconsideration and Compliance dated June 5, 2025.

On June 26, 2025, NGCP received a copy of the Decision dated July 30, 2024 relative to the FME Claim Application for Earthquake Incidents in Mindanao, Typhoon Tisoy in Luzon and Visayas, and Typhoon Ursula in Visayas (ERC Case No. 2020-039RC). On this, NGCP filed its Motion for Reconsideration and Compliance dated July 11, 2025.

On June 26, 2025, NGCP received a copy of the Decision dated July 30, 2024 relative to the FME Claim Application for Typhoon Ineng in Luzon (ERC Case No. 2016-163RC). On this, NGCP filed its Motion for Reconsideration and Compliance dated July 11, 2025.

On July 8, 2025, NGCP received a copy of the Decision dated July 30, 2024 relative to the FME Claim Application for Typhoons Karen and Lawin in Luzon (ERC Case No. 2017-090RC). NGCP filed its Motion for Reconsideration and Compliance dated July 23, 2025.

In summary, of the 29 FME cases filed with the ERC from 2009 to 2024, three (3) FME cases have already been approved and billed, four (4) FME cases are for decision by ERC, and twenty-two (22) FME cases are pending for ERC Resolution of NGCP's Motions.

Twenty (20) of these 29 filed FME cases have been included in NGCP's 4th RP Revenue Application, seventeen (17) of which were approved in the 4th RP Final Determination with an approved total FME CAPEX of PhP249.86Million

*Excluded Services or Connection Charge and Residual Sub-transmission Charges (CC/RSTC)*

The Group, through NGCP, is also engaged in the provision of other services and are earning revenues for these services over and above the MAR.

NGCP's excluded services, as provided in the RTWR. Currently, this includes the provision of Transmission Connection Services, and the management of Residual Sub-transmission Assets. Income from these excluded services is recognized under Connection and Residual Sub-transmission Income under "Revenues" account presented in profit or loss.

The ERC, in its Decision dated July 6, 2011 (ERC Case Nos. 2008-066RC and 2009-153 RC), approved the CC/RSTC for the years 2008 and 2009 with modification. Further, it required the filing of its application for the approval of the 2011 and 2012 CC/RSTC within 30 days from receipt of the Decision and within the same period as the filing of the MAR 2012, respectively.

In compliance with the ERC's directive in the said Decision, NGCP applied for the approval of CY 2011 and 2012 CC/RSTC in December 2011. Also, NGCP commenced billing customers of the ERC-approved 2009 CC/RSTC starting December 2011 billing month.

The ERC, in the same issuance, likewise directed NGCP to bill the approved re-computed charges for CY 2009 as its current charges to all customers effective December 2011 billing month. These re-computed charges considered the asset reclassification made in the 3<sup>rd</sup> RP Final Determination which brought changes in the charges resulting to over or under billings. On this, ERC directed for the refund/collection of the accounted over or under recovery of the CC/RSTC. NGCP, in December 2011 filed a Motion for Reconsideration (MR) which challenged the interest imposition. To date the ERC is yet to be resolved the MR.

Moreover, this ERC Decision effectively repealed the Deferment Orders issued in year 2008 covering the following nine (9) power customers, namely: Ifugao Electric Cooperative, Inc. (IFELCO), Eastern Samar Electric Cooperative, Inc. (ESAMELCO), Northern Samar Electric Cooperative, Inc. (NORSAMELCO), Leyte IV Electric Cooperative, Inc. (LEYECO IV), Davao Oriental Electric Cooperative, Inc. (DORECO), Surigao del Sur II Electric Cooperative, Inc. (SURSECO II), Mountain Province Electric Cooperative, Inc. (MOPRECO), Negros I Electric Cooperative, Inc. (NORECO I), Busco Sugar Milling Co., Inc. (BUSCO).

Consistent with the foregoing, the accounts of the nine (9) power customers were adjusted to consider the implementation of the approved CYs 2008 and 2009 CC/RSTC and the reclassification of assets.

Subsequent to this, NGCP in a letter dated October 16, 2013, requested for the deferment of the filing of the 2014 CC/RSTC Application to prioritize the re-computation of the CYs 2011, 2012 and 2013 CC/RSTC using the 2004 Sinclair Knight Merz (SKM) Valuation Report as directed by the Commission during the regulatory hearings on the said cases. In compliance, NCGP submitted the 2011, 2012 and 2013 Re-computed CC/RSTC on September 4, 2014.

On October 8, 2014, NGCP also requested the deferment of the filing of its 2015 CC/RSTC Application to allow it considerable time to submit a robust application given that it has just commenced with the preparations and the validation process for the determination of the 2014 as well as 2015 CC/RSTC.

On June 8, 2015, NGCP received a copy of the ERC Order dated June 2, 2015 directing NCGP to submit the refund/collect scheme and over/under recovery on the CC/RSTC for CYs 2008, 2009 and 2010. In compliance with the foregoing, NCGP submitted the CC/RSTC Over/Under-recoveries relative to the implementation of the Refund/Collect Scheme on the 2008 and 2009 CC/RSTC, and the resolution of NGCP's Application for the Approval of the 2010 CC/RSTC on July 13, 2015.

On October 6, 2017, NCGP filed with the ERC its 2014 and 2015 CC/RSTC Application docketed as ERC Case No. 2017-100 RC.

Pending the resolution of the 2010 to 2015 CC/RSTC cases filed with the ERC, NGCP continues to implement the 2009 CC/RSTC level approved by the ERC in its July 6, 2011 Decision with adjustments due to sale of sub-transmission assets and reclassification of assets, as applicable.

#### *Sub-transmission Assets (STAs)*

Pursuant to the EPIRA and Rule 6 of its IRR, the ERC adopted and mandated the segregation of transmission and sub-transmission functions and assets for transparency and disposal, and authorized TRANSCO to negotiate and transfer such sub-transmission assets and facilities to qualified DUs based on technical and functional criteria established in Article III of the Guidelines to the Sale and Transfer of the TRANSCO's Sub-transmission Assets and the Franchising of Qualified Consortiums (Guidelines).

ERC Resolution No. 15, Series of 2011, A Resolution Adopting the Amended Rules for the Approval of the Sale and Transfer of TRANSCO's Sub-transmission Assets and the Acquisition by Qualified Consortiums provides some payment option to ECs on the settlement of the sub-transmission cost of service provision brought by regulatory lag of one year (deferred CC/RSTC); capitalization of the CC/RSTC and inclusion of the same in the acquisition cost of the assets.

In ERC Resolution No. 04, Series of 2013, the ERC resolved and clarified, among others, that residual subtransmission assets (RSTAs) with two (2) or more connected Distribution Utilities (DUs) other than those listed in its Annex A, are reverted to NGCP's Regulatory Asset Base (RAB) effective January 1, 2013 and that subtransmission assets, both connection assets (CA) and RSTA with only one (1) connected DU and/or directly connected load end-users shall continue to be sold/divested until further notice.

ERC Resolution No. 7, Series of 2016 further extended deadline for the disposition of the RSTAs listed in Annex A of Resolution No. 4, Series of 2013, until June 30, 2016.

#### Valuation of STAs

Article V Section 2 of the Guidelines states “Asset valuation shall be the agreed value as negotiated between TRANSCO and the Qualified Distribution Utility or Qualified Consortium in a manner consistent with Section 8 of the Act. This negotiated value shall be deemed to be the Current Sound Value of the Sub-transmission Assets at the time of the acquisition of the assets.”

Article V Section 2 of ERC Resolution No. 1, Series of 2009 states that “if the contract was entered after June 13, 2006, the sub-transmission assets shall be valued in reference to the Sinclair Knight Merz (SKM) valuation, or any subsequent valuation as approved by the Commission.” This was further amended by ERC Resolution No. 18 Series of 2009.

#### Negative Pledge

Pursuant to Section 5.03 (Negative Pledge) of the Concession Agreement, TRANSCO shall not without the Concessionaire’s prior written consent, sell, dispose of, or create any lien or encumbrance over Transmission Assets except that TRANSCO shall be entitled to dispose of Sub-Transmission Assets in accordance with Section 8 of the EPIRA and retain the proceeds thereof. The Concession Fee shall be reduced in accordance with paragraph 1 (c) of Schedule 6 (Adjustment to Concession Fee) to reflect any disposals of STAs after the Bid Date, subject to Section 6.04 regarding the Commencement Fee.

#### Sale of STAs

For the year 2016 to September 30, 2025, the following sub-transmissions assets were divested by TRANSCO to Qualified Distribution Utilities:

Year	Acquiring Distribution Utility	Assets Acquired
2016	Zamboanga City Electric Cooperative, Inc. (ZAMCELCO)	Putik Lateral 69 kV line Recodo Lateral 69 69 kV line Pitogo-Tulungatung 69 kV line Pitogo-San Jose Gusu 69 kV line
2017	Ilocos Norte Electric Cooperative, Inc. (INEC)	Currimao - San Nicolas 69kV San Nicolas - Laoag 69kV Laoag - Sarrat 69kV Sarrat - Marcos 69kV Sarrat - Piddig 69kV
	Central Pangasinan Electric Cooperative, Inc. (CENPELCO)	Mangaldan Bari S/S Site Establishment Transformer, two winding, 5 MVA 69/13.8 kV Structures and Improvements
	Isabela I Electric Cooperative, Inc. (ISELCO I)	Cauayan substation (all eqpt. and facilities incl. 15 MVA transformer)
	Mactan Electric Company (MECO)	Mactan Loadend S/S-GIS 69kV TMX/STR #20 MEPZ loadend S/S 69kV Mactan Loadend S/S #3 69kV MECO S/S 31 MECO S/S #3 69kV GIS-MECO S/S #2 69kV GIS 69kV Mactan Loadend S/S-Mulle Osmena 69kV Mactan-PAF 13.8kV Mandaue-Mactan Power Cable 69kV
2018	Cotabato Electric Cooperative (COTELCO)	Tacurong-Kidapawan 69kV Kidapawan-Mto. Apo 69kV Kidapawan-Matalam 69kV

	Iligan Light and Power Co. (ILPI)	Agus 6-Swyd-NSC L2 69kV Line Kiwanal-ICC 69kV Line Overton-ILPI 13.8kV Line Kiwanal-PFC 69kV Line Agus 6-Swyd-NSC L1
2019	La Union Electric Company, Inc. (LUECO)	Bauang-Poro 69kV line
2020	Manila Electric Company (MERALCO)	<p><b>Batch 2</b></p> <p>Makban-Los Banos 69kV line Makban-Calamba 69kV line Portion Calamba-CSE 13.8kV line Los Banos-IRRI/ERDB/PPRDI 13.8kV Calamba S/S Eqpt., 10 MVA transformer Los Banos S/S Eqpt., 2x10MVA transformer Makban S/S termination Eqpt.</p> <p><b>Batch 4</b></p> <p>Tayabas 115kV Switchyard incl. 100 MVA Transformer Transformer (T1) - two winding 100MVA 1 - 115kV Power Circuit Breaker 6 - 115kV Current Transformer 4 - 115kV Voltage Transformer Site Establishment - Type 3-115 1 - Switch Bay 115kV with 1 CB Feeder 1 - Switch Bay 115kV with 1 CB Feeder Protection Ternate S/S Equipment, incl. 50MVA Transformer Transformer (T3) - two winding 50MVA 3 - 115kV Power Circuit Breaker 2 - 34.5kV Power Circuit Breaker 3 - 34.5kV Potential Transformer Ancillaries - 115kV Site Establishment - Type 3-115 Site Establishment - Type 2-69 1 - Switchbay 115kV 1 &amp; 1/2 bay with 3 CB 1 - Switchbay 115kV 1 &amp; 1/2 bay with 3 CB Protection 2 - Switchbay 34.5kV with 1 CB Feeder 2 - Switchbay 34.5kV with 1 CB Feeder Protection</p>
2023	Lanao del Norte Electric Cooperative, Inc. (LANECO)	Agus 6 - Kauswagan 69kV Line

#### *Revenue from Related Business*

The Group, NGCP, provides the following services that utilize part of the RAB:

- Rental of facilities and equipment; and
- Co-location, antenna attachments, use of building lots and space, use of access roads, attachment of telephone cables, and tapping to AC/DC power sources.

NCGP also earns revenue from provision of the following services that do not involve the use of RAB assets like technical assistance, including assisting with the testing, commissioning, calibration, and maintenance of client's facilities.

Section 1 of RA 9511 provides that NGCP may engage in any related business which maximizes utilization of assets provided that a portion of the net income derived from such undertaking utilizing assets which form part of the rate base shall be used to reduce transmission wheeling rates as determined by the ERC. Such portion of net income used to reduce the transmission wheeling rates shall not exceed 50% of the net income derived from such undertaking.

#### *Ancillary Service Charges*

The Group, through NGCP, includes in its monthly billings to customers pass through charges for provision of Ancillary Services (AS) which are generation-related services.

Relative to this, NCGP has undertaken the reconciliation of its billing and payment of AS and AS VAT for years 2009 to 2018.

NCGP has also submitted its compliances with ERC on the Ancillary Services Procurement Agreements (ASPA) with National Power Corporation (NPC) and Therma Marine, Inc. (TMI) involving re-computation of AS costs and collection/refund of AS charges from/to customers pursuant to pertinent ERC Orders/Decisions.

ERC in its Order dated June 16, 2014 in ERC Case Nos. 2010-011 RC and 2010-014 RC entitled, "In the Matter of the Application for Approval of the Ancillary Services Procurement Agreement (ASPA) between the National Grid Corporation of the Philippines (NGCP) and Therma Marine, Inc. (TMI), with Prayer for Provisional Authority," directed NGCP to refund its customers the amount of P12.7 million and the corresponding VAT, for a period of twelve (12) months or the amount of P1.06 million plus VAT, per month starting its next billing cycle from receipt of the Order.

Consistent with the aforesaid Order, NCGP implemented the refund effective September 2014 billing month or August 26 to September 25, 2014 for a period of twelve (12) months or until August 2015 billing month (July 26 to August 25, 2015), equivalent to a monthly credit adjustment of P1.26 million refund of the AS Cost was funded by TMI deposited monthly to NCGP's accounts. TMI shall also fund the AS-VAT refund after its conduct of reconciliation with NCGP.

On March 15, 2016, ERC issued an Order approving the recovery of the Differential Charge for the Ancillary Service provided by NPC to NGCP representing the March 26, 2008 to October 25, 2009 billing period under ERC Case No. 2009-029 RC. Pursuant to this, NCGP commenced the billing of Ancillary Service Differential Charge of P31.38/kW-month for the Luzon, Visayas, and Mindanao grids effective May 2016 billing month or April 26 to May 25, 2016 to customers who benefitted from the Ancillary Services provision from April 2008 to October 2009 billing months. As at October 2016 billing month, NGCP has fully billed and stopped the billing of AS Differential Charge in Luzon.

In a letter from the ERC dated July 22, 2021, NGCP was directed to comply with the Decision on ERC Case No. 2006-049RC entitled, "In the Matter of the Application of Ancillary Services - Cost Recovery Mechanism (AS-CRM) of the Ancillary Services Procurement Plan, with Prayer for Provisional Authority". Thus, in September 2021 Billing Period, NGCP implemented the full recovery of AS costs from the Load Customers and the cessation of the AS Charges in the power bills being issued to Embedded Generators (EGs).

On January 25, 2024, DOE issued an Advisory 2024-01-001-SEC declaring the start of the full commercial operations of the Reserve Market at dispatch interval 0005H of January 26, 2024.

On March 25, 2024, the ERC promulgated an Order in ERC Case No. 2023-002RC entitled, *“In the Matter of the Application for the Issuance of Rules on the Price Determination Methodology for the Implementation of the Co-Optimized Energy and Reserve Market in the Wholesale Electricity Spot Market (WESM)”*, suspending the implementation of the Section 8 of the PDM Manual on the Billing and Settlement under the promulgated Interim Relief dated August 24, 2023. Such suspension will cover the March 2024 billing period and will remain in effect until otherwise lifted by the Commission.

In an ERC Order dated 09 May 2024, the ERC directed Philippine Electricity Market Corporation (PEMC) and Independent Electricity Market Operator of the Philippines (IEMOP) to allow the PARTIAL SETTLEMENT of the 30% of the total reserve trading amount of all WESM trading transactions for the March 2024 billing period for ERC Case No. 2023-002 RC entitled “In the Matter of the Application for the Issuance of Rules on the Price Determination Methodology for the Implementation of the Co-Optimized Energy and Reserve Market in the Wholesale Electricity Spot Market (WESM)”.

The ERC, in its Notice of Resolution (NOR) dated July 26, 2024, resolved to lift the suspension of the implementation of Section 8 of the PDM Manual and extended the Interim Relief granted to PEMC and IEMOP for the adoption and implementation of the proposed PDM for the co-optimized energy and reserve market in the Wholesale Electricity Spot Market (WESM).

On August 2, 2024, DOE issued an Advisory 2024-08-001-SEC directing the Market Operator to resume commercial operation of the RM effective at dispatch interval 0005H of August 5, 2024.

The ERC, in its Resolution No. 16, Series of 2024 dated December 17, 2024, resolved to approve and adopt an Interim Offer Price Cap and Floor Price equivalent to PhP25,000/MWh and PhP0/MWh, respectively, for the trading Reserves in the WESM.

In an Order dated 03 December 2024 which NGCP received on 23 December 2024, the ERC approved for the settlement of the 70% of the March 2024 AS transaction in a staggered manner starting January 2025 Billing Period – three (3) months for Luzon and Mindanao and six (6) months for Visayas.

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## 28. Events After Reporting Period

The Group has the following transactions through NGCP, after September 30, 2025:

- a) Proceeds from loans in October 2025 amounted to P2,500,000,000.
- b) Payments of loans payable in October 2025 amounted to P1,400,000,000 for Term Loan repayments.

**CO V E R S H E E T**  
**for**  
**AUDITED FINANCIAL STATEMENTS**

**SEC Registration Number**

C	S	1	9	7	0	4	1	3	7	6
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**COMPANY NAME**

S	Y	N	E	R	G	Y	G	R	I	D	&	D	E	V	E	L	O	P	M	E	N	T		
P	H	I	L	S	.	,	I	N	C	A	N	D	S	U	B	S	I	D	I	A	R	I	E	S

**PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)**

U	n	i	t		1	6	0	2	,		1	6	t	h	F	l	o	o	r	,	T	y	co	o	n
C	e	n	t	e	r		B	l	d	g	.		C	o	n	d	o	m	i	n	u	m			
P	e	a	r	l		D	r	i	v	e	,		P	a	s	i	g		C	i	t	y			
M	e	t	r	o		M	a	n	i	l	a														
M	e	t	r	o		M	a	n	i	l	a														

**Form Type**

A	A	F	S
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**Department requiring the report**

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**Secondary License Type, If Applicable**

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**COMPANY INFORMATION**

**Company's email Address**

synergy072015@yahoo.com
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**Company's Telephone Number/s**

8584-39-30
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**Mobile Number**

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**No. of Stockholders**

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**Annual Meeting (Month / Day)**

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**Fiscal Year (Month / Day)**

December 31
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**CONTACT PERSON INFORMATION**

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

**Name of Contact Person**

Justice Lady P. Soriano
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**Email Address**

tish.soriano@gmail.com
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**Telephone Number/s**

8584-3930
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**Mobile Number**

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**CONTACT PERSON's ADDRESS**

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**Note 1:** *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.*

**2:** *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

**SYNERGY GRID & DEVELOPMENT PHILS., INC. and SUBSIDIARIES**

**SCHEDULE A. FINANCIALS ASSETS**

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Valued based on market quotation at balance sheet date (iii)	Income received and accrued
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**NOT APPLICABLE**

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**SYNERGY GRID & DEVELOPMENT PHILS., INC. and SUBSIDIARIES**

**SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES).**

Account Name	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period
Calamity Loan Fund	37,266	-	-	-	37,266	-	37,266
Due From Officers & Employees	5,496,354	14,097,342	(14,343,016)	-	5,250,680	-	5,250,680
Advances to Officers & Employees	70,227,576	771,407,542	(684,515,673)	-	157,119,445	-	157,119,445
Total	P75,761,196	P785,504,884	(P698,858,689)	-	P162,407,391	-	P162,407,391

**SYNERGY GRID & DEVELOPMENT PHILS., INC. and SUBSIDIARIES****SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF SEPARATE FINANCIAL STATEMENTS**

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written off (ii)	Current	Not Current	Balance at end of period
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**NOT APPLICABLE**

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**SYNERGY GRID & DEVELOPMENT PHILS., INC. and SUBSIDIARIES**

**SCHEDULE D. INTANGIBLE ASSETS - OTHER ASSETS**

Description (i)	Beginning balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions) (iii)	Ending balance
Intangible Assets	P425,545,128,032	P34,847,573,029	(P9,925,873,722)	P -	P -	P450,466,827,339

**SYNERGY GRID & DEVELOPMENT PHILS., INC. and SUBSIDIARIES**

**SCHEDULE E. LONG TERM DEBT**

<b>Title of Issue and type of obligation (i)</b>	<b>Lender</b>	<b>Outstanding Balance</b>	<b>Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)</b>	<b>Amount shown under caption "Long-Term Debt" in related balance sheet (iii)</b>	<b>Interest Rates</b>	<b>Number of Periodic Installments</b>
Long Term Debt	BDO Unibank, Inc., Land Bank of the Philippines, Philippine National Bank , Security Bank Corporation, Union Bank of the Philippines	5,100,000,000	5,100,000,000	-	5.0657%	10 years; Semi-annual
Long Term Debt	PHILIPPINE NATIONAL BANK	2,000,000,000	500,000,000	1,500,000,000	5.5253%	10 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	4,500,000,000	1,000,000,000	3,500,000,000	5.6889%	10 years ; Semi-Annual
Long Term Debt	LAND BANK OF THE PHILIPPINES	2,500,000,000	500,000,000	2,000,000,000	6.2102%	10 years ; Semi-Annual
Long Term Debt	CHINA BANKING CORPORATION	3,500,000,000	700,000,000	2,800,000,000	4.7980%	10 years ; Semi-Annual
Long Term Debt	BANK OF COMMERCE	1,900,000,000	380,000,000	1,520,000,000	5.4242%	10 years ; Semi-Annual
Long Term Debt	BANK OF THE PHILIPPINE ISLANDS	2,750,000,000	500,000,000	2,250,000,000	6.6242%	10 years ; Semi-Annual
Long Term Debt	CHINA BANKING CORPORATION	2,750,000,000	500,000,000	2,250,000,000	5.6707%	10 years ; Semi-Annual
Long Term Debt	PHILIPPINE NATIONAL BANK	3,000,000,000	500,000,000	2,500,000,000	5.9222%	10 years ; Semi-Annual
Long Term Debt	SECURITY BANK CORPORATION	1,200,000,000	200,000,000	1,000,000,000	5.9222%	10 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	6,000,000,000	1,000,000,000	5,000,000,000	5.0152%	10 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	3,000,000,000	500,000,000	2,500,000,000	5.0152%	10 years ; Semi-Annual
Long Term Debt	LAND BANK OF THE PHILIPPINES	1,820,000,000	280,000,000	1,540,000,000	5.2273%	10 years ; Semi-Annual
Long Term Debt	LAND BANK OF THE PHILIPPINES	2,730,000,000	420,000,000	2,310,000,000	4.8424%	10 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	3,480,000,000	400,000,000	3,080,000,000	3.1538%	10 years ; Semi-Annual
Long Term Debt	CHINA BANKING CORPORATION	2,610,000,000	300,000,000	2,310,000,000	4.2929%	10 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	5,220,000,000	600,000,000	4,620,000,000	3.1538%	10 years ; Semi-Annual
Long Term Debt	SECURITY BANK CORPORATION	3,620,000,000	340,000,000	3,280,000,000	4.9859%	10 years ; Semi-Annual
Long Term Debt	PHILIPPINE NATIONAL BANK	1,000,000,000	1,000,000,000	-	4.8684%	5 years ; Semi-Annual
Long Term Debt	CHINA BANKING CORPORATION	2,610,000,000	300,000,000	2,310,000,000	4.2929%	10 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	4,700,000,000	350,000,000	4,350,000,000	4.0404%	10 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	5,640,000,000	420,000,000	5,220,000,000	4.0404%	10 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	3,760,000,000	280,000,000	3,480,000,000	4.7815%	10 years ; Semi-Annual

Long Term Debt	BANK OF CHINA LIMITED	2,500,000,000	-	2,500,000,000	4.0000%	5 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	5,546,000,000	413,000,000	5,133,000,000	5.0514%	10 years ; Semi-Annual
Long Term Debt	SECURITY BANK CORPORATION	4,775,000,000	250,000,000	4,525,000,000	5.7040%	10 years ; Semi-Annual
Long Term Debt	LAND BANK OF THE PHILIPPINES	4,850,000,000	150,000,000	4,700,000,000	6.1294%	10 years ; Semi-Annual
Long Term Debt	LAND BANK OF THE PHILIPPINES	4,850,000,000	150,000,000	4,700,000,000	6.1294%	10 years ; Semi-Annual
Long Term Debt	BANK OF COMMERCE	3,104,000,000	96,000,000	3,008,000,000	6.8404%	10 years ; Semi-Annual
Long Term Debt	CHINA BANKING CORPORATION	1,358,000,000	42,000,000	1,316,000,000	6.8281%	10 years ; Semi-Annual
Long Term Debt	MIZUHO BANK, LTD. - MANILA BRANCH	2,611,320,000	1,044,340,000	1,566,980,000	7.3000%	5 years ; Quarterly
Long Term Debt	CHINA BANKING CORPORATION	1,261,000,000	39,000,000	1,222,000,000	7.2172%	10 years ; Semi-Annual
Long Term Debt	MUFG BANK, LTD.	4,140,000,000	920,000,000	3,220,000,000	7.2400%	7 Years ; Semi-Annual
Long Term Debt	CHINA BANKING CORPORATION	3,201,000,000	99,000,000	3,102,000,000	6.9781%	10 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	4,875,000,000	100,000,000	4,775,000,000	6.8124%	10 years ; Semi-Annual
Long Term Debt	PHILIPPINE NATIONAL BANK	4,875,000,000	100,000,000	4,775,000,000	6.7591%	10 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	7,800,000,000	160,000,000	7,640,000,000	6.8124%	10 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	6,825,000,000	140,000,000	6,685,000,000	7.1408%	10 years ; Semi-Annual
Long Term Debt	METROPOLITAN BANK AND TRUST CO.	3,000,000,000	1,000,000,000	2,000,000,000	7.2309%	5 years ; Semi-Annual
Long Term Debt	MUFG BANK, LTD.	1,500,000,000	300,000,000	1,200,000,000	6.7020%	7 Years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	2,632,500,000	54,000,000	2,578,500,000	7.1117%	10 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	2,242,500,000	46,000,000	2,196,500,000	7.1117%	10 years ; Semi-Annual
Long Term Debt	CHINA BANKING CORPORATION	4,925,000,000	50,000,000	4,875,000,000	6.7847%	10 years ; Semi-Annual
Long Term Debt	LAND BANK OF THE PHILIPPINES	3,940,000,000	40,000,000	3,900,000,000	6.9044%	10 years ; Semi-Annual
Long Term Debt	LAND BANK OF THE PHILIPPINES	7,880,000,000	80,000,000	7,800,000,000	6.9328%	10 years ; Semi-Annual
Long Term Debt	LAND BANK OF THE PHILIPPINES	2,955,000,000	30,000,000	2,925,000,000	7.0097%	10 years ; Semi-Annual
Long Term Debt	METROPOLITAN BANK AND TRUST CO.	4,000,000,000	1,000,000,000	3,000,000,000	7.2162%	5 years ; Semi-Annual
Long Term Debt	PHILIPPINE NATIONAL BANK	5,000,000,000	-	5,000,000,000	7.3080%	7 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	11,400,000,000	1,200,000,000	10,200,000,000	6.7864%	8 years ; Semi-Annual
Long Term Debt	SECURITY BANK CORPORATION	2,970,000,000	90,000,000	2,880,000,000	6.4222%	7 years ; Semi-Annual
Long Term Debt	ASIA UNITED BANK CORPORATION	3,000,000,000	375,000,000	2,625,000,000	6.2504%	5 years ; Semi-Annual
Long Term Debt	SECURITY BANK CORPORATION	5,445,000,000	165,000,000	5,280,000,000	6.4222%	7 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	1,425,000,000	150,000,000	1,275,000,000	6.7864%	8 years ; Semi-Annual
Long Term Debt	SECURITY BANK CORPORATION	1,485,000,000	45,000,000	1,440,000,000	6.4222%	7 years ; Semi-Annual
Long Term Debt	ASIA UNITED BANK CORPORATION	5,000,000,000	625,000,000	4,375,000,000	6.7091%	5 years ; Semi-Annual

Long Term Debt	BANK OF CHINA LIMITED	2,500,000,000	-	2,500,000,000	6.7091%	5 years ; Semi-Annual
Long Term Debt	ASIA UNITED BANK CORPORATION	2,000,000,000	250,000,000	1,750,000,000	6.5622%	5 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	3,800,000,000	400,000,000	3,400,000,000	6.7213%	8 years ; Semi-Annual
Long Term Debt	BDO UNIBANK, INC.	7,125,000,000	750,000,000	6,375,000,000	6.8191%	8 years ; Semi-Annual
Long Term Debt	PHILIPPINE NATIONAL BANK	7,000,000,000	350,000,000	6,650,000,000	6.6485%	8 years ; Semi-Annual
Long Term Debt	SUMITOMO MITSUI BANKING CORPORATION	3,000,000,000	300,000,000	2,700,000,000	6.6450%	5 years ; Semi-Annual
Long Term Debt	CHINA BANKING CORPORATION	5,000,000,000	250,000,000	4,750,000,000	6.5063%	8 years ; Semi-Annual
Long Term Debt	METROPOLITAN BANK AND TRUST CO.	5,000,000,000	1,000,000,000	4,000,000,000	6.5651%	5 years ; Semi-Annual
Long Term Debt	METROPOLITAN BANK AND TRUST CO.	3,000,000,000	600,000,000	2,400,000,000	6.4141%	5 years ; Semi-Annual
	<b>Totals</b>	<b>245,186,320,000</b>	<b>28,923,340,000</b>	<b>216,262,980,000</b>		

**SYNERGY GRID & DEVELOPMENT PHILS., INC. and SUBSIDIARIES**

**SCHEDULE F. INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED PARTIES)**

Name of Related Parties (i)	Balance at beginning of period	Balance at end of period (ii)
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**NOT APPLICABLE**

**SYNERGY GRID & DEVELOPMENT PHILS., INC. and SUBSIDIARIES**

**SCHEDULE G. GUARANTEES OF SECURITIES OF OTHER ISSUERS**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)
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**NOT APPLICABLE**

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**SYNERGY GRID & DEVELOPMENT PHILS., INC. and SUBSIDIARIES**

**SCHEDULE H. CAPITAL STOCK**

Title of Issue (2)	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by affiliates (3)	Directors, officers and employees	Others
Common Shares	<b>5,300,000,000</b>	5,265,866,000	-	-	4,100,400,023	1,165,465,977