

**DAGUPAN ELECTRIC CORPORATION
MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF DAGUPAN
ELECTRIC CORPORATION**

Conducted by Videoconference (Google Meet)
26 July 2024 at 2:00 p.m.

1. OPENING CEREMONIES

The Corporate Secretary, Atty. Erwin Mark A. Gavino, welcomed all the directors and stockholders present at the meeting. He informed the attendees that an audio and video recording was being made of the meeting.

Thereafter, he requested everyone to turn on their videos in order to take a photo of the attendees of the meeting.

2. CALL TO ORDER

The Chairperson of the Board, Mrs. Angelique Maxime L. James, called the meeting to order and presided over the same at 2.00 p.m.

Mrs. James welcomed all the stockholders joining the live webcast of the proceedings and those participating in the meeting through the voting system or by proxy.

Present at the meeting as presenters were:

Mrs. Angelique Maxime Llames-James (Chairperson)
Mr. Rene Bernard L. Llames (President and Director)
Mr. Erwin Mark A. Gavino (Corporate Secretary)

Also acknowledged as present were the following members of the Board of Directors:

Mr. Deon Peter James
Mrs. Cynthia Irene L. Llames
Mr. Jose Maria A. Abaya
Atty. Ranulfo M. Ocampo
Mr. Geromin T. Nepomuceno Jr.

3. PROOF OF NOTICE OF MEETING

Mrs. James inquired whether the stockholders had been duly notified of the meeting. The Corporate Secretary, Atty. Gavino, confirmed that in accordance with Securities and Exchange Commission's (SEC) Notice dated 23 February 2024, the notice of the meeting was published in the print and online business sections of the *Daily Tribune* and *Malaya Business Insight* on 4 and 5 July 2024, and 4 and 8 July 2024, respectively. Affidavits attesting to the fact of service are on record.

Moreover, copies of the Information Statement and the Audited Financial Statements were posted on the Company's website and duly disclosed to the Securities and Exchange Commission.

4. DETERMINATION OF QUORUM

Mrs. James then asked for the determination of a quorum. Atty. Gavino certified that as of the record date of 31 March 2024, there were 14,662,000 common shares. Stockholders owning 13,539,616 shares, representing 92.34% of the total outstanding shares, were present. Atty. Gavino confirmed that a valid quorum existed for the transaction of business and the approval of agenda.

5. RULES OF CONDUCT OF THE MEETING AND VOTING PROCEDURES

Mrs. James explained that the Company endeavored to provide stockholders with full participation despite the virtual format.

Atty. Gavino then outlined the rules of conduct and voting procedures as set forth in the Information Statement, highlighting the following:

- a. Stockholders who successfully registered under the shareholder registration system were provided the instructions to access the digital voting ballot as well as the access to attend the virtual meeting.
- b. The deadline for registration and for the submission of the digital voting ballot was on 22 July 2024;
- c. The Office of the Corporate Secretary tabulated the digital votes cast as well as *via* proxy;
- d. The results of the voting will be reported after each item is taken up during this meeting;
- e. The stockholders were also given up to 22 July 2024, to submit any questions or comments they may have on the Agenda matters.
- f. The entire proceedings were being visually and audio recorded.

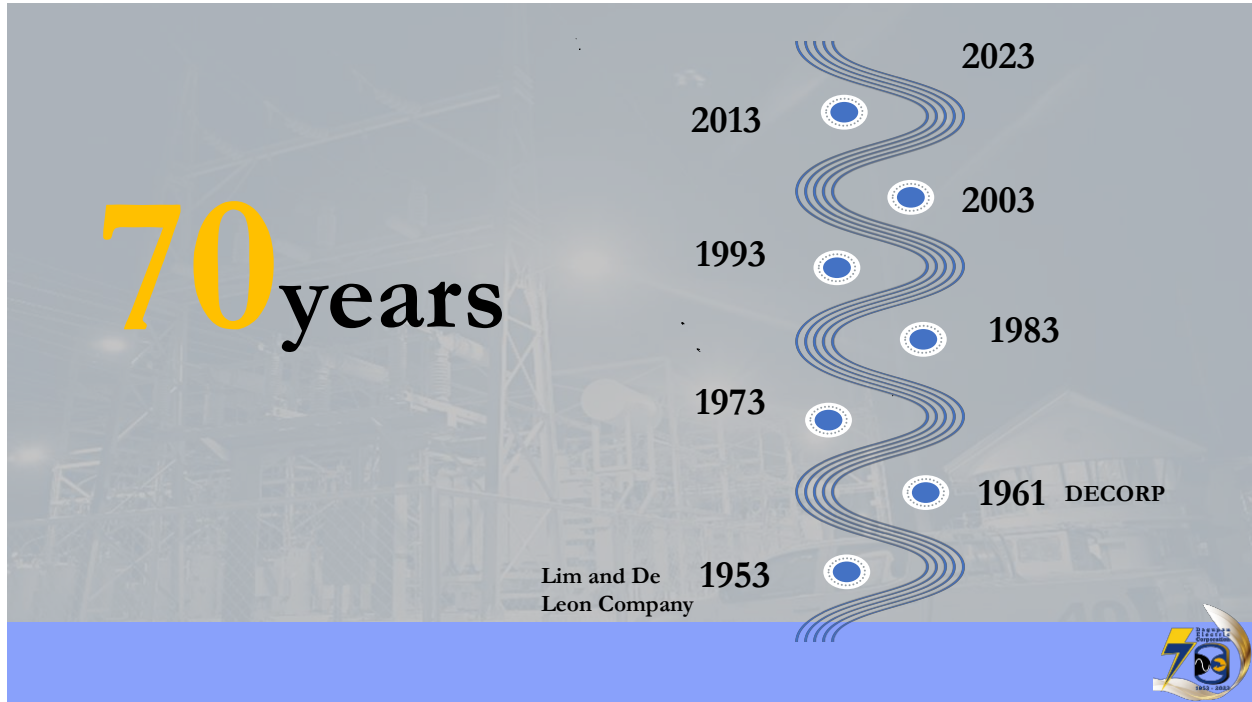
6. APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING ON 22 AUGUST 2023

Mrs. James proceeded to the approval of the Minutes of the Annual Stockholders' Meeting held on 22 August 2023. She asked the Corporate Secretary whether copies of the Minutes of the last annual stockholders' meeting were distributed or made available to all stockholders.

Atty. Gavino confirmed that an electronic copy of the Minutes was made available on the Company's website and was attached to the Information Statement. He reported that shareholders owning 13,539,616 shares, or 92.34% of the total voting shares represented, voted in favor of the approval. Thus, the Minutes of the Annual Stockholders' Meeting held on August 22, 2023 were approved by the shareholders.

7. PRESENTATION OF THE PRESIDENT’S REPORT

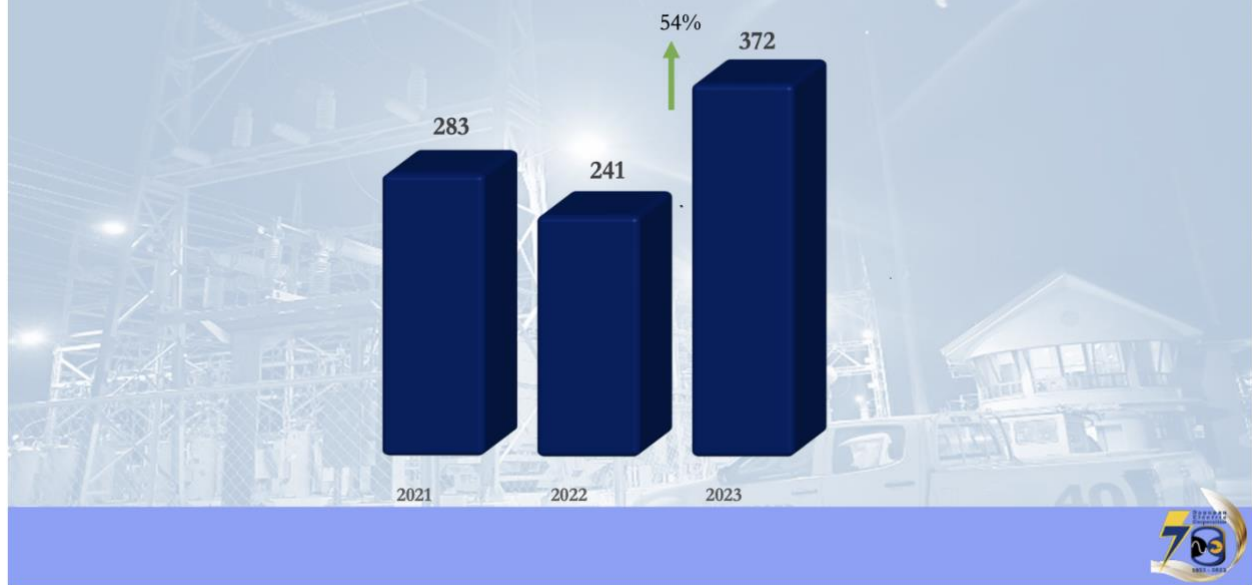
Mrs. James introduced **Mr. Rene Bernard L. Llames**, the President, to present the President’s Report to the Shareholders. Mr. Llames then delivered his report, as follows:



President Llames began by noting that in 2023, Dagupan Electric Corporation (DECORP) celebrated 70 years of service, evolving from its former name, Lim and De Leon Company. He highlighted the Company's success in meeting operational efficiency standards through innovation.

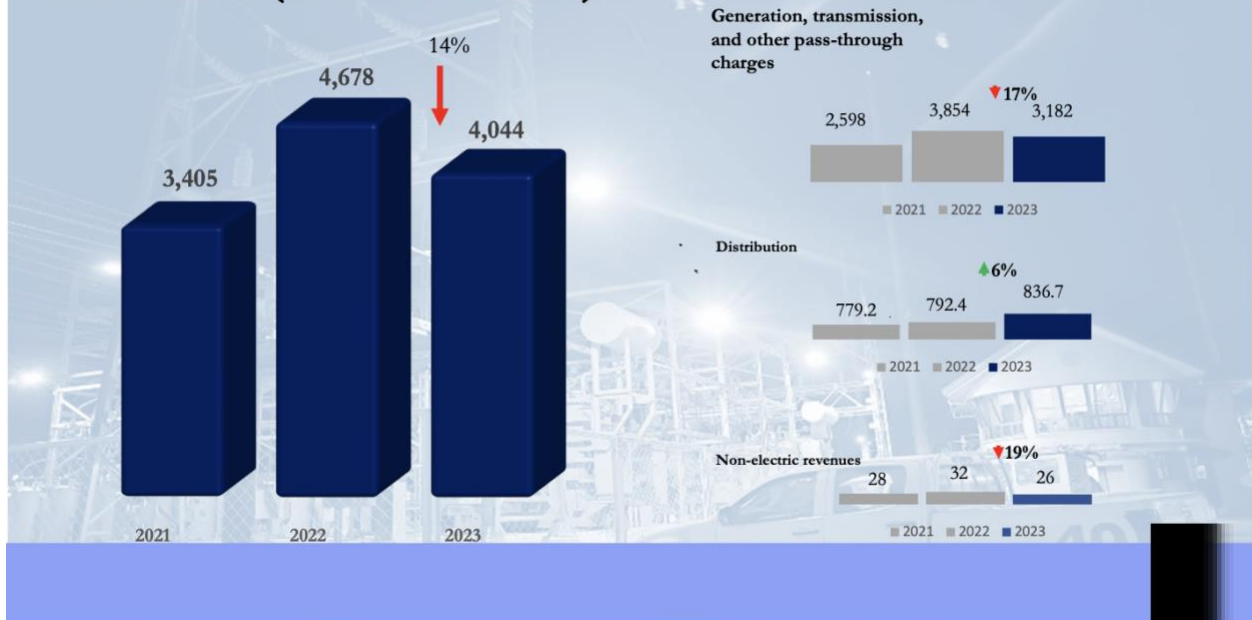
He was pleased to report that DECORP had fully recovered from the effects of the COVID-19 pandemic in 2023, attributing this to the Company's resilience and adaptability.

Net Income (Million Pesos)

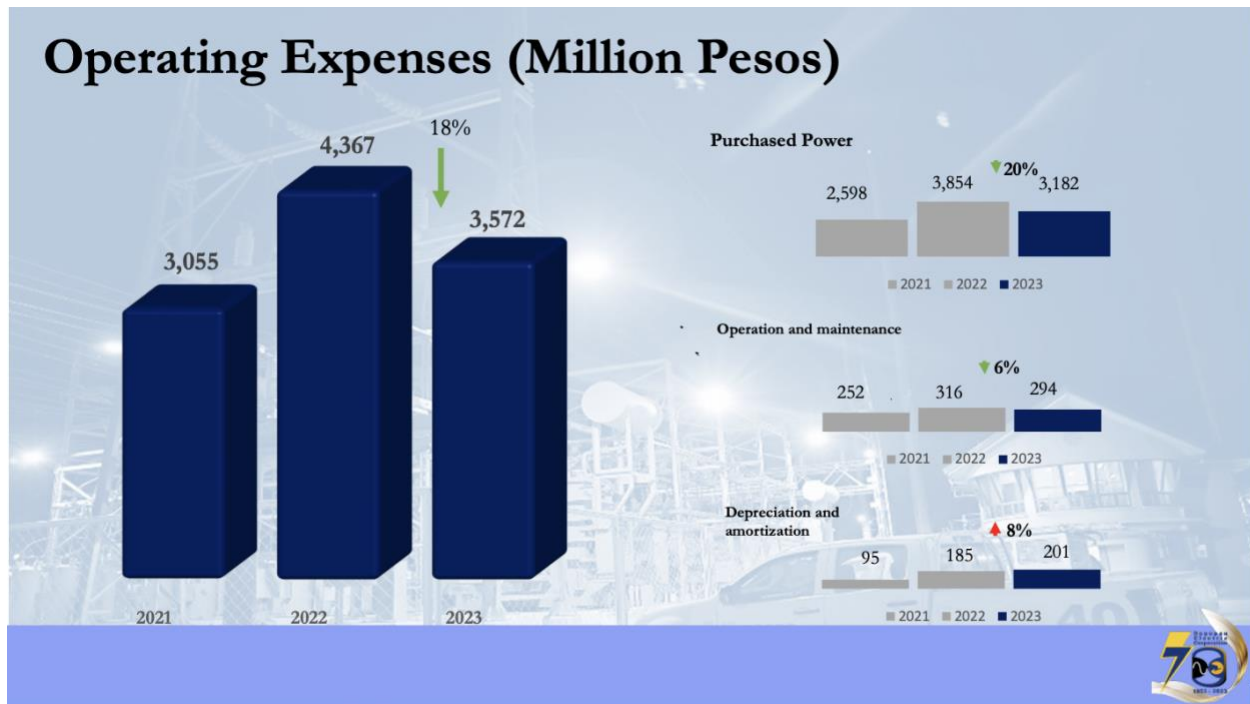


Mr. Llamas then reported that DECORP achieved a record high net income of ₱372 million over a three-year span, overcoming changing market trends and evolving regulations, this despite the drop in gross revenues from ₱4,678 million to ₱4,044 million, or by 14% from 2022.

Revenues (Million Pesos)



Gross revenues experienced a 14% drop from ₱4,678 million in 2022 to ₱4,044 million in 2023.

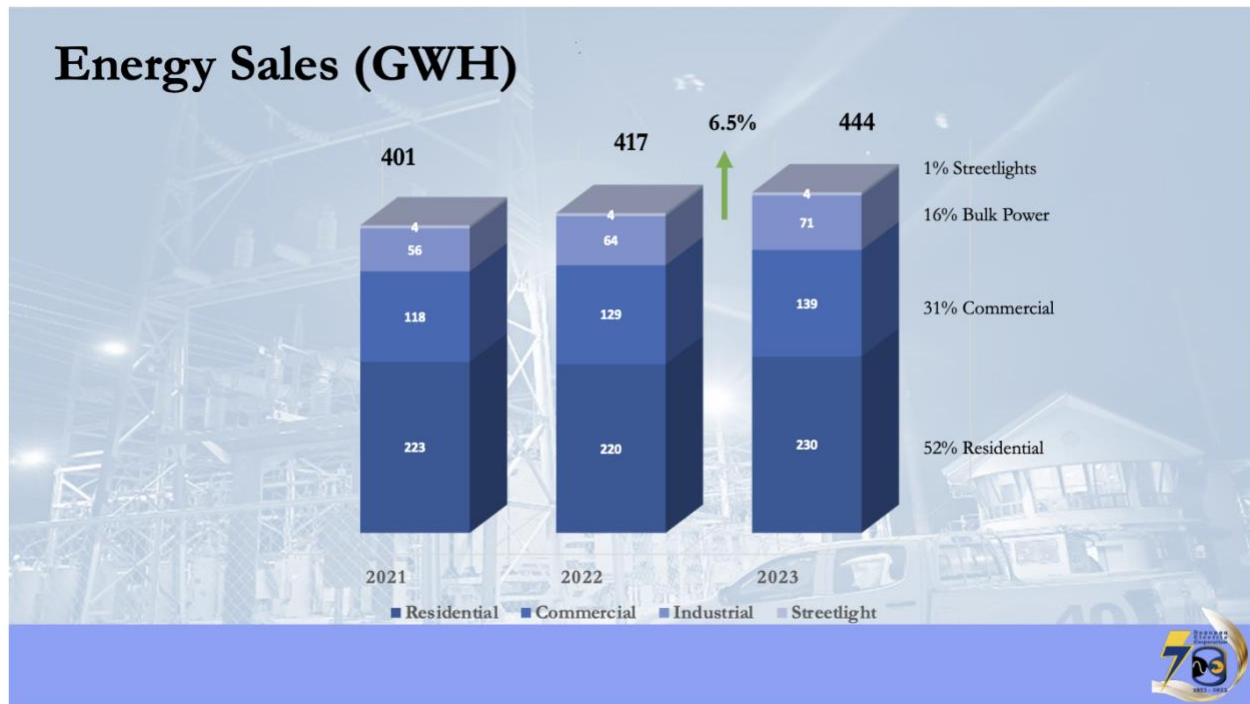


He further explained that the decline in gross revenues resulted in reduction of operating expenses. There was an 18% reduction, from ₱4,367 million to ₱3,572 million.

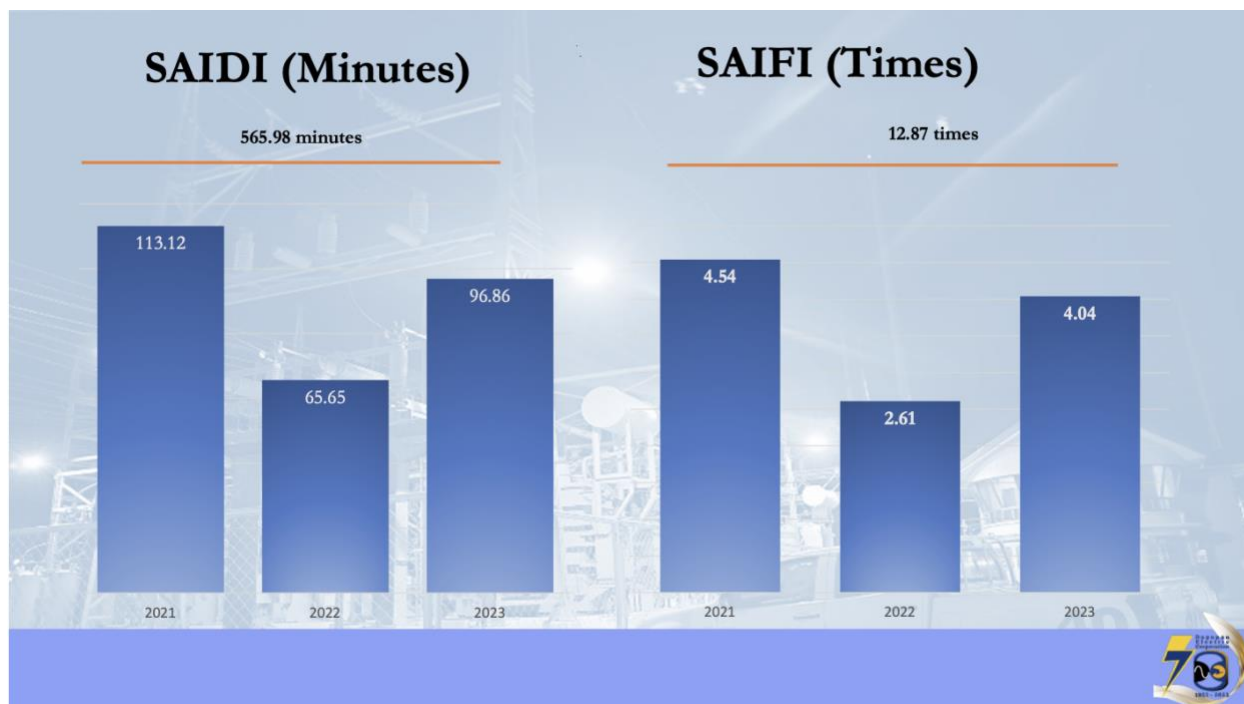


He then announced that despite rising fuel prices, DECORP secured a contract with a renewable energy supplier, reducing purchased power costs from an average of ₱7.93 per kWh to ₱6.15 per kWh.

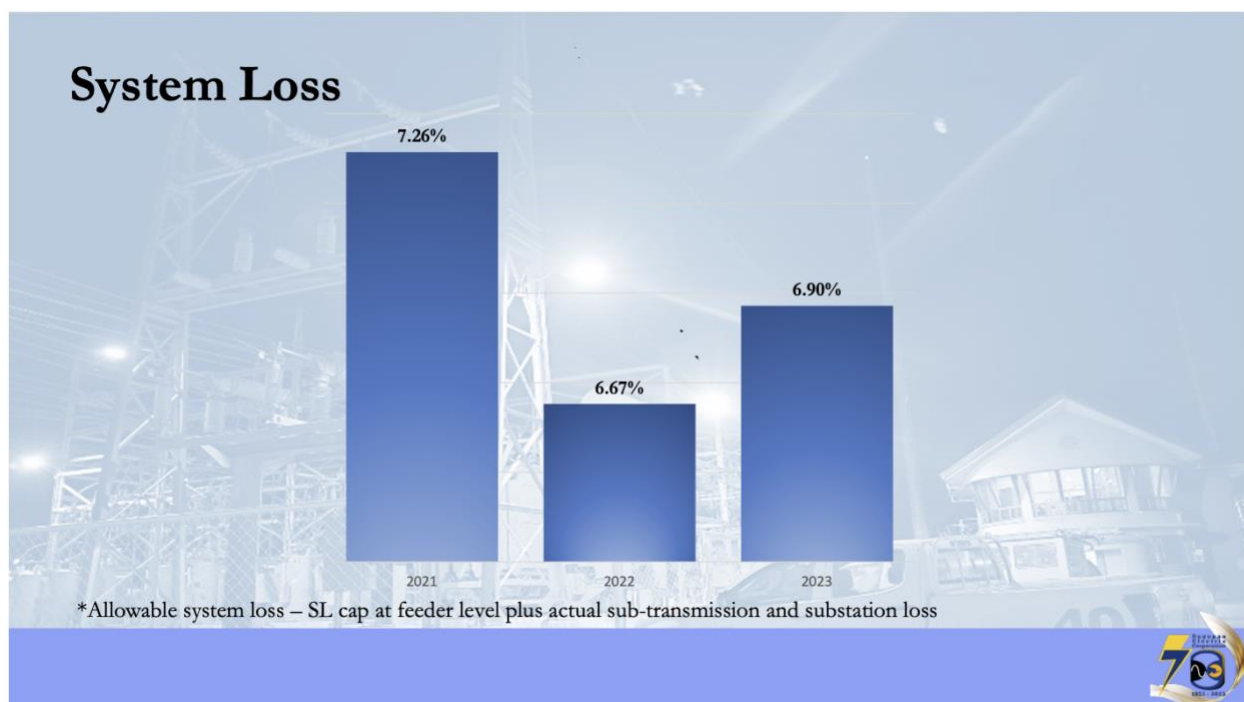
He explained that the decrease in the costs of energy led to a decrease in the average selling rate from ₱12.57 per kWh to ₱10.15 per kWh, enhancing competitiveness and increasing profit margin.



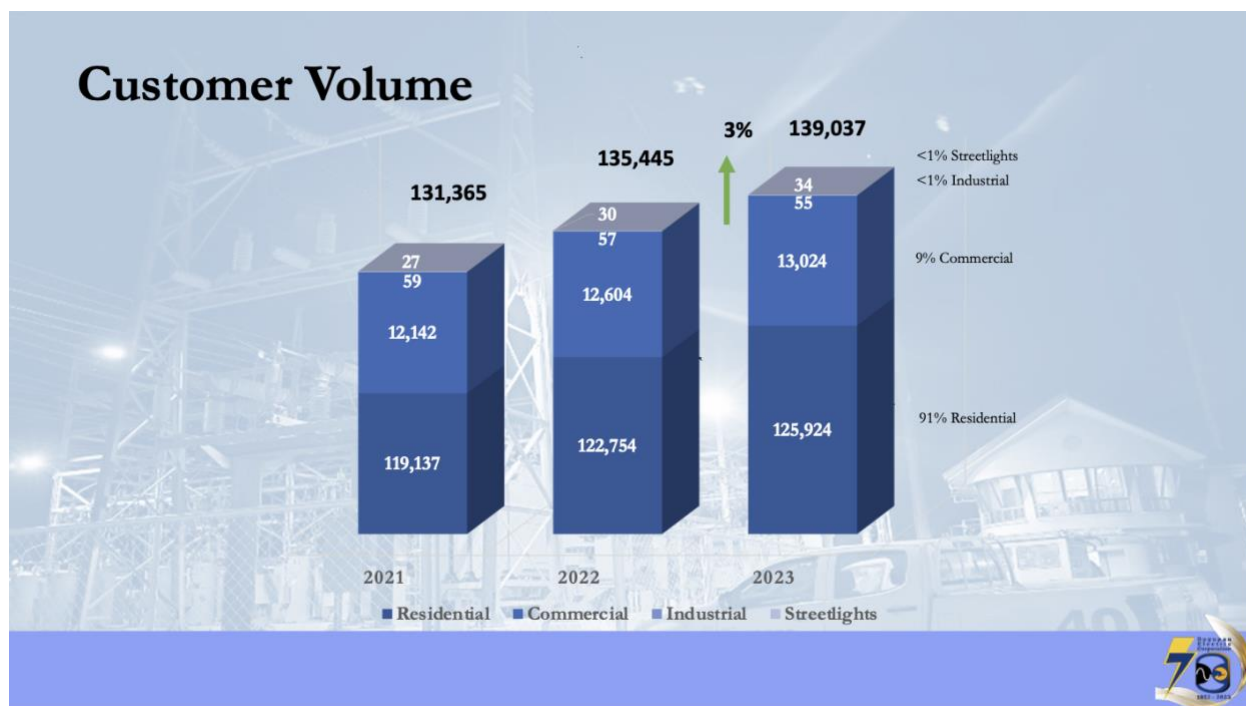
Further, Mr. Llames explained that energy sales reached a record high increase of 6.5%, from 417 GWH to 444 GWH, driven by increased energy needs for commercial businesses post-pandemic and steady residential consumption.



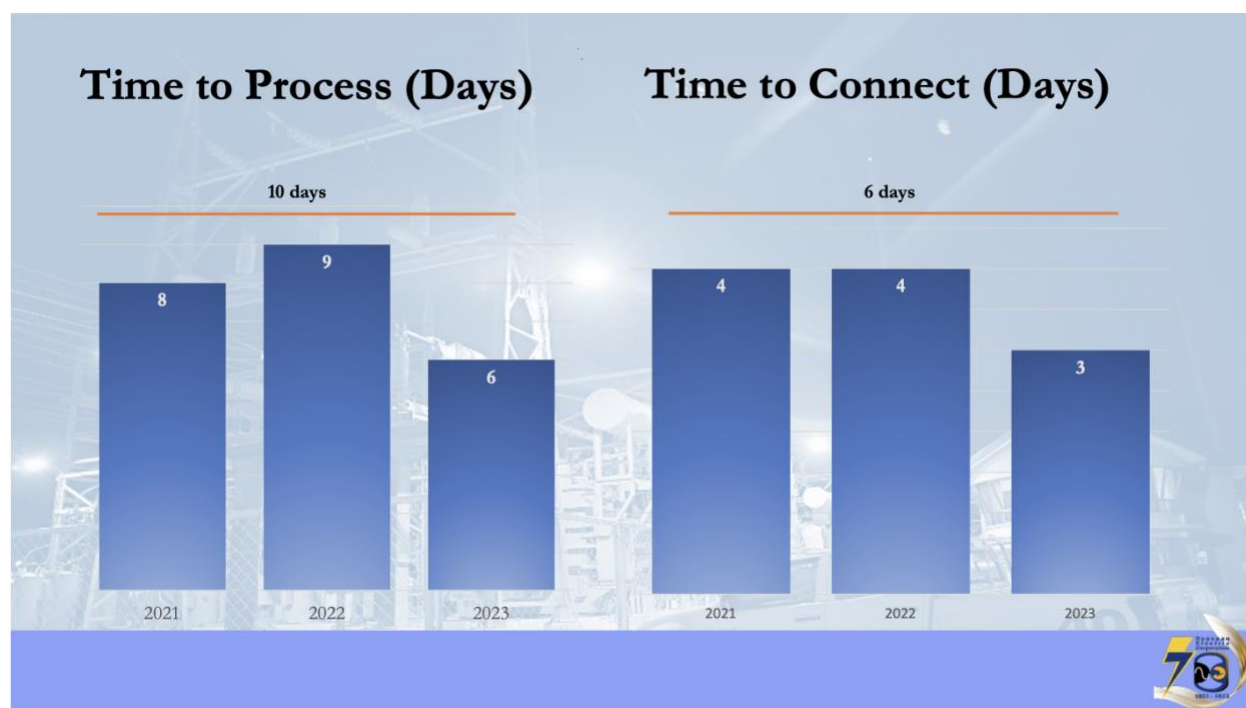
Mr. Llamas then informed the attendees that the Company's sales are supported by its reliable performance, having a System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) well below regulatory standards (565.98 minutes and 12.87 times, respectively).



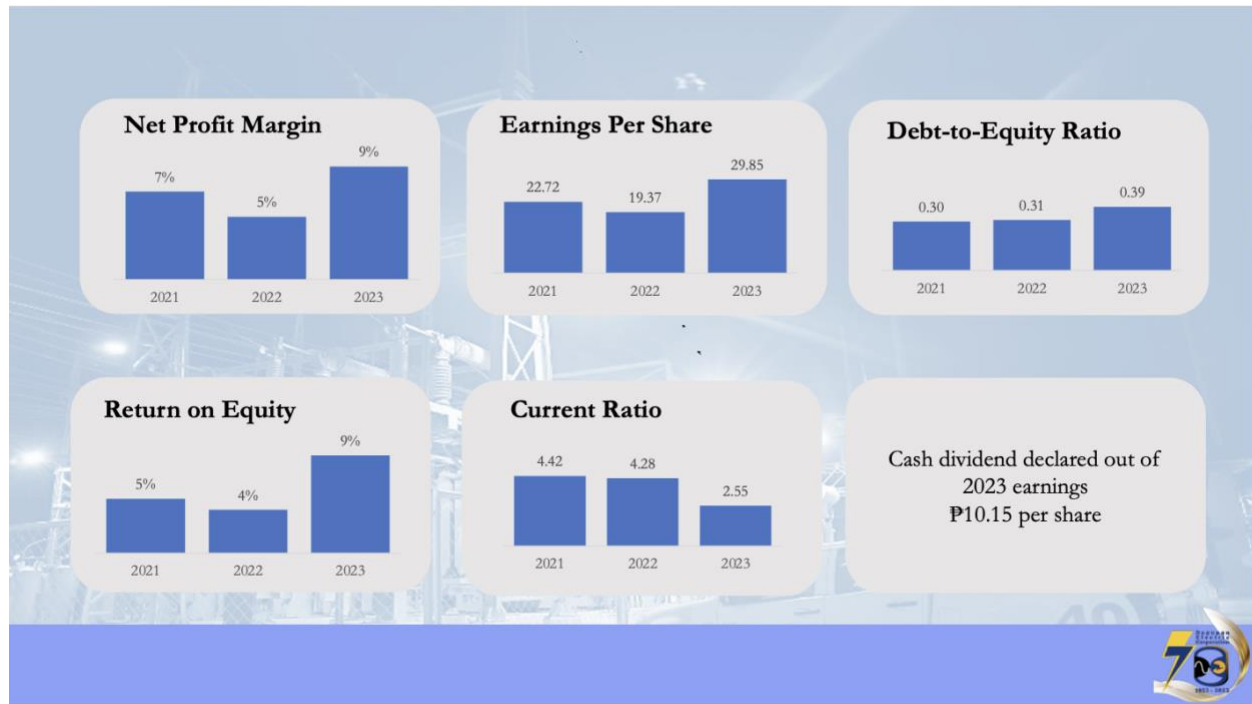
He then said that the system loss was maintained within the regulatory cap.



He reported that DECORP serves a total of **139,037 customers**, with 91% residential, 9% commercial, and less than 1% industrial and streetlights, maintaining a consistent yearly growth rate of 3%



He further told the attendees that to ensure that revenues from the customers are optimized, DECORP continuously enhance the processing and connection of customer applications. Customer application processing time decreased from eight days to six days, and customer connections improved from four days to three days.



Mr. Llamas then reported that the profit margin increased from 7% to 12%, indicating effective cost management. With other charges and taxes taken into account, net profit is 9%, resulting in a return on equity of 9%. The earnings per share (EPS) also increased from ₱19.37 to ₱29.85. The company's liquidity holds up well even after its current ratio decreased from 4.28 to 2.55. The solvency of the company remains firm with a debt-to-equity ratio of 0.38.

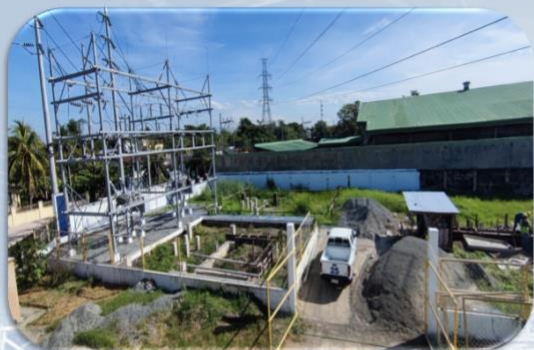
The company declared a cash dividend equivalent to 40% of its earnings in 2023, or ₱10.15 per share.



He further said that ₱226 million was allocated in 2023 for capital expenditures (CAPEX) to enhance service delivery and resource distribution.

90% of this amount was used for distribution infrastructure expansion and rehabilitation, including the construction of a 20/25 MVA 69/13.8KV substation in Sta. Barbara, rehabilitation of facilities serving former LUELCO customers, relocation and rehabilitation projects for DPWH road works, and replacement of distribution transformers.

The remaining CAPEX was utilized for non-network projects such as process improvements, staff training, and technology upgrades to enhance service efficiency and customer satisfaction.



Construction of a 20/25 MVA
69/13.8kV substation in Sta.
Barbara, Pangasinan



SF2023-004MAJ-1
SF-UD1
LIPIT TOMEENG, SF
after

Rehabilitation of the distribution
facilities serving customers turned
over by LUELCO



Relocation and rehabilitation of distribution facilities
aligned with the DPWH's road widening and elevation
projects



Various projects for the
replacement of distribution
transformers





2021

Service entrance set up training for electricians



Pilot testing for AMI capable meters



2021



President Llamas concluded by expressing confidence in the team's dedication to ensure continued growth and achievement in 2024, thanking shareholders for their unwavering support and trust.

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8. APPROVAL OF THE AMENDMENT OF ARTICLE II OF THE BY LAWS

The Chairperson, Mrs. James, moved to the approval of the amendment of Article II of the By-Laws of the Corporation. Atty Gavino stated that on 29 May 2024, the Board of Directors passed the following resolution, which was presented for stockholder approval:

“RESOLVED, as it is hereby resolved that Article II of the By Laws be amended to read as follows:

ARTICLE II

1. The annual meeting of the stockholders of the Company shall be held at the principal office of the Company at Dagupan City, Philippines, on the **Third Wednesday of July** in each year at the hour of 10:00 A.M.” (As amended on 29 May 2024)"

The Corporate Secretary reported that shareholders owning **13,539,616 shares**, or **92.34%** of the total outstanding shares, voted to approve the foregoing resolution.”

Atty. Gavino announced that Shareholders owning 13,539,616 shares, or 92.34% of the total outstanding shares, have voted to approve the foregoing resolution. He thereafter announced that the resolution for the amendment of the By Laws has been approved.

9. RATIFICATION OF THE 2023 AUDITED FINANCIAL STATEMENTS

Mrs. James proceeded to the ratification of the 2023 Audited Financial Statements (AFS). She asked Atty Gavino if the stockholders were furnished with a copy of the 2023 AFS.

Atty. Gavino confirmed that an electronic copy of the 2023 Audited Financial Statements was available on the Company’s website and attached to the Information Statement. He reported that shareholders owning 13,539,616 shares, or 92.34% of the total outstanding shares, voted to approve the ratification.

10. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR 2024-2025

Mrs. James opened the floor for the election of the seven (7) members of the Board of Directors for the ensuing year. She asked Atty. Gavino if there were nominations for the Board for the year 2024-2025.

Atty. Gavino then presented the final list of nominated and pre-qualified candidates, as follows:

MR. RENE BERNARD L. LLAMES
MRS. ANGELIQUE MAXIME L. LLAMES-JAMES
MR. DEON PETER JAMES
MRS. CYNTHIA IRENE L. LLAMES
MR. JOSE MARIA A. ABAYA
ATTY. RANULFO M. OCAMPO
MR. GEROMIN T. NEPOMUCENO JR.

Atty. Gavino also reported that Atty. Ranulfo Ocampo and Mr. Geromin T. Nepomuceno Jr. were nominated as Independent Directors. All nominees had provided their consent. No other nominations were submitted during the nomination period.

Atty Gavino thereafter certified that shareholders owning 13,539,616 shares, or 92.34% of the total voting shares represented, voted to elect the seven (7) nominees as Directors for 2024-2025.

Mrs. James congratulated the newly elected Directors and expressed anticipation for their contributions to the Company's continuous growth and success.

11. APPOINTMENT OF EXTERNAL AUDITOR

Mrs. James moved to the appointment of the Company's External Auditor. She stated that Company Management endorsed the re-appointment of the accounting firm of Diaz Murillo Dalupan and Company (DMD) as external auditor for the Company for the year 2024.

Atty. Gavino reported that shareholders owning 13,539,616 shares, or 92.34% of the total voting shares represented, voted in favor of the re-appointment. Thus, the re-appointment of Diaz Murillo Dalupan and Company (DMD) as external auditor for the Company for the year 2024 was unanimously approved.

12. OTHER MATTERS

Mrs. James inquired if there were any other matters on the agenda. Atty. Gavino confirmed there were none.

Mrs. James then opened the floor for questions and comments from stockholders, to which Atty. Gavino reported that no questions were received within the announced deadline. However,

stockholders were advised that they could also email questions and comments on the Agenda matters to corpsec@decorp.com.ph.

13. ADJOURNMENT

There being no further business for discussion, Mrs. James declared the meeting adjourned. She then extended gratitude on behalf of the Board of Directors and Management for attending the meeting and for the continuing trust and confidence in the Company and its Management.

CERTIFIED CORRECT BY:



ERWIN MARK A. GAVINO
Corporate Secretary

ATTESTED BY:



ANGELIQUE MAXIME L. JAMES
Chairperson